

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 value because of their utility (e.g. oil).

This matters because Bitcoin is simply digital gold, it is just the newest monetary asset. Gold, Silver, and other monetary assets like Bitcoin have SF ratios 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

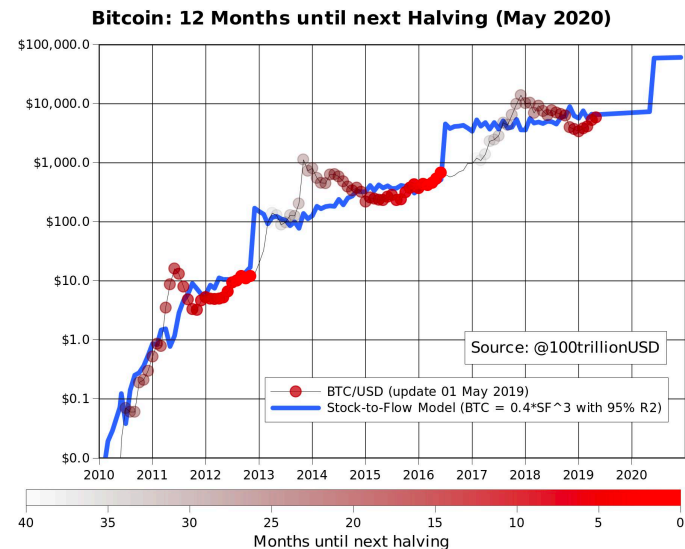
Stock-to-Flow (SF) = available stockpile / annual production

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 (SF) of 25 in May 2019. This puts it squarely into the monetary category, above silver and below gold.

Once every four years there is a *halving* where the number of bitcoins mined annually diminishes by half. What you notice is that these halvings double the stock-to-flow (SF) ratio of Bitcoin. This is important because it looks like there are correlations between SF and price. In May 2020, Bitcoin will undergo the third of its quadrennial halvings, doubling Bitcoins SF to 50.

Money is important, not merely because of its financial implications, also because just like language, money is essential to good human cooperation. Better money leads to better cooperation. And money is just a technology. It can be improved upon. And Bitcoin is the most recent improvement on the concept of money. Gold has gone digital; it's called Bitcoin.

BITCOIN IS A REAL PIECE OF ART, IT'S DEEP, IT'S FUNDAMENTAL AND YET SIMPLE.



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