

Bitcoin rises after eagerly awaited 'halving'

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Bitcoin was created in 2008

Bitcoin rose Wednesday after undergoing an eagerly awaited adjustment that occurs every few years to limit the amount of the virtual currency on the market, building on a recent coronavirus-driven rally.

So-called "halving" takes place every four years and is when the reward received by "miners", whose [computer processors](#) enable the running of the world's most popular virtual currency, is reduced.

The virtual unit was trading 1.6 percent higher at \$8,897 in Asia, according to digital currency tracker CoinDesk, after the "halving" took place earlier this week.

Bitcoin is up about 25 percent this year, with investors viewing it as a hedge against inflation expected to be triggered by [central banks](#) easing monetary policy to cushion economies from the virus outbreak.

"The Bitcoin 'halving' in effect makes generating new Bitcoins twice as difficult," Jeffrey Halley, senior market analyst from OANDA, told AFP.

"That will be supportive of prices."

Wednesday's rise also tracked a broader shift from stocks into other assets, after a top US scientist warned that ending lockdowns too quickly could trigger uncontrollable new coronavirus outbreak.

"Halving" is also expected to hit the profitability of mining bitcoin as more work will be needed to achieve the same reward—but analysts say this could be offset if the unit's value rises.

Bitcoin, which is notoriously volatile and reached almost \$20,000 in 2017 before slumping heavily, has no legal exchange rate, no central bank backing it and is traded on specialist platforms.

It was created in 2008 by a person or group writing under the pseudonym Satoshi Nakamoto as a peer-to-peer decentralised electronic cash system.

It started as the preserve of computer nerds and financial experts but has gained a following among a broader group seeking alternatives to traditional investments, while it has been used to pay for items from a pint in a London pub to a manicure.

This week's "halving", which basically involves the halving of the reward from [bitcoin](#) mining, was the third time it had occurred. It took place for the first time in November 2012, and the second in July 2016.

The [reward](#) was originally set at 50 bitcoins but it was subsequently reduced to 12.5 and is now thought to have been reduced to around just 6.25. The amount has been trimmed over time in order to implement an overall global limit of 21 million bitcoins.

Given its turbulent history, analysts remain sceptical about Bitcoin's future prospects.

"I think the gains are limited over the long term—as we've seen in the past, this is a quasi-asset that tends to go on a random walk," said Stephen Innes,

chief global market strategist from AxiCorp.

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