Presentation

Intro:

So our data focuses on the price of Bitcoin and the volume that is traded every day. We created 2 Tableau dashboards to visualize our data. Our first dashboard looks at the relationship between volume and price and the second dashboard focuses on the bear and bull markets for Bitcoin.

Dashboard 1:

We are observing the Correlation between the price of bitcoin and the volume that is traded each day.

In our Bitcoin Price and Volume line graph, we have mapped the price and thickness of the price of Bitcoin traded each day. We can see the line remains flat for several years until January of 2017, then the price grows exponentially, and the thickness of the line is growing thicker, indicating greater volume of trades. It appears the volume traded is similar before and after the peak in price here. We can conclude investors sold off the Bitcoin nearly as fast as they bought Bitcoin during the increase in price

In our second visual, Price and Volume Correlation scatter plot, we have plotted the correlation between the price and volume on an annual basis. Each year there is an individual graph. You will notice the color gradually gets darker as the dates progress in time. The color allows us to compare the trend line in the scatter plot to the volume and price.

\*\* Freestyle here

Dashboard 2:

Dashboard 2 focuses solely on the price of Bitcoin. In this visualization, we showed the periods in time know as a bear and bull market. A bear market happens when the price declines at least 20%. If I filter all 9 years of data into the viz, we show 9 Bear Markets over 9 years. Lets focus in on the 2 longest bear markets.

The first Bear Market inflection point occurred on Sept. 30 2013. From the end of Sept. to the end of Nov. of the same year, which is only 2 months, the price climbed from $100/share to $1,100/share at its speak. That is a 10-fold increase. After Nov. 2013, the bear market lasted 14 months where the price decreased at a steady rate. In the aggregate, if you were to have bought a Bitcoin at the beginning of the bull market and sold at the end of the bear market, one full business cycle, you would have received a 78% return on your investment.

Lets look at our second bear market case study. The price peaked in Dec. 2017 at $19,000/share, then bottomed out 12 months later at $3,400/share. Although it appears the value of Bitcoin dropped more drastically in the second bear market, that is not the case. The first bear market actually dropped 8% more of its value than did the second bear market.

Take away:

Interestingly, these 2 bear markets are very similar. Both bull markets increased price dramatically in just several months before they peaked. These huge swings in price makes it a volatile and speculative asset to hold, but if you don’t react to the market, then this could be a good investment. In other words, if you buy because the price has sky rocketed, you will likely buy at the tail end of the bull market and will likely get burned, when the price floor falls out. Same can apply to when the price has dropped 80%.Thats because you will sell out of fear, causing you to miss the 6 – 10x increase in price.

Keep in mind our data stops in 2019, missing the huge rises in value, topping out at 60,000 / share.