



CAPITAL
STREET|FX

WHAT IS CRYPTOCURRENCY

Capademy Tutorial Series



Trading in Cryptocurrency CFDs is a way of speculating on the price movement without actually owning the underlying asset. The digital currency has become a popular financial instrument among the traders because of high volatility and high liquidity, which offers multiple opportunities to make a profit and also because it is becoming mainstream and a better-regulated market.

What is Cryptocurrency?

Cryptocurrency is a form of digital currency or virtual currency. These currencies are created by a process called cryptography. Yes these digital currencies also have monetary value but they not same as the fait currency. Let's have a look at the difference between the fait and Cryptocurrency.

The first and the most important difference is that crypto currency are decentralized currency and are not regulated by central bank or governments like fait currency which are printed and circulated by either central bank or government.

The fait currency has physical existence in form of paper note or coins while the digital currency is only a virtual and have no physical existence.

Types of Cryptocurrencies

With the development in technology space, many new digital currencies has been discovered and it is quite difficult to tell exact numbers of Cryptocurrencies but according to our current estimations there are around thousand Cryptocurrencies. Don't worry we will talk about only few popular ones.

Bitcoin

Bitcoin is a digital currency that was invented in 2008 by a group of unknown people using the name Satoshi Nakamoto. It is one of the most successful blockchain-based Cryptocurrencies in the world.

Bitcoin is the world's largest cryptocurrency by market capitalization. It is prevalent among traders who like volatile. Bitcoin has seen significant rallies and crashes since it started trading.

Ethereum

It is an open-source, software platform based decentralized blockchain technology that act as digital currency. It is one of the few platforms that can also be used to launch other virtual currencies. Ether is the second-largest virtual currency based on market capitalization.

Ripple

It is a technology that can be used both as a digital payment network and as a cryptocurrency (XRP) which underpins that network. It was launched in 2012 and was co-founded by Jed McCaleb and Chris Larsen. The cryptocurrency uses principles of the blockchain to facilitate faster, cheaper global payments for banks and other major financial institutions.

Why traders like Crypto trading?

Now that we know about the most popular Cryptocurrencies, let us understand why traders like to trade cryptocurrency CFDs.

1. Leverage – leverage is a tool trade's use while trading Cryptocurrencies. It helps them to open a larger position without paying the upfront cost of the trade. It boost the profitability of traders.
2. Volatility – Cryptocurrencies are very volatile instrument. Because of its volatile nature it provides numerous opportunities to exploit. Considers these example to understand how volatile Cryptocurrencies
Time frame January to august 2017

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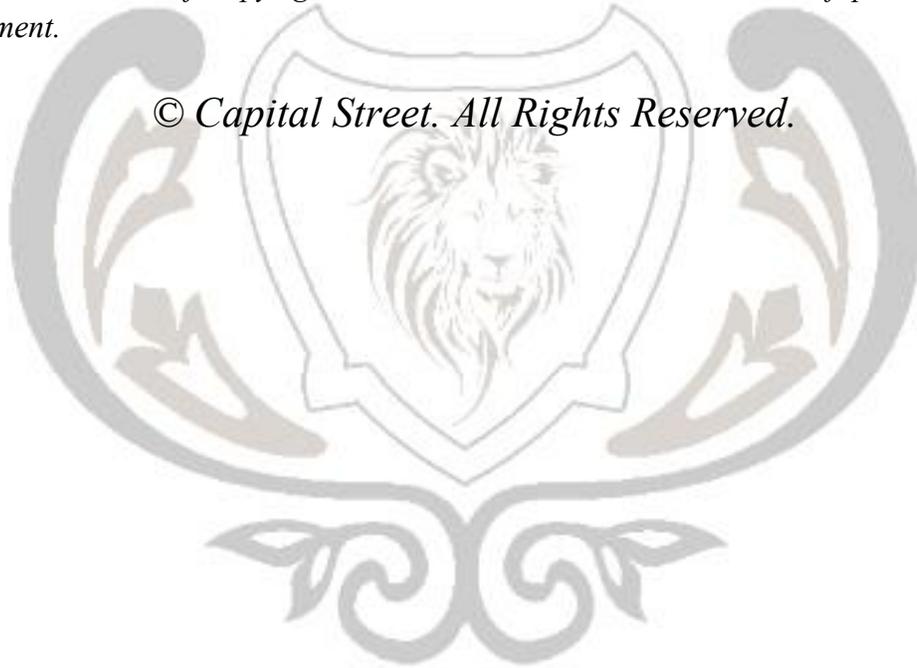
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- Bitcoin value increased by more than 340%
- Ripple's value increased by more than 1,200%
- Ethereum's value increased by 4,500%.

Remember increased volatility bring numerous opportunities of high returns but with higher returns comes higher risk. So use proper risk management strategies.

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