

WHY BITCOIN?

It's all about the digital scarcity, Bitcoin is the first and only digital object that is both quantifiably scarce and provably secure. This makes Bitcoin the next logical evolution in money... it's just better money.

In the world of commodities, there is a split between monetary assets, those with a high **stock-to-flow (SF) ratio**, and standard commodities which have a utility value [1].

This matters because Bitcoin as the next money is just **digital gold**. Commodities with a SF above 1 are incredibly rare. Only Gold and Silver have SFs meaningfully above 1.

	Stock (tn)	Flow (tn)	SF	supply growth	Price \$/Oz	Market Value
gold	185,000	3,000	62	1.6%	\$ 1300	\$ 8,417,500,000,000
silver	550,000	25,000	22	4.5%	\$ 16	\$ 308,000,000,000
palladium	244	215	1.1	88.1%	\$ 1400	\$ 11,956,000,000
platinum	86	229	0.4	266.7%	\$ 800	\$ 2,400,000,000

Stock-to-Flow (SF) = available stockpiles / annual production

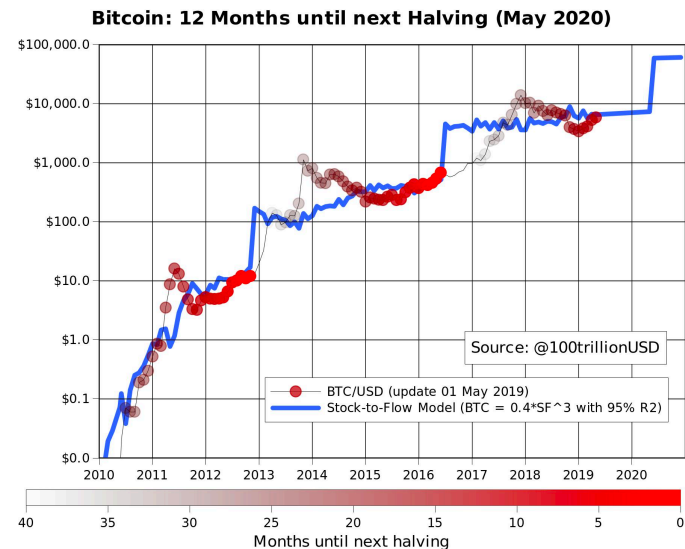
In Q2 of 2019 Bitcoin had a stock of 17.5M and a flow of about 700,000 bitcoins per year. This means **Bitcoin has a Stock-to-Flow of 25**. This puts it right into the monetary category, just above silver, and well below gold.

Once every four years there is a halving where the number of Bitcoins created diminishes by half [2]. What you notice is that these halvings become very important because they double the stock to flow ratio of Bitcoin.

In May 2020, Bitcoin will undergo the third of its quadrennial halvings, doubling Bitcoin's SF to 50.

Money is important, not only because of its financial implications, but also, because just like language, money is key for human cooperation. Better money leads to better cooperation. And money is but a technology which can be improved upon. Rather, it is a technology which has already been improved upon [3].

Bitcoin is a real piece of art, it's deep, it's fundamental and yet simple....



- [1] [The Bitcoin Standard](#) – Saifedean Ammous (@saifedean)
- [2] [Bitcoin: A Peer-to-Peer Electronic Cash System](#) – Satoshi Nakamoto
- [3] [Modeling Bitcoin's Value with Scarcity](#) – PlanB (@100trillionUSD)