



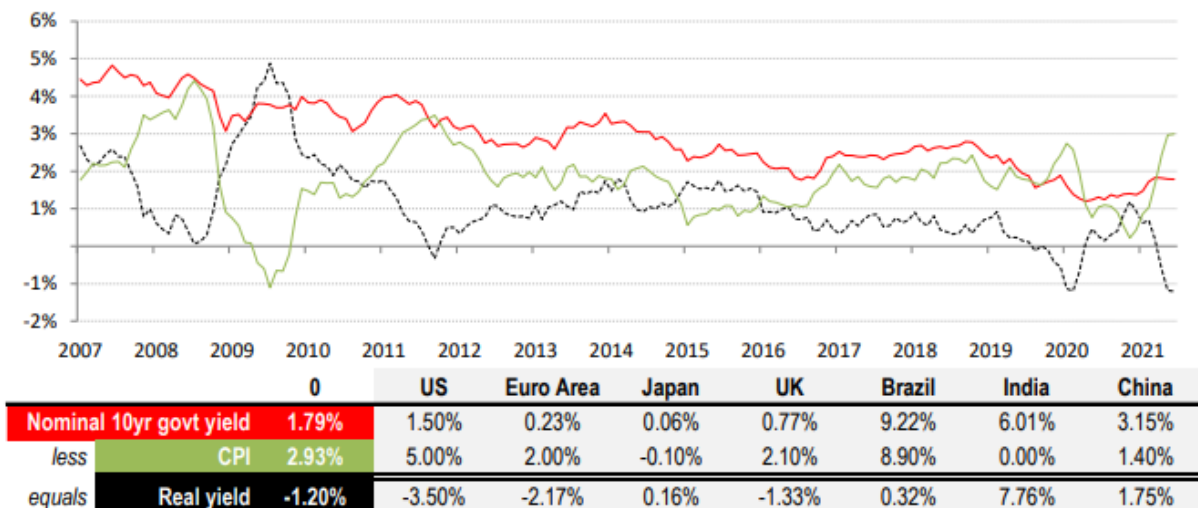
# INCREASING FAIR VALUE OF BITCOIN

Crypto Research #13, August 2021

Since we last updated the SwissRex Model in December 2020, real interest rates have decreased significantly. Adjusting for this input variable increases the fair value of Bitcoin from USD 40'000 to USD 55'000 at end of 2021 and from USD 80'000 to USD 100'000 at the end of 2024

## Real interest rates

Global real interest rates have decreased from +0.5% to -1.2% since our last update in December 2020 (see chart below). We expected a value of -0.8% for 2021 and -1% for 2022. Our new forecast is -1.2% for the time being and then a normalization to 0% by 2026 (see Crypto Research #12 for a sensitivity analysis) .



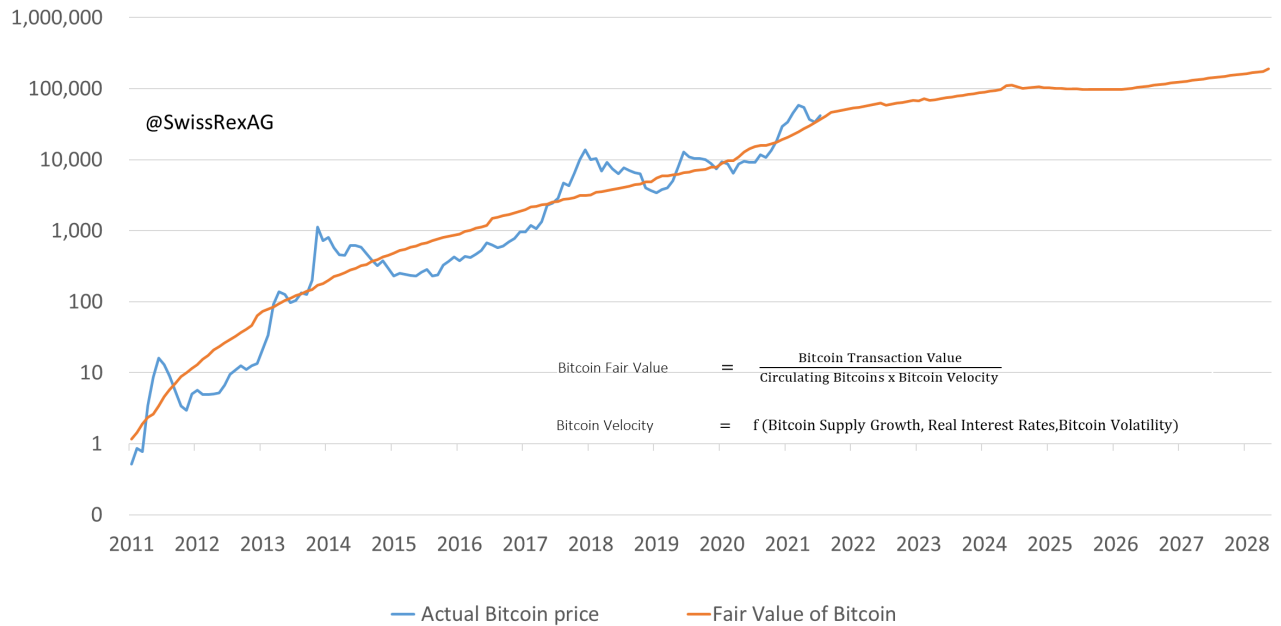
Source: <https://trendmacro.com/system/files/data-insights/20210618trendmacrorealrates-gm.pdf>

Changes in real interest rates, Bitcoin supply growth (inverse of stock-to-flow) and Bitcoin volatility lead to a shift of the logarithmic curve (see chart below). It can be seen that real interest rates now have a more significant impact on the fair value than Bitcoin supply growth. The decrease in real interest rates in 2021 has led to a more pronounced steepening of the curve than the last Halving in 2020. We don't think that the next halving of Bitcoin supply growth from 2% to 1% in 2024 will have a significant impact anymore as demand or adoption is increasing much faster than the 1-2%.



## Increase in fair value of Bitcoin

Adjusting for this input variable increases the fair value of Bitcoin from USD 40'000 to USD 55'000 at the end of 2021 and from USD 80'000 to USD 100'000 at the end of 2024.



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