Abstract

This thesis studies herding behavior in the cryptocurrency market between 2017 and 2022. Results from the static model reveal significant imitative behavior in the up market and during the bull year 2017. In addition, this thesis ranks among the first papers that study the effect of the early stage of the war in Ukraine on the market-wide herding behavior. Furthermore, due to Bitcoin's dominant position among other coins, closer attention is devoted to studying its influence on the herding behavior in the market. However, herding seems to be present only during extreme Bitcoin movements. In response to these results, five dominant coins (Bitcoin, Ethereum, XRP, Litecoin and Dogecoin) are excluded from the sample and their influence on the rest of the market is studied. The evidence suggests strong herding behavior of the rest of the market around these five giants. Therefore, the return of smaller coins seems to be influenced by the performance of larger coins, rather by solely that of Bitcoin.