

Title: Bitcoin Cycle and Prediction Model

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Is\_self: True

Hello,

So, you are thinking about getting into crypto. But the most common question is "is now a good time to buy?"

Fear not! This is the stress free **\*\*not financial advice\*\*** guide to long term gains!

This is actually explained by properly understanding the bitcoin 4 year cycle. The most common explanation for this cycle is what they call the "halving". The "halving" occurs every 4 years, this is when the amount of BTC mined is cut in half per block. So every 4 years there is a reduction in new supply by 50%. This decrease in the new supply, is considered the catalyst for the bull market. You know, supply and demand?

So Lets Take a Look.

[Not Current Data, Note the Log Graph.](<https://preview.redd.it/m32p7kclrk071.png?width=1140&format;=png&auto;=webp&s;=ee16201a763ff25b3277b9a243825bb63f176e92>)

Here you can visually see the halving affect, causing a start of the run up. After a little over a year. It starts to decline. This is the BTC cycle. However did you notice, its really just gone up after all these years, despite all the scary volatility?

So you are saying I have to wait 4 years to buy BTC during the halving? Well no.

I present you the most important graph for all of cryptocurrency. This is literally the only graph you really should look at. The Rainbow Log Graph. (I don't particular like this particular graph because it lets the stock break out of the rainbow)

[<https://www.blockchaincenter.net/bitcoin-rainbow-chart/>](<https://preview.redd.it/plz83ujosk071.png?width=1225&format;=png&auto;=webp&s;=c27468637fcc44f71e8ffac6522f0ee6cc2468>)

So lets break this down. First off its important to notice the scale of the left. Its a log graph, just like the one above. So If you follow this alone as you can see time work for you. Based on all previous history. Bitcoin just trends upwards. For example follow the **\*\*blue bar\*\***. See how back in 2013 it was sitting around 10\$ and by 2020. Its sitting at 6000? That is the constant upward trend of bitcoin over time.

These coloured bars typically act as ceiling and floors for typical bitcoin movement.

Second thing to notice, is see in the first 2013 bull market, it broke out of the rainbow.? Then in 2018. It only hit the red. This bull market its only hit the light orange (SO FAR) This also implies that bitcoin is become less volatile over time. Despite the heavy day to day swings. It will eventually at some point in the future actually be quite boring.

**\*\*Please note the legend has some indicators as to potential buying opportunities\*\*** Wink Wink. (The blue bar is the best time to buy) Also the graph is interactive and you can see the estimated price along the rainbow.

The Next Graph up regarding cycles. Is actually a bit of a debatable topic. But data is data.

The Bottom to Top Chart

<https://preview.redd.it/q5mtzqz9wk071.png?width=1456&format;=png&auto;=webp&s;=e674b797731177b8a92fc461d16be1b7189c8ea4>

This chart shows the Bottom of each cycle stacked onto of each other and ends when it hit that cycles top. "Bottom to top chart"

If you notice the first cycle is short(red), Second is longer(blue), Third(green), is even longer. What do you suppose this current(4th, purple) cycle will look like? Thats right. This data suggests that this cycle bottom to top will be even longer than the 2018 bull market. This is what they call "lengthen theory" also some people dont argue with this theory.

Some else worth pointing out is that, if you were to draw a line, across all the tops connecting them, you will notice that it is going down from cycle to cycle. This indicates logarithmically the bottom to top of each cycle is not as volatile. Or another way to phrase that, is the distance from the bottom to the top each cycle is getting smaller. Which means your Return on Investment (ROI) is also getting smaller each cycle.

Let me just rephrase that ROI again.

Example (Not actual numbers).If in 2013, BTC did a 20x.In 2017 only did a 10x.In 2021 will only do a 5X. The gains cycle over cycle are getting smaller.

So, moving on. A mixture of BTC and Predication Model Comes the last graph to look at.

The Stock To Flow

[<https://stats.buybitcoinworldwide.com/stock-to-flow/>](<https://preview.redd.it/0vjq8iriyk071.png?width=1529&format;=png&auto;=webp&s;=a291346650903af5cc0492f616c4ed117d99538a>)

This Is actually a prediction model which so far has been really accurate. It was created by Twitter User PlanB.

Link To the writings. [<https://medium.com/@100trillionUSD/modeling-bitcoins-value-with-scarcity-91fa0fc03e25>](<https://medium.com/@100trillionUSD/modeling-bitcoins-value-with-scarcity-91fa0fc03e25>)

Just gonna share a tad from the link from under the Picture.

What is Bitcoin stock to flow?

"The 'Stock-to-flow' is a number that shows how many years, at the current production rate, are required to achieve the current stock. The higher the number, the higher the price."

How does all this affect bitcoin price?

"As previously mentioned, it is not possible to copy or forge Bitcoins, and the total supply is strictly limited. All transactions are written in blocks, i.e 'the blockchain', and nobody can spend coins that belong to someone else's bitcoin address. A Bitcoin address is akin to a bank account in which you can make deposits, but without providing access to the all important private keys that are required to spend its contents. That is where "scarcity" comes into play. The dictionary definition of scarcity is when something is difficult to come across in nature or in the lab; very similarly to precious metals. Once something becomes scarce enough, it can be used as a money. Stock to flow is defined as a relationship between production and current stock that is out there."

What I like about that chart. is the colours are in relation to days until the next halving. Despite bitcoins pulls above and below the stock to flow. It always returns. You can see it trends higher for a year, levels off and then repeats!

|\*|\*|\*|\*|\*|\*|\*|\*|\*|\*

So did that answer your question of "is it a good time to get in?" Think back to any of those graphs? There wasn't a single point where you didn't at least 3x your money after 4 years.? Even if you bought at the very peak of 2017, If you held for 4 years. You could of Sold it at 60k for 3x for investment. If bought at 61k. What would historically be price be in 4 years?

Its not so much as is it a good time? Its more important to understand the cycles, where are we in the cycle, and plan accordingly. You cannot let the day to day swings of crypto bother you. Zoom out, look at the data. And you can make a great long term investment.!

Remember the ALT coins follow BTC! BTC is King.