The Economics of Bitcoin Mining

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The Short STOry Podcast

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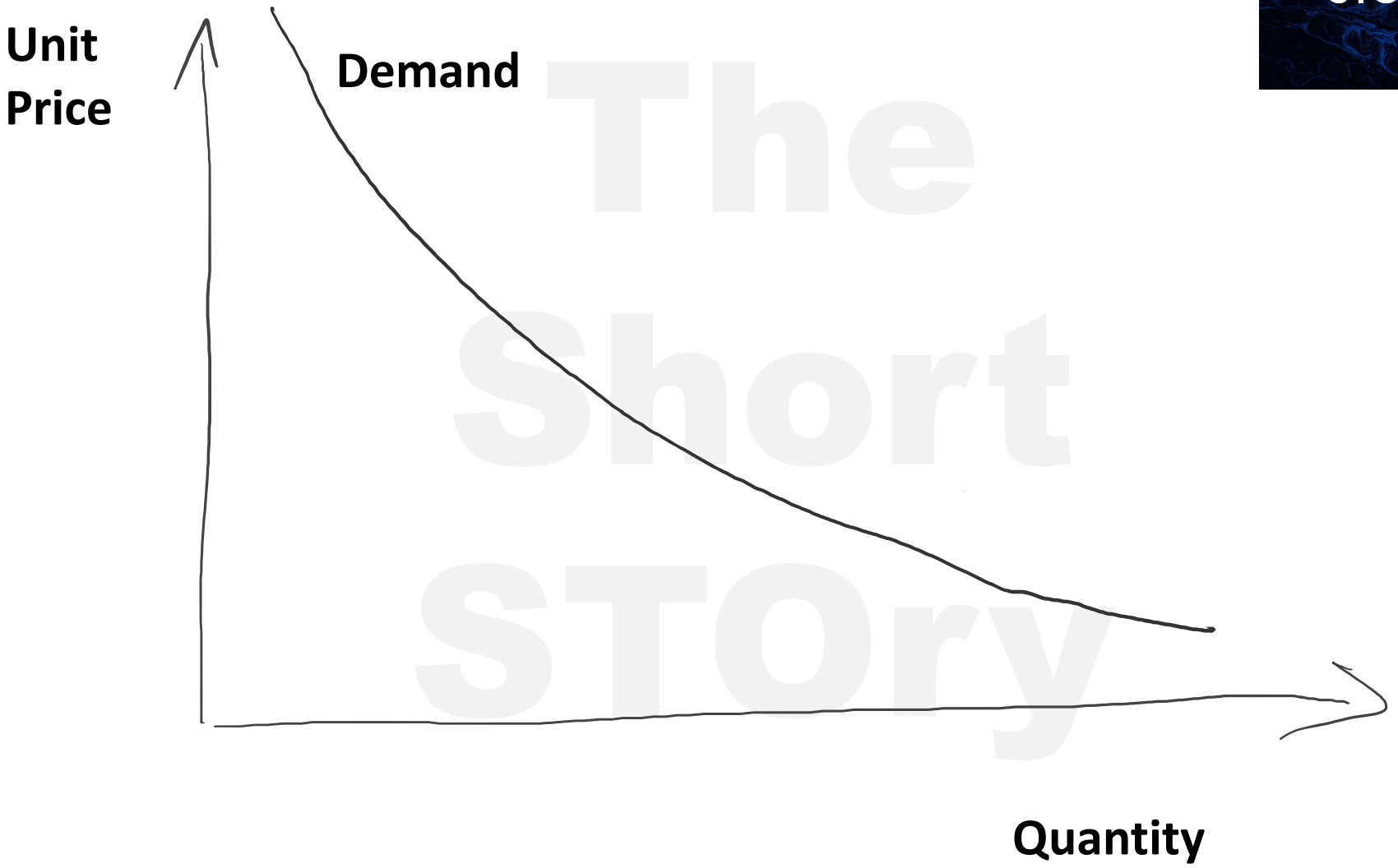
Agenda

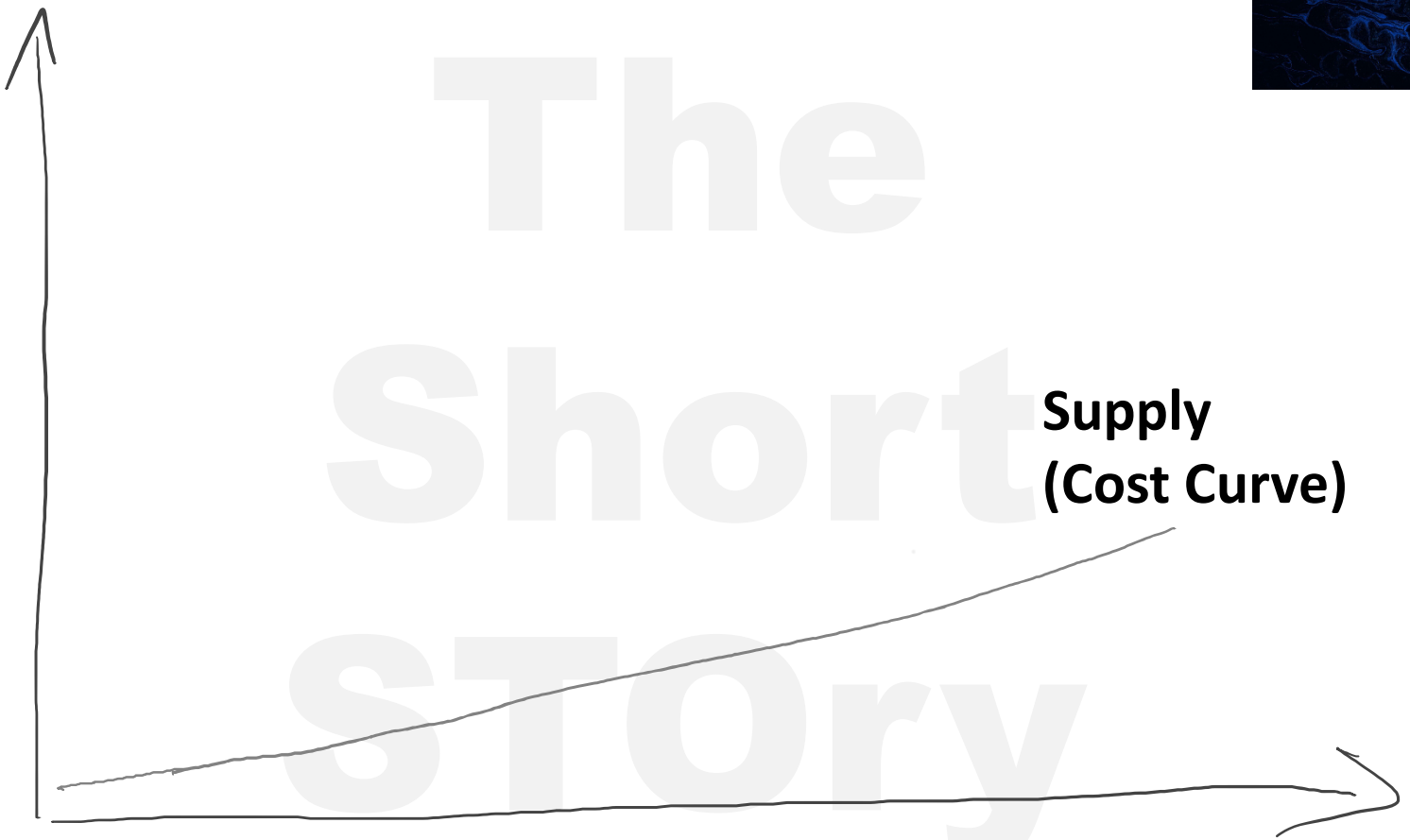
1. Background: The Halvening aka the mining reward will drop by almost half. What will this do?
2. Microeconomic supply vs demand analysis as an example (introducing cost curves).
3. Bitcoin mining cost vs reward analysis. The Bitcoin mining cost curve.

Microeconomic Supply / Demand Analysis

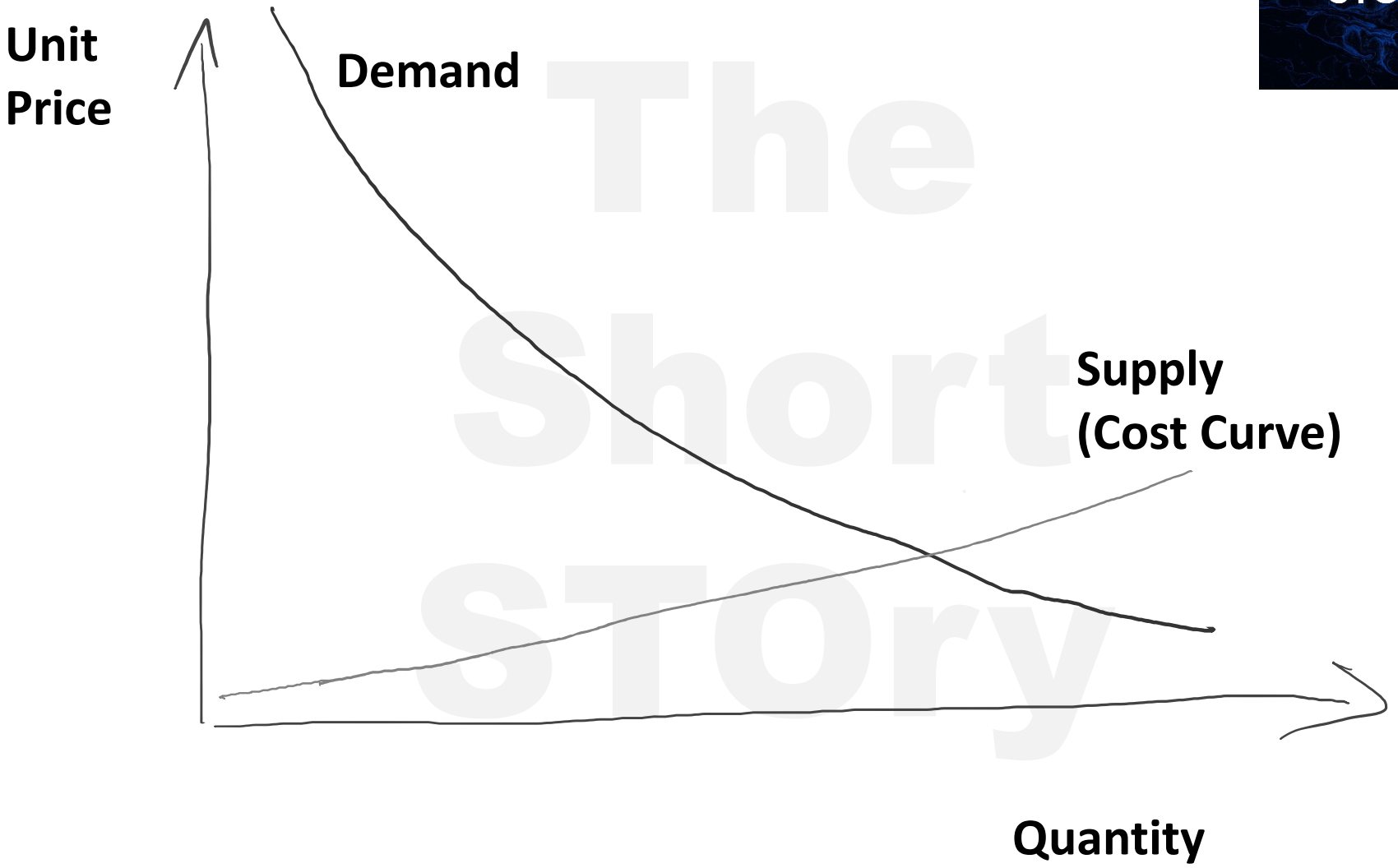
Demand Curve



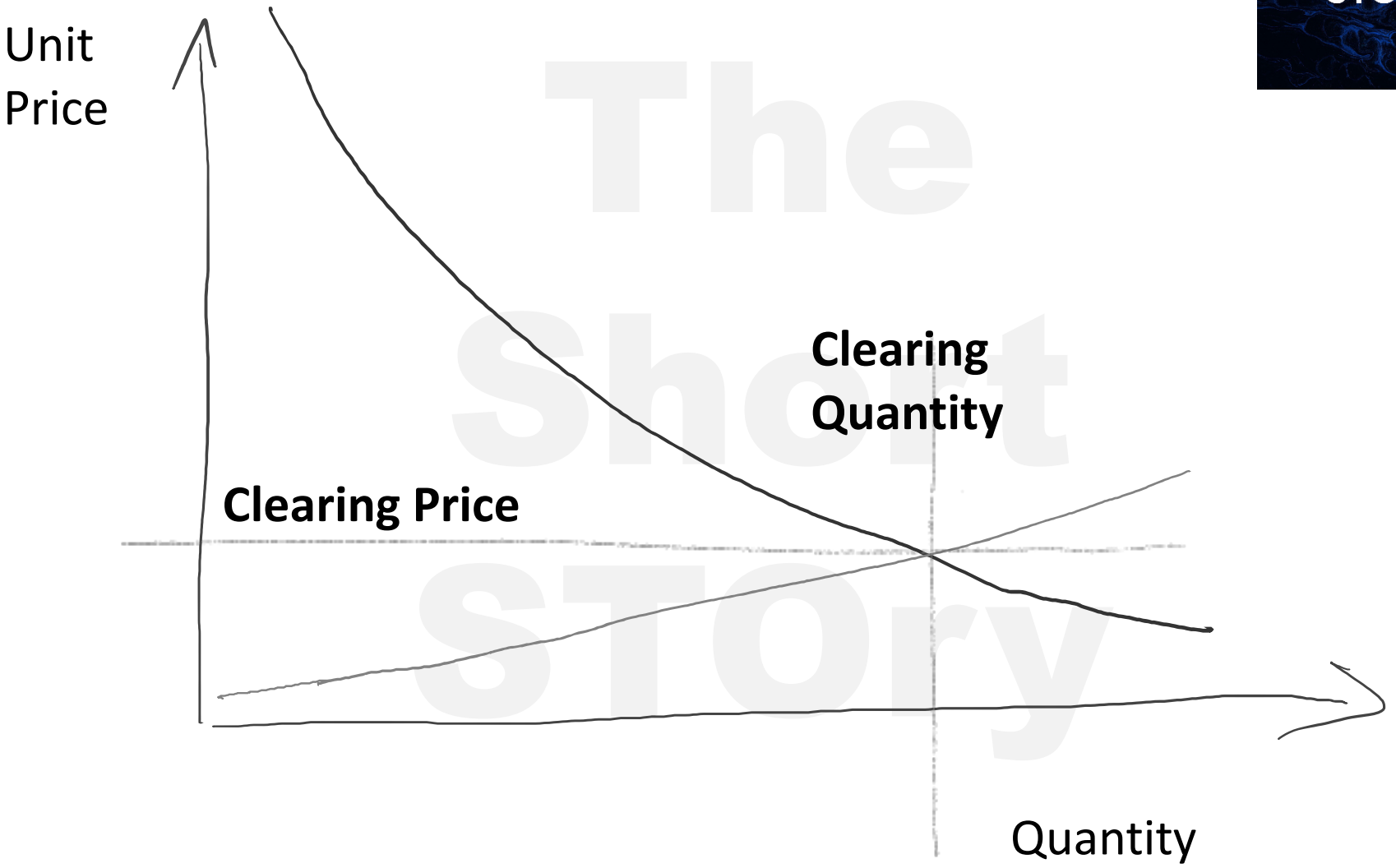
Supply Curve



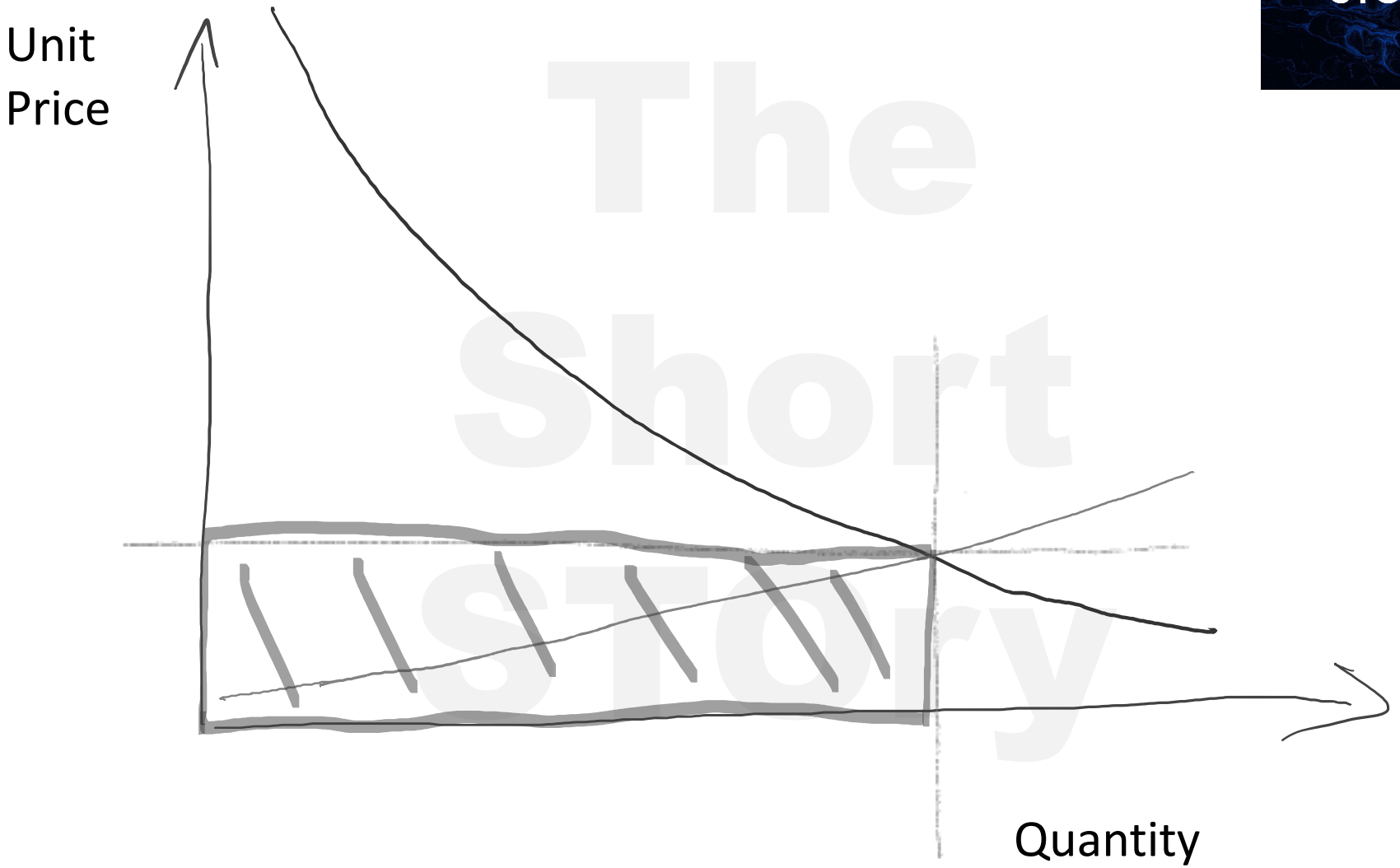
Supply Demand Chart



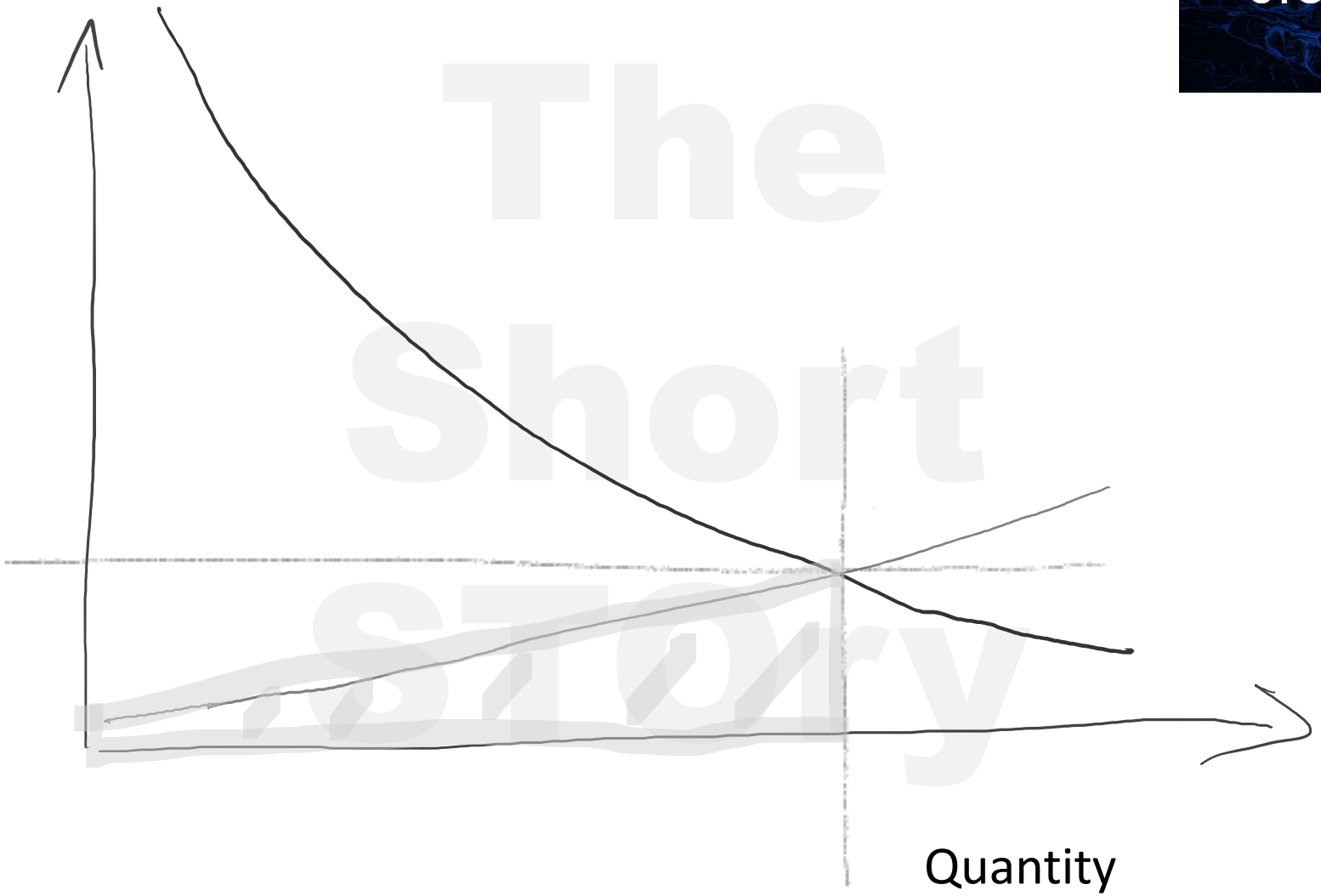
Market Clearing Price



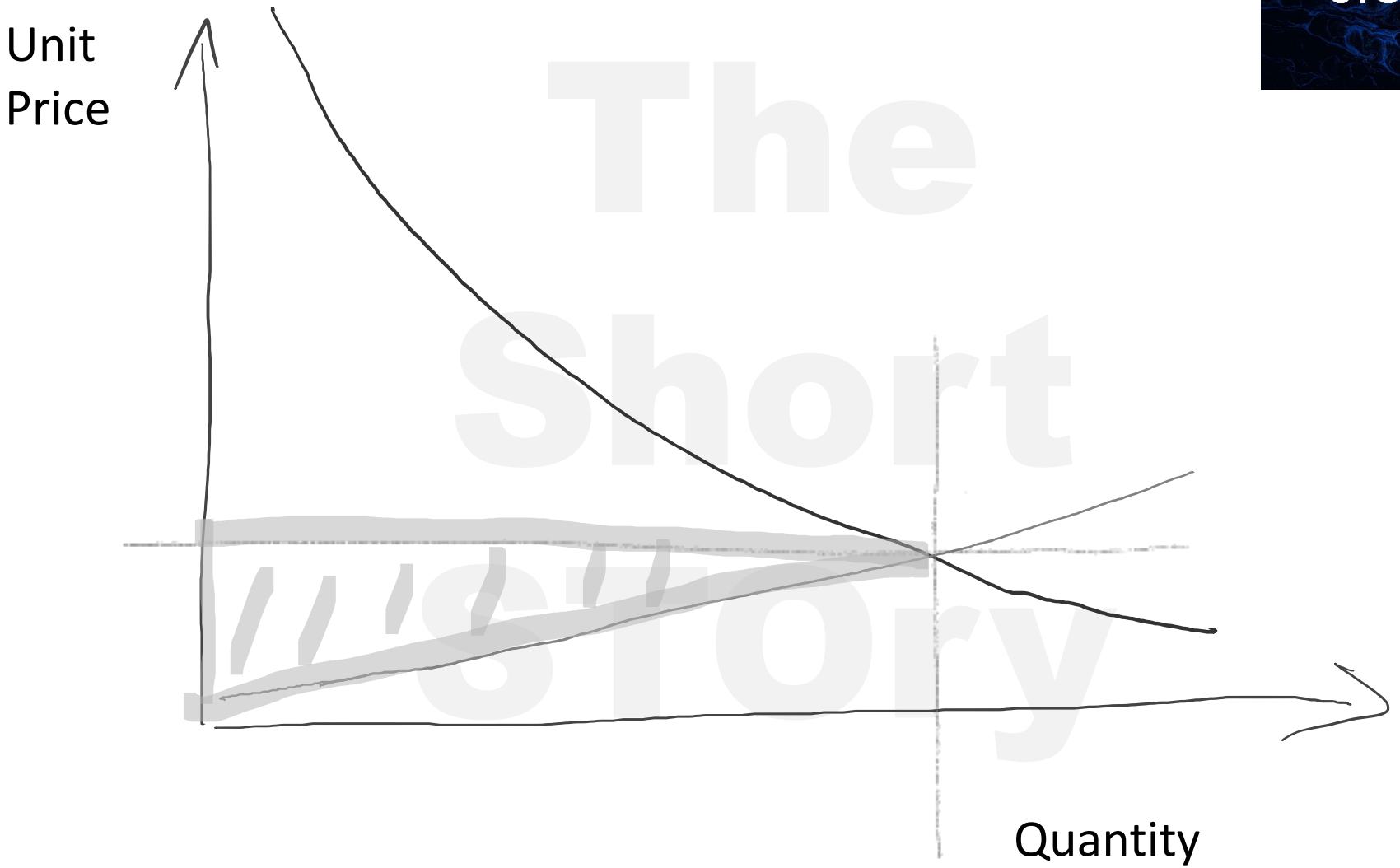
Total Revenues



Total Costs



Total Profit



The Microeconomics of Bitcoin Mining

Antminer S2 Equivalent Hashrate

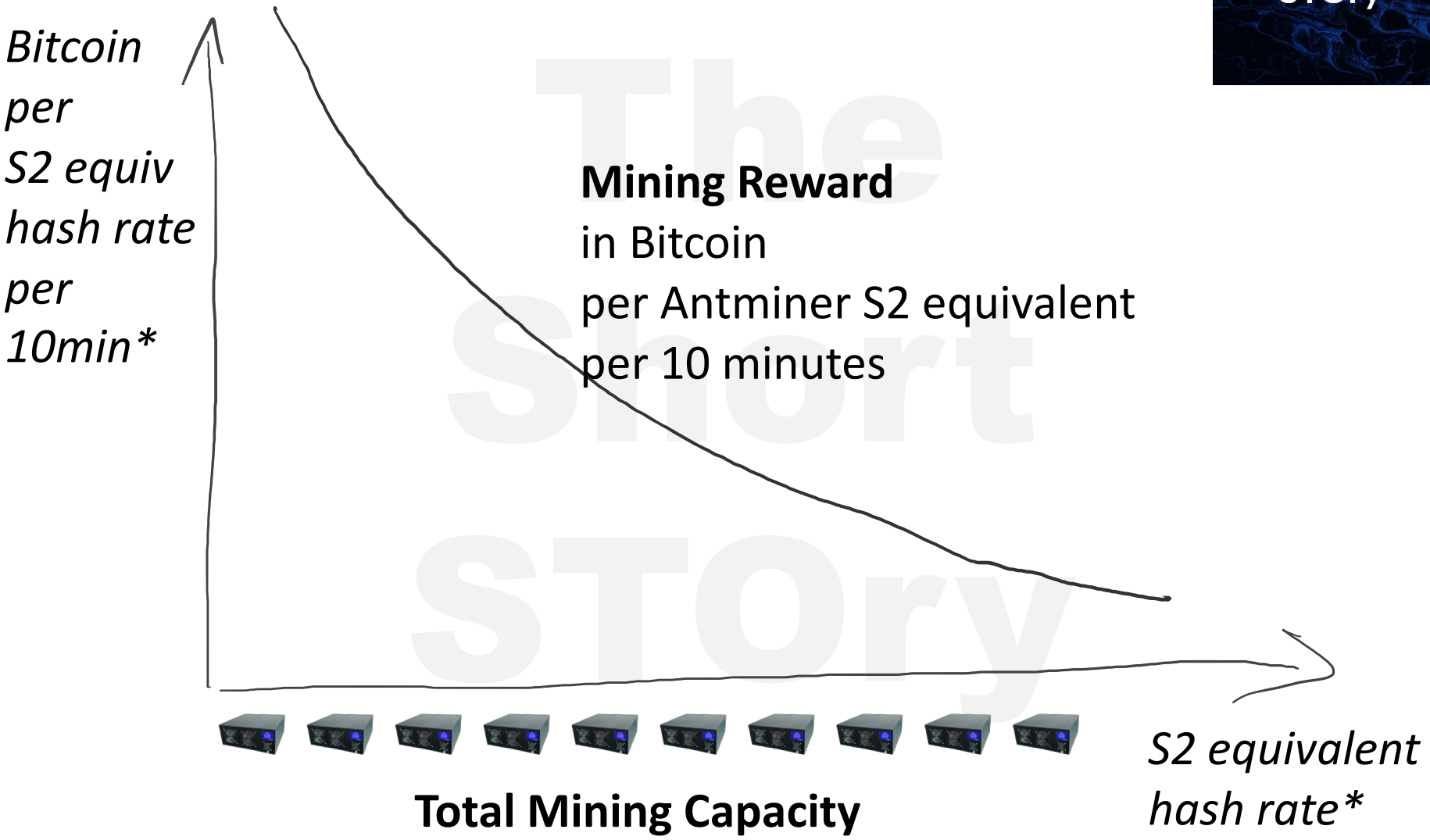
1 Antminer S2 equivalent = 1 Tera Hash per sec*

**1TH/s = 1 trillion hashes per second*

Mining Cost/Reward Chart

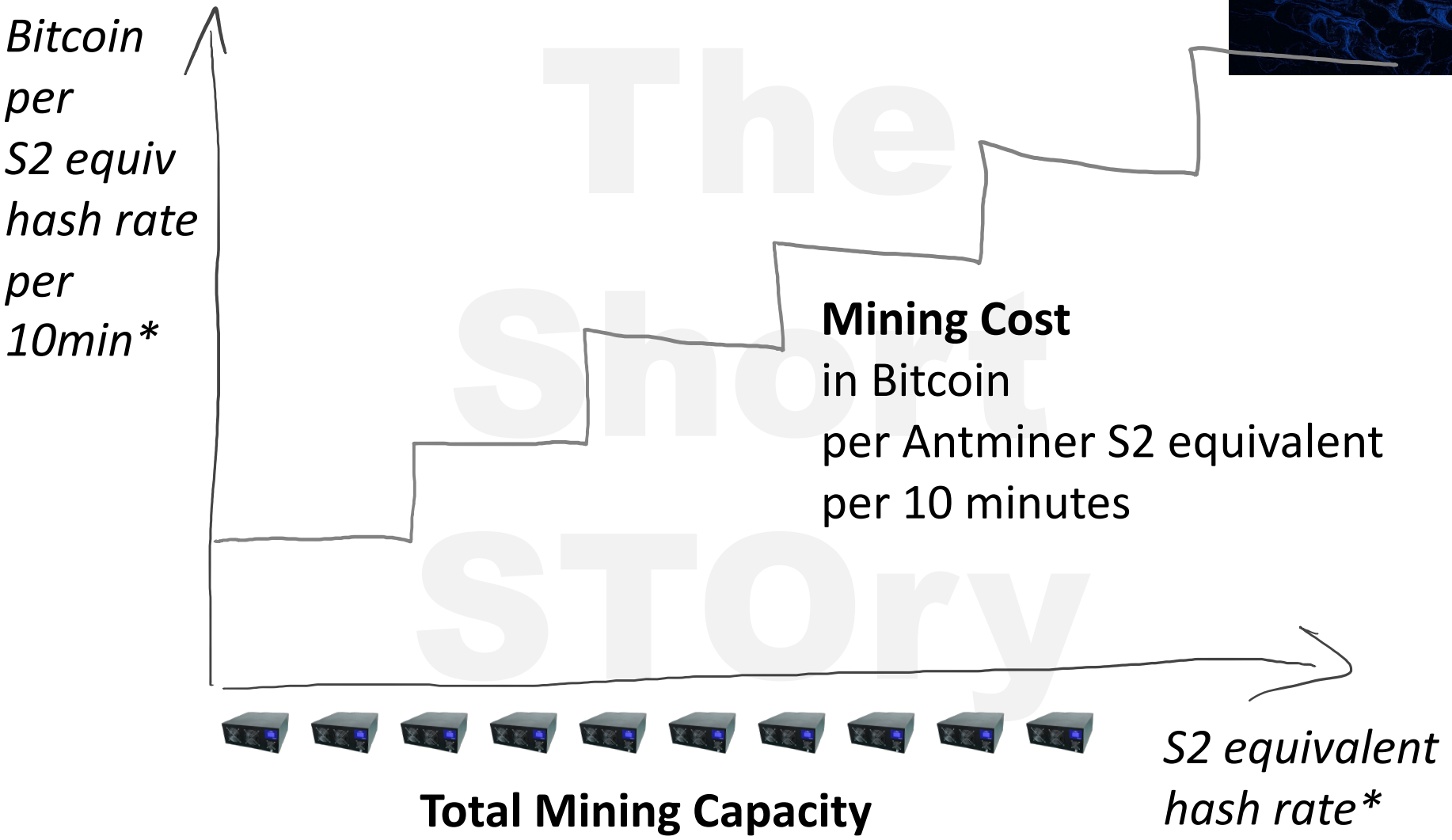
**Antminer S2 equivalent hash rate = 1TH/s*

Mining Reward Curve



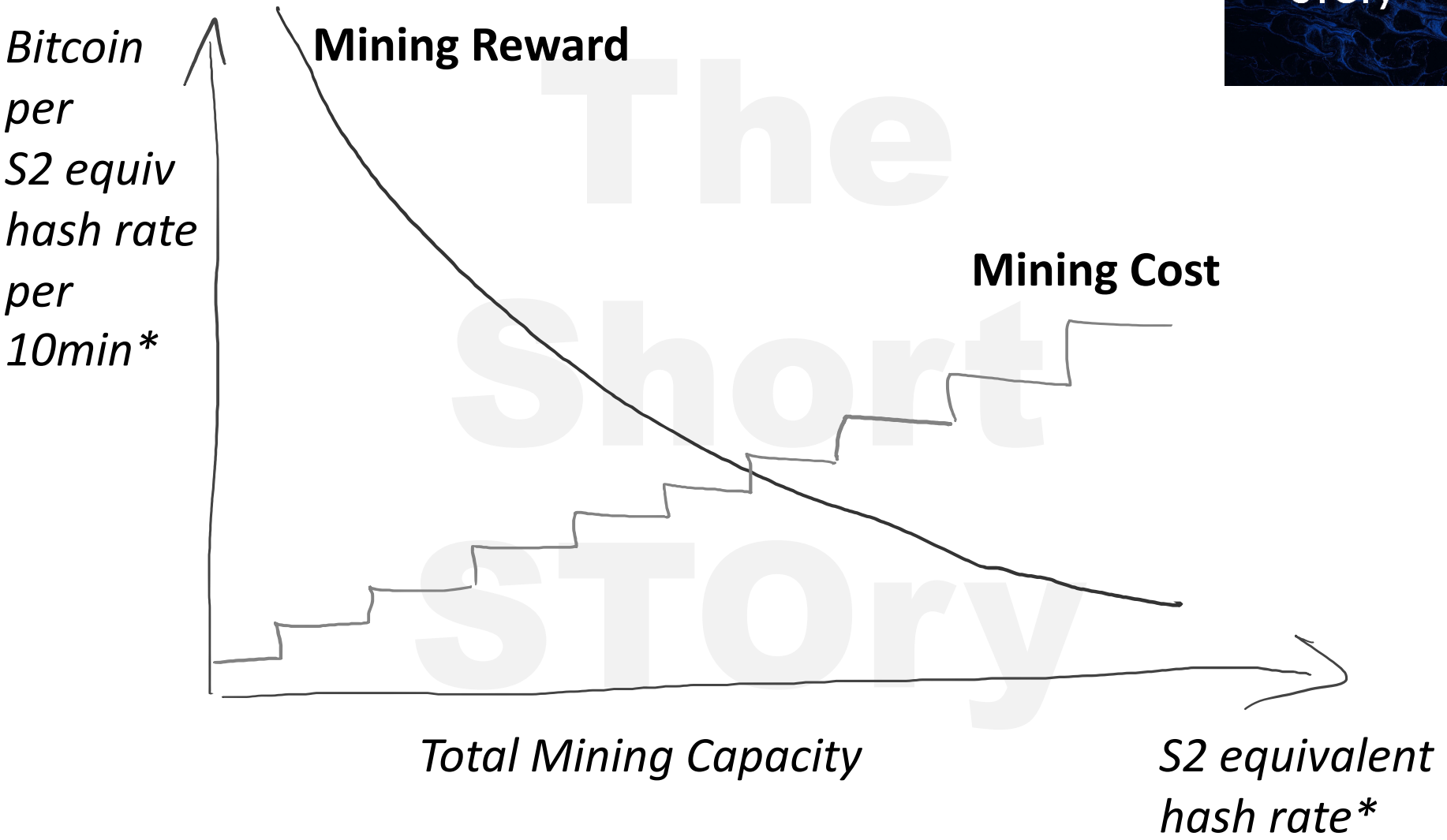
*Antminer S2 equivalent hash rate = 1TH/s

Mining Cost Curve



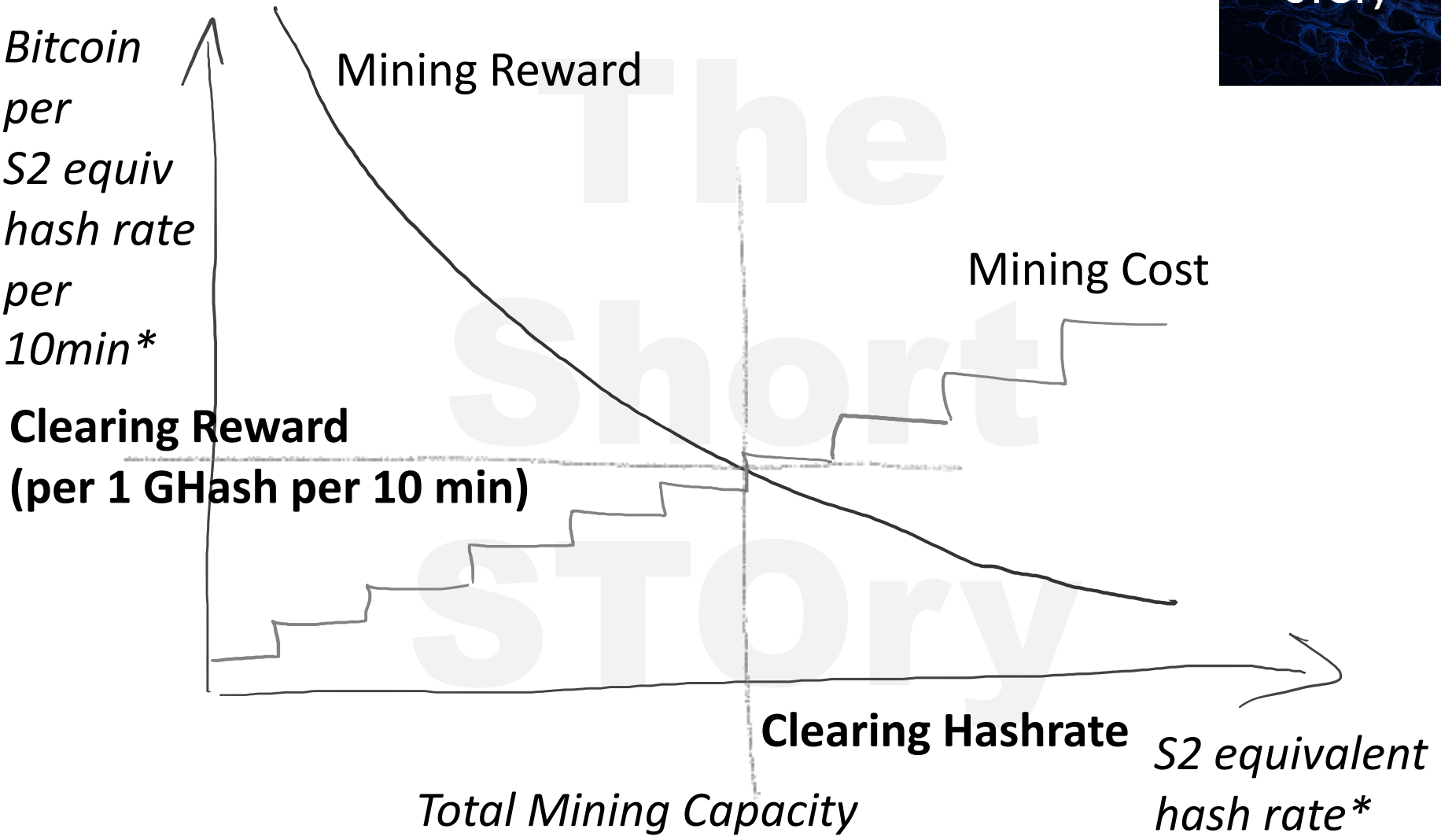
*Antminer S2 equivalent hash rate = 1TH/s

Mining Cost / Reward Chart



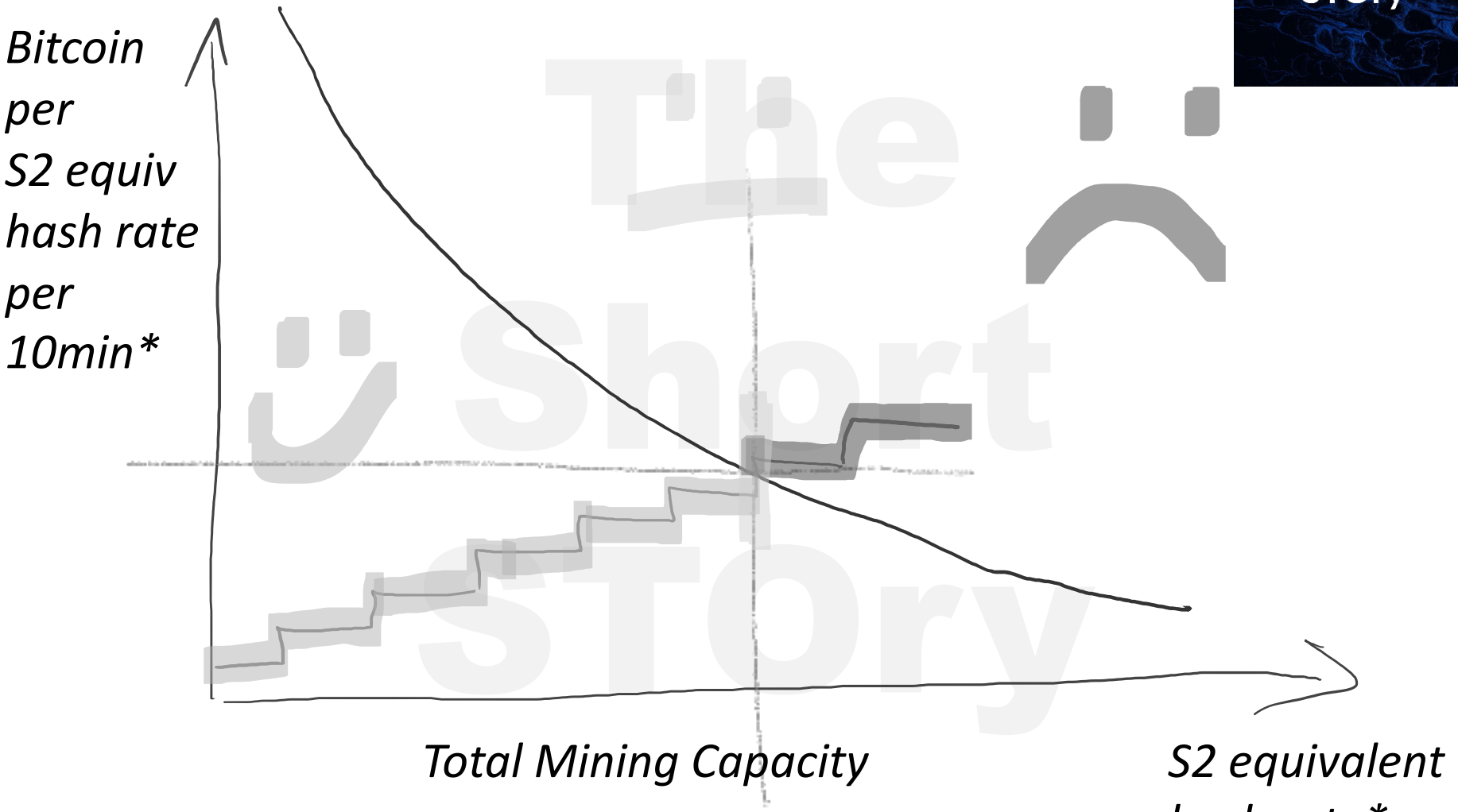
*Antminer S2 equivalent hash rate = 1TH/s

Clearing Reward and Hashrate



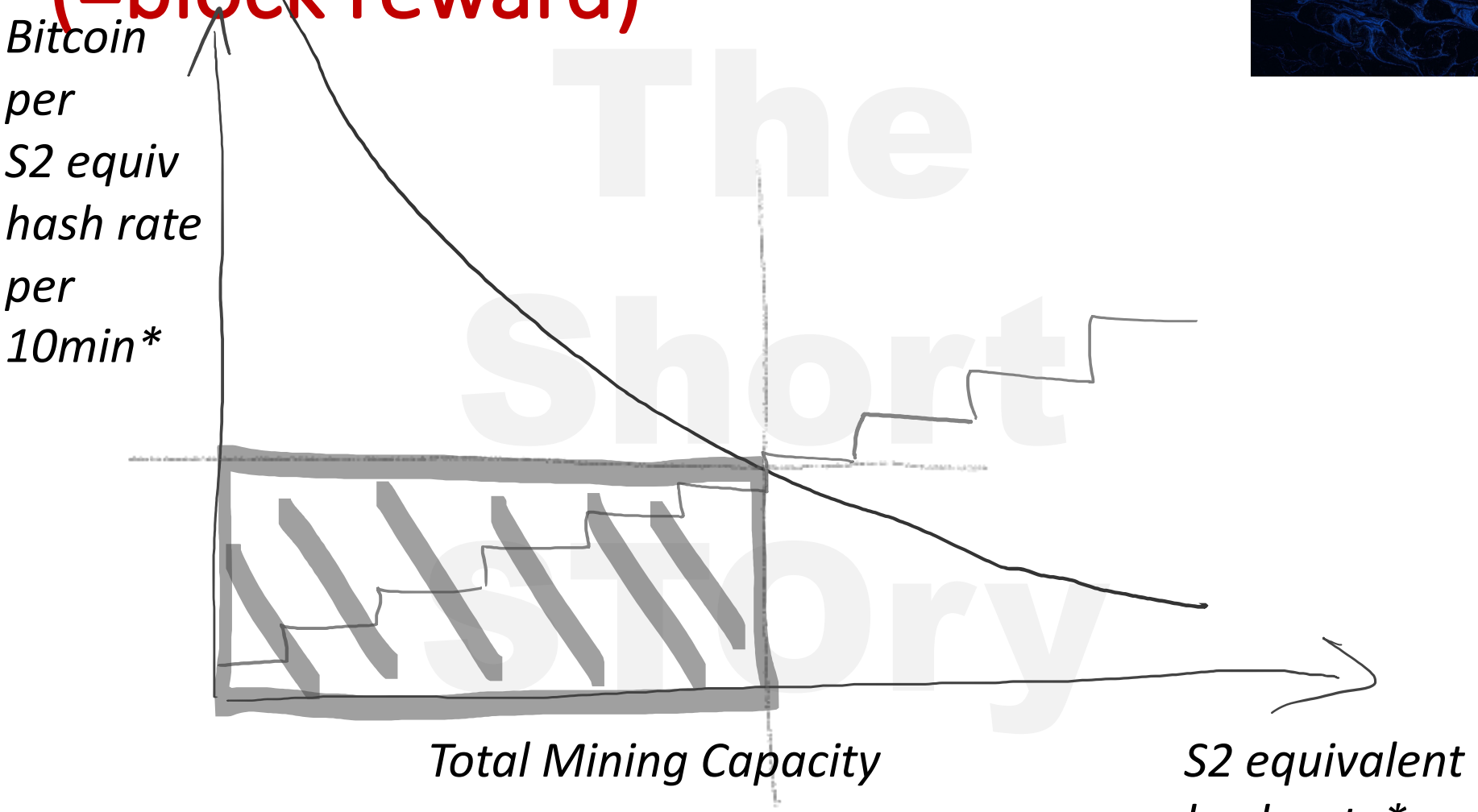
*Antminer S2 equivalent hash rate = 1TH/s

Who's in and who's out?



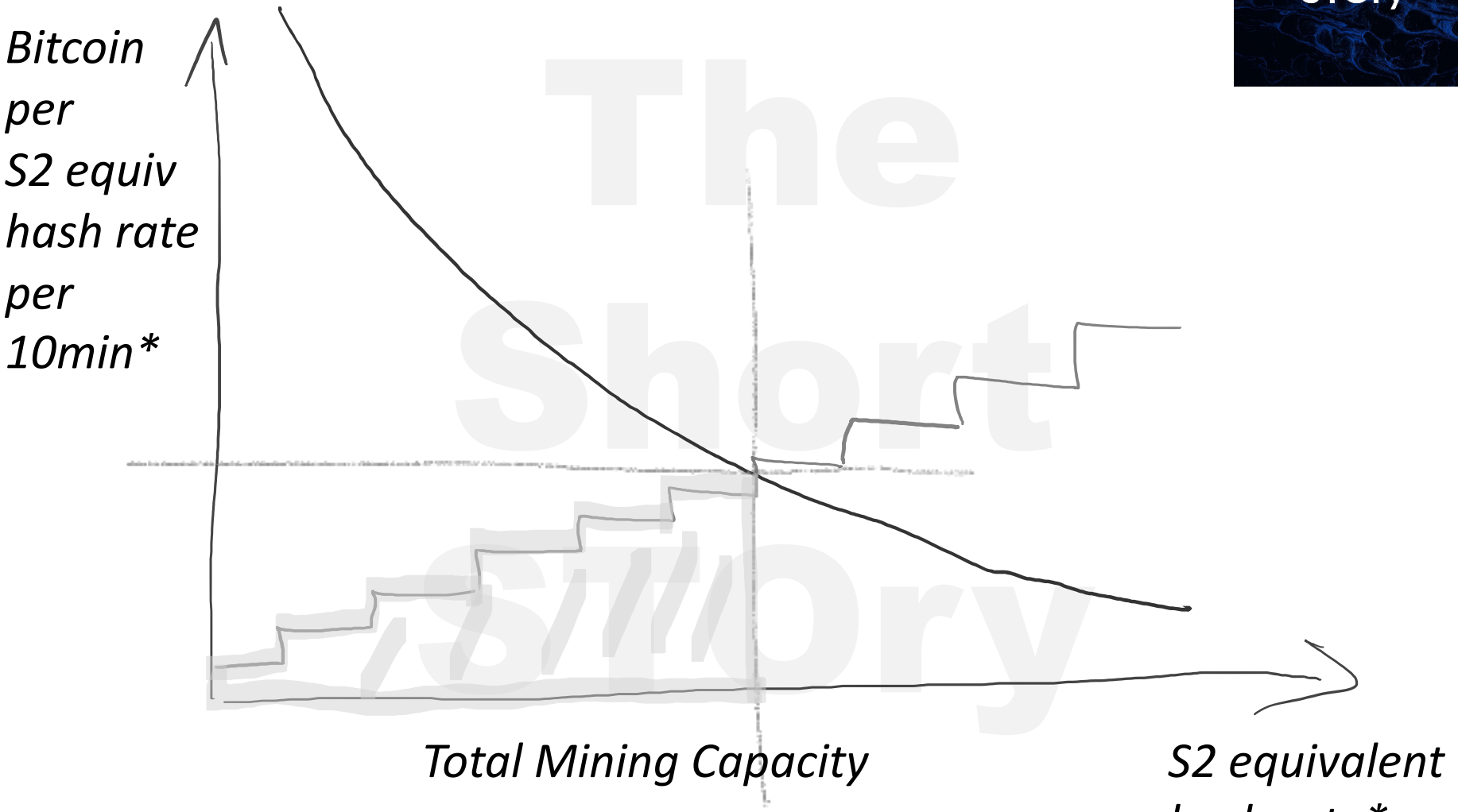
*Antminer S2 equivalent hash rate = 1TH/s

Total Mining Revenues (=block reward)



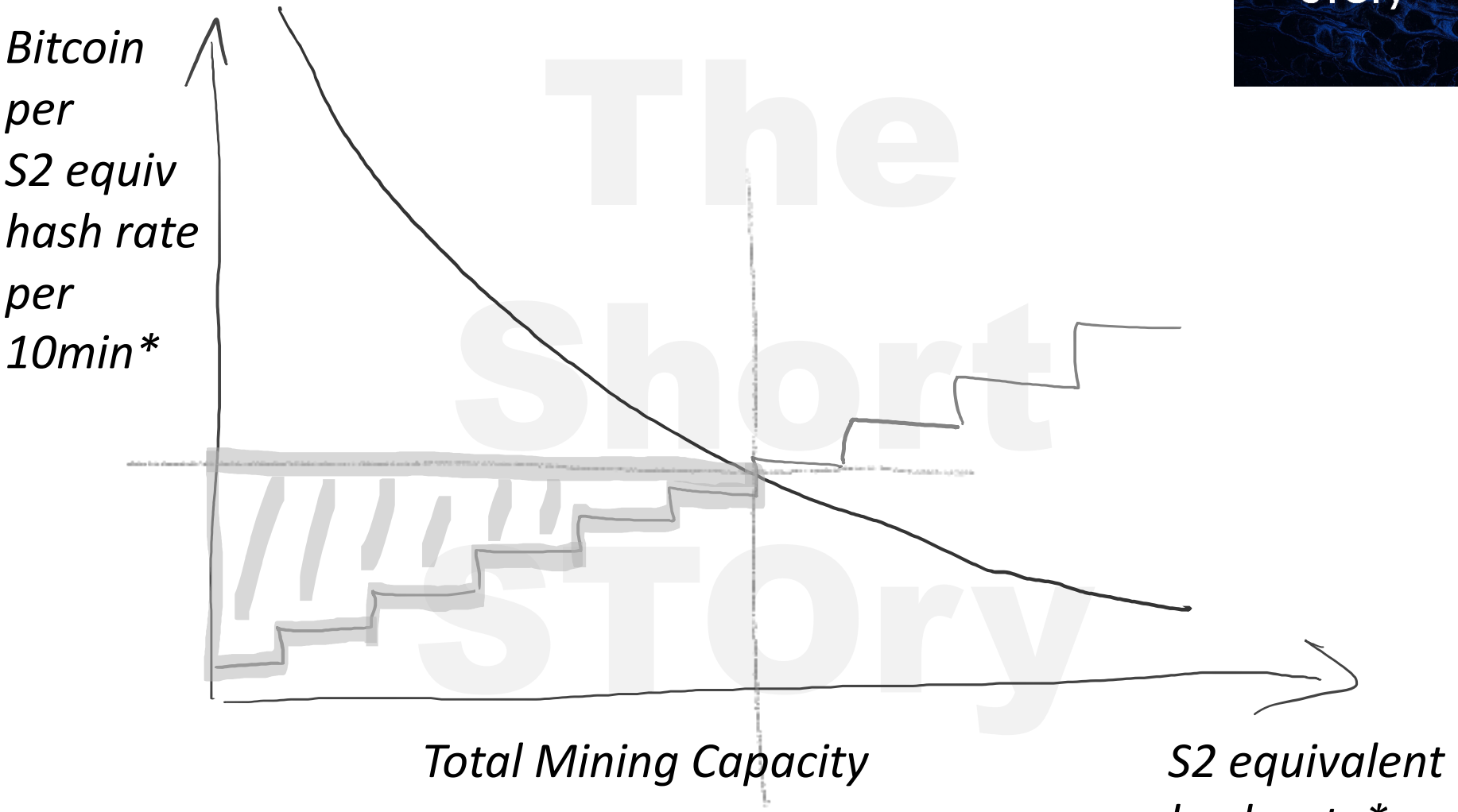
*Antminer S2 equivalent hash rate = 1TH/s

Total Mining Cost

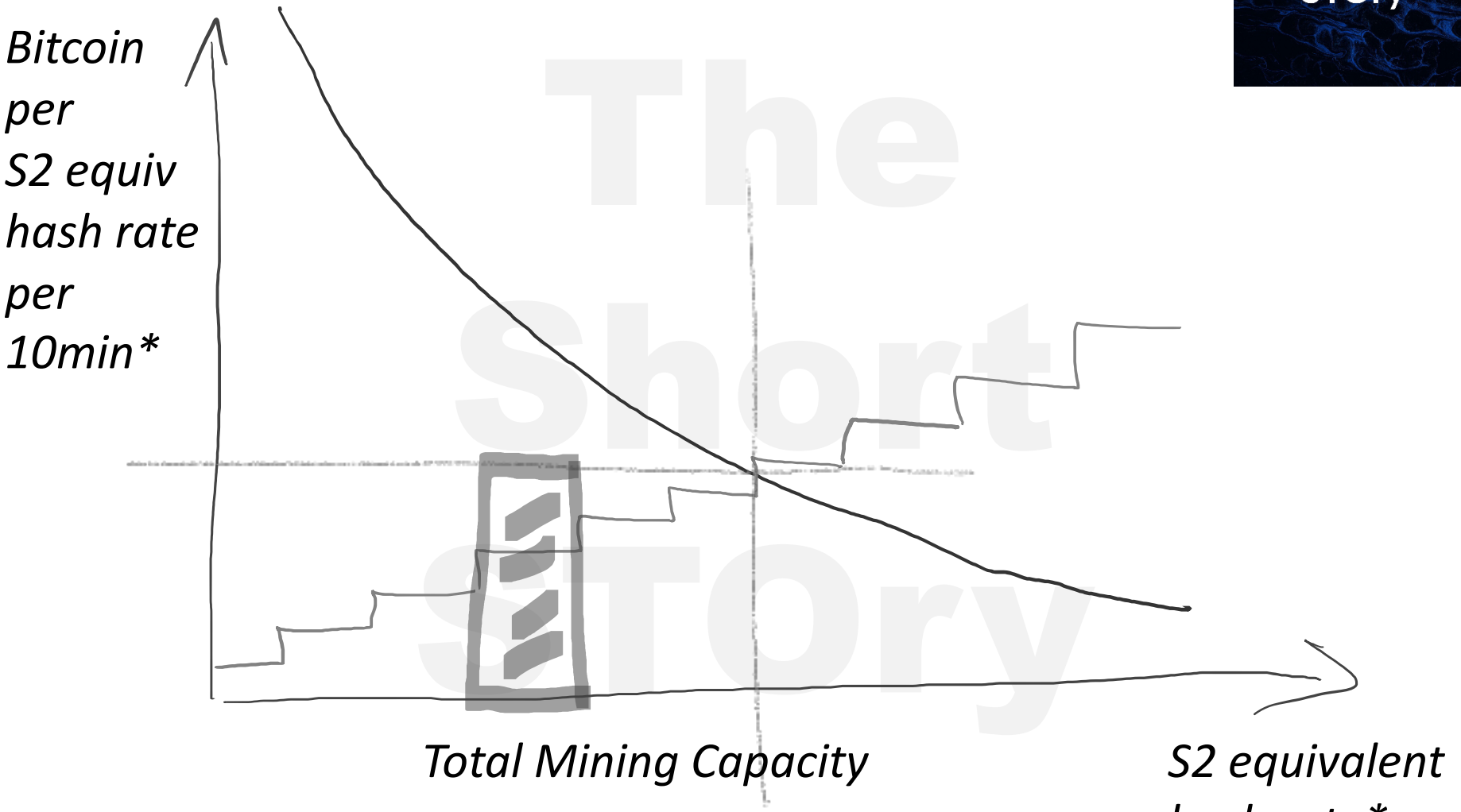


*Antminer S2 equivalent hash rate = 1TH/s

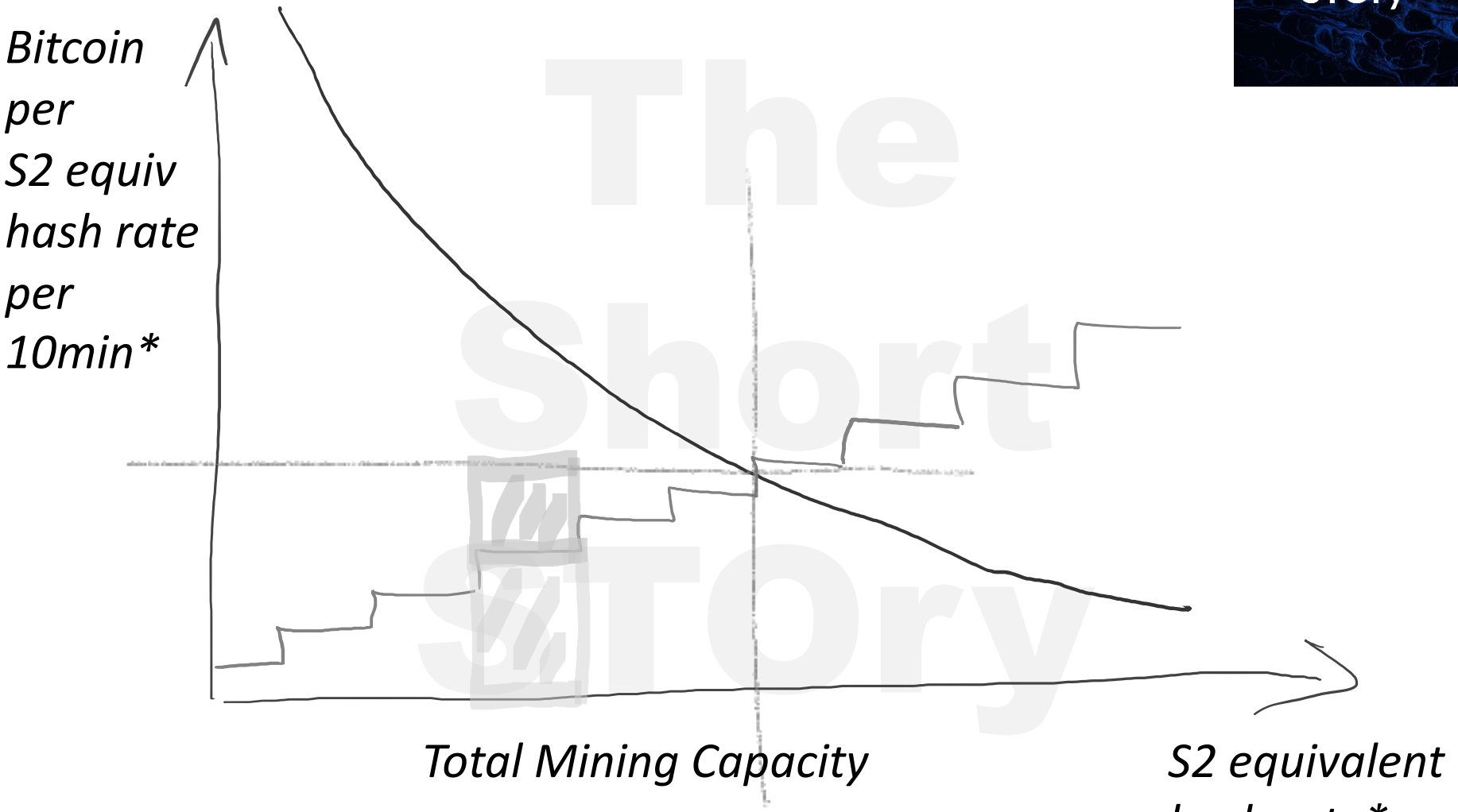
Total Mining Profit



Mining Revenues Single Miner

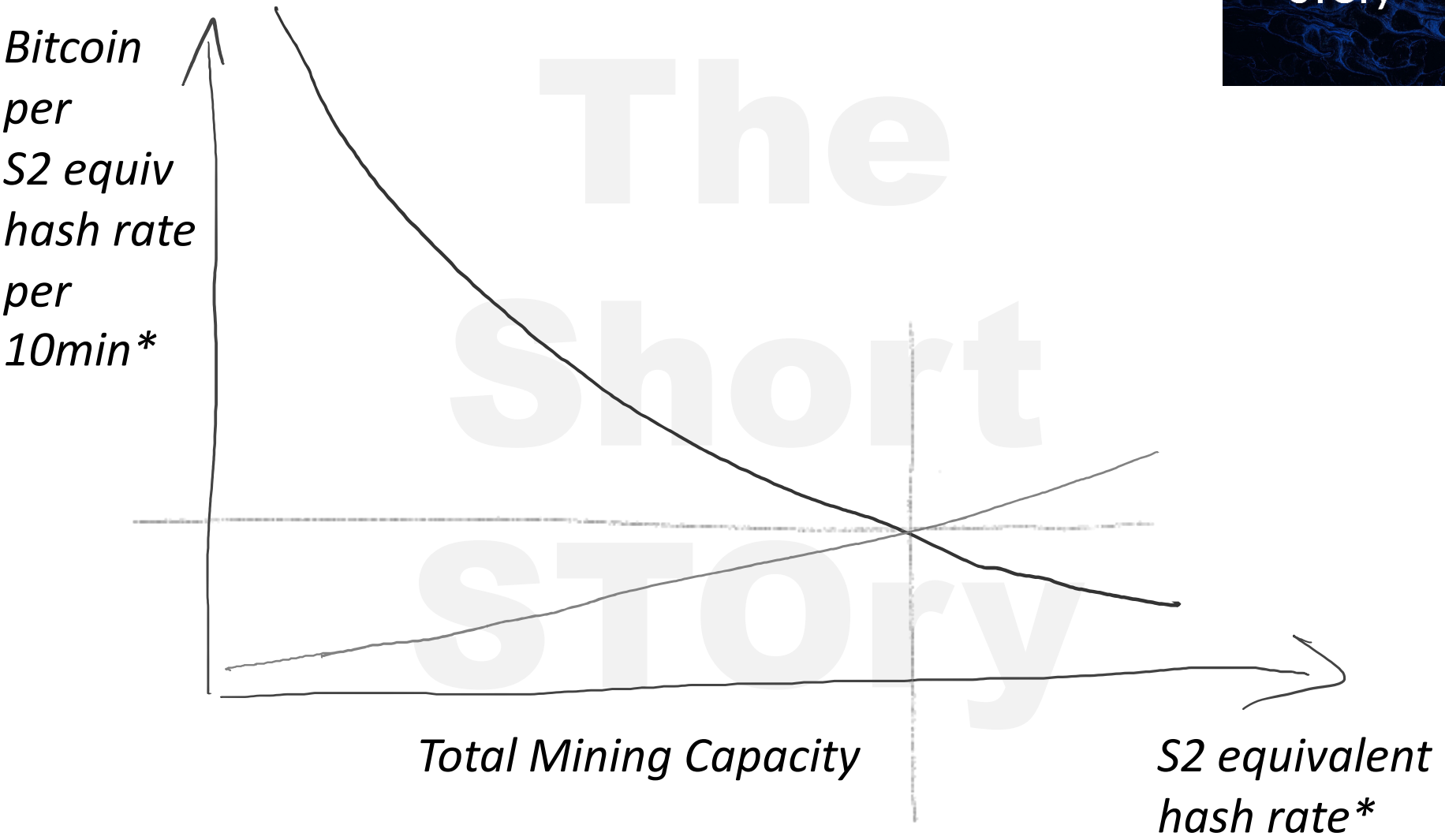


Cost & Profit Single Miner



*Antminer S2 equivalent hash rate = 1TH/s

Without Steps



*Antminer S2 equivalent hash rate = 1TH/s

Halving