

Opportunities of Diversification Strategy Investment among the Top Ten Cryptocurrencies in Crypto Industry

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Abstract : This study investigates the co-integration association between the top 10 cryptocurrencies, namely Bitcoin, Ethereum, Ripple, Bitcoin Cash, EOS, Cardano, Litecoin, Stellar, IOTA, and NEO. The study applies Johansen Juselius co-integration test to examine the long-run co-integration and utilize the Engle and Granger casualty test to examine the short-run relationship. The findings of the study show that there is a strong co-integration relationship among the cryptocurrencies; however, in the short run, there is no causal relationship among the crypto currencies. These results, therefore, suggest that there are portfolio diversification opportunities in the cryptocurrencies industry when it comes to long run investment decisions, on the other hand, the cryptocurrencies industry shows the characteristics of efficiency in the short-run. This is an indication of a non-speculation investment in the cryptocurrencies industry in the short term investment.

Keywords : cryptocurrencies, Johansen-Juselius co-integration test, Engle and Granger casualty test, portfolio diversification

Conference Title : ICIF 2020 : International Conference on Islamic Finance

Conference Location : Paris, France

Conference Dates : April 16-17, 2020