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Persistence in the cryptocurrency market

Abstract

This paper examines persistence in the cryptocurrency market. Two different long-memory methods (R/S analysis and fractional integration) are used to analyse it in the case of the four main cryptocurrencies (BitCoin, LiteCoin, Ripple, Dash) over the sample period 2013–2017. The findings indicate that this market exhibits persistence (there is a positive correlation between its past and future values), and that its degree changes over time. Such predictability represents evidence of market inefficiency: trend trading strategies can be used to generate abnormal profits in the cryptocurrency market.