Trade

In general summary, gold and the stock market correlation is inversely proportional, as the stock market gets pessimistic the demand for the gold increases and it performs well. This situation may occur because of many reasons, one of which is, under risk or uncertainty about the economy people tend to move their savings to gold which is a commodity with much less risk and succesfull with the preservation of value of the money against inflation.

Graphical user interface, chart

Description automatically generated

<https://www.bullionvault.com/gold-news/gold-prices-020720182>

In this study, whether the Bitcoin(BTC) acts in a similar way to gold with its changes compared to the gold indicating cryptocurrency perceived as another commodity or acts inversely which indicates it is accepted as an asset of the stock market.

The first graph shows the closing prices for BTC-USD from the data we take which is up to date:

Chart

Description automatically generated with low confidence

And the second graph we examine shows the same data type for the Gold:

Chart

Description automatically generated

The similar movements how the prices of both Bitcoin and Gold tend to move similar and it can be deducted that their movements are parallel. The differences between the peaks and the lows indicate the high volatility of bitcoin compared to gold, however it should be checked.

A picture containing text

Description automatically generatedA picture containing chart

Description automatically generated

The immense difference between the volume of these graphs indicates how agile Bitcoin is, BTC’s volume changes around 10^11.

Compared to the data of the stock market, for the past 5 years Bitcoin tends to move similar to Gold. Even though the similarity, because of the immense daily volume of Bitcoin, it’s price is highly volatile and tends to be effected much more compared to Gold. Bitcoin acts much like a commodity similar to Gold, and not like another asset in the stock market for the time being, this indicates that whenever the investors are pessimistic about the stock market, they might tend to move towards Bitcoin as well as Gold.