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2024 Halving BTC Report

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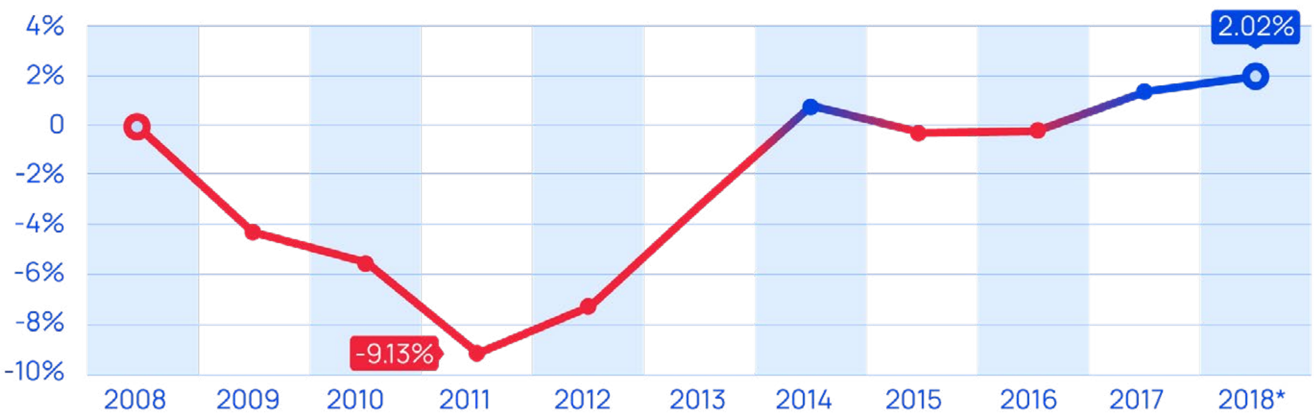
What is Bitcoin Halving?

The ancient Greeks had a date marked in red on their calendar, an event that served as a unit of measuring time. Every four years, in the sanctuary of Olympia, they celebrated the games in honor of the god Zeus. These were days of celebration, revelry, and competition to determine who would be the best. Centuries later, we are still enjoying the Olympic Games, and since 2008, we also have a new event that always arrives on time every four years: the Bitcoin halving.

It was 2008. Spain had just won the UEFA European Championship, and the world was in the midst of a severe economic, financial, and mortgage crisis caused by the bursting of the real estate bubble and the subsequent collapse of the financial services company Lehman Brothers. The men in black—representatives of the European Central Bank—arrived in Europe and cut their way through countries such as Greece, Portugal, and Italy with economic cutbacks. And the previously unknown risk premium became the topic of conversation on the street.

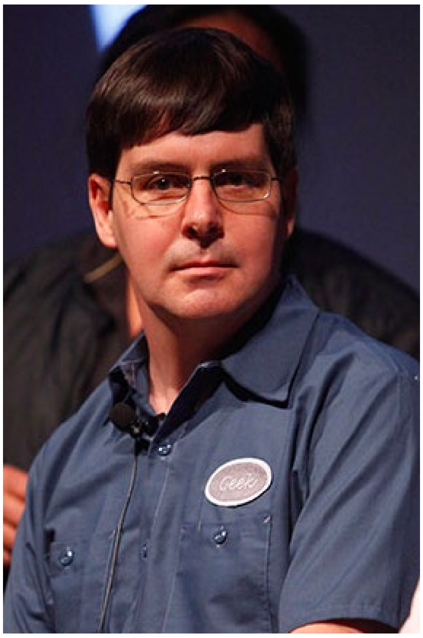
Greece revives?

Change in Greece's gross domestic product compared to previous year



*Estimate I Data from April 2018. Real GDP (calculated over constant prices) I Source: International Monetary Fund

Wall Street's fall with the 2008-2009 crisis



Gavin Andersen

Against this backdrop of economic depression, a glimmer of hope appeared in the email of dozens of cypherpunks subscribed to the Metzdow media mailing list. On October 31, 2008, Satoshi Nakamoto sent out a 9-page paper called Bitcoin P2P e-cash Paper that would come to change the world.

In this white paper, Nakamoto evolved Wei Dai's work in the late 90s with his B-money concept and talked about something as simple and, at the same time, as complex as the creation of a global payment method without intermediaries between users, an ecosystem formed by combined pieces never seen to date. The author, or authors, under the pseudonym of Satoshi Nakamoto, explained in detail the entire mechanism of what this new economy based on blockchain technology should be like.

In 2009, one of Satoshi Nakamoto's email recipients, cypherpunk Hal Finney, began running the Bitcoin network and making the first Bitcoin transactions, then virtually worthless, between himself and Nakamoto. However, the first commercial transaction did not occur until 2010, when Laszlo Hanyecz bought two pizzas for 10,000 BTC. Today, those pizzas would be worth about $485 million.

Meanwhile, another name that remained in the shadows was that of Gavin Andresen, an Australian who, together with Nakamoto, developed the Bitcoin Core code, considered to be the brain of Bitcoin. His hand-in-hand work with Nakamoto, through forum posts and emails, gave him an experience that led Andresen to be called "the man who really built Bitcoin" in 2010 when Nakamoto disappeared.

This whole structure of lines of code that make up Bitcoin Core also describes a process that occurs automatically every time 210,000 Bitcoin blocks are created. The so-called Halving, *“Without these events, in just 8 years all Bitcoins would have been distributed.”*

punctual to its appointment, reduces by half the reward miners receive; that is, those who decipher the Bitcoin algorithm with their hardware to generate new bitcoins and place them on the market.

These Halving events were created and introduced into the Bitcoin code to incentivize mining through the Proof of Work consensus mechanism used by Bitcoin and to avoid the immediate distribution of all the Bitcoins potentially created (21 million maximum). Without these Halving events, in just eight years since 2009, all Bitcoins would have been distributed, thus eliminating part of the deflationary system that regulates its economy.

And, if this had happened, we “modern Athenians” would not be patiently waiting every four years for an event of such magnitude. So, thank you, Satoshi, Finney, Andresen, and so many others, for becoming the Zeus of the 21st century.

Telcos Enablers of Web3

By Yaiza Rubio,
Chief Metaverse Officer,
Telefónica

Until the launch of Bitcoin, there was no alternative mechanism for users to carry out transactions and whose network nodes had a reliable source of information, as Bitcoin does, thanks to its proof of work consensus mechanism. Despite this giant step, Web3 is still in the realm of innovation. However, a few years ago, we assumed not only that it would be part of our future as an industry but also that telecommunications companies would be a key player in the ecosystem's growth. With this vision in mind, we are preparing ourselves. We are trying to position our capabilities as operators in an Internet that will undoubtedly be more decentralized and immersive.

Using decentralization to solve problems of scale is impacting many businesses, such as infrastructure decentralization, better known as DePIN, in which networks use the concept of tokenomics as an incentive to align the needs and resources of many individuals. Many operators are closely following decentralized Internet providers, as they can, if successful, be incorporated into our network portfolio due to reduced deployment and maintenance costs and reduced impact on the environment.

On the other hand, blockchains are autonomous systems, meaning they cannot access real-world data. The execution of blockchains must be fully deterministic and based solely on the shared context of the blockchain state, so there cannot be any source of randomness. If our thesis is correct, developers in the Web3 ecosystem will demand telcos the capabilities and data to develop similar experiences to those created on Web2, except these must be available on-chain.

Likewise, blockchain moves towards proof of stake algorithms (or similar) directly impact who can participate as a transaction validator. In this sense, recognized, reputable companies used to manage large infrastructures are seeing in this type of operations a new way of obtaining new revenue.

These are just a few examples. We are still in a very preliminary phase, exploring new business models. But what is certain is that telcos and Web3 pursue a common goal: to provide a better way to connect people.

Telefónica

The History of Bitcoin Halving

To holistically understand the meaning of Bitcoin Halving, we must start by understanding the concept of “mining” mentioned above.

This process consists of adding blocks of transactions to the public blockchain and verifying their validity. Mining is also the mechanism by which new Bitcoin coins are generated, which, in turn, ensures the integrity of the blockchain and provides incentives for participating in the network.

Bitcoin miners are computer owners who allocate their computing power to the peer-to-peer network. Similarly to gold miners, who use tools to mine for gold, Bitcoin miners require specialized mining equipment and energy access to perform the necessary calculations.

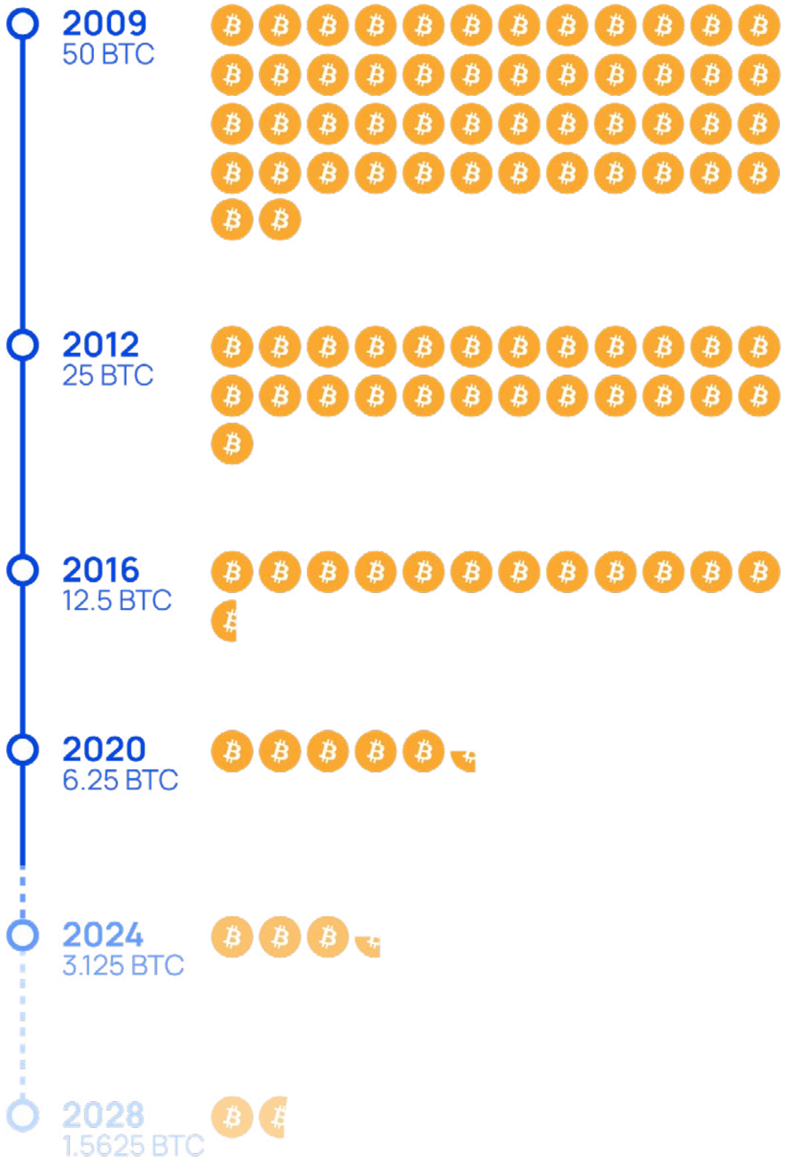
Bitcoin mining is essential to maintaining a peer-to-peer network based on up-to-date and secure blockchain technology. When participating in Bitcoin mining, miners can earn new Bitcoins and the associated transaction fees.

During its first four years (2009-2013), Bitcoin reached an issuance of 10.5 million BTC thanks to the per-block reward being 50 BTC and a total of 210,000 blocks with that reward. The reward was then halved to 25 BTC for the first Bitcoin Halving in 2012, and the issuance of the following 210,000 blocks was equivalent to 5,250,000 BTC.

The second Bitcoin Halving took place in 2016, bringing the reward for mined blocks up to 12.5 BTC; the third, in 2020, cut it down to 6.25

BTC; and now, in 2024, will be set at 3.125 BTC per mined block.

The halving reward reduction policy controls inflation and reduces the number of bitcoins issued. If we continue issuing at the usual rate, by the time we reach halving 34, which should occur in 2144, there will be 20,999,999,9993 BTC in circulation, and the reward per block will be as low as 0 BTC. An amount that, although very close to 21 million BTC, will not be this exact figure.



Bitcoin as a Savings Tool

By José Antonio Colomer,
Head of Digital Solutions, Switzerland

We save for various reasons: to cover unforeseen expenses, to maintain our standard of living after retirement, to leave an inheritance to our loved ones, etc. Unfortunately, as time goes by, the cost of living becomes increasingly higher, and to achieve our goals as savers, it is no longer enough to save, but we must ensure that our savings grow at a rate at least equal to inflation. Undoubtedly, this is our customers' biggest concern, and our job as a bank is to help them achieve this.

To begin with, it should be clear that keeping your savings in cash is not really a good long-term option. The biggest problem is that central banks can print new money whenever they see fit, and the more money they print, the more its value degrades. So much so that, since we abandoned the gold standard, the US dollar has lost 90% of its purchasing power, and the euro, for its part, has already lost 40% of its purchasing power, despite being little more than 20 years old.

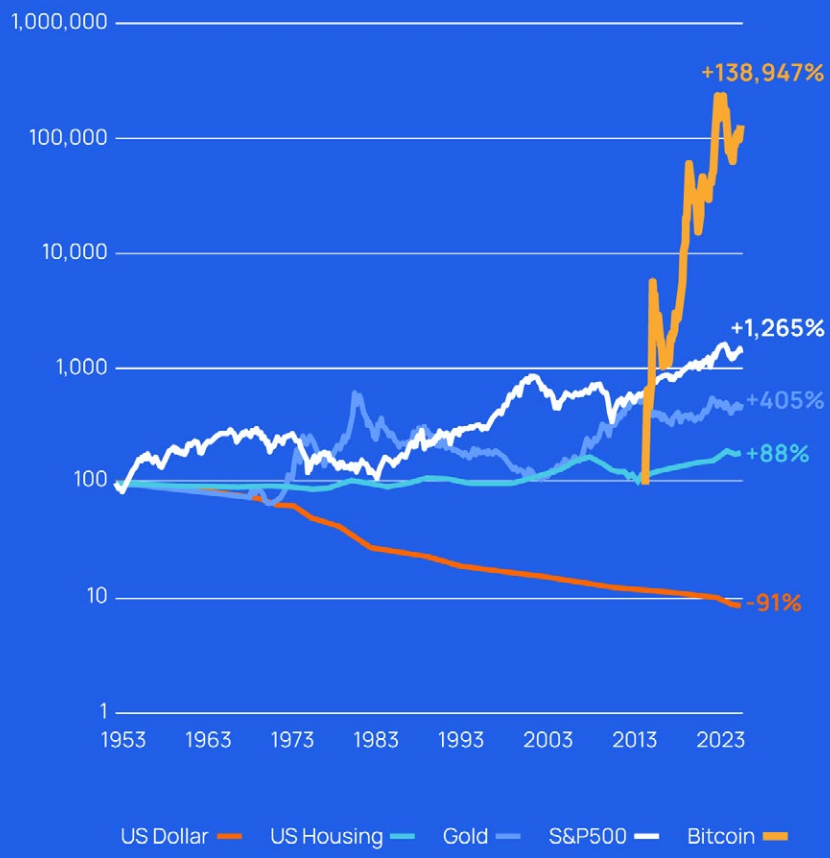
Indeed, scarcity has value, even more so if it is decentralized, durable, and portable. Gold has all these qualities, which is why it has been such a valuable commodity for human beings throughout history. However, its value does not lie in its beauty, but in that it combines all these qualities.

While it is true that other alternatives can help us maintain the value of our savings, they all have drawbacks. The most common alternative is real estate, whose main problem is its lack of mobility. Besides, real estate investments require significant amounts of capital (you cannot buy just a piece of real estate), have high maintenance costs, and are not very liquid (if you need liquidity quickly, you may have to sell it below its market value). On the other hand, art also requires maintenance and a high level of market knowledge and has very little liquidity. Equities are very liquid and allow you to benefit from the growth of companies, but in this case, we would no longer be talking about decentralized assets. There is a risk of company bankruptcy, and these can dilute the value of your shares at any time by issuing more.

If we are talking about goods that represent decentralized scarcity, gold has been, up until very recently, the best alternative as a store of value. And I say until recently because, in 2008, a new alternative was born that not only shares all the qualities of gold but also improves them. This alternative is Bitcoin. While gold is a tangible asset, Bitcoin is a digital asset and, thus, does not degrade and is easier to store, transport, transfer, and divide. Moreover, Bitcoin's predefined supply is perfectly inelastic and limited. We do not really know how much gold there is in the world. A new deposit could be discovered at any time. What we do know is how much Bitcoin there is today, that there will never be more than 21 million BTC and the rate at which we will reach this amount. Ultimately, time will tell if Bitcoin ends up replacing gold and becoming the world's main store of value. What is certain is that Bitcoin has all the qualities to do so.

Inflation-adjusted value

(Base 100, logarithmic scale)



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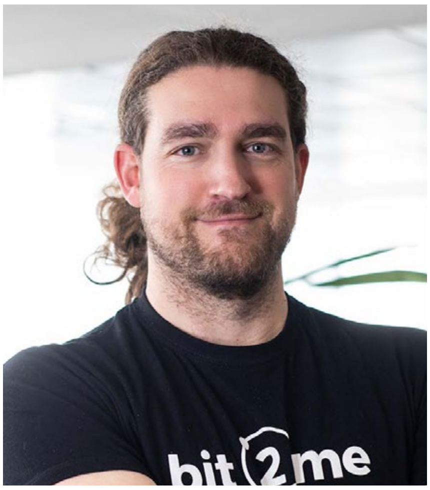
The current Context of Bitcoin Halving

Bitcoin ETFs



By Nacho Hontoria,
Contents Lead en Bit2Me

Not all halving events have occurred under the same social, political, or economic circumstances. Without going any further, the last halving, in May 2020, took place at the height of a global pandemic, with widespread confinement due to COVID-19. Two months earlier, in March, Bitcoin dropped to its lowest levels. As a result of the international confinement and the coronavirus scare, Bitcoin suffered a shocking drop to $3,800. However, it quickly recovered and fluctuated above $6,400. In May, in expectation of the Bitcoin halving, the markets felt the pressure, pushing it up to $10,500 and reaching the halving around $8,500.

Fortunately, 2024 is very different from 2020. For starters, there is no global pandemic, and earlier this year, the entire industry and institutional players got some long-awaited news.

The approval of spot Bitcoin ETFs by the U.S. Securities and Exchange Commission (SEC) on January 11, 2024, was a landmark event in the cryptocurrency industry, offering retail and institutional investors a new avenue to gain exposure to Bitcoin through a regulated market

The SEC approved 11 spot ETFs, in total, from different asset managers, including notable names such as Valkyrie Bitcoin Fund, ARK 21Shares Bitcoin ETF, Grayscale Bitcoin Trust, and Fidelity Wise Origin Bitcoin Fund, among others. This move has been seen as a reflection of the new stage of acceptance and mainstreaming of the cryptocurrency market, providing more credibility to the industry and opening up possibilities for future innovations.

Industry experts have compared this development to the introduction of gold ETFs in 2004, which was followed by seven positive years in the price of gold, thus suggesting that Bitcoin ETFs could have a similar impact on the cryptocurrency market. These ETFs were expected to ease access to the cryptocurrency market, attracting more investors and increasing liquidity, and they did not disappoint.

Since the day the SEC approved them, spot Bitcoin ETFs have seen inflows with spectacular numbers, as the following chart from SoSo Value shows.

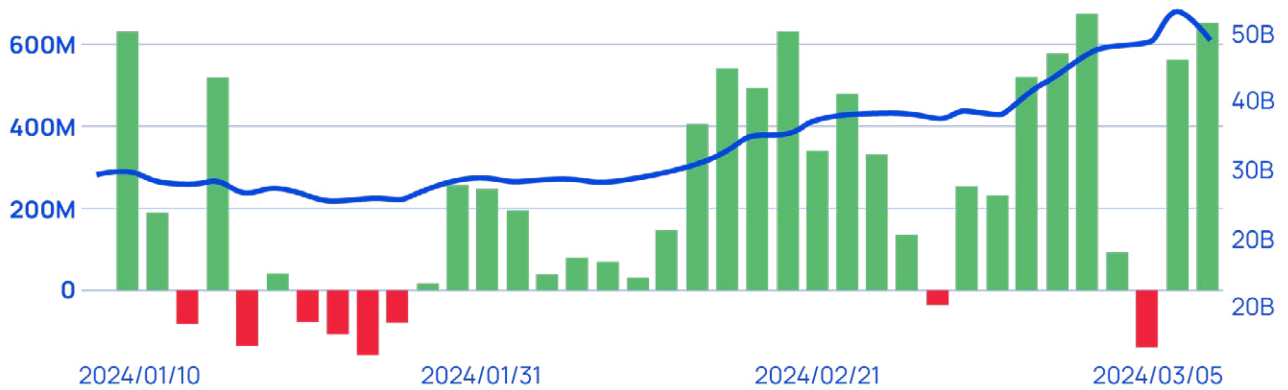
In addition to these spot Bitcoin ETFs, the period between halving 2020-2024 also brought another piece of news that directly impacted the price of Bitcoin and, in one way or another, continues to influence it.

The approval of the first Bitcoin exchange-traded funds (ETFs) marked a significant milestone in integrating cryptocurrencies into the traditional financial system. On October 19, 2021, the U.S. Securities and Exchange Commission (SEC) allowed the debut of the first Bitcoin ETF on the New York Stock Exchange (NYSE), the ProShares Bitcoin Strategy ETF (BITO).

This ETF does not invest directly in Bitcoin but instead tracks Bitcoin futures contracts, offering investors a way to gain exposure to Bitcoin prices without owning the cryptocurrency directly. When BITO started trading on the NYSE, it was met with great enthusiasm, as the ETF raised over $1 billion in assets under management in its first two days.

The approval of futures-based Bitcoin ETFs represents a significant breakthrough for the cryptocurrency industry, offering a new avenue for institutional and retail investors to participate in the crypto market with an additional layer of security and regulation provided by traditional stock markets.

Total Bitcoin Spot ETF Net Inflow



Institutional Adoption

The institutional adoption of Bitcoin was one of the prominent themes in the year leading up to the 2024 halving, marking several milestones for the leading cryptocurrency in terms of acceptance by investors and corporate entities.

According to an analysis by Goldman Sachs, 2023 saw notable growth in regulated and centralized derivative services, evidencing greater institutionalization of the Bitcoin market. As a result, this growth was evident in open interest in Bitcoin, which increased by more than $4 billion in the last quarter of the year.

A driving factor behind this institutional boom has been the anticipation and subsequent approval of spot Bitcoin ETFs, which has generated a positive impact on the price of Bitcoin, increasing it by 26% in the three months prior to the SEC's decision. The market reflected this optimism, where expectations of the approval of these ETFs and the possibility of a reduction in interest rates by the Federal Reserve encouraged institutional investment.

Institutional adoption has not only changed the composition of the Bitcoin market but has also created two distinct types of Bitcoiners: market-focused and business-focused, with the latter group emerging as a result of the interest shown by large companies and countries such as El Salvador.

Besides, the integration of artificial intelligence with cryptocurrencies and the growth of protocols, such as Ordinals, indicate that innovation and diversification remain key trends in 2024.

All of these developments suggest that while 2023 was a year of growth and consolidation for institutional Bitcoin adoption, the outlook for 2024 seems equally promising, with expectations of a ramp-up in institutional Bitcoin adoption driven by a combination of technological, regulatory, and market factors.

MiCA Regulation in Europe

The Markets in Crypto-Assets (MiCA) regulation, created by the European Union in May 2023, represents a significant milestone in cryptocurrency regulation, establishing a detailed legal framework for the industry in all 27 EU member states.

The MiCA regulation introduces strict rules, including consumer protection measures, such as, for example, requiring stablecoin issuers to maintain reserves equivalent to the assets supported and provide redemption plans. This regulation also demands greater transparency from cryptocurrency exchanges, requiring them to report their pricing process and trading volumes in real time and to segregate customer funds from their own.

This regulation is expected to come into force in mid-2024, although some parts will be postponed until early 2025, allowing an adaptation period for full implementation of the measures. As we approach the next Bitcoin halving in 2024, implementing the MiCA regulation could provide a more secure and transparent regulated environment for institutional investors, potentially influencing the adoption and perception of the European crypto market, which could have a positive impact on the Bitcoin market, as greater regulatory clarity and certainty may attract more institutional investors as we approach the halving, an event historically associated with increases in the price of Bitcoin due to the reduction of the per-block reward and the consequent decrease in the new supply of bitcoins.

Therefore, the MiCA regulation and its focus on consumer protection, transparency, and standardization of crypto transactions could be a key factor in the context of the upcoming Bitcoin halving, providing a stronger foundation for the adoption and institutional acceptance of Bitcoin and other cryptocurrencies in Europe.

By Luciano Ciattaglia,
Director of Services at Hacken

Bitcoin Halving
from a Security Perspective

The upcoming Bitcoin halving is a significant event for the blockchain industry, with potentially wide-ranging implications, especially in terms of security. By design, Bitcoin halving events, which occur approximately every four years, reduce the block reward for miners by 50%. Given the nearly 100% increase in Bitcoin's value over the last six months, the rewards for miners post-halving will apparently be equivalent in fiat value to what they were six months ago, assuming the price remains stable around the time of the halving.

Historically, Bitcoin halvings have led to increased market attention and speculative interest, often resulting in significant price volatility in the months preceding and following the event. The previous halvings in 2012, 2016, and 2020 were each followed by a substantial bull run in the Bitcoin market. From a security standpoint, the implications are multifaceted:

1. **Network Security and Hash Rate:** The halving reduces miner rewards, potentially lowering the network's hash rate as less efficient miners become unprofitable and exit. This reduction may briefly diminish network security, increasing susceptibility to 51% attacks. However, the halving event also boosts Bitcoin's price, attracting more participants and distributing hash power more widely, which, combined with the increased fiat value of rewards, strengthens miners' incentive to maintain network integrity. Historically, despite initial challenges, the hash rate and network security have improved over time.

2. **Market Volatility and Security Risks:** Heightened market volatility around halving events can increase security risks. Phishing attacks, scam projects, and exploitation of exchange vulnerabilities often escalate as interest in Bitcoin peaks. With $1.9 billion lost to hacks and scams in 2023, the stakes are high. Participants in the blockchain space, including investors, exchanges, and wallet services, must prioritize developing and implementing robust security measures to protect their users during these periods.

3. **Long-Term Security Impacts:** In the long term, halvings highlight Bitcoin's scarcity, potentially driving its value and adoption up and encouraging innovation in security. With the growing security market, companies like Hacken are already working on developing stronger security solutions to counter the evolving threat landscape.

In conclusion, while the upcoming Bitcoin halving presents potential security challenges, particularly in the short term due to possible hash rate fluctuations and market volatility, the historical pattern of post-halving market growth and network strengthening suggests a positive outlook for the blockchain industry. Stakeholders should prepare for the immediate impacts while also focusing on the long-term opportunities for enhancing the security and resilience of the blockchain ecosystem.

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Expected Economic Impact

Imagine that the heartbeat of the crypto world undergoes a sudden change, slower but with greater impact with each heartbeat. That is what we could call the Bitcoin halving, this moment when it takes a small step back to gain momentum. That is why it is not just a technical adjustment but an economic event that can send ripples through markets, industries, and mindsets.

Looking back, we have witnessed this event unfold with remarkable consistency in the past. Each halving has offered a unique narrative in the vibrant tapestry of cryptocurrency history. The aftermath of these events has often led to significant bullish times in the crypto market. But why? The answer involves a delicate balance between scarcity and increased interest. It is an empirical trend that has repeated itself, although, as we know, history does not always predict the future.

At its core, a halving affects precisely the supply dynamics of a cryptocurrency, Bitcoin in this case. By reducing the mining reward, the event tightens the tap of new tokens entering circulation. This shortage could lead to an increase in demand. Basic economics, right? However, the real magic—or turbulence—occurs when this fundamental economic principle meets the speculative and diverse world of crypto users.

The implications of the halving extend far beyond the immediate scope of Bitcoin. For example, the technology sector, especially companies involved in mining hardware, is feeling the shock waves

By Leif Ferreira,
CEO and Co-Founder of Bit2Me

"Volatility is a companion to Halving, presenting opportunities and risks in equal measure."

as demand for more efficient mining equipment increases. Financial services that deal with crypto assets are adjusting their strategies, and even the energy sector may experience shifts due to changes in mining dynamics, which is a testament to how interconnected our modern economies are.

Predicting the precise outcome of a halving event is like forecasting the weather. However, possible scenarios range from a significant increase in the asset price, driven by increased investor interest and limited supply, to more moderate outcomes if the market has already anticipated the event. Judging by credible sources and expert analysis, one thing is clear: volatility goes hand in hand with halving, presenting opportunities and risks alike.

In short, a halving is a dance between economics, technology, and human behavior, complex and full of uncertainty. Despite the challenges in predicting its exact impact, one thing remains clear: a halving is a pivotal moment for the crypto ecosystem. It demands attention and propels innovation.

As we stand on the brink of another halving, it is crucial to approach it with a balanced perspective, mindful of history but open to the countless possibilities the future holds. At Bit2Me, we are committed to navigating these events with our community, providing clarity, insight, and security in this ever-evolving crypto world. This journey is as unpredictable as it is exciting, and we are here to explore every wave and ripple alongside you.

Halving and Bitcoin Scarcity

"Absolute digital scarcity released more elegantly."

Por Javier Pastor,
Head of OTC at Bit2Me

This brief sentence without context may not be fully understood. Satoshi Nakamoto's invention is an achievement of historical scope that we will study for decades and centuries to come as a before and after in understanding of money and private property.

Throughout history, specifically until the 20th century, civilizations have chosen to use hard money, which is also hard to produce. Due to their malleability and scarcity, gold and silver were the metals of choice. In the 20th century, with the introduction of the nation-state, this idea was unilaterally replaced by today's currencies. Initially, from 1944 to 1971, with a certain degree of gold backing, and since then, we moved to a pure debt model created by those who enjoy a monopoly on violence. They called it "legal tender".

The absolute scarcity of Bitcoin is a nemesis of the FIAT system, a necessary counterweight in the historical and transitional moment we live in. The acceleration of debt creation since the breakdown of the gold standard leads us to a crisis scenario and shortages of services and products that we now take for granted.

Bitcoin is a wake-up call to those awake and tired of having their time and energy quantified in a corrupt and manipulated battery. Bitcoin's mathematical scarcity allows us to treasure our time in an indissoluble, immutable, auditable, and secure unit of account.

Bitcoin is now 15 years old, and during this time, we have navigated through three halving events and four intermediate cycles with rewards of 50 units per block, 25, 12.5, and 6.25. A halving is not only an economic event on

"Bitcoin is a wake-up call to those awake and tired of having their time and energy quantified in a corrupt and manipulated battery."

reducing rewards and introducing new units into the network but also a social wake-up call about distributing the scarcest asset in history. And, if you are reading this and do not own Bitcoin, you should know that if we were to distribute all existing Bitcoin units, the proportional amount per human being would be 0.0026 BTC. But obviously, this will not be possible, as many have understood the significance of absolute scarcity and have hoarded as much as possible.

The upoming halving, which will take place around April 20, reducing the blockchain reward to 3.125 BTC units, is not an isolated event. One important thing to understand is that in previous cycles, the price has moved with the participation of retail users, retailers, and companies native to the sector, such as Bit2Me. As of this year, the world's largest wealth managers can now sell to their clients through approved Bitcoin ETFs in the US.

The absolute scarcity towards which the halving schedule is leading us, the custody of large holders, and the increased liquidity of Central Banks may result in a supply shock that will exclude any middle-class person from ever accumulating a unit of absolute scarcity.

Insuring Halving and Bitcoin

Pascual Gauthier, CEO Ledger

"Every time a new halving approaches, the demand for Bitcoin increases. In 2024, we're seeing increased demand even ahead of the halving thanks to interest driven by ETFs. This makes it even more of an imperative to secure the world of Bitcoin, on a consumer level and an institutional level. The natural evolution of the demand we're seeing is that we will see more educated customers, who through the hype and increased demand, see a pathway to learning about the true ethos of crypto. That ethos leads, always, to self-custody."

Sebastien Badault, VP Ledger Enterprise

"As we approach the Bitcoin halving, it's critical for institutions in our industry to understand its implications on market dynamics and asset security. This event highlights Bitcoin's scarcity and potential value increase, and because of this, businesses require solutions to trade effectively while also securely managing their assets. At Ledger Enterprise, we are prepared to support our partners, like Bit2Me, through these market shifts, ensuring their assets remain secure as they capitalize on the new opportunities the halving presents. We are also continuously innovating, building technology solutions like Ledger Enterprise TRADELINK, which allows asset managers to trade with the flexibility they need and using their favorite liquidity provider, while also ensuring that optimal security, governance, and compliance are applied to their assets."

How Will the Halving Impact Bitcoin?

By Pablo Gil,
Economist, Communicator, and Trainer in Financial Markets

When Satoshi created the instructions for developing the decentralized currency Bitcoin, he also made it clear that he had several priorities in mind: to facilitate sending and receiving payments without intermediaries, to be able to do so at a low cost and with a high degree of anonymity. Another of the fundamentals Satoshi defended focused on preventing Bitcoin from experiencing the structural depreciation in value that FIAT currencies suffer over time. To this end, Satoshi concluded that he could not create a model in which there would be a continuous increase in the amount of money in circulation. Therefore, Satoshi decided to cap Bitcoin's supply at 21 million. Once he did this, Satoshi had to devise a mechanism to decrease Bitcoin issuance until the last coin of the total 21 million BTC was mined, which is estimated to occur around 2140. This process was called "halving", as it halves the rewards miners receive for each validated block.

This halving process occurs every time a total of 210,000 blocks are validated, which, on average, represents an event that occurs approximately every four years.

Miners are responsible for keeping the Bitcoin network running, and, in return, they receive new bitcoins. On January 3, the initial block reward was set at 50 BTC per validated block, and has since been halved over the course of halving events that have taken place in 2012, when the reward became 25 BTC; in 2016, when it became 12.5 BTC; and, finally, in 2020, when it was set at 6.25 BTC. The next halving is estimated to occur by April/May this year and will bring the per-block reward down to 3.125 BTC for miners.

Readers may wonder why there is so much hype surrounding this halving event, and the answer is shown in the pattern identified in the chart below:

As you can see, there is a pattern before and after each halving, which can be summarized in three phases:

1. A bullish market with an exponential move at the end.

2. An intense corrective phase in which Bitcoin tends to correct between 75% and 94% of its value.

3. An accumulation phase in which we witness a recovery of the Bitcoin price, which brings it back to the historical highs marked to date.

4. And a new bullish phase with an exponential movement (point 1).

Although this pattern does not have a long enough history to be statistically validated, it has worked effectively in the last three halving events. Considering that this is an asset with a clear uptrend that has managed to break relevant resistances in recent months and that the only valid reference above it that remains are the historical highs reached in November 2021, for now, the pattern that is developing closely follows what we would expect and have shown in the chart. If Bitcoin finally replicates its behavior once past the fourth halving, it is reasonable to expect its price to continue rising towards the 90,000-100,000 marks, and it is precisely that very positive expectation that is causing such a stir among crypto investors and, in particular, among those who buy Bitcoin in the hope of achieving revaluations close to 100% in a short time.

Bitcoin's Halvings "History"

Long-Term Impact on

Cryptocurrencies

By Abel Peña,
Chief Sales Officer at Bit2Me

Cryptocurrencies, especially Bitcoin, have experienced exponential growth in the last decade, generating a debate about their future in the global economy and the potential impact of Bitcoin on the economy in the long term and especially on its evolution in the next ten years.

The scarcity of Bitcoin, whose total supply is limited to 21 million units, makes it an attractive asset as a store of value, surpassing gold in its qualities. Moreover, its resistance to state manipulation and unlimited printing of fiat money by governments also gives Bitcoin intrinsic value, protecting users from inflation and the devaluation of traditional currencies.

Cryptocurrencies are based on blockchain technology, which provides a high level of security and transparency. Transactions are recorded in a public and immutable ledger, which reduces the risk of fraud and increases confidence in the system.

It is difficult to accurately predict the future of Bitcoin, but it is expected to grow rapidly over the next decade. As its adoption increases, volatility could decrease, cementing it as a global store of value. The development of new technologies, such as the Lightning Network, could facilitate its use as a means of payment.

The large-scale adoption of Bitcoin will have a significant impact on the global economy. The decentralization and efficiency of cryptocurrencies could challenge the dominant role of fiat currencies and central banks, democratizing access to financial services.

Moreover, stablecoins could play a crucial role in Bitcoin adoption by providing a bridge between the digital and traditional worlds.

Bitcoin has the potential to transform the global economy, offering a more secure, transparent, and efficient alternative to traditional money. Its evolution over the next ten years will be crucial in determining its role in the future of global finance. Continued research and development, along with institutional and government adoption, will be key to its success.

Impact on Bitcoin Miners

Bitcoin halving events, in which the reward for mining new blocks is cut in half, significantly impact miners and the overall Bitcoin ecosystem. Halving is essential to Bitcoin's deflationary economic model, as it limits the total supply of Bitcoin to 21 million and reduces the issuance of new coins over time.

Historically, halving events have been followed by a substantial increase in Bitcoin's price, albeit with significant volatility. For example, following the halving events of 2012, 2016, and 2020, there were considerable increases in the value of Bitcoin, associated with a reduction in the supply of new bitcoins and increased investor interest.

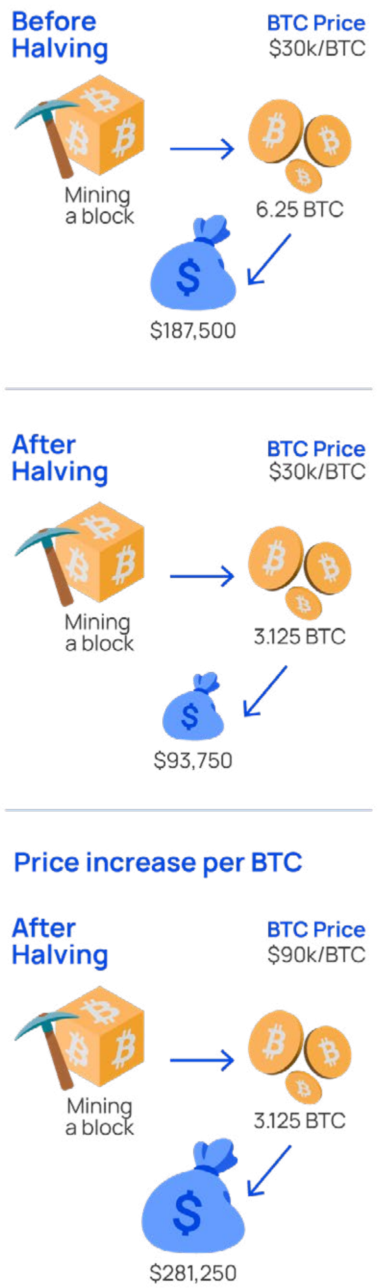
For miners, halving events are both a challenge and an opportunity.

The reduction in block rewards means that mining revenues decrease, which can make mining less profitable, especially for those with high operating costs or less efficient hardware, leading some miners to shut down operations or migrate to regions with cheaper electricity following past halving events.

However, the halving also incentivizes innovation and investment in more efficient mining hardware. In anticipation of the halving, mining companies such as Iris Energy, Cleanspark, or Bitfarms have invested substantially in state-of-the-art mining equipment to improve their efficiency and maintain profitability despite the reduction in rewards.

If a significant number of miners exit the market due to a decline in profitability, the security of the Bitcoin network could be temporarily affected. However, the adjustment of mining difficulty and the final balance between supply and demand for computing power tend to keep the network secure and operational.

Rewards for a day of mining BTC



Conclusions, Challenges and Opportunities

After the Halving

This periodic Bitcoin event represents not only a series of challenges but, above all, opportunities for those who want to continue trusting in the world's first cryptocurrency.

As you have seen, a Bitcoin halving cuts the block reward miners receive in half, ensuring the controlled issuance of new bitcoins and, theoretically, can influence their price by reducing the new supply.

One of the most outstanding results of the halving is how it reinforces Bitcoin's programmed scarcity. As the reward is reduced, the issuance rate of new bitcoins decreases, which is an important factor behind long-term value appreciation, assuming constant or increasing demand.

Each halving has shown an evolution in the maturity of the Bitcoin market, with greater institutional investor participation and more robust market infrastructure, suggesting a growing acceptance of Bitcoin as a legitimate investment asset.

On the other hand, the reduction in per-block rewards raises concerns about the profitability of mining, especially for smaller operators, which could lead to further centralization of mining in large and efficient operators, potentially increasing security risks and control over the network.

As for the price of Bitcoin, while some expect the halving to boost its price due to reduced supply, history shows that there can also be significant volatility around these events, challenging investors in the short term.

Ultimately, halving events are a reminder of the programmable and predictable nature of Bitcoin, which could encourage further development in the crypto ecosystem, including decentralized financial services (DeFi), non-fungible tokens (NFTs), and other blockchain innovations.

In summary, while Bitcoin halving presents specific challenges, especially regarding mining profitability and price volatility, it also highlights opportunities for growth and development within the crypto ecosystem. So, as technology continues to evolve, the long-term impact of halving will continue to be a topic of great interest to cryptocurrency investors, developers, and enthusiasts.

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Bit2Me's suite of services includes more than 20 solutions to buy, sell, and manage virtual currencies and Euros easily and securely from a single place. The company has individual, professional, and corporate customers in more than 100 countries worldwide.

Bit2Me is also committed to crypto training and adoption with Bit2Me Academy, the largest cryptocurrency training portal in Spanish, with more than 450 free articles and certified courses.

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