A Brief History of Bitcoin: 10 Years of Highs and Lows

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October 31 marks the ten year anniversary of the release of the <u>Bitcoin white paper</u>, which was authored by <u>Satoshi Nakamoto</u>, and whose identity still remains a mystery.

In this relatively short period of time, Bitcoin has challenged the way modern society looks at global finance and banking, and has been the catalyst for the birth of over a thousand different <u>cryptocurrencies</u> as well as many more <u>blockchain</u> projects.

Its history has been full of highs and lows, as the volatile cryptocurrency has battled through years fraught with controversy and success. With the release of the white paper, a movement was set in motion that has left an indelible mark across a <u>multitude of industries</u>.

Cointelegraph takes a look at some of the most memorable and infamous moments over the 10 years since Bitcoin was brought to life.

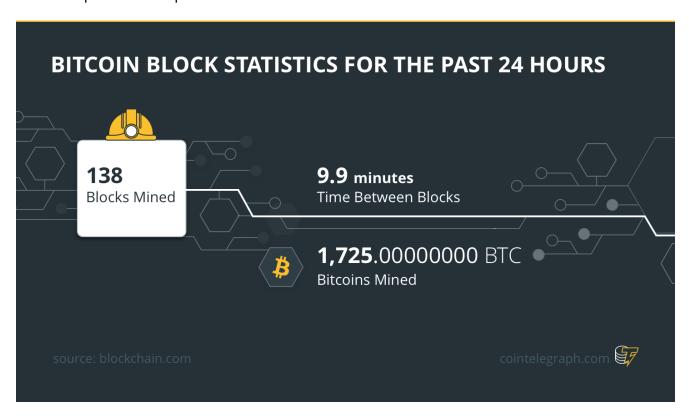
Formative years

On Aug. 18, 2008, the **Bitcoin.org domain was registered** by an anonymous entity as a precursor to the body of work that would describe the intricacies of the Bitcoin protocol.

This came to life with the **publishing of the Bitcoin white paper** on Oct. 31, 2008. Titled <u>"Bitcoin - A peer-to-peer electronic cash system,"</u> the initial nine page document was distributed on cypherpunk mailing list in November 2008.

On Jan. 3, 2009, Nakamoto successfully created the **Genesis Block**, the founding block of the Bitcoin blockchain. The Genesis block was hardcoded into the Bitcoin software and <u>the 50 BTC</u>, which were created <u>cannot be spent</u>, due to the way the code was written. The exact reasons for this aren't known, just another mystery to add to Satoshi's story.

The average time between the creation of new blocks is 10 minutes, but it took a full six days before the next block was added to the Bitcoin blockchain, according to the timestamps of those specific blocks.



There are a number of speculative theories why it took so long, ranging from Nakamoto using the next few days to mine the first block to test the network, while other have even suggested that he waited six days in a figurative reenactment of the <u>book of Genesis from the Bible</u>, in which God created the world in six days.

Nevertheless, the **first ever Bitcoin transaction** took place on Jan. 12, 2009, between Nakamoto and the late <u>Hal Finney</u>, who was an early contributor to the project. Nakamoto sent Finney 10 BTC as a test, while the computer scientist began mining blocks himself.

Ten months later, on Oct. 5, 2009, the New Liberty Standard set the first ever **Bitcoin exchange rate against the dollar**. At the time, \$1 equalled 2300.03 BTC.

The first ever transaction of Bitcoin for physical goods took place on May 22, 2010. The famous **Bitcoin Pizza** saw two pizzas bought for 10,000 BTC by Laszlo Hanyecz. The programmer had offered users on a <u>Bitcointalk.org forum</u> the BTC in exchange for two pizzas. A <u>teenager named Jeremy Sturdivant</u>, nicknamed Jercos, accepted the Bitcoin and sent Hanyecz two pizzas from Papa John's.

The transaction is a comical milestone for Bitcoin, but it <u>is staggering what one could buy</u> with the same amount of BTC today and is often used as a reference point for the rise in value of the preeminent cryptocurrency.

First real highs and lows

On Feb. 9, 2011, Bitcoin reached **parity with the <u>US dollar at a 1:1 ratio.</u>** The milestone would mark the start of a tumultuous period for Bitcoin. In the space of just four months, Bitcoin skyrocketed from \$1 to \$31.91.

Four days later, on June 12, 2011, Bitcoin plummeted in value to \$10.25, in the first major correction experienced by the Bitcoin community. This was also exacerbated by the first major **security breach of** <u>Mt. Gox</u> on <u>June 19, 2011</u>.

After a relatively quiet six months, the price of Bitcoin dropped again, <u>following news that</u> e-wallet company Paxum had stopped accepting BTC. This period of time marks the first real instance where Bitcoin experienced high volatility and humbling corrections.

First halving, Silk Road closure & Mt. Gox liquidation

On Nov. 28, 2012, the <u>first halving of Bitcoin rewards</u> occured, when the **block reward reduced from 50 to 25 BTC** after the 210,000 block was mined. The price of BTC continued to climb into 2013, and the cryptocurrency went past the \$200 mark for the first time ever on April 9.

Things went downhill just ahead of the fifth anniversary of the Bitcoin white paper, as the infamous dark web site, **Silk Road, was shutdown** and over 26,000 BTC were seized. The price of Bitcoin dropped from \$139 to \$109 in a few short hours.

By <u>November 2013</u>, the value of a single Bitcoin reached **parity with an ounce of gold**, over \$1000. This feat was short lived though, as the price of Bitcoin tanked once again the following month, to as low as \$600, before <u>moving between that range</u> for the next two months.

In February 2014, rumors began circulating that <u>Mt. Gox had been hacked</u> and the exchange formally suspended trading that month after a series of "thefts." By the end of February, Mt. Gox CEO, <u>Mark Karpeles</u>, had <u>resigned from his position</u> on the board of the <u>Bitcoin Foundation</u> amid controversy at the exchange.

In March, the <u>company filed for bankruptcy protection</u> with debts over \$60 million declared by its legal team at the time. Around 850,000 BTC had been "lost," with Karpeles blaming technical issues with the Bitcoin protocol.

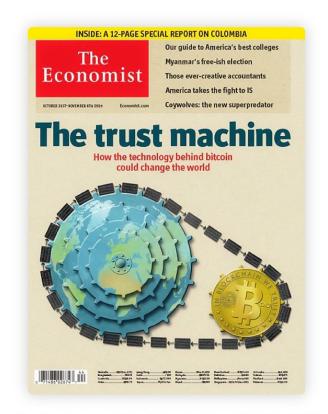
Bitcoin foundation's <u>Gavin Andresen</u> refuted these claims at the time, <u>pointing to problems</u> with Mt. Gox's wallet software.

Signs of mainstream adoption

While the Mt. Gox debacle, and the controversy surrounding the Silk Road, gave a negative perception towards Bitcoin, the next couple of years marked the first real waves of mainstream adoption by big name companies.

On Dec. 11, 2014, <u>Microsoft began accepting Bitcoin payments</u>, marking a big milestone for Bitcoin approval by global corporations.

Six years after Satoshi released the Bitcoin white paper, the cryptocurrency appeared on the <u>front page of The Economist</u> on Oct. 31, 2015.



The front page of The Economist on Oct. 31, 2015

Amid these positive moves for the cryptocurrency, the value of Bitcoin went through a two year period of relative stability.

On July 9, 2016 the second halving of Bitcoin mining rewards took place, with the BTC reward dropping to 12.5 for every block mined.

The beginning of Bitcoin's big bull run

The dawn of 2017 marked the start of what would be the biggest bull run in Bitcoin history, the most prolific year for the cryptocurrency, and its move <u>into mainstream consciousness</u>. Having breached the **\$1,000 mark** three years previously, Bitcoin hit the mark once again on Jan. 2, 2017.

<u>The Winklevoss twins</u>, who successfully sued <u>Mark Zuckerberg</u> for stealing intellectual property that led to the creation of, grabbed headlines in Mar. 10, 2017. The brothers had <u>filed an **application**</u> **to launch**, **Bitcoin Exchange-Traded Fund** (ETF), which <u>was turned down</u> by the US Securities and Exchange Commission (<u>SEC</u>).

The price of Bitcoin <u>had surged past its previous all time high</u> in the week leading up to this decision, in anticipation of the ETF approval. The value of the cryptocurrency dipped for a couple of months before a slow and steady rally began.

On June 11, Bitcoin <u>crossed the **\$3,000** mark</u> for the first time ever, amid an ongoing debate around the possible measures to address scaling issues affecting Bitcoin.

This came to an infamous end on Aug. 1, 2017, as a small part of the Bitcoin community couldn't agree with proposed changes to the protocol. The likes of <u>Roger Ver</u>, <u>advocated</u> for an increase in the blocksize, which ended in a <u>hard fork</u> from the original Bitcoin blockchain - giving birth to Bitcoin Cash.

A few weeks later, on Aug. 23, 2017, the **SegWit soft fork activated**, as the outcome to what originally led to the Bitcoin Cash hard fork, but also to a decision which was made to support <u>SegWit</u>.

Still, Bitcoin continued a surge in value and surpassed the \$5,000 mark on Sep. 2, 2017.

A couple weeks of volatility followed, with the price of BTC dropping down to \$3,000 before rebounding, after **China <u>banned</u> ICOs and cryptocurrency exchanges** from operating in the country. Another compounding factor were infamous comments made by <u>JPMorgan Chase CEO, Jamie Dimon</u>, calling Bitcoin a "fraud."

After the dust had settled, Bitcoin set off on a mind-bending bull run from October onwards. The cryptocurrency <u>surpassed \$10,000</u> in value on November 29, and then breached the <u>\$11,000</u> mark a few hours later.

The cryptocurrency continued to gain value as investors scrambled to join in on the action. A driving factor was the perception that the <u>launch of Bitcoin futures in December 2017</u>, would cause an influx of institutional money into Bitcoin, further stimulating the price of the cryptocurrency.

With no sign of stopping, Bitcoin finally <u>breached the **\$20,000 mark**</u>, marking an historic high for the cryptocurrency. Sadly for the community, the price of Bitcoin slumped back down to the <u>\$13,000 mark by Dec. 31, 2017.</u>

2018 - Bitcoin volatility reaches record lows

After the lofty highs of 2017, the cryptocurrency community had to endure a tough start to the new year. January saw the price of Bitcoin drop as low as **\$10,000** as <u>a wave of FUD</u> took over the markets.

Murmurs of a <u>cryptocurrency ban</u> in South Korea contributed to the correction, as <u>did talk</u> <u>of China ramping up</u> existing cryptocurrency sanctions, as well as <u>Facebook's ban</u> of cryptocurrency and ICO adverts on its platform.

Things looked even more bleak in February, as Bitcoin slumped to the \$7,000 mark on Feb. 6, 2018.

On the very same day, the <u>Commodities and Future Trading Commission</u> and the SEC held a <u>highly anticipated hearing</u> focused on cryptocurrencies, initial coin offerings (<u>ICO</u>), and blockchain technology.

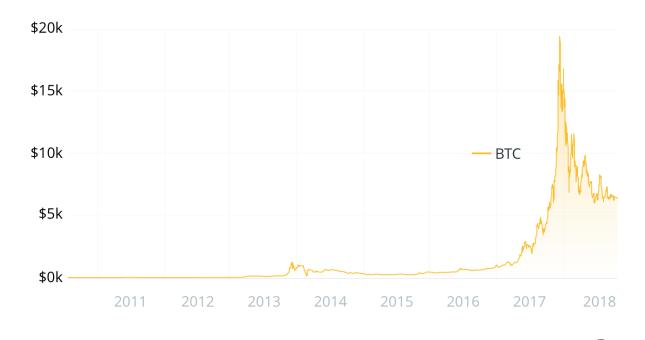
The meeting ended up being somewhat of a lifeline, as the <u>regulatory bodies produced</u> <u>positive</u> <u>outlooks for Bitcoin</u>, while promising to provide an environment that protects investors from the volatility and inherent risks of participating in ICO funding.

The <u>cryptocurrency markets rebounded</u> after the hearing, but the next few months continued to be relatively unstable.

<u>In March</u>, followed in the footsteps of Facebook by banning cryptocurrency advertising, while Google also announced plans to stop cryptocurrency advertising through the AdWords service.

The slow slide in value of Bitcoin hit its lowest point on June 24, 2018. According to data from <u>CoinMarketCap</u>, the cryptocurrency went as low as \$5,868.

BITCOIN PRICE: 2008—2018



Despite the mid-year slump, the markets slowly began to look up in the lead up to the SEC's decisions on a number of anticipated ETF proposals.

Unfortunately, optimistic investors were left disappointed as the **SEC rejected all nine Bitcoin ETFs** due to concerns of "inadequate resistance to price manipulation" on August 2.

While the final decision over these proposed ETFs has been pushed further into the future, there is a silver lining for Bitcoin at this present moment in time.

On October 17, Bitcoin market volatility hit a 17 month record low, with its **highest level of stability in over 12 months**. This prompted various industry experts to put out <u>optimistic forecasts</u> for the cryptocurrency.

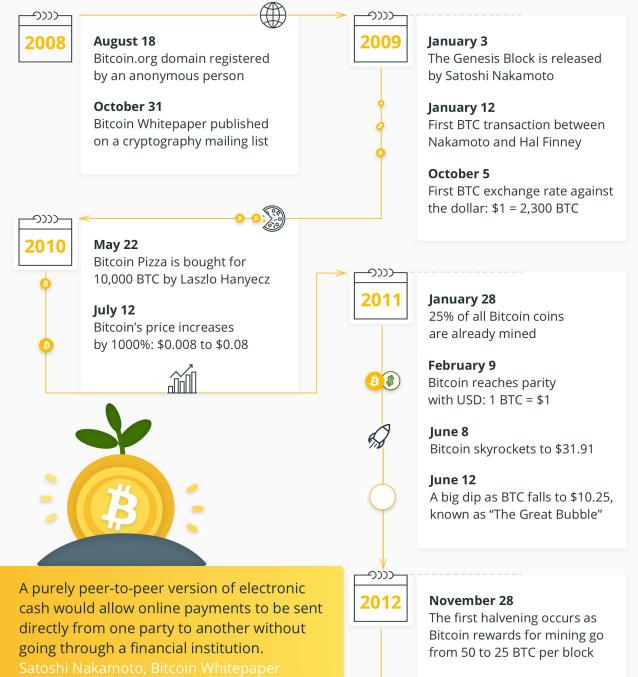
As we celebrate the 10 year anniversary of the Bitcoin white paper' release to the general public, it is important to recognize this topsy-turvy journey over the past decade.

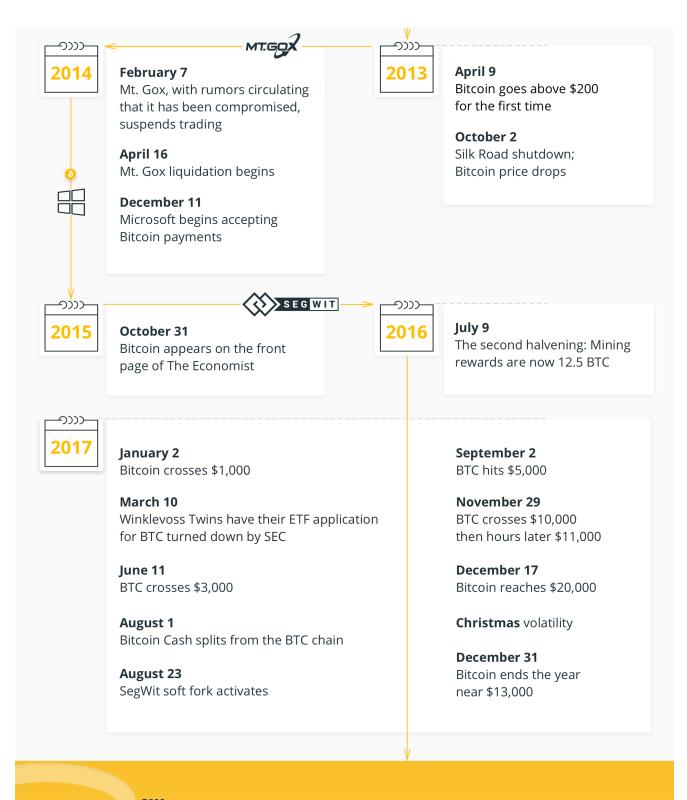
While it has been fraught with difficulty, the cryptocurrency has endured and still remains the most valuable in terms of market capitalization - an impressive feat considering over a thousand cryptocurrencies have been launched since Bitcoin's inception in 2008.

A BRIEF HISTORY OF BITCOIN

While it may seem like Bitcoin has become entrenched in many lives as an absolute can't-live-without, since it was first whispered around the cryptography tables it has been just 10 years.









February 6

BTC drops in value to \$6,200 — a low not seen in over 4 months

February 6

US SEC and CFTC deliver influential hearing — providing positive outlook for Bitcoin and ICO regulation

June 24

Bitcoin hits lowest point in 2018, at \$5,893



The SEC rejects nine Bitcoin ETF proposals mainly due to concerns of "inadequate resistance to price manipulation"

October 17

Bitcoin market volatility hits 17 month record low, with its highest level of stability in over 12 months

