Abstract

Twelve years after Satoshi Nakamoto published the paper describing the functioning mechanism and principals of cryptocurrency that maintains secure and anonymous digital transactions beyond any banks, cryptocurrencies have become a multi-billion-dollar industry comprising millions of investors, miners, developers and profiteers. However, the actual price determinants and ways to forecast future price changes remain an open question yet to discover the answer for. This study attempts to figure out whether media hype exerts that much influence upon cryptocurrencies price movements and whether it can be used as the basis for future movements prediction. Two cryptocurrencies, Bitcoin and Tezos, and 7 mass and social media factors for each of them were considered on daily basis from 08-01-2018 to 10-31-2020. To explore the interdependence between media drivers and cryptocurrencies' prices in short, medium and long timespan, this study deploys wavelet coherence approach. There was found, that price changes turn to be the supreme prior to hype, even though the growing ado may push the prices even higher. Thus, hype is failing to prove itself as a reliable cryptocurrency price predictor. Crypto investors, though, should anyways take the news background into account while building trading strategies, especially for new projects in the market.