

Bitcoins hoarded these last months



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A metric was run recently on the Block Chain to analyze the distribution of digital currency Bitcoin wealth throughout history.

A wide range of conclusions can be reached from any Block Chain study but a paper by Tim Swanson came to a very interesting conclusion.

Tim Swanson is the author of the blog called “ The Great Wall of Numbers.”

It was found that almost as 70% of the total Bitcoin in the world have made no movement over the last 6 months, mainly because of the decline in price since June.

Based on the data, movement of Bitcoins has seen a strong increase during bull markets when the value of Bitcoin is getting higher.

In simple words, most transactions take place when those who accept Bitcoin value it more. Even though more and more merchants are accepting Bitcoin as a payment method, the industry has not seen any impressive increase by consumers.

Tim Swanson thinks that everyone is fighting for the same slice of liquid coins. There is a group of people who buy more when the price is low but the problem is anyone who holds a huge quantity of Bitcoins tends to spend more of them.

As a solution, more Bitcoin-only firms can be established. A divide between Bitcoin and fiat at the cash register would help a lot.

Bitcoin entrepreneurs who value things in terms of the digital currency would also help. The valuation can be left to the speculators.

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One of the main goals for the Block Chain is to improve the overall Bitcoin economy. True value is produced when products and services are available for a type of currency.

If a competitor to iTunes and Amazon MP3 prevailed and charged a flat rate of 100,000 Satoshi for one song, they would be doing a service to the digital currency if they denied changing their rate no matter what speculators mentioned the price for the week will be.

Other services could do the same too and this would lead a group of new stakeholders to show interest in keeping the currency's price stable.

Another effect this would have is that a whole subset of the bitcoin economy will not be controlled by the minority of speculators who announce the value of everything.

No one really expects the price of Bitcoin to remain low ultimately, but this view does not excuse the hoarding behavior.

Those who hold Bitcoin and want the price to increase are advised to go to the exchanges and incrementally sell it upward or buy upward.

Bitcoin cannot be compared with a gold bar and it cannot be kept hidden in a closet. The Block Chain reveals the truth and it is discovered that the coins are being hoarded.

Tim Swanson passed the message to the large holders that they should have some faith. He suggested that they should let some of their hoard go.

He added bitcoins should be spent or invested, not stored away.

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