

Bitcoin Halving Multiple

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Model

The purpose is to have a simple, yet powerful tool to educate the world about rising inflation, its cause, & how Bitcoin combats it. Bitcoin's halving multiple was discovered while simulating its supply mechanics and halving structure. The multiple is calculated by using bitcoin's reported USD value at the time of each of the past 3 halving events [1]. On May 11th, 2020, the very 1st halving multiple of 3.88564134 was recorded during the 3rd halving event. In early 2024, the 2nd halving multiple will be recorded during the 4th halving event. Each new halving event will record the latest halving multiple. Comparison of prior halving multiple(s) will establish a reliable metric to gauge bitcoin's past trends while applying the multiplier(s) for predicting future linear trend's value.

Calculation

$$m = (h2 / h3) / (h1 / h2)$$

$h1$ = fiat value of 1 bitcoin at halving event 1

$h2$ = fiat value of 1 bitcoin at halving event 2

$h3$ = fiat value of 1 bitcoin at halving event 3

m = halving multiple

Example:

Variables:

$h1$ = \$12.35 USD at 11/28/2012

$h2$ = \$650.63 USD at 7/9/2016

$h3$ = \$8821.42 USD at 5/11/2020

m = ?

Equation:

$$? = (650.63 / 8821.42) / (12.35 / 650.63)$$

Result:

$$m \text{ or halving multiple} = 3.88564134$$

Inflation: US Dollar

From an early age, we have been conditioned to accept the central banks monetary & fiduciary role to protect our economy through the supply of government backed money, fiat currency. Inflation has been baked into our financial system as a recovery means since the Great Depression, starting with FDR's New Deal in 1933 [2]. Quantitative easing was introduced in 2008 to combat the Great Recession. Since 2008, QE has ballooned the circulating USD money supply from around 7% per year from 2008-2020, pre-covid, to a whopping adjusted rate of 14% per year over the past decade [3].

This sharp increase jeopardizes the stability of our future economy. When the money supply was inflating at 7% per year, but the economist called it 2%, they wanted to help the economy. They are literally bleeding the free market to death. The sad fact is the majority of society, most companies, most conventional thinkers, the working class, they go along with this because they think someone must have their best interest in mind. And those that are bleeding them to death believe in that prescription because their mental models are just so defective [4].

There is no one in government, no conventional economist that would ever admit to an inflation rate of 7% year over year, in the US Dollar over the last century [5].

Deflation: Bitcoin

Unlike the US dollar, Bitcoins' supply was predetermined by its anonymous creator(s), Satoshi Nakamoto, who capped its immutable supply at 21,000,000 coins. Having a fixed supply alone doesn't make bitcoin deflationary. Combining that fixed supply with a reduction based reward structure, does. Here's a brief, in-depth explanation of how the incentivized reward structure works. Please note, even the most seasoned engineers & economists have a very difficult time understanding its mechanics behind its concept.

Bitcoin's block reward is reduced in half, about every 4 years, precisely each time the network produces 210,000 blocks [6]. This halving continues until the total circulating supply of 21,000,000 coins has been awarded, currently trending before the year 2140 [7]. A new block is produced approximately every 10 minutes by the 1st computer, aka miner who solves the blocks' puzzle. The winning miner then verifies and publishes the new block of successful transactions to each node connected to the peer-to-peer network. The invalid transactions are rejected and published to the ledger as such. The miner is rewarded by receiving both the valid and invalid transaction fees plus the block reward consisting of the newly awarded coins taken from the total supply [8]. Although only 1 miner is rewarded for solving the block, miners typically pool their computational, (hash) power together to maximize their chances of solving each new block, splitting the proceeds amongst the pool of miners.

Conclusion

In due time, the invention of bitcoin & its technological innovation will one day share the ranks of other revolutionary innovations such as the internet for communications, physics for engineering, and democracy for civilization. The concept of self sovereignty has yet to be fully understood by the majority. The power Bitcoin possesses is slowly evolving. Paradigm shifts take time. Breakthroughs generally receive criticism for decades, sometimes even generations. We have the opportunity to witness this paradigm shift first hand, with the ability to play an active role in helping determine its future. Satoshi Nakamoto, thank you for providing the world with such a powerful concept that has proven effective over the past 13 years, forever influencing the future of self sovereignty, communications, engineering, and democracy.

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This is an educational resource of bitcoin, deflation and its experiment against monetary policy, inflation. Contributions are welcomed.

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[Bitcoin: A Peer-to-Peer Electronic Cash System](#)

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