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correlation_heatmap

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Abstract

We introduce the Crypto Price Variance Model (CPVM), a novel approach to understanding and predicting cryptocurrency price movements. Building upon the foundation of the Fama-French model, the CPVM incorporates three key factors: Price Momentum, Fear & Greed Index, and Interest Rates. These factors were identified through a comprehensive correlation analysis of various economic indicators against crypto price variance. The model aims to provide a more tailored and relevant framework for analyzing cryptocurrency markets, addressing the unique characteristics and dynamics of this emerging asset class. While the CPVM offers valuable insights into the drivers of crypto price variance, it also acknowledges the limitations inherent in applying traditional financial models to the rapidly evolving and often unpredictable crypto landscape. This research contributes to the growing body of knowledge on cryptocurrency valuation and risk assessment, offering both practitioners and researchers a new tool for understanding this complex market.

GitHub Repository (Research Report, Datasets, Code Samples, and Charts): <https://github.com/polymawutor/cpvm>