

# Bitcoin vs gold: bitcoin looks 26% undervalued relative to gold

Published 23 April 2026

**Dovile Silenskyte**

Director, Digital Assets Research

## Key Takeaways

- WisdomTree's Bitcoin in Gold (BiG) model shows the bitcoin to gold ratio materially below macro-implied fair value (15.6 vs 21.1), which may indicate a relative valuation gap.
- Bitcoin and gold respond to the same macro drivers (inflation, real yields, USD), but with different intensity. The relevant lens is relative valuation, not standalone performance.
- Example use cases: long bitcoin and short gold relative trades, allocation tilts when dislocations widen, macro overlays alongside rates, USD and liquidity.
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Bitcoin is trading 26% below its fair value relative to gold, based on WisdomTree's Bitcoin in Gold (BiG) model as of 31 March 2026.

This is not a directional call on bitcoin, but a relative value signal that indicates bitcoin is priced below its model-implied value compared to gold in today's macroeconomic environment.

## Why this matters

Most investors still treat bitcoin as a "risk asset". That framing is increasingly outdated.

A more useful approach is to compare bitcoin directly with gold:

- Both are monetary assets
- Both respond to inflation, interest rates, and the US dollar
- But they behave differently:
  - Gold: a defensive anchor
  - Bitcoin: a higher-risk, higher-upside counterpart
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- Bitcoin: a higher-risk, higher-upside counterpart

This means the key question is not "is bitcoin going up?" but "is bitcoin cheap or expensive relative to gold?"

## What the model actually does

The BiG model does not forecast bitcoin's price. Instead, it estimates where the bitcoin/gold ratio should be based on macroeconomic conditions now, and over the next 12 months.

At a high level, the model combines three groups of drivers:

- Macro conditions:
  - Inflation expectations
  - Interest rates
  - US dollar strength
  - Risk appetite
- Inflation expectations
- Interest rates
- US dollar strength
- Risk appetite
- Market dynamics:
  - Commodity and foreign exchange (FX) trends
  - Liquidity conditions
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- Liquidity conditions
- Demand signals:
  - Flows into US spot bitcoin exchange-traded funds (ETFs)
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These factors explain how capital moves between bitcoin and gold.

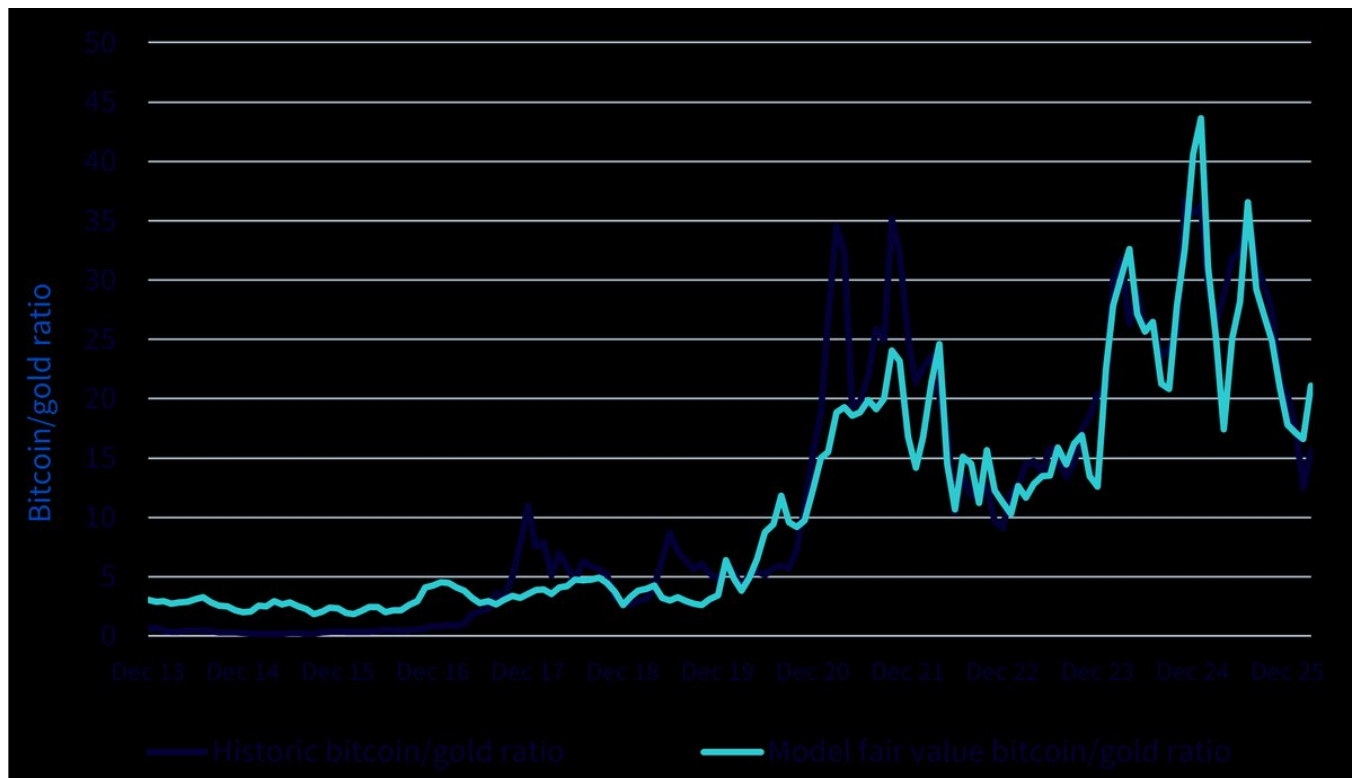
## Current signal: bitcoin appears cheap

As of 31 March 2026:

- Actual bitcoin/gold ratio: 15.6
- Model fair value: 21.1

That gap implies bitcoin is 26% undervalued relative to gold.

## Figure 1: The actual bitcoin/gold ratio is sitting clearly below the model estimate



Source: WisdomTree, Stooq. From 31 December 2013 to 31 March 2026. **Historical performance is not an indication of future performance, and any investment may go down in value.**

This is not an abstract mispricing. The gap is directly explained by how macro variables are currently interacting, which the model captures.

## What drives the valuation gap

The model reflects a simple idea: bitcoin reacts more strongly than gold to macro changes.

Key relationships:

- Falling real yields / easier liquidity: bullish for bitcoin vs gold
- Stronger dollar / risk-off: bullish for gold vs bitcoin
- Higher inflation expectations: mixed, but often supports gold first

Right now, the mix of these variables suggests bitcoin should be priced higher relative to gold.

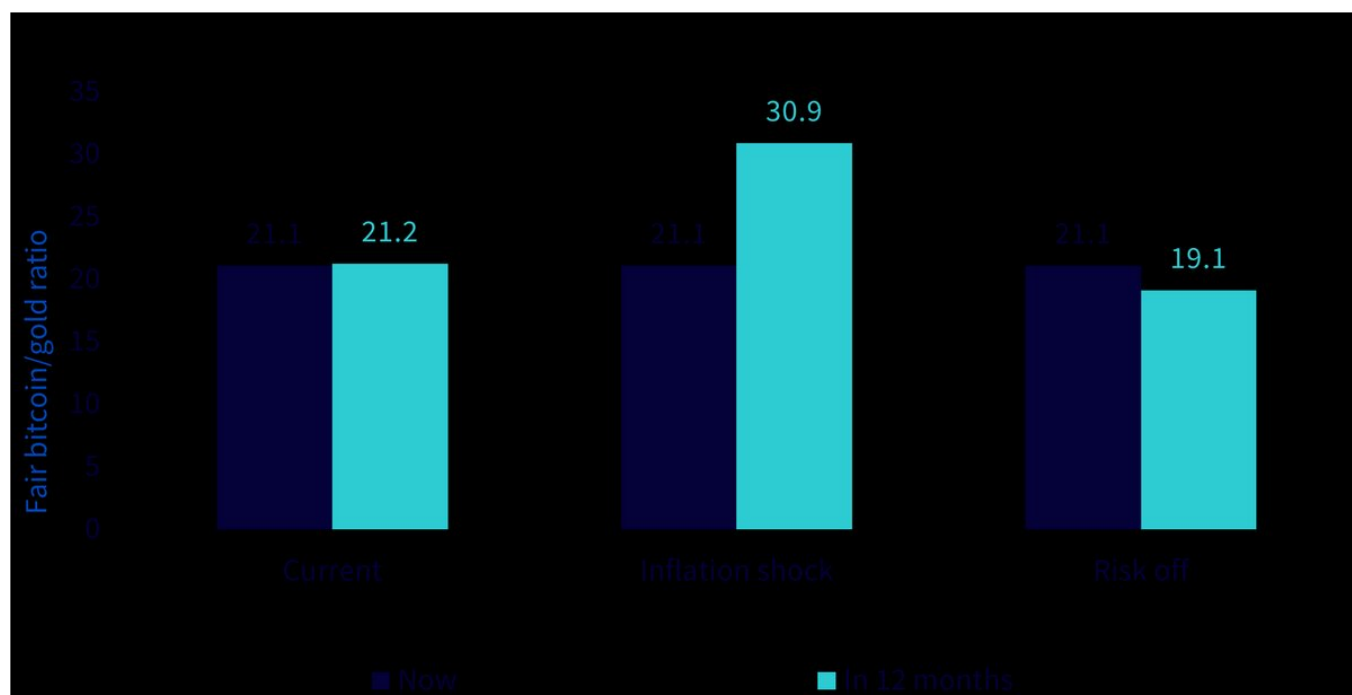
## But the path matters: three scenarios

The same valuation gap can close in very different ways. As of 31 March 2026, the model assigns the highest probability to the following three macro scenarios:

- Current:
  - No new macro shock

- The ratio evolves under today's macro backdrop and typically drifts gradually toward fair value
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- Inflation shock:
  - Gold outperforms bitcoin initially
  - Bitcoin can recover later as mean reversion and higher breakeven support start to work through the model
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- Bitcoin can recover later as mean reversion and higher breakeven support start to work through the model
- Risk-off:
  - Dollar strengthens and risk appetite weakens
  - Gold benefits more than bitcoin
- Dollar strengthens and risk appetite weakens
- Gold benefits more than bitcoin

## **Figure 2: Scenario paths for the bitcoin/gold ratio**



Source: WisdomTree. 07 April 2026. Model assumes that macro scenario starts on 01 April 2026 and continues for the next 12 months. **Forecasts are not an indication of future performance and any investments are subject to risks and uncertainties.**

The gap may close, but the timing and path depend heavily on the macro regime.

## Important clarification: bitcoin is not replacing gold

The data does not support the 'bitcoin replaces gold' narrative.

Both bitcoin and gold respond to the same macro variables, but with different intensity and investor bases. A better framing:

- Gold: stability, a reserve asset, driven by central bank demand
- Bitcoin: growth, liquidity sensitivity, with more convex upside

They are complements rather than substitutes.

## Model credibility

At a high level, this is a recency-weighted ridge regression model using monthly data from 31 December 2013 to 31 March 2026. It has:

- $R^2$  of 0.66 on a test basis and 0.80 on a rolling five-year basis
- Directional accuracy of approximately 62%
- Outperformance versus the benchmark of approximately 73%

The model explains a meaningful share of the variation in the bitcoin to gold ratio, but it is not designed as a timing tool.

## How to use this in portfolios

Three practical applications:

- Relative value trade: long bitcoin and short gold is one potential implementation approach.
- Allocation tilt: if holding both, increase bitcoin weight when the gap is wide.
- Macro overlay: combine with real yields, dollar trend and liquidity indicators.

In practice, this is a positioning tool. The edge comes from systematically leaning into dislocations when they are wide and scaling back as they compress. The discipline is straightforward: track the gap, anchor decisions in the macro context, and avoid overfitting short-term price moves. The examples provided are for illustrative purposes only and do not constitute investment advice or a recommendation.

## Bottom line

This model reframes the debate:

- Stop asking whether bitcoin will rise
- Start asking whether bitcoin is mispriced relative to gold

Right now, the answer is yes. Based on the model, bitcoin appears to be below its relative value, by roughly 26%. Whether that gap closes quickly depends on macro conditions, not just crypto narratives.

For investors looking to operationalise this framework, WisdomTree can walk through the model and its assumptions in detail on a one-to-one basis.

Bitcoin is volatile and may experience significant price fluctuations, including losses. Unlike gold, bitcoin is not a physical asset and its value is influenced by factors such as market sentiment, technological developments, regulatory changes and adoption trends, which can be unpredictable. The model referenced in this analysis is based on historical relationships and assumptions about macroeconomic variables that may not hold in the future, and therefore its outputs should not be relied upon as a reliable indicator of future performance.

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