

# Bitcoin-to-gold ratio: a telling metric for 2025

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**Dovile Silenskyte**

Director, Digital Assets Research

## Key Takeaways

- The bitcoin-to-gold ratio has emerged as a critical indicator, reflecting the shifting dynamics between traditional safe havens and disruptive digital assets in an evolving global financial landscape.
- While bitcoin's growth potential and decentralisation make it an increasingly popular portfolio diversifier, gold remains a stable hedge, underscoring the complementary roles of these two assets.
- Technological innovation, macroeconomic challenges, and geopolitical tensions continue to drive the bitcoin-to-gold ratio, offering valuable insights into market sentiment and the future of wealth preservation strategies.
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The bitcoin-to-gold ratio, a deceptively simple yet increasingly critical metric, pits the digital asset of the future against the centuries-old stalwart of wealth preservation. As the interplay between these two stores of value intensifies, this ratio emerges as a powerful barometer for the shifting tides of investment strategies and global economic sentiment.

In 2025, the importance of this ratio is no longer academic. It is a front-row seat to the evolving battle between traditional and digital assets for dominance in a rapidly transforming financial ecosystem.

## Bitcoin as a new standard

Bitcoin, often referred to as 'digital gold', has come into its own as a store of value, especially among tech-savvy, risk-on investors. Unlike gold, which relies on physical logistics and centralised custodianship, bitcoin operates on a decentralised, borderless framework – an undeniably attractive feature in an era of geopolitical tensions and currency devaluations.

The narrative is clear: bitcoin is not just mimicking gold; it is outpacing it on multiple fronts. While gold continues to serve as a haven for conservative investors, bitcoin's appeal lies in its dual role as both a hedge and a growth asset. Its uncorrelated returns make it an effective portfolio diversifier, enabling investors to weather economic storms while seizing upside potential.

## The macro backdrop

The global macroeconomic environment is setting the stage for a paradigm shift:

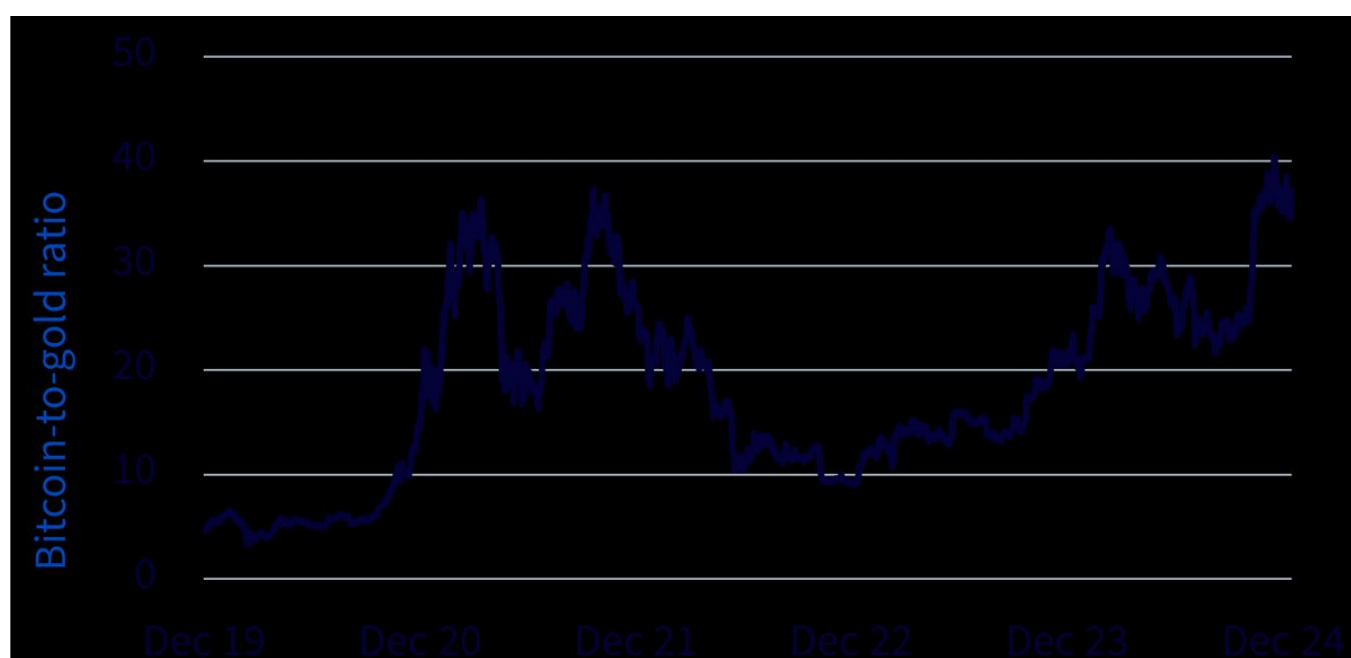
- Geopolitical tensions and de-dollarisation trends are driving demand for decentralised assets.
- Inflationary pressures and currency instability are highlighting the weakness of fiat currencies.
- Technological advancements such as the Lightning Network are making bitcoin faster, more efficient, and increasingly user-friendly.

Bitcoin's digital-first nature and resilience to geopolitical and logistical barriers position it as the standout contender for wealth preservation in the modern era.

## Historical trends

As shown in Figure 1, the bitcoin-to-gold ratio has experienced a volatile yet transformative journey over the past few years.

### Figure 1: Bitcoin-to-gold ratio



Source: WisdomTree. 16 January 2025. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value.**

The 2020 – 2024 period has been nothing short of transformative, reshaping the narrative around bitcoin and gold as either complementary or competing assets.

- **2020:** the COVID-19 pandemic triggered unprecedented market turbulence, briefly pushing the bitcoin-to-gold ratio lower as bitcoin's risk-on nature led to a sharper sell-off. However, bitcoin's stimulus-driven liquidity fuelled a remarkable recovery, with the ratio hitting new highs by year-end as investors increasingly embraced digital assets.

- **2021:** bitcoin's institutional acceptance took centre stage, with companies such as Tesla adding it to their balance sheets and investment firms launching bitcoin-related products. Gold struggled to gain traction, while bitcoin emerged as the preferred hedge against inflation, driving the bitcoin-to-gold ratio higher.
- **2022:** central banks' aggressive rate hikes to combat inflation weighted heavily on risk assets such as bitcoin, leading to a decline in the bitcoin-to-gold ratio. Gold held its ground as a traditional safe haven, underscoring the contrasting nature of the two assets during periods of monetary tightening.
- **2023:** bitcoin regained momentum as regulatory clarity improved and anticipation for the 2024 halving cycle grew. In contrast, gold faced challenges from a stronger dollar and rising yields, allowing the bitcoin-to-gold ratio to rebound as bitcoin reaffirmed its resilience.
- **2024:** bitcoin's halving event reignited bullish sentiment, historically associated with price rallies, while technological innovations and increased adoption strengthened its utility. The bitcoin-to-gold ratio climbed steadily, reflecting bitcoin's growing role as a unique and disruptive asset class.

As we move into 2025, the bitcoin-to-gold ratio remains a critical indicator of shifting investor sentiment, highlighting the evolving balance between traditional safe havens and digital assets.

## Drivers of the bitcoin-to-gold ratio

Several factors influence the bitcoin-to-gold ratio:

- **Macroeconomic factors:** inflation, currency debasement, and geopolitical risks drive demand for both – but bitcoin's growth potential has historically edged out gold during speculative cycles.
- **Geopolitical risks:** bitcoin's portability and censorship resistance make it potential hedging tool in fragmented global trade systems.
- **Regulation:** favourable digital asset policies can amplify bitcoin's appeal, while restrictive measures may bolster gold.
- **Technological innovation:** advances in blockchain infrastructure enhance bitcoin's utility and adoption.
- **Portfolio diversification:** bitcoin's asymmetric return profile complements gold's stability, offering a modern twist to portfolio strategies.

As macroeconomic shifts, geopolitical tensions, and technological advancements reshape investor priorities, bitcoin and gold serve distinct yet complementary roles. Together, they offer a diversified approach to wealth preservation, where gold provides stability and bitcoin delivers growth potential.

## The bitcoin-to-gold ratio as a compass for 2025

The ratio is not just a number – it is a narrative. It encapsulates the evolution of value, the shift in generational preferences, and the recalibration of investment strategies. In 2025, the bitcoin-to-gold ratio can:

- **Guide portfolio strategy:** a rising ratio signals bitcoin's ascent, urging investors to reallocate toward digital assets.
- **Gauge market sentiment:** fluctuations reflect changing risk appetites and economic outlooks.
- **Anticipate trends:** historical patterns in the ratio could illuminate future shifts in regulation, technology, and macroeconomics.

The bitcoin-to-gold ratio is a tool for interpreting the complexities of modern markets. It tells a story of how values are evolving, how preferences are shifting, and how investment strategies are being recalibrated for a world that increasingly blends tradition with innovation.

## Conclusion

Bitcoin may not yet rival gold's \$18 trillion<sup>1</sup> market cap, but the gap is steadily narrowing as bitcoin advances along its adoption curve. The bitcoin-to-gold ratio stands as a powerful indicator of this evolution, reflecting bitcoin's journey toward becoming a mainstream store of value. While critics highlight bitcoin's volatility, its decentralisation, portability, and expanding adoption position it as an alternative to gold.

The bitcoin-to-gold ratio is more than a statistic; it symbolises a broader financial transformation. As bitcoin continues to challenge traditional concepts of value and wealth preservation, this ratio offers a lens into the future of money itself. The dynamic between these two assets is not just a contest of performance, it's a reflection of the shifting foundations of the global financial system. In 2025 and beyond, monitoring the bitcoin-to-gold ratio could provide crucial insights into the direction of this transition.

<sup>1</sup> Source: Bloomberg, WisdomTree. 30 December 2024.

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