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**There are people who purchased Bitcoin back in the day when it was just \$0.01.**

**Did you know that there is more where that came from?**

**I've designed a system that will help you to identify and evaluate similar opportunities by ~40 parameters.**

The price of Ethereum and the price of Bitcoin have exploded in 2017. The question is whether there is sufficient upside potential to consider investing in cryptocurrencies and is it (still) worth looking into cryptocurrencies as an investment or is it too late.

It is important to note that Bitcoin is not the only cryptocurrency to invest in, but it has made cryptocurrencies popular and even more secure and also has helped mature the cryptocurrencies space. There were definitely security problems a few years ago. However, it seems that those problems have been resolved.

I believe that a combination of fundamental analysis and price analysis is the most appropriate way to engage in forecasting the price of cryptocurrencies, and to make a rational investment choice.

In this article you will find my opinions on how to do research regarding investing in obscure, dirt-cheap cryptocurrencies that have the potential to go 10x-1000x in value. You will also find tips on how to recognize good coins from scams. Those are very high-risk strategies. It is important to note that they are not recommended for most people.



There are so many **risks in trading cryptocurrencies** and the risks are so grim, and they apply to all cryptocurrencies. So why take them for a year and wait for Bitcoin to double in price, when I can take the same risks and invest in a cryptocurrency with potential to multiply in value.

I've researched different cryptocurrencies and you will also find reports on them.

When I evaluate the possibility of investing in certain cryptocurrency, I check these things:

## General

- **Does the website look presentable and good?** - The website is the coin's face and creates a long-lasting impression, and it also increases the chances of people trusting the coin.
- **Does the website feature a white paper about the coin?** - The whitepaper is the fancy scientific text that has to look impressive. It explains what the purpose of the coin is, how it is implemented, and what problems does it solve. It is important to note that Bitcoin started this way. Although they rarely read it, many investors look for a whitepaper to justify the legitimacy of the coin.
- **Does the website feature a roadmap for the cryptocurrency development?** - One of the main things that cryptocurrency investors look for before investing in a cryptocurrency is the presence of a development roadmap that outlines the pipeline of features and projects for the coin. The delivery of a new feature from the roadmap is usually a bullish event down the road. It more often than not, affects the price.
- **Is the website a custom design with lots of money, work, and thought thrown at it or is it a fast wordpress template, a 2-hour HTML job?** - A quick, cheap quality and cheap-looking website can be a tell-tale sign for a scam.

- **Is the website's domain name and TLC good?** - A good domain with a classic TLC, like fancycoin.com is a much better sign for legitimacy and reliability. You should avoid a cheap, scammy domain like fancy-coin.wix.com or fancy-coin.eu.
- **What new does this cryptocurrency bring to the world? What does it stand for? What issues does it solve?** - Is the cryptocurrency aimed at a certain niche? Does it resolve a concrete problem like public polls, smart contracts, decentralized file storage, etc? Or is the cryptocurrency just another copy of Ethereum and Bitcoin with nothing going on about it that would attract buyers and facilitate adoption in the future?
- **Is it a Proof-of-Work, Proof-of-Stake or Proof-of-Work/Proof-of-Stake coin? Does it suffer from inflation? What is the mining difficulty or APR?** - If a PoW coin is very easy to mine or a PoS reward is huge, the market will be flooded by vast amounts of this token. This could create inflation and keep the price down for prolonged periods of time or maybe even forever.
- **How does the cryptocurrency name sound? Does it sound like a good brand name? Does it sound legit?** – Did you know that coins like AnalCoin and TittieCoin actually exist? However, it is obvious that these coins are just people taking a piss. That doesn't mean that there aren't opportunities there in chasing a spike caused by a pump-and-dump action. However, that is too much of a speculation and gamble, rather than an investment.
- **What's the limit on supply of coins in circulation?** - Some coins have predefined limit, and some don't. For example, Bitcoins will be 21 million in year 2100 and there will be no more. Those coins whose upper limit is huge or that don't have an upper limit at all, are more likely to suffer inflation and low prices per coin.
- **Who is behind the cryptocurrency? What is their track record and reputation? Have they placed their pictures and names on the website or are they shady figures? You should do a quick Google/github research on them.** – The best sign of the legitimacy of a coin is definitely a list of real people and their faces on the website. But if that is the case, this has already been factored in the price and there is no purchasing opportunity there. However, there are increased odds of a long-term legitimacy and stability. If the coin is obscure or shady, people are afraid of it. This means that the price might be low. On the other hand, you can buy at a bargain if you can prove that even though the people behind it have hidden their faces, are actually good people and devoted to the project.
- **Are the uniqueness and utility of the project good? Will these features help the project survive a crypto bubble burst?** - Apparently out of 25 cryptos that offer payments and 17 that offer anonymity, only 1-3 will remain after a potential burst of the alleged crypto bubble. This means that it might be a good idea to only invest in such projects. Same thing happened in the dot com crash. Thousands of companies copied each other, scams, “me too”s and also-rans all went up in price. However, after the bubble burst only the real ones remained after the dust settled (Amazon, Google, etc).
- **Does this project have an addicted mass following that needs it, and uses it, so that if a potential crypto bubble bursts, they will keep using it?**

## Exchanges and Trading

- **Which exchanges is the coin traded on? How reputable they are?** - Big exchanges make a team/developer jump through a lot of hoops and pay a certain amount of money in order for the coin to be listed there, and if the coin is traded on these exchanges, that means higher chance for liquidity, legitimacy and stability. There are also larger trading volumes at those exchanges. This means smaller slippage, smaller spreads and faster sell/purchase at the price you want. On the other hand, smaller and less popular exchanges are more shady and they can basically do whatever they want. They will list scam coins without making the effort to evaluate and investigate them, and they will also list shittier coins more easily. They can manipulate the market, stake your coins (yobit), or disappear (run away with your coins). There are purchasing opportunities there due to the many risks involved with purchasing obscure coins on shady and insecure exchanges.
- **Are there sell (resistance) or buy (support) walls?** - A person with a small amount of Bitcoins can purchase up the order book and increase the price if there are very thin sell orders for each satoshi price from here upward. It also means that an influx of people with interest to purchase can dramatically push the price up. On the other hand, it will take incredible effort for the price to go up if there are vast amounts of the coin being sold at the market price and above. Same for purchase orders, and a very thick purchase order at the market price will protect the price from going down. A thin wall of purchase orders leading up to a thick order at a much lower price can indicate where the resistance is. It can also indicate where the price can easily drop to.
- **What is the exchange's average daily trading volume?** – This is extremely important for the liquidity and popularity. Small trading volume allows the people with a few Bitcoins on their hands to manipulate the price, and it also reduces the chances for the coin to be listed on more/larger exchanges.
- **Has the coin spiked on one stock exchange after it was added on another stock exchange?** - If the answer is yes, then you know that it might happen again. Also, you might know in advance if a listing on a new exchange is underway if you are active in the slack community for the coin. This allows you to prepare yourself.
- **How does the chart look like?** - You can see what heights has the coin been up to and you can be aware of spikes caused by a bullish event euphoria or market manipulation such as a pump-and-dump scheme. You can see where the price is currently at and you can make a decision according to some pattern behavior and technical analysis whether it is a good time to purchase. However, this should be only one of the buying indicators.
- **Does the chart have patterns which look like pump-and-dump actions or trading by bots?**
- **Is the coin listed on coinmarketcap.com?** – If the coin is not listed, this is a huge red flag. On the other hand, if the coin is new and you have proven that it is legit and will be listed there, it can be a great buying opportunity.

## Code and Development Activity

- **How frequent are commits? When was the last commit made?** – This is extremely important. If you aren't a software developer, you should ask one to help you out. A commit

means a piece of source code that has been created at a point of time and contributed to the codebase, and new bugfixes and features are implemented and added to the coin's functionality that way. The coin is in active development if there are frequent and recent commits. On the other hand, you can rest assured that the project has been abandoned if the last commit was 8 months ago. This is a huge red flag, so make sure to check all the branches.

- **Is there a link to the source code?** - If you are a software developer, the source code is a great way to find out how good the coin is, what it does, how it does it, does it run on the Ethereum network or is it a copy of Bitcoin, etc.
- **How many developers are involved in the coding process?** - It is very risky to invest in a coin that is being developed by a single developer. Why? Because the project will die if anything happens to them, and no one else has access credentials. Also, the single developer can only handle a certain amount of work. This means that the project will progress slowly. It is also important to note that there is a buying opportunity there. If the project is good and has useful/interesting prospects ahead, it is currently underdeveloped and moving slowly. This means that the price can be a bargain. Multiple developers are a great factor for stability and fast development because new features will come in sooner and will give the market reasons to purchase the coin and increase the price.

## Current State

- **Is any government planning on banning the coin (or similar coins)? Is any government planning putting heavy restrictions towards its use?** - This could lead to possibly a small dump now, and a huge dump in the future. When that happens there is a window of opportunity to purchase the dip and sell when the price recovers from the first big shock if there is still time until the official decision is made, and acted on.
- **Has the wallet been under maintenance for ages on some/all of the exchanges?** – Search the forums to find out what the reasons for this are.
- **Are there any known issues with the wallet, the source code, or anything else regarding the coin (efficiency, transactions, mining)?** - Imagine that along with the price chart there is also a value chart. When people underestimate the value due to an issue, imagine that you draw a line on the price chart that goes above the price line. This is the value line. Value is higher than the current price. The price has been brought down by the issues with the crypto. But you can purchase something of a greater value than the price you pay for it if you know for certain that the issues are being worked on, and fixes are on the way.
- **Is there an active development for fixes and enhancements on the way?**

## Social

- **Is there an official slack channel?** – It is very important to check if there is an official slack channel run by the coin developers. This is an indication that the coin might not be a scam.
- **What is the public attitude in the slack channel?** – The coin is problematic and the price is currently lower than it could be if people are fighting and FUDing, but the coin is legit. I see this all the time. Some jumpy “investors” are whining and complaining, “Why doesn’t the wallet still work”, “Where is this and that feature” - as soon as there are people working on the features, the time is right to purchase.
- **How many members are there in the slack channel?** – The more members in the slack channel, the better. You can also follow the speed at which the members count increases with time. You can use this information to judge the adoption rate.
- **Is there a Bitcointalk forum Announcement thread?** - The **bitcointalk forum** (<https://bitcointalk.org/index.php?board=159.0>) is like a home for alternative cryptocurrencies (altcoins). Most of the time, a cryptocurrency’s public life begins as an announcement there. There is a lot of information there and interactions between users. There is also the entire history of everything that happened and the public reaction to it for every coin that has such a thread, is logged there. As you can see, there are lots to be learned there.
- **How many pages are there?** – Again, the more – the better. This means that there is an active community of users/traders that are discussing it. However, this indicator is not very good because I’ve seen long threads even for scam coins. For a year-old coin, 150 pages are still better than 5 pages.
- **What is the impression of the general topic of discussion there? Are there shouts about scam or pump and dump or other worrying stuff? Are there constructive conversations about the use of the crypto or trading it on one hand?** - If people are discussing things as “How to sync my wallet with the bootstrap file?”, “Who won the new logo contest?”, “What happened to our application to get listed on Bittrex?” rather than “This is a pump-and-dump scheme”, “The developer is a scumbag”, “This coin is a scam” - then we know that the coin is legit, and the other way around. You may just have found a coin at a good price if the people are complaining about issues with the coin’s functionality, and others are telling them to wait, because bugs are being worked on as we speak.
- **Is there a Facebook page for the cryptocurrency? How many likes? Does the page post regular updates?**
- **Is there a Twitter profile for the cryptocurrency? How many followers? Does the profile post regular updates?**

## Popularity and Perception

- **Is the coin associated with the dark web or criminal/illegal activity?** - No matter if the opportunity is good or not, I stay away from such coins because it's better be safe than sorry. Monero has a very bad reputation because of being associated with such activities. I couldn’t care less if it is a good time to purchase it, because you can’t prove if you purchased it to speculate with it, or do bad stuff.

- **Are there any YouTube videos regarding the coin?** - YouTube videos (if they are praising the coin of course), are usually a positive sign, especially those made by independent agents (people who aren't on the team).
- **What is the general opinion in the comment section below the videos (calling out scam, fud/hype, constructive, etc)?** - When it comes to the coin, many times I've been able to detect the vibe that the trader community has by reading the comments below the YouTube videos about it.
- **What information does a fast Google search give you about the coin?** - This is how the public, the internet, views the coin. They aren't on slack and they haven't read the forums, and the news there (good or bad) can tell you what to expect, or why the adoption/price is what it is currently. This way you know what the outside thinks of it.
- **Filter Google search by recency or for "news". What is the latest news on the coin?**

## Summary

If you go through the entire list, you will increase the odds to identify whether the current market price has factored in the current state and future prospects of the coin or not. You will also increase the odds to identify whether the coin is legit and has good fundamental value, a good team, good prospects, and an active community about it; whether the coin is a copy, a scam, a pump and dump scheme, a me-too. You will increase the odds to be able to tell whether the underlying value is overestimated or underestimated, and whether the current price is realistic or out of whack.

It is not necessary for the coin to score great on every point. Actually it is quite the opposite. The buying opportunities and cheap prices are hidden in the flaws. Traded on only one exchange, still unpopular, not enough developers, wallet problems, website in development - that doesn't make the coin bad, if the rest of the parameters have turned out fine. It gives a good explanation of the currently low price, it makes it flawed, and it means that it is traded for less than it's worth. This means that there is potential for the coin's price to go up.

I look for good coins with a good community and active development. I look for good coins that currently have flaws, which permit the price from being as high as it could be. I look for coins that have a known list of problems that have made "weak hands" sell or abstain from purchasing. This has resulted in a price lower than the intrinsic value of the project – this is a good time to purchase – when you know if the solution is being worked on, and when you know why the price is low.

An example is the low price of ECC throughout July and August because there was a heavy refactoring of the wallet. This resulted in the wallet being in maintenance for about a month on the only exchange the coin is traded on. Many people got scared and frustrated. They called the coin a scam and dumped it or didn't purchase. As a result, the price tanked. That's when I purchased more, because I had done my research, and I knew that the project had great prospects. I knew that the wallet is being worked on, and that fixes are on the way.

Here are some of the issues that are unforgivable, and that should stop you from purchasing a coin even at a seemingly bargain price:

- The coin has been a victim of pump-and-dump schemes and/or price manipulation
- The project was abandoned
- The coin has bad reputation, and reputation of scam
- The coin is shady
- The coin is easy to hack, and many counts of people lost their tokens
- There are almost no information on the internet about the coin or people behind it, etc