Bitcoin as a unit has been on a steady rise with a huge level of appreciation and value. It was during this, that an anonymous person, with the name PlanB on twitter brought up the concept of, stock to flow model of bitcoin. This model already has been in place and applied for natural resources such as gold. First, let us see what S2F in gold means; to give us a broader view of its value to bitcoin. The stock to the flow of gold is defined as the ratio of gold in reserve, divided by the amount of gold produced annually. This amount of gold produced and mined over the years is approximately 200,000 tonnes. And, the amount of gold produced yearly is approximately 3,000. The S2F for gold is around 66.7. Conversely, the stock to flow of bitcoin can be measured by determining the ratio of the amount of bitcoin held in reserves divided by the amount produced annually. As at when writing this report, the current supply of bitcoin is approximately 18 million, with 0.7 million produced per year.

The role this model implies is to give insight into the scarcity price and value bitcoin comprises of. For instance, the higher this ratio, the less inflation for this currency. Also, the more it is scarce, the better its value.

Also, as to all models irrespective of class, they can be useful, not fully addressing all factors but remain useful. While the S2F model is good and focused more on scarcity, were it sees scarcity as the only means of measurement of value. It failed to include other variables that can affect the price value of bitcoin. This is not to mention how certain natural resources (such as Palladium and Plutonium) with a less S2F value, possesses high price. Especially, when compared to Gold. Factors that can affect while neglecting other factors. According to critics of stock to flow model, this model is bound to fail with the increase in demand. Secondly, the role that BTC enemies strive to shut down this currency. As regulators such as banks, government agencies keep losing to control funds, they will ensure to put up policies to limit the activity of bitcoin. These are part of what the STF models fail to recognize. And as a result of this, the argument lies that stock to flow model is a bad model for the bitcoin.