**Business Story: “Bitcoin as a Mirror of Global Liquidity and Risk Appetite“**

**Who**

The key stakeholders in this story are:

* **Investors** — retail and institutional — who use Bitcoin as a speculative or hedging asset.
* **Financial analysts** — interpreting how macroeconomic conditions (like money supply and yields) affect digital assets.

**What**

My analysis explores how Bitcoin’s price movements relate to broader macroeconomicvariables such as:

* **U.S. Treasury Yields** (interest rate environment)
* **M2 Money Supply** (liquidity)
* **S&P 500 Index** (risk appetite in traditional markets)
* **Google Trends data** (public attention and retail sentiment)

The objective: to show how Bitcoin behaves as both a liquidity-sensitive and sentiment-driven asset, reflecting the state of global risk markets.

**When**

My dataset spans roughly 2012–2025, capturing three major Bitcoin market cycles:

1. **Early adoption phase (2012–2016)** — low liquidity, high volatility, minimal correlation to other markets.
2. **Institutionalization phase (2017–2020)** — correlations rising with traditional markets.
3. **Liquidity-driven expansion (2020–2025)** — strong macro dependencies following COVID-19 monetary expansion and tightening.

**Where**

This story unfolds globally:

* The Google Trends map highlights countries with the strongest Bitcoin interest — from Nigeria to El Salvador to the U.S.
* It shows that adoption and awareness are decentralized, often strongest in regions with inflationary pressure or limited access to traditional finance.

**Why**

The main insights from your analysis show Bitcoin’s dual identity:

1. **Liquidity sensitivity:**
   * The M2 Money Supply chart shows rapid expansion during 2020–2021, coinciding with a parabolic rise in Bitcoin prices.
   * As liquidity tightened, Bitcoin corrected — confirming its dependence on global money conditions.
2. **Risk correlation:**
   * The BTC vs S&P 500 scatter plots and regression line show a positive correlation, particularly since 2020 — Bitcoin has become a **risk-on asset**.
3. **Market regime changes:**
   * The K-means clustering plots reveal distinct volatility-return clusters — periods of extreme speculation, steady growth, and correction.
   * This segmentation highlights that Bitcoin’s market structure evolves with macro cycles.
4. **Yield environment link:**
   * The 10-year Treasury Yield chart shows the inverse relationship between yields and Bitcoin’s price trends — when yields rise (tight policy), Bitcoin tends to struggle.
5. **Sentiment factor:**
   * The Google Trends map connects spikes in Bitcoin’s popularity to bull market tops — showing how retail interest lags institutional flows but reinforces late-stage exuberance.

In short: **Bitcoin reflects global liquidity, monetary policy, and investor psychology — not isolation.**