# UNIVERSITI TEKNOLOGI MARA

# DETERMINANTS OF CRYPTOCURRENCY PRICE: EVIDENCE FROM 4 COIN

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# ABSTRACT

The intention to conduct this analysis is to examine the factors, market capitilisation, trading volume, S&P Stock Index and US Treasury Yield influencing the price of crypto. It spans the period from 2016-2020, a monthly period of 5 years. Simply, certain variables are known as influencer for price of cryptocurrency, and it has been examined monthly. The researcher wants to analyse the reasons that contribute the price of crypto became unpredictable in some of time in the market. Still, the researcher wants to determine whether the independent variables have the significant or insignificant relationship against the price of cryptocurrency. The researcher used secondary data in this analysis. In addition, the researcher has used Ordinary Least Square to test the data obtained. The researcher used this approach in order to get good outcome at the end of the study. The findings shows that market capitalization, stock index and USD exchange rate has significant effect to the price of cryptocurrency. In a nutshell, the researcher has come up with the conclusion and advice as a suggestion for a better and safer choice for the investor and trader to make a decision.

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# INTRODUCTION

## 1.1 Introduction

On this topic, the researchers want to focus on the study's background, which focuses on determining the factors that influence crypto pricing. The study seeks to discover the relationship between factors that influence crypto pricing, particularly those affecting Bitcoin, Ethereum, Ripple XRP, and Litecoin.

## 1.2 Research Background

In recent economic and financial problems, Cryptocurrencies have risen to prominence as one of the most talked-about topics.. In the aftermath of the Dotcom bubble, internet shopping (e-commerce), with more, technologically knowledgeable customers moving online to shop, has been growing and retail sectors are facing a revolutionary trend. The demand from e-commerce stock market investors appeared limitless because internet retailers' acquisitions were heavily exaggerated, amid doubts about the future of the Internet as the dotcom bubble exploded and major worries about security of online shopping with credit cards. Based on the online trading system, which served as trustworthy third parties, in order to deal with electronic payments, the first cryptocurrency -Bitcoin- was born in 2009. While this method was good enough for most transactions, due to financial institution controls (the private and confidential) it operated very slowly and cost a little (transaction and commission costs).

Due to the fact that decentralised cryptocurrencies bypass financial regulators, they enable extremely fast, seamless transfers at no cost. A cryptocurrency is defined as 'a digital commodity designed to function as a cryptographic medium of exchange for the purpose of securing transactions and regulating the creation of additional currency units.' On 22 May 2010, Laszlo Hanyecz, a computer programmer from Florida, made the first use of cryptocurrencies for online trading in two pizzas worth 10,000 bitcoins (Yermack 2015), which is equivalent to $155.80 million (December 2017). Bitcoin is currently trading at an all-time high of $61,844 on 13 March 2021..