WHITEPAPER

writter and prepared by
Michele Morelli, Vo1d

Cryptoforecast

Introduction

Since the market of bitcoin was born, different exchange platforms and many financial tools have born.

From "lending" to operating with margin, up to derivatives and futures.

We became aware of the emerging need of the young audience, which seeks for a user-friendly approach with this new type of economy and exchange.

Bitcoin showed his efficiency and security, managing the most complex financial operations, becoming a reference point for the entire secondary market of cryptocurrencies.

In this context, we have put to good use our experiences matured on the fieldwork of bitcoin trading, elaborating possible projections of future scenarios, improving techniques and methodologies specific for the bitcoin market.

We created a flexible and scalable tool, which is able to give an approximate indication of trend, very close to reality.

It's very difficult to define the accuracy of our application because although Bitcoin follows the technical analysis, this type of market manifests fluctuations extremely uncertain and unpredictable too.

We have tested and selected the best method of "prediction market", improving and synchronizing it perfectly with the market, realizing an application with the highest accuracy and the lowest marginal error.

Problems and doubts of the trader/investor without our App:

An empiric research shows that investors commit systematically mistakes caused by their way of thinking and their preferences, hardly reconcilable with the assumption of rational choices.

In the specific case of retail investors, these mistakes are caused by "behavioral abnormalities" like the wrong perception of the relationship between risk and reward or an excessive volatility of the wallet, which gives, as result, a low participation to the market.

The developing of this application is based on the idea that periodicity, like the seasonal cycle of nature, repeats itself in each financial market.

This concept is essential for the containment of common behavioral mistakes both for the expert trader and for the investor, as well as that catchment area that trades in the market of cryptocurrencies.

Fear, panic, high level of stress or euphoria bring to non-rational/logical operations and therefore, a loss that might not appear in the short term, but is certain for middle-long period.

In order to obtain results in this area is fundamental to start a work on yourself.

It needs to become independent from the external emotions of the market, learning to recognize and manage own sentiments without being irrationally influenced by them.

The steps in this case are only two:

1) Firstly, it is necessary to obtain a deep knowledge of the market where you operate and an efficient "Know How" in order to reach a positive and constant performance in the middle term.

2) The first step will allow the trader to earn the right degree of confidence in his or her abilities, in other words, in the second step the trader will be able to maintain positive results in the long term.

3) Let's try to recap graphically these steps:

Know How -> Knowledge -> Results

The knowledge develops competence and competence leads to results.

Therefore, this is the process that brings to results in the long term.

With operating results, this competence is transformed in confidence about themselves and their own abilities, as well as about their own capabilities and ultimately in a positive performance.

However, even expert traders can be victims of defiance that could compromise the performance on the long term.

In modern trading, is common to give huge importance to technical and fundamental(like news or hype) factors and often traders that have a good degree of experience develop a high confidence in their abilities, becoming too much confident about their own forecast skills.

Even though the models of mathematicians or the ones of our Web-App offer quite

reliable forecast cues, the market will always present exceptions that could shock the expert trader or the most prepared investor.

It would be enough to observe the predictions or the analysis of the most skilled economists about the greatest economic crisis to realize that even the experts have not been able to anticipate correctly the upcoming collapse of the market.

Our Solution

The Forecaster is an application that anticipate the movement of the cryptocurrencies, using the concept of periodicity of financial market, which means that the market movements of the past often repeats themselves in the future.

We have created a quite simple thing: we have developed an application that goes to look in the past for the same range of time that we are interested in.

For example, "today is the..." and the application takes the data from a certain date to another one.

In other words, our application searches in the past and, elaborating the information, creates with our algorithm a prevision as accurate as possible.

We want to specify that the information will not be manipulated and that the forecast is made by real data, the only thing that our algorithm does is to group data of the past and report them on the chart without any alteration.

The chart will show the possible uptrend, downtrend or trading range in the next hours

or days.

The main thing to do is look for trends and not for highs and lows.

In order to have an advantage from the forecast, we suggest to see the prevision of our application and then apply to a candlestick chart the technical analysis.

In our opinion, the best way to use our forecast is to match it with the technical analysis, because only with this matching is possible to have great performances.

What we can guarantee to you is that since you will start to use our Forecast application, you will change your approach with trading: you will be able to trade with more serenity and tranquility, finding more trading signals with high risk/reward ratio.

This is a new way to approach trading, an alternative to the traditional trading where traders and investors try to predict how the price will move using their own technical and financial knowledge.

The true power of Forecast is that it will make your trading different: it will be simpler and quieter, all your anxieties will disappear as well as fear and all those emotions that you feel when you have an open operation.

In fact, you will be helped by the Forecast and you will be able to know approximately where the price will go in the next hours or days.

Another great innovation of forecast is the risk/reward ratio, which brings to us less psychological pressure.

Provided that it will be used in a good way, matched with technical analysis, you will be able to use it as institutional(like hedge funds or banks) do: when an uptrends start you'll buy few contracts, if the price raises you'll buy other contracts and on retracements you'll accumulate long positions.

The trader who used to lose and the investor who held too much his positions will have a compass that will help to maintain serenity and lucidity in their choices.

The Forecast obviously doesn't consider external factor, such as news, that could manipulate the prices in an irrational way, it considers only the price, the most important thing in the world of trading.

This applications makes previsions, groups information and gives an idea about trend, but we recommend you to contextualize these forecasts and to follow technical analysis.

Beating heart of PILLAR

Financial forecasting methods

The methods to develop a financial forecast are many.
To know which one is the best to get an accurate (with low margin error) algorithm for Bitcoin is the challenge.
We will consider only the main type, which is quantitative.
A quantitative approach relies upon quantifiable data, which can then be statistically manipulated.

A qualitative approach relies upon information that cannot actually be measured.
What we tested in many ways was the best result after having analyzed all methods, so we decided to calculate our forecast considering as follow:
Smoothing.

This approach uses averages of past results, possibly including weightings for more recent data, thereby smoothing out irregularities in the historical data.
Decomposition. This analysis breaks down the historical data into its trend, seasonal, and cyclical components, and forecasts each one.

Forecast with Seasonal Trend Model
With this process the system executes a forecast with the seasonal trend model. The seasonal trend model can be used if you want to create a forecast for a seasonal product, but the available demand history is less than 24 periods long.

Using this forecast model, the system will smooth the seasonal factors by default.
Before calculating the forecast, the system executes model initialization and outlier correction . After calculating the forecast, the system calculates the standard deviation and the MAD.

Forecast with Linear Regression Model
With this process the system executes a forecast with the linear regression model. This kind of model that can be used for data with trend behavior. The model carries out a (simple) linear regression (least squares method).

Before calculating the forecast, the system carries out outlier correction . After calculating the forecast, the system calculates the standard deviation and the MAD.

Period:
The reliable data that have been retrieved start from 2011, the application will then allow an elaboration of the forecast expected, depending on the selection of the period to be taken into consideration, and will project the result for future months.

SKYROCKET

We are elaborating a prediction market method called SKYROCKET, it's a method with low-time timeframes like 5 minutes or 15. The algorithm PILLAR will work in a more reactive way than when it calculates high-time timeframes, allowing to have forecast in the very short term, we recommend not going beyond the threshold of 24 hours of trading if you want to operate intraday.

Skyrocket will be implemented in a few months, we will release an Alpha version that will be tested by who has an active subscription. The alpha version will last no longer than 60 days in which we will collect feedback directly from the platform and a bug report if necessary.

Obviously, the intraday is not for the faint of heart, is for experienced people who can make decisions in a nano second, it needs reactivity and lucidity, second thoughts are to forget. The advice we give is to not abuse of SKYROCKET because it is only in alpha version.

BetQuote Abstract

We need to capture the part "human" of a data set, the professional trading uses not only the numerical mathematics, but also the emphasis and the expectation of the market. Our application, with Pillar, as we have said before, solves a quantitative calculation problem, but does not contain the "salt" that investor sentiment and therefore the market. To comply with a data sharing which is public, verifiable, and unchanging, we must take that factor and implement it in blockchain, to do this we must provide a fair and equitable system of remuneration for the participants.

Introduction BetQuote

The premise is that this presentation can be implemented and modified in the future, due to of new technologies.

As mentioned in the description of the calculation methodology and adoption of a model, which is adapted to the seasonal Bitcoin and cryptocurrency, the perfect system for the formulation of a reliable forecast, with low error rate, must provide the formation of qualitative and quantitative factors.

Betquote is primarily focused on providing data to improve the quantitative calculation. Such data should originate from a system with a certain timestamp, which remains unchanged over time and easily accessable and verifiable by anyone.

Having studied and analyzed various technologies already present within the cryptocurrency, we became interested in the basic method of notarizing system blockchain Bitcoin.

The operation of the system that we have developed is very simple, and can be briefly explained as follows:

- The user, who enjoys the platform made available by cryptofrecast,
enters one or more predictions with a visibility of 1 month, 1 week or
some other period, by paying a deposit-expenses-bet of a certain amount

in CFT for all predictions cast.

- The system records the user's forecast, checks the payment and proceeds to notarize in blockchain.

- In the event of correct prediction (with tolerance to be defined; but not more than 5%), the system will determine a ranking, and will award the top 3 most accurate predictions by equitably distributing the prize, proportionate to the amount invested.

All this will happen with existing oracles (exchangers) and therefore will not require any technology or third-party trust.

As for the amount of capital raised, it will be redistributed from BetQuote with a deduction of 1% for platform management expenses and a required minimum fee for notarization and also for sending the winnings.

The system requires no additional support from the community to deliver this service.

With the passing of time, it will form an index derived from the entry of right predictions (AWARDED) from the users, who will be joined at Pillar and will constitute a qualitative element from which Pillar, possibly correcting the projection of future trends.

You do not require a reputation system, this will be indirectly determined by the right forecasts. The most promising users, with a keen sense of analysis, will be taken to use the platform as it will get an immediate benefit.The entered data will be reliable for the same reason that we have previously described, that is to say, that no one will try to smudge the formation of a database as it would be a costly waste of time.

The System

The basis of the users' predictions will be collected the cryptoforecast portal, users can post their daily forecasts and predictions, with each prediction can choose to associate a

bet, an amount expressed in cft. In automatic mode, through the blockexplorer which we will build, everyone will be able to easily check on the the data entered by all users, on the other hand the right and winning predictions.

The crowdfund of CFT

Being a new layer the CFT (omni) will be exchanged 1: 1 with the token (smartcontract) facilitating the comprehensibility and transparency of the system.

Prizes and winners

The reward system in each case will reward the top three, distributing the entire prize money available, even when the percentage of tolerance was so distant as to produce no winner. The distribution of the prize money will follow the following table:
the amount of the prize will be the sum of the amounts for each day according to the selected currency. The distribuile prize is the amount collected less than 1% for expenses and management, less expenses of notarization and will never be less than 97% of the collection.

Index

The system will detect the most accurate predictions and establish a reputation ranking on which then project a future trend. The comparison of this trend with Pillar and the successive integration, will give as result an index which includes the expectations and the market sentiment.

References

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