

Seminar series

## Securities markets: trends, risks and policies

# Cryptomarket discounts

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### Abstract:

Relative bitcoin prices, across locations and currencies, are persistent over time, with the location component accounting for more than 50 percent of the variability. Their distribution is leptokurtic, with negative skewness for fiat pairs, and a standard deviation of 4.5%. Counter-party risks, liquidity risks, blockchain and cryptocurrency factors contribute to the overall explanation of the distribution of bitcoin prices, while the variability of mining activities is the only factor that explains both the time-series and spatial dimensions. We build a model with heterogeneous investors, partially segmented markets, and a slow moving market-maker, to interpret these results.

**Keywords:** cryptocurrencies; discounts; limits to arbitrage; mining; multi-market trading

**JEL Classification:** G12, G14, G15, F31

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