



# Dogecoin **Explained**

What **You Should Know**  
About The Meme Currency

**8**eightcap

Eightcap offers crypto derivatives to its customers, not real crypto coins. This means that when the broker's clients trade these instruments, they speculate on the change in their value. They do not own an amount of the cryptocurrency they're trading and the crypto deals do not happen via an exchange.



# A few words in dogeneral

Dogecoin is a cryptocurrency that

**came to life  
from a simple  
meme**

popular back in the early 2010s. At first, it was taken as a joke by crypto traders and investors alike. However, nowadays, it is one of the virtual currencies on the market with the largest market cap, sitting comfortably in the top 10. Why is that? How did it come to be? Who let the dog



out? What's the good and bad of DOGE?

Before delving deeper into those questions, the first thing that comes to mind about Dogecoin is

## **what is it actually?**

We know it's a cryptocurrency and an altcoin (an alternative coin to Bitcoin). It got popularized by Elon Musk and it is the only coin to promote itself as the "fun and friendly Internet currency".

As a cryptocurrency that prides itself as being a joke, it has made history in becoming the most accessible coin with the potential to grow big and is even on its way to funding a trip to the moon - no joke there.

# Dogecoin begins

The 2010s were the years when meme culture began gaining traction on a global level. At the time, Doge was but one of the memes floating around the internet. A Japanese kindergarten teacher decided to snap a few photos of her dog – Kabosu/ Kabo-chan (female), and post them on her website. Following that, a

**Reddit post that is now gone included the word “doge”**

which became popular in 2013 and is known for the iconic Shiba Inu dog photo. The text itself is a type of internal monologue that is supposedly produced by the dog itself







in a form of broken English. Riding on that wave of good and fun, Adobe software engineer Jackson Palmer and IBM software engineer Billy Markus created

### **a peer-to-peer digital currency**

that actually began with a beer in hand on a night after work and too much free time on Palmer's hands. He created the website Dogecoin.com and within a few weeks, Markus, who was looking to make his own cryptocurrency, had found it. He then took it upon himself, as a challenge, to make

### **a functional virtual currency and proceeded to work out the code for dogecoin**

After emailing the screenshot to Palmer, they rolled out the coin and things got started. The two had decided the best thing was to make an accessible virtual currency that could be bought by anyone. Memes are more than accessible and this made doge the perfect coin to introduce a change to, even then, an already saturated cryptocurrency market.



# What is Dogecoin used for?

## As an alternative to Bitcoin

Dogecoin has many uses and a large community standing behind it. There is a multitude of exchanges that offer trading options against other cryptos and fiat currencies.

It is possible to trade DOGE for regular, everyday items, such as the ones that people on Reddit's Dogemarket do. However, if you're into larger transactions, perhaps a \$135,000 home sold in Dogecoins could be worth your time. Of course, if you just want to gamble away using

the doge as a lucky charm, you can use its currency as well. People have even started using Dogecoin as a way to tip others for posts/links they resonate with or for people they see as deserving in an act to spread kindness online. Unfortunately, the most famous tipping bot, Dogetipbot, was discontinued, which caused some heavy losses on some of its users. However,

**the intrinsic value of the coin still stands tall.**

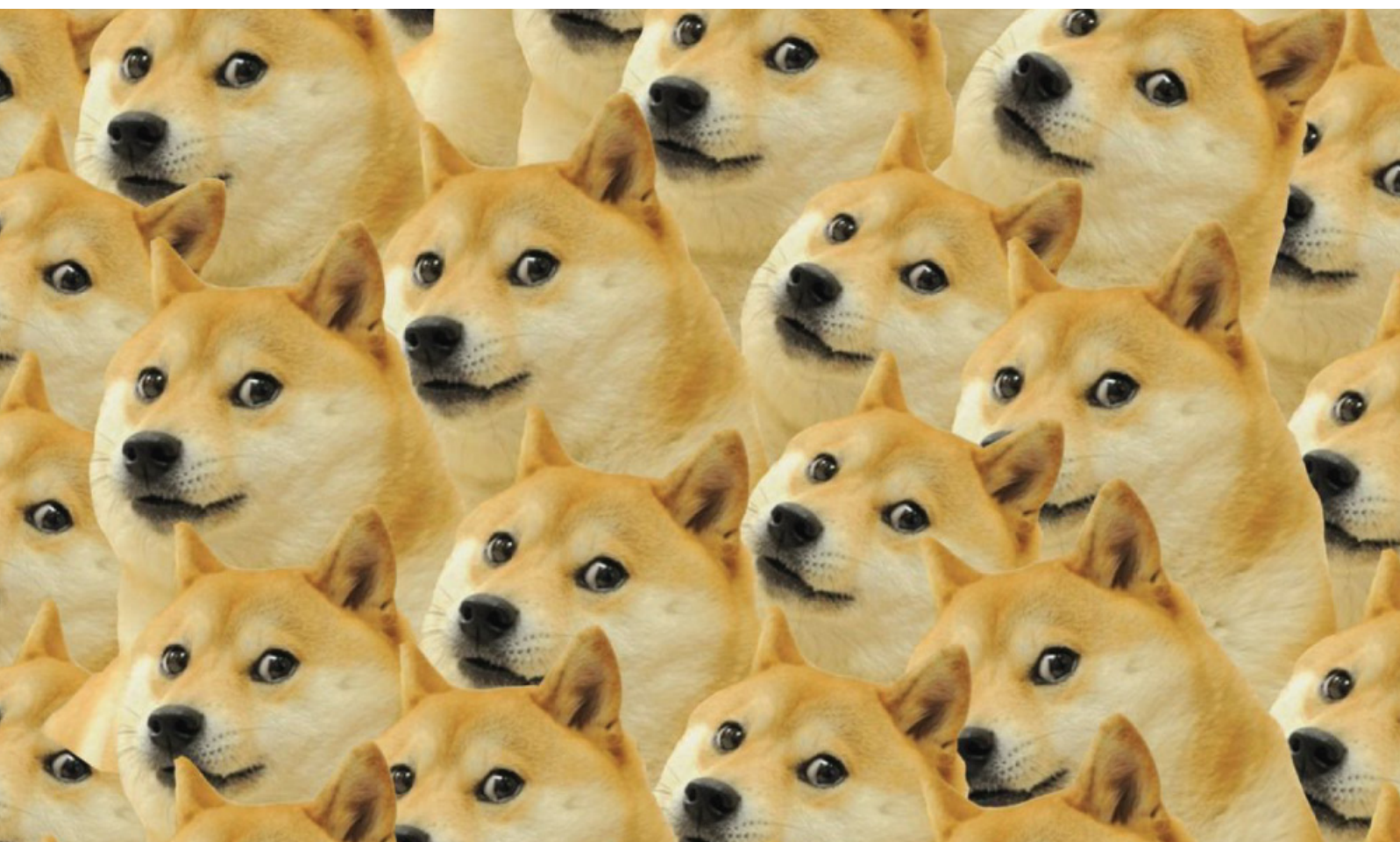




# How big is it? How many are there?

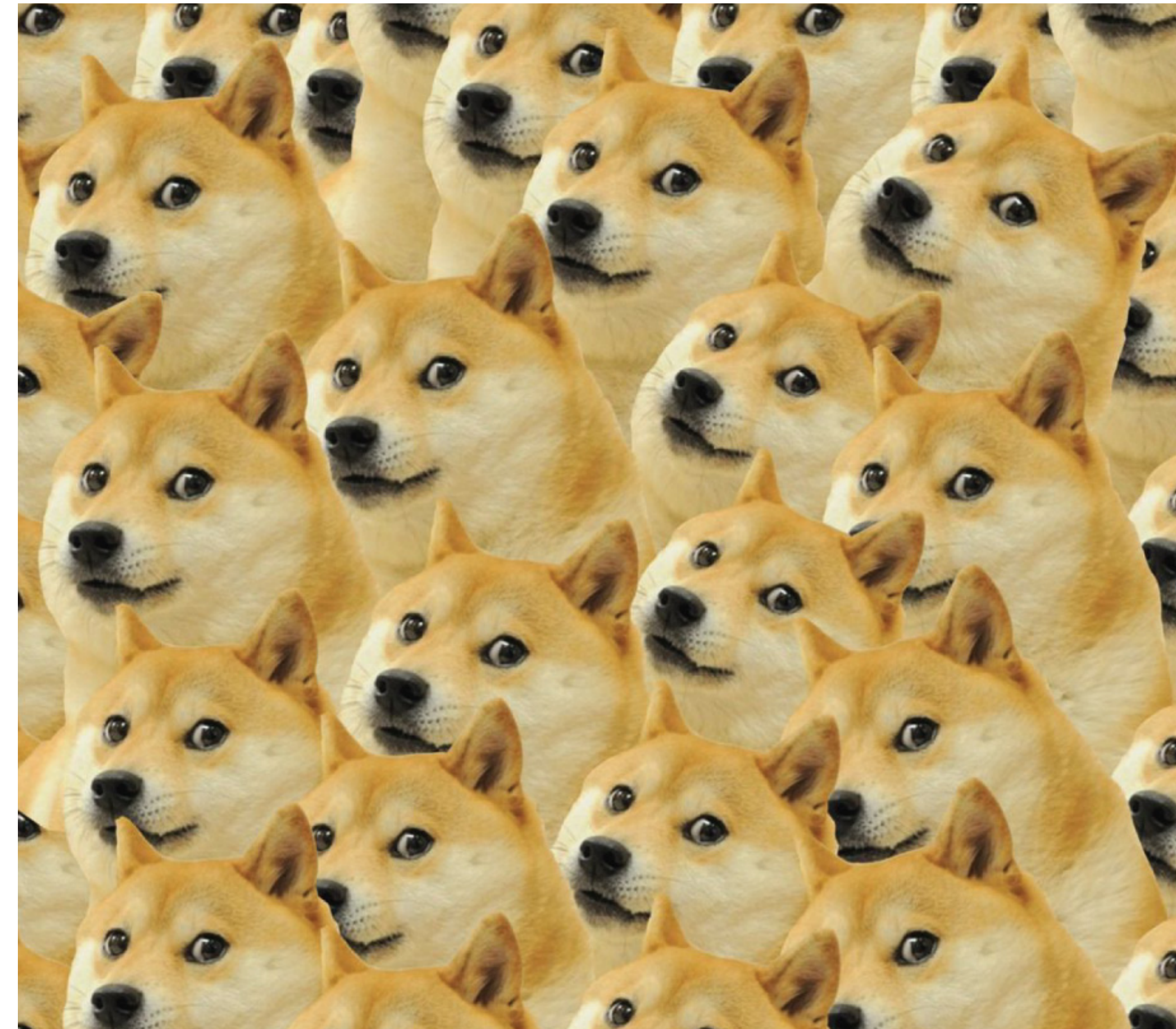
## Being marketed as a “joke” cryptocurrency

with a cute mascot to represent it, the DOGE suits the open public’s tight attitude towards crypto with a relaxed look and a loyal community.



## Its supply is essentially unlimited

and the script technology it is built on allows the mining process to be done at a higher pace. This type of coin is called “inflationary”, while Bitcoin-like cryptos with limited coin supply are deflationary. The Bitcoin amount mined every four years is halved every four years. Its inflation rate is reduced at the same pace, making the final goal of reaching the ceiling of its market supply hardly reachable. Inflationary coins like Dogecoin, on the other hand, can be mined with ease during their full lifecycle that can be, at least in theory, limitless.







**Within a year of release, Dogecoin had reached a market capitalization of \$20 million**

This quickly translated to multiple community fundraising campaigns.

At the start of 2014, a donation of 27 million coins equivalent to \$36,000 was raised in funding for the Jamaican Bobsled Team who qualified for the Winter

Olympic Games but did not have the financial backing to attend. Just around World Water Day (March 22) of the same year, Doge4Water, another donation led by the creator of animal meme site I Can Has Cheezburger? raised \$11,000 (the equivalent of 14 million DOGE back then being worth \$2.8 million today) for a well in Kenya. Another \$55,000's worth of coins was used to sponsor NASCAR driver Josh Wise, naming his car the "Moonrocket", and a subsequent sponsorship was made in 2021's NASCAR Xfinity Series where Stefan Parsons was behind the wheel.



# The dogenology behind

Cryptocurrencies are based on

**a DeFi, or decentralized finance, system**

that does not need any third-party institutions. This way, they can offer the financial instruments traders are looking for without interference from banks, brokerages, and exchanges. The technology that makes this possible is called

**“smart contracts”**

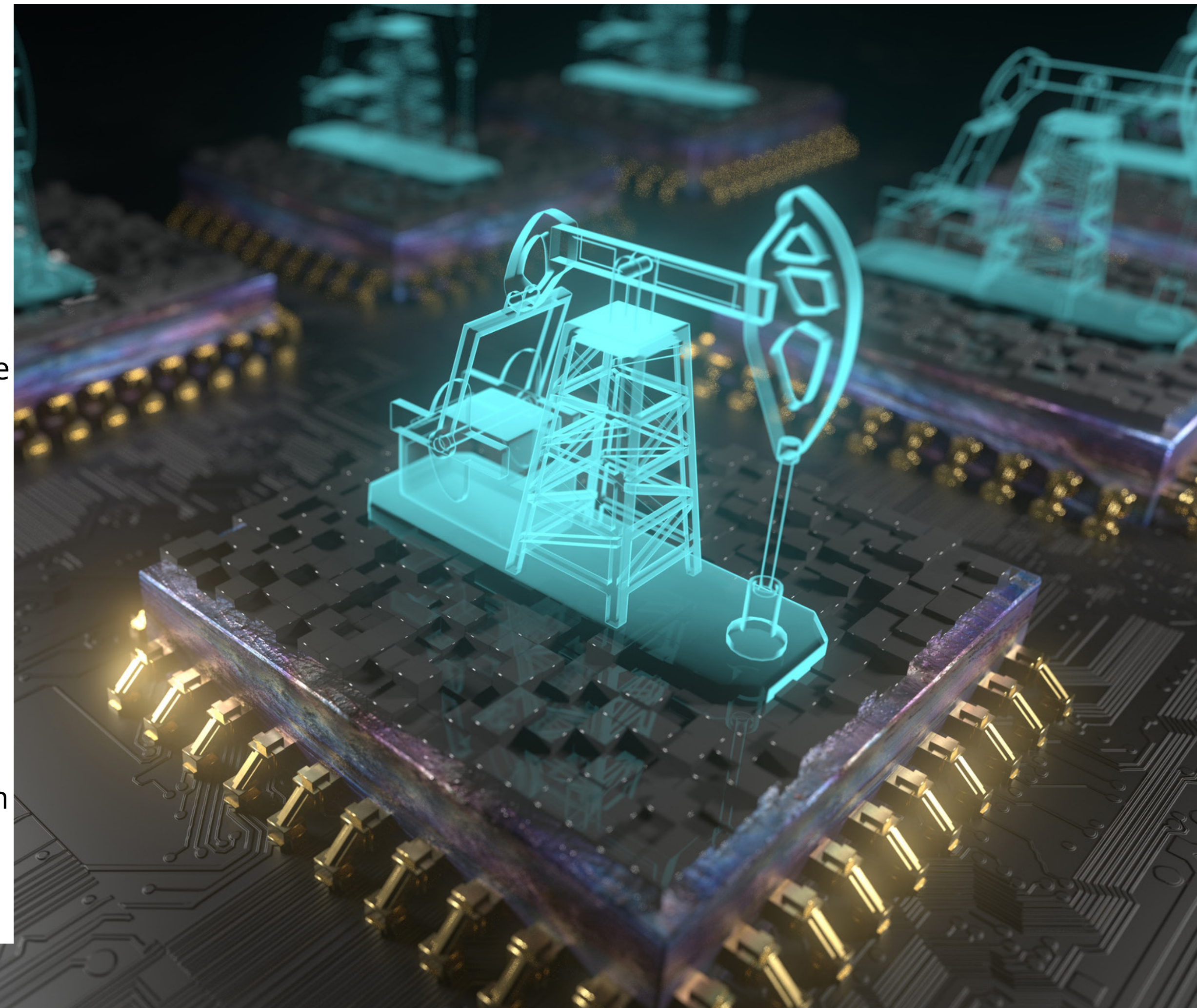
– transaction protocols that automate the blockchain, i.e., all the transactions within a crypto.

Dogecoin utilizes a similar work

path to complete transactions, but it does not interact with smart contracts directly. Instead, the coins are locked in a state that allows operations in several directions with a given contract until the coin is released. The Ren Project enables the DOGE’s use on the Ethereum blockchain which itself grants it access to the DeFi network.

From there, the coins, now linked to DeFi, utilize dApps, decentralized applications to perform trades and transactions on DEXs, decentralized exchanges. Most of these exchanges, such as Uniswap, are peer-to-peer, meaning that there is no middleman institution involved.

Mining Dogecoin is how tokens are most commonly earned.







To mine a cryptocurrency, you have to put at least one PC's full computing and processing abilities to use. However, along with power consumption when using multiple machines, you also need to have the appropriate equipment so the mining process can be optimized.

In Dogecoin's case, the script technology that it uses provides fully mined blocks from the blockchain at a faster rate than other cryptos.

**DOGE's block time of around a minute is much short, very amaze compared to BTC's 10 minutes per block.**

It is also worth a whole lot more tokens – 10,000 Dogecoins, to be precise. Considering that the supply of DOGE on the market is infinite, the approximate 131 billion tokens that have been mined are just the tip of the iceberg.

As an improved password-based key derivation function, script demands much more resources such as memory and GPU power, though when using authentications, computational time is reduced noticeably. A simplified version of script is used for DOGE, Litecoin, and other cryptos to mine coins. Due to the costly investment, there have been cases where institutional and university computers had been used to mine Dogecoins.





# Who let the dog out? Hint: E.M.



In the third quarter of the financial 2021, DOGE's market capitalization stands at almost \$31.5 billion. The meme currency has spawned a number of other cryptocurrencies of its own that are part of the unfolding group of meme coins popular on the market right now. Generally, the biggest denominator in Dogecoin's performance has proven to be public opinion. Most of the time, this means the currency's

community on sites like Reddit. However, DOGE's value is also influenced by people with social presence mentioning it and talking about it on their social media feeds, during interviews, or directly using it within their business.

Among those, the one that comes to mind right away is the dogefather himself – Elon Musk. Just as there are two sides to a coin, there are two sides to the man himself.



While he does tweet stuff like this:

**I'm looking for a shiba pup!**

— Elon Musk (@elonmusk) May 7, 2021

**I'm getting a Shiba Inu #resistanceisfutile**

— Elon Musk (@elonmusk) March 14, 2021

Elon seems to be serious about Doge being the future of both his own company and in general:

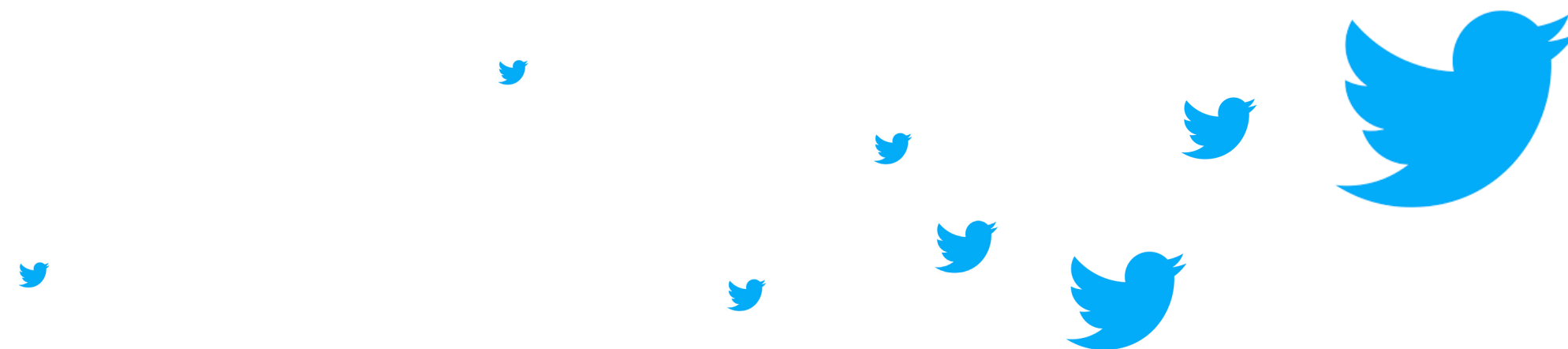
**Bought some Dogecoin for lil X, so he can be a toddler hodler**

— Elon Musk (@elonmusk) February 10, 2021

And finally [pic.twitter.com/TcgwMSyjAy](https://pic.twitter.com/TcgwMSyjAy)

— Elon Musk (@elonmusk) July 25, 2021

He even promised he would put an actual dogecoin on the moon. SpaceX is set to launch "DOGE-1 Mission to the Moon" in Q1 of 2022,







fully paid in DOGE. The goal? An untold promise of the relevancy cryptocurrencies will have in times to come, with our favorite Shiba Inu being the first ever to send that message.

**The DOGE has been aiming to reach a \$1 value for a while now**

Its awareness-raising capabilities are not just there for nothing. The year began with Dogecoin hitting a trading price of half a cent, skyrocketing to 72 cents in May. It gained momentum due to financial and retail investing gaining traction during the pandemic and around increasingly better conditions at some locations. Musk's

tweets should be taken into account because of their own positive influence on the token's price.

However, the most notable mention here is his SNL appearance. In addition to some Dogecoin jokes alongside his mother,

**Musk talks about the potential of the coin and how it may be worth merging with Ethereum. Or in other words, a smartDOGE.**



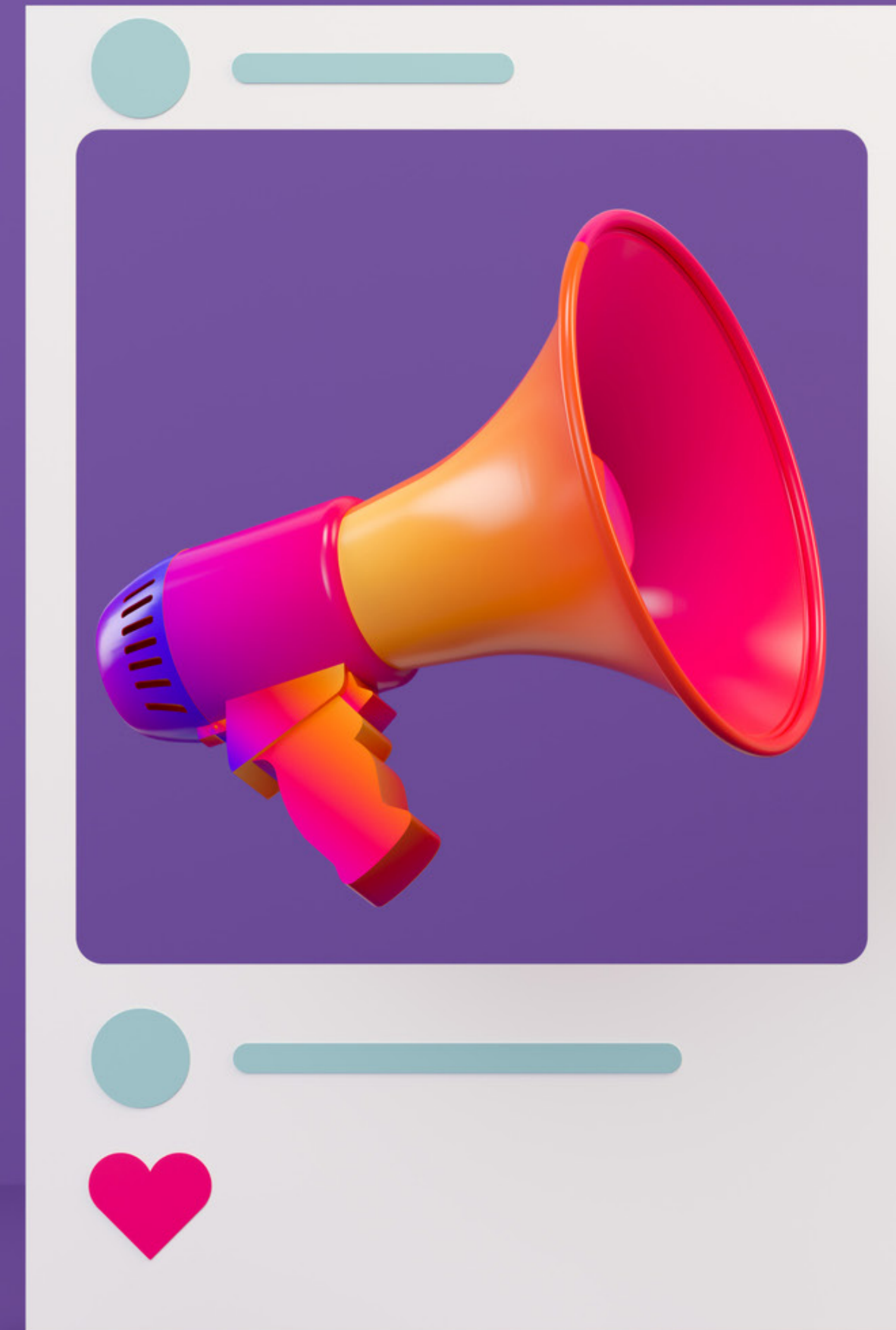
“There’s some merit in considering something that has a higher max transaction rate and lower transaction cost and seeing how far you can take a single-layer network with exchanges acting as a de facto second layer. I think you could take that further than people realize and as bandwidth increases over time latency decreases.”

Despite the prospects for a bright future, within a couple of hours, Dogecoin’s price suddenly sank down to \$0.43. During the following days, it sank to a new low of \$0.27 and has been in that range ever since. It was speculated that Dogecoin whales, large coin

holders, could have decided to dump the coin in both cases so that they could buy back later at a depreciated price.

**Speculations remain such, but the facts speak and their voice is social media.**

Within an hour after the crash, nearly 65,000 mentions were made, hitting an all-time high. This puts Dogecoin in a weird spotlight where the price is not rising despite the talks online. How Musk could influence the DOGE’s price from now on is something that we are yet to see.





# The good, the bad, and the doge



Cryptos are volatile and this can be both good and bad. On the good end, day traders relying on multiple transactions throughout the day can benefit from extreme swings. Mining it does not require as much energy (0.12 kWh) compared to cryptocurrencies such as Bitcoin (707.6 kWh) and Ethereum (62.56 kWh).

**Mark Cuban has stated that Doge's 'deterministic inflation', would allow us to grasp the amount of inflation and make it a valid payment method**



However, he questions whether people would really make use of it. The thing is, even if the goodwill nature of a Shiba Inu dog represents the coin and is backed by a strong community,



## the true nature of the Doge is unknown

There have been multiple instances of scams where people were promised double the coins and other types of fraudulent behaviour that has even caused a decline in the community's interest. Even Elon Musk has been targeted by the FBI for potentially running a Ponzi

scheme using Dogecoin as the currency. After all, early adopters earn way more if the market cap is increased, and to do so, they only need more people to invest. The set cap of 10,000 coins a block has also seen some concern, although it can also be interpreted as a balanced "deterministic inflation". As much as there is bad to say, there is just as much good, depending on the way it is viewed.





# A dogeful end

Dogecoin is, undoubtedly, a cryptocurrency that will play a serious part in the cryptoworld's history. We've yet to discover its limits and true potential, but from what we have seen so far, it looks promising.

**Elon Musk's role in the process is perhaps the largest an individual could have and he is likely to continue being a driving force.**

At the end of the day, traders will be able to enjoy the price movement instead of the intrinsic value of this financial instrument, and despite recent dips, the Doge itself may just as well come back for another pat.







**Now you are  
all caught up.  
Happy trading!**

**8eightcap**



# Bibliography Index

## PAGE 1

- 1 <https://coinmarketcap.com/all/views/all/>
- 2 <https://www.abc.net.au/news/2021-05-10/what-is-dogecoin-elon-musk-saturday-night-live/100128024>
- 3 <https://nextspaceflight.com/launches/details/1915>
- 4 <https://kabosu112.exblog.jp/9944144/>
- 5 [https://www.reddit.com/r/ads/comments/dsxz3/lmbo\\_look\\_this\\_fukken\\_doge/](https://www.reddit.com/r/ads/comments/dsxz3/lmbo_look_this_fukken_doge/)
- 6 [https://en.wikipedia.org/wiki/Doge\\_\(meme\)](https://en.wikipedia.org/wiki/Doge_(meme))
- 7 <https://knowyourmeme.com/memes/comic-sans>

## PAGE 2

- 8 <https://www.vice.com/en/article/jp5x3d/dogecoins-founders-believe-in-the-power-of-meme-currencies>
- 9 [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3091219](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3091219)
- 10 <http://www.reddit.com/r/dogemarket>
- 11 <http://www.cnn.com/2014/02/26/tech/innovation/dogecoin-cryptocurrency-tech-irpt/>
- 12 <https://en.wikipedia.org/wiki/Poker>
- 13 <https://gizmodo.com/reddit-users-lose-real-money-after-meme-currency-bot-di-1795125165>
- 14 <https://www.digitaltrends.com/social-media/dogecoin-jamaican-bobsled-team-olympics/>
- 15 <https://icanhas.cheezburger.com/>
- 16 <https://www.forbes.com/sites/matthickey/2014/03/17/such-generosity-most-expensive-tweet-ever-sends-11000-to-kenyan-water-charity-via-dogecoin/?sh=253d635324cb>
- 17 <https://motorsports.nbcsports.com/2014/03/25/nascar-fans-on-reddit-use-dogecoin-to-sponsor-josh-wise/>

## PAGE 3

- 18 <https://uniswap.org/>
- 19 <https://bitcoin.org/en/faq#:~:text=Bitcoin%20is%20unique%20in%20that,1%2C000%2C000%20bits%20in%201%20bitcoin>
- 20 [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3091219](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3091219)
- 21 <https://coinmarketcap.com/currencies/dogecoin/>
- 22 <https://arstechnica.com/tech-policy/2014/02/harvard-supercomputing-cluster-hijacked-to-produce-alt-cryptocurrency/>
- 23 <https://www.theguardian.com/technology/2014/mar/04/dogecoin-bitcoin-imperial-college-student-mine>

## PAGE 4

- 24 <https://coinmarketcap.com/currencies/dogecoin/historical-data/?start=20130428&end=20201214>
- 25 What are meme coins - The people-driven market phenomenon explained
- 26 <https://decrypt.co/70386/elon-musks-spacex-launching-dogecoin-moon-mission>

## PAGE 5

- 27 <https://finance.yahoo.com/quote/DOGE-USD/>
- 28 <https://www.cnbc.com/2021/04/08/a-large-chunk-of-the-retail-investing-crowd-got-their-start-during-the-pandemic-schwab-survey-shows.html>
- 29 <https://decrypt.co/70359/dogecoin-sinks-to-0-43-day-after-elon-musk-snl-appearance>
- 30 <https://cryptoslate.com/sorry-pleb-elon-musk-is-really-your-dogefather/>

- 31 <https://twitter.com/lanElli16374574/status/1391254625928548352>
- 32 <https://t.co/KMobi8OHO3>
- 33 <https://www.birminghammail.co.uk/news/uk-news/how-much-energy-bitcoin-use-20591978>

## PAGE 6

- 34 <https://www.forbes.com/sites/jonathanponciano/2021/03/09/bill-gates-bitcoin-crypto-climate-change/?sh=5137b9be6822>
- 35 <https://www.birminghammail.co.uk/news/uk-news/what-most-energy-efficient-cryptocurrency-20588731>
- 36 <https://markets.businessinsider.com/news/currencies/mark-cuban-dogecoin-holdings-3250-dallas-mavericks-valid-payment-mechanism-2021-5?op=1>
- 37 <https://foreignpolicy.com/2021/02/11/dogecoin-how-does-it-work-elon-musk-cryptocurrency/>
- 38 <https://www.news18.com/news/tech/dogecoin-has-a-warning-for-everyone-do-not-fall-for-scams-that-promise-to-double-your-coins-3722831.html>
- 39 <https://www.vice.com/en/article/9kng57/dogecoin-my-joke-cryptocurrency-hit-2-billion-jackson-palmer-opinion>
- 40 <https://thestonkmarket.com/elon-musk-facing-fbi-investigation-for-dogecoin-ponzi-scheme/>
- 41 [https://en.wikipedia.org/wiki/Ponzi\\_scheme](https://en.wikipedia.org/wiki/Ponzi_scheme)
- 42 <https://www.ft.com/content/2c3dd96c-b1b1-42fd-ab46-8b4791bf1270>
- 43 <https://www.gfinityesports.com/cryptocurrency/dogecoin-how-many-coins-in-circulation-is-there-a-cap/>