



A Few Smart Ways to Conduct Fundamental Analysis of Cryptocurrencies

Description

Crypto fundamental analysis entails taking a deep dive into the information about a crypto asset. For instance, you would look at its use cases, the number of people using it, or the team behind the project.

The world of cryptocurrencies is boundless and does not spin around Bitcoin and Blockchain alone. Over 10,000 active cryptocurrencies and tokens in the market exist today, according to crypto market capitalization aggregators, and more are being set in motion day by day, making it a bit challenging for Investors to determine which to invest in.

There are plenty of crypto tokens that aren't real. Scammers have devised the possible potential sets of circumstances in the crypto space and also have designed some tokens to get people's money. Doesn't matter if you are a beginner or a regular investor looking to invest in the crypto market.

In cryptocurrency fundamental analysis, though the approach is similar to that used in legacy markets, you can't use tried-and-tested tools to assess crypto assets. To conduct proper FA in cryptocurrencies, we need to understand where they derive value from.

What do you mean by Fundamental analysis?

Fundamental analysis (FA) is an approach that is used by investors to initiate the "intrinsic value" of an asset or business. By looking at several internal and external elements, their main agenda is to provide whether said asset or business is overvalued or undervalued. They can then leverage that detailed information to strategically enter or exit positions. The conclusions can then help to better formulate a strategy that will be more likely to yield good returns. Here are some of the ways to analyze cryptocurrencies:

1. Scrutinize the token's whitepaper



A token's whitepaper is where you'll find the team's aim for the project token's use cases. As such, it'll help you decide if realistic goals have been outlined. And even if you have found pragmatic goals, you need to be entirely sure they weren't lifted off the pages of another project's whitepaper, as the latter has happened time and again.

Scammers are very smart as they are always out to lock into the endless opportunities surrounding crypto tokens; therefore, there are no perfect procedures for analyzing crypto tokens.

2. Verify if the token's project is solving a major problem

Verifying is another key factor you must not miss out on when analyzing a token you are about to invest in because it determines the utility value of a token's market value. As a smart investor, there is always going to be an important question that you must answer before investing in a token – **What unique problem is this very token solving?**

Let's take, for instance, Atayen Inc. It is redefining the advertising industries and especially the influencing sector with its SaTT (Smart Advertising Transaction Token) solution, allowing anyone to be rewarded for their posts on social networks, with a platform developed at the cutting edge of technology. Another is Vinchain; it's creating a worldwide blockchain database of used vehicle information that is 100% secure, transparent, and accessible by all, and so on.

Practically, blockchain projects that uniquely solve a significant problem will have more surge in demand, thereby boosting the tradable value of their token.

3. Discover and workout on legality Issues

So you've discovered a great token ICO to invest in, but are not permitted to participate due to your jurisdiction. In that very matter then you would be breaking the law if you still forged ahead to invest. That being said, you need to be very sure that regulators in your country have not confined participation in such offerings. Nevertheless, ICOs are still unregulated in a good number of regions, and regulators in some are working on a more flexible code of conduct.

4. Get abreast of the token's project announcements

You would not want to invest in a token and go to sleep, especially not in the case when your money is on the verge. Therefore, it's good practice to follow the project on various social platforms and channels where you will be able to find the latest notifications on platforms to keep yourself updated on regular basis. What's more, there's a Bitcoin Talk Forum and more forums where most projects publish announcements. And given that anyone is free to comment, you'll garner user sentiment about such news. It's also a good time to ask questions you may have on the Forum.

As we conclude, done correctly with accuracy, fundamental analysis can supply invaluable insights into cryptocurrencies in a way that technical analysis cannot. Being able to bifurcate the market price from the true value of a network is a brilliant skill to have when trading. Hopefully, this article would've helped you understand some of the elements before entering or exiting positions with crypto assets.

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