

Understanding the Factors Influencing the Price of Bitcoin

By David Sheffet





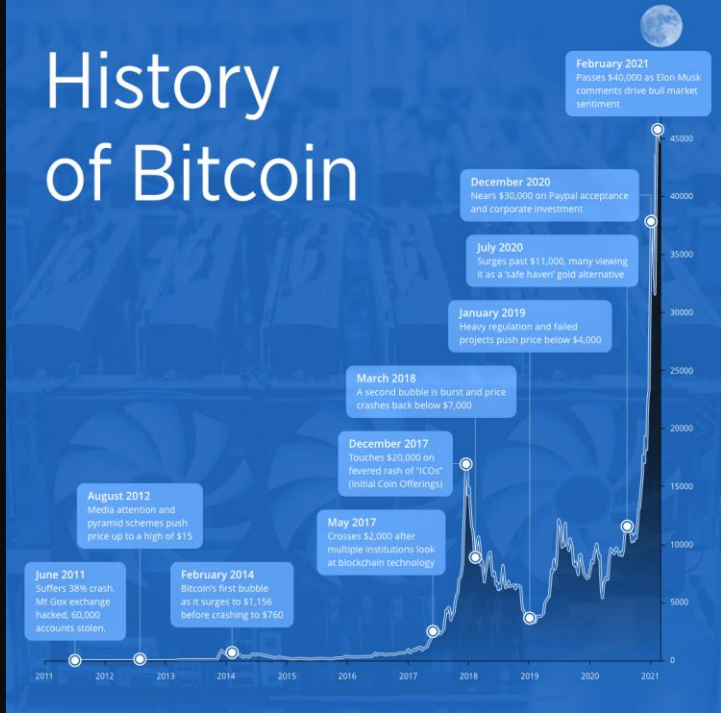
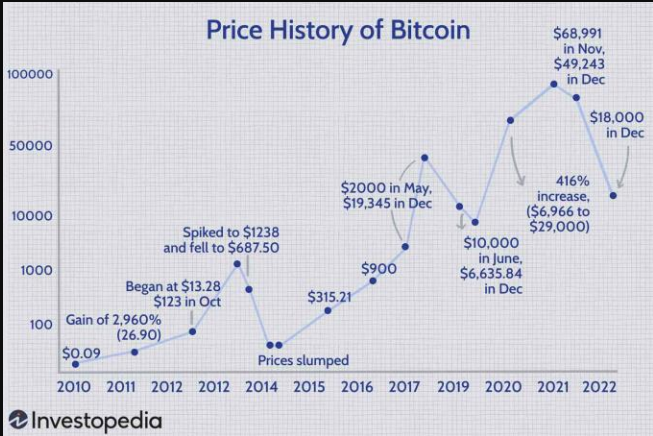
Bitcoin (BTC)

[bit-,kòin]

A cryptocurrency, a virtual currency designed to act as money and a form of payment outside the control of any one person, group, or entity, and thus removing the need for third-party involvement in financial transactions.

What is
Bitcoin?

Bitcoin's Price





What Affect's the Price of Bitcoin?

The Economics of Bitcoin

Factors That Affect the Price of 1 Bitcoin



Supply



Demand



Cost of production



Number of competitors



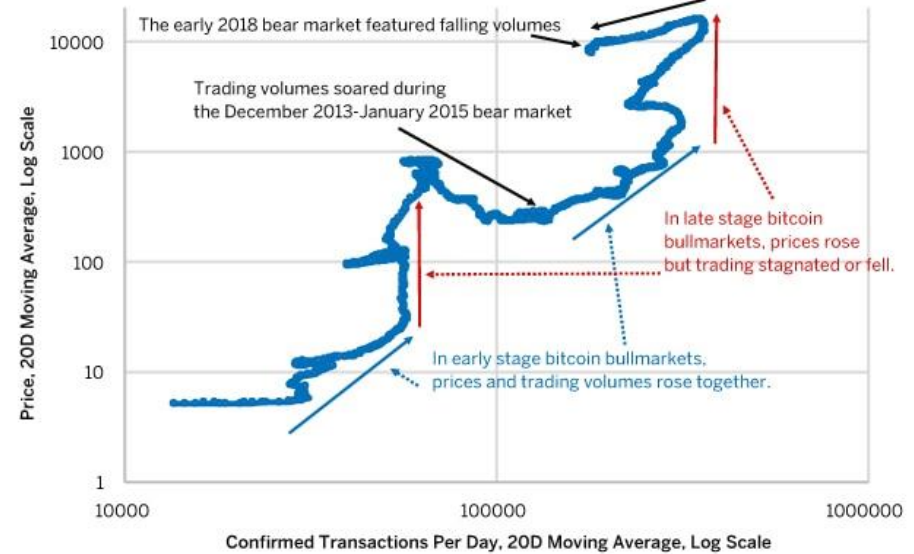
Regulation



Media coverage

 Investopedia

Bitcoin Prices & Confirmed Transactions Per Day



Source: blockchain.info/charts (Price, Confirmed Transactions Per Day), CME Economic Research Calculations

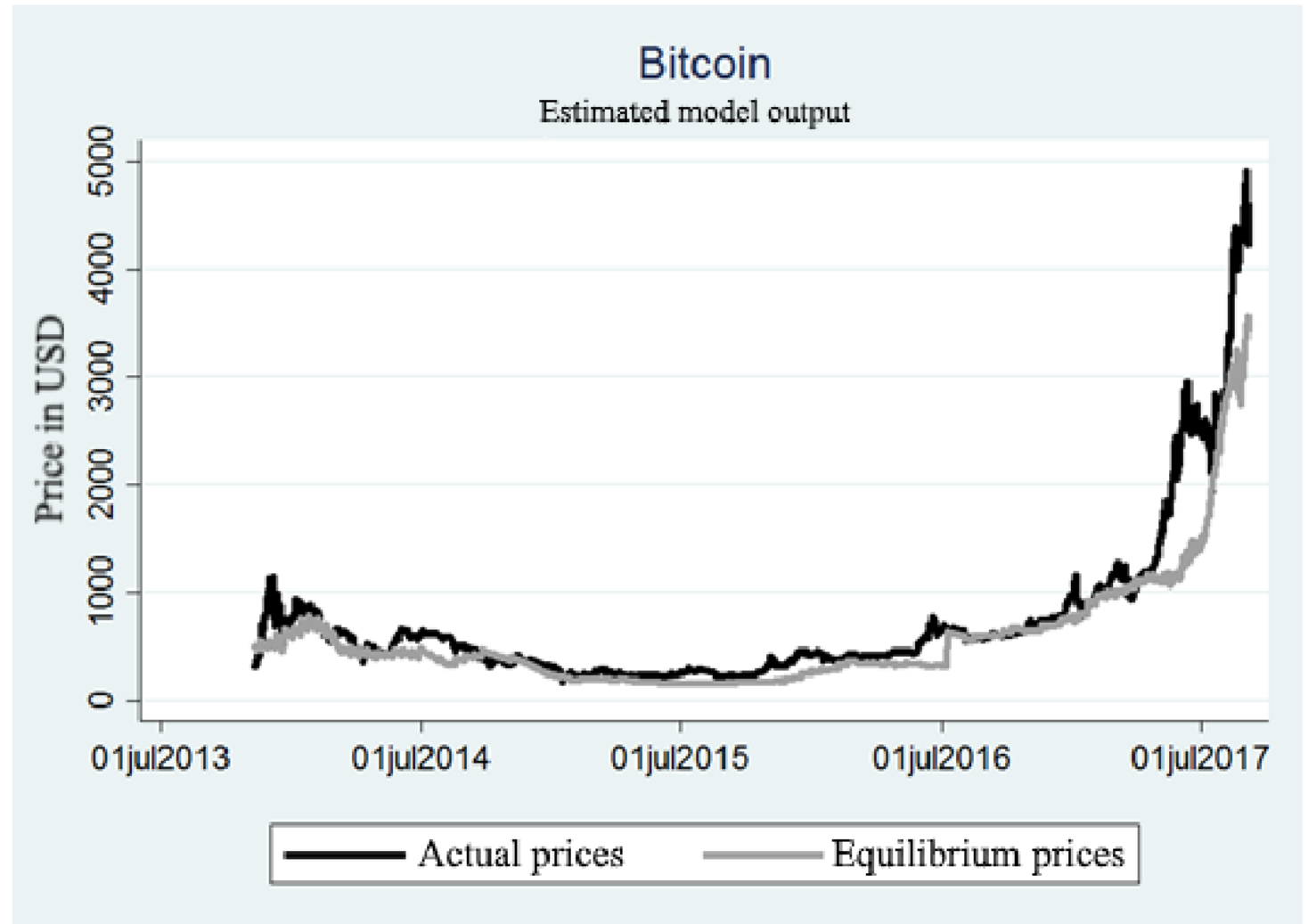
The Article

Pavel Ciaian, Miroslava Rajcaniova & d'Artis Kancs "The economics of BitCoin price formation" *Applied Economics*, 2016. 48:19, 1799-1815

The Authors Model

- Used ordinary least-squares model (OLS)
- Key takeaways

5 Results



Some Weaknesses



Next Steps

1

Determine the effect institutional investment has on bitcoins price



2

See if there is a way to incorporate some of these big events into my model



3

Track government regulation and involvement in crypto



4

Establish if there is a connection between investment in the broader crypto space and the price of bitcoin

Conclusions





Any Questions?

Thank you!

