

Bitcoin: after ten wild years, what next for cryptocurrencies? - 4 January, 2019

Two years after bitcoin began, a 10,000 bitcoin was enough to buy a couple of takeaway pizzas. Today, a 10,000 bitcoin is worth nearly \$38m. That is a huge increase but a lot less than its value of \$180m only 13 months before. This is because the digital currency has experienced one of the biggest economic bubbles in history.

*Two years after its launch, what could you buy with a 10,000 bitcoin?
How much is a 10,000 bitcoin worth now?
What was its value only 13 months ago?
Why is this?*

Bitcoin was set up on 3 January, 2009. It was created as a digital currency to avoid the traditional finance industry using encrypted code. In May, 2010, somebody bought something using a bitcoin for the first time: those two large pizzas worth \$30 for a 10,000 bitcoin.

*When did bitcoin start?
Why was it created?
What was the first thing that was bought?*

More recently, bitcoin has become more famous for its boom and bust. Its value increased very quickly by more than 1,000%, sometimes increasing in value by \$2,500 in a single day. It was valued at almost \$20,000 at the end of 2017, but during 2018, the digital currency collapsed and recently was worth just \$3,780. It wiped out many investments when it collapsed.

*Over the last few years what has bitcoin become famous for?
How much did it increase in a single day?
What was its value at the end of 2017?
What happened during 2018?*

Bitcoin was launched as more than just an opportunity for investors. The technology it uses has excited businesses. It is known as the blockchain and could revolutionize the way companies make and receive payments or transfer information. Bitcoin will though have a lot more regulation in the future. The UK for example, is planning to introduce wide new powers after warnings that bitcoin was similar to the "Wild West" and exposed consumers to too much risk.

*Apart from making investors money, how else has bitcoin generated interest?
What is the technology called?
What is the UK government planning to do?
Why are they going to do this?*

Wild estimates have been made for the future value of bitcoin. It has been predicted to reach \$500,000 by the end of 2020. The Winklevoss twins, who have invested a lot of money in bitcoin, said it could eventually match gold in value – this means a price above

\$320,000 and total market value of at least \$4tn. The counter argument though is that gold has been highly valued for thousands of years, and bitcoin hasn't.

What are some people predicting for the value of the bitcoin by the end of 2020?

What have the Winklevoss twins said?

What does this mean in terms of its market value?

At the start of its tenth year, predictions for Bitcoin's future are uncertain. Some financial analysts say investor confidence has been destroyed: "I believe too many people lost a lot of money last year, and once an asset has been called a bubble, it takes time to rebuild the trust."

Now in its 10th year are the predictions about bitcoin certain?

What are some analysts saying?