



Managing Buying Strategies in the Cryptocurrency Market;
Comparing Fundamental and Technical Analysis¹



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Extended Abstract

Due to the acceptance of cryptocurrencies among the general public, the use of cryptocurrencies as a common currency at all levels of the world economy, and the expansion of the blockchain-based digital world, the importance of investing in the cryptocurrency market is increasing day by day and consequently, the need to be aware of appropriate price analysis methods to make rational and profitable decisions in this volatile market and avoid emotional behavior is increasing.

In the present study, the researcher seeks to introduce the best investment method among the two specialized methods in the capital market, namely the fundamental analysis method and technical analysis. This research is applied research in terms of purpose and a descriptive comparative method with a post-event approach, focusing on historical data and paying attention to past information.

The statistical population of this study is all the crypto currencies available in the exchanges related to this market that are listed on the reference site, coin Market Cap and a judgmental method has been used to calculate the statistical sample. The sample size includes the top six cryptocurrencies based on market value four widely used fundamental analysis indicators and four popular technical analysis indicators used in their study.

The results confirm the researcher's hypothesis that, over a two-month period, the rate of return obtained from the technical analysis method was much higher than that obtained from the fundamental analysis.

Considering the confirmation of the researcher's main hypothesis by the results of statistical data analysis and the rejection of the null hypothesis, it can be generally acknowledged that investing in cryptocurrencies using a technical analysis strategy is more profitable than a fundamental analysis

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strategy. It is necessary to explain that choosing the right strategy from among hundreds of types of strategies in technical analysis depends on the investor who chooses the right strategy.

In this study, the researcher has selected the desired analytical strategy using 4 widely used technical tools in the cryptocurrency market. In examining the results of the present study with the results of previous studies in this market, it should be acknowledged that the studies proposed in the cryptocurrency market, as mentioned in the research background section, also acknowledge the appropriate profitability of technical analysis in this market and this point has been emphasized.

In comparing the results of the study with the research mentioned in the past, it should be acknowledged that (Hudson & Urquhart, 2021) also emphasized in their study on the efficiency of technical analysis in the cryptocurrency market that this analysis has very good predictive power in the cryptocurrency market, and (Huang et al., 2019) also concluded in their study that technical analysis has very good predictive power in the cryptocurrency market and considered the efficiency of the strategies of this analysis suitable for the purchase decision. (Tehran & Esmaeili, 2012) concluded in their study that technical analysis has good predictive power compared to the buy-and-hold method in the Iranian Stock Exchange. Also, (Liugita et al., 2024) and (Jakpar et al., 2018) concluded in their research that fundamental analysis and technical analysis in the stock market are not very different, and (Ardestani & Varzakar, 2021) also concluded in a comparative study of Iranian Stock Exchange stocks with both fundamental and technical analysis that fundamental analysis is more efficient than technical analysis in the Iranian Stock Exchange. Of course, it should be noted that in the mentioned research, the lack of technical analysis indicators was also one of the challenges that the authors of the articles emphasized.

Given the increasing growth of the cryptocurrency market and its acceptance among different communities as reliable currencies, the need for research on the various aspects affecting the price of these currencies is felt more than ever, and certainly, one or more studies cannot achieve sufficient and complete knowledge in these markets. It is recommended to all researchers who research these parameters to use updated tools in both analyses and, given the increasing changes in this field, to identify more efficient tools in line with these changes. Also, in selecting a sample from the statistical population, select currencies that have a higher market share because in these currencies, temporary price excitement and sudden changes are very rare and the market for these currencies has reached almost complete stability and has reached maturity. Of course, other currencies have reached complete stability. However, due to time and tool limitations, it was not possible to examine all currencies in one study, and it is recommended that other researchers select a larger and broader sample of the statistical population in their research and conduct their study with a larger number of cryptocurrencies.

Researchers in this field are advised to pay attention to the combination of fundamental and technical analysis and the creation of strategies resulting from this combination in their research and to examine this type of buying strategy.

Also, given the nascent nature of the literature on cryptocurrencies and the lack of comparative studies of fundamental and technical analysis in the market for these currencies, there were problems, including the lack of sufficient information in this research. With God's help, with more effort and the collection of scattered information and the explanation of this information, the problem of the lack of sufficient information in the way of this research was also partially resolved.



Keywords: Fundamental Analysis, Technical Analysis, Cryptocurrency Market, Investment Strategy, Return

Contribution of authors

All authors have participated in this research in equal proportion.

Ethical approval

Written informed consent was obtained from the individuals for their anonymized information to be published in this article.

Conflict of interest

No conflicts of interest are declared by the authors.