Bitcoin: Expectations remain high for the rest of 2024

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Key Takeaways

- Year to date, 2024 has been a remarkable year for bitcoin, with record flows and record price highs.
- While bitcoin price change is lagging what we have seen post earlier halving events, investors should remain patient. This is because the fourth halving event has had the smallest impact on bitcoin supply.
- Since bitcoin is highly correlated with other key cryptocurrencies, if bitcoin price starts going up, it is likely to lift others too.

Year to date, 2024 has been a remarkable year for bitcoin:

- The launch of spot bitcoin exchange-traded funds (ETFs) in the United States resulted in record inflows of over $24 billion[1] into those products.
- Bitcoin's price reached its all-time high of near $90k[2] in November 2024.

Figure 1: Bitcoin price in USD



Source: Glassnode, WisdomTree. 12 November 2024. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value.**

However, professional investors' sentiment does not reflect this. According to our 2024 Professional Investor Survey, 41% of respondents became more bearish towards cryptocurrencies since the approval of spot bitcoin ETFs in the US[3].

Do these investors think that the cryptocurrency market has reached its all-time high and that it is all downhill from here?

Long and successful track record

By now, bitcoin has a track record of over 15 years. Looking at the past 10 calendar years[4], bitcoin was:

- The best-performing asset in seven of those years.
- The worst-performing asset in three of those years.

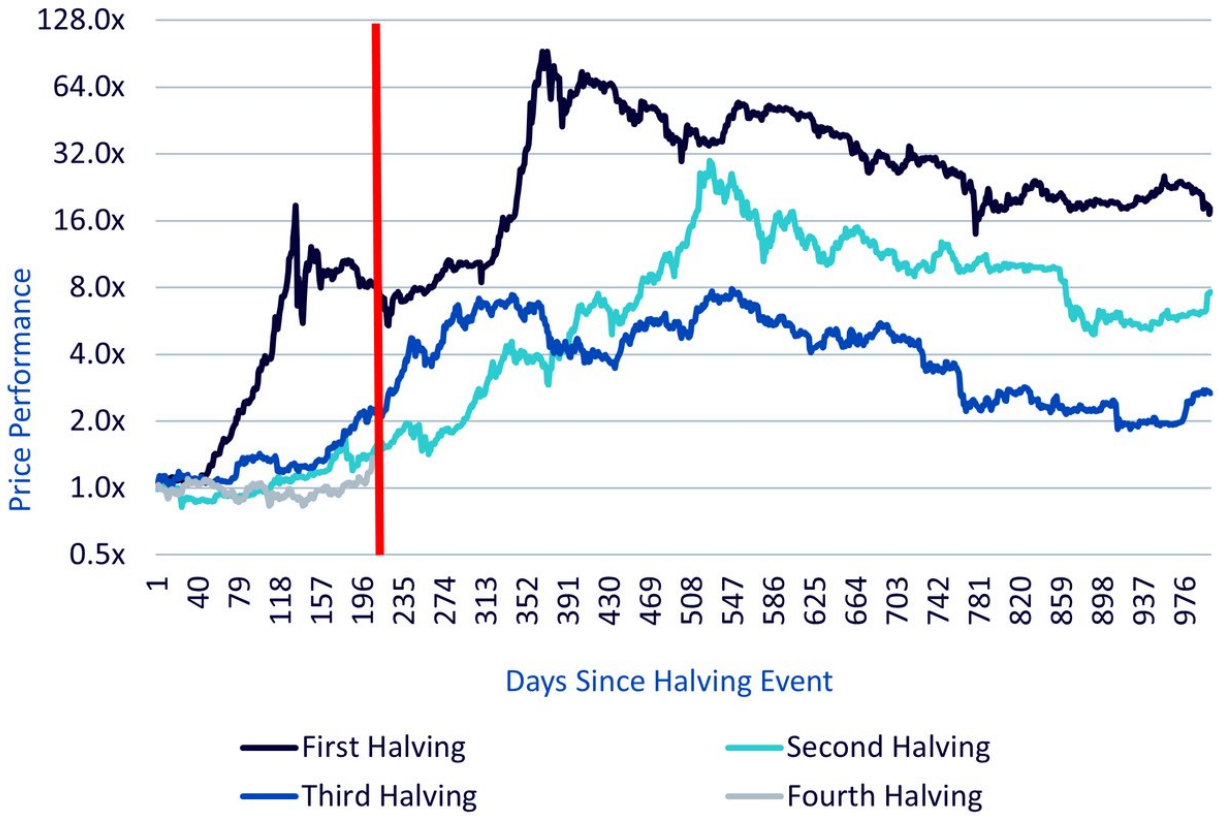
It is interesting to note that bitcoin achieved the best performance in years around its halvings. Specifically:

- The second halving was in 2016, and bitcoin was the best-performing asset in 2015, 2016, 2017.
- The third halving was in 2020, and bitcoin was the best-performing asset in 2019, 2020, 2021.
- The fourth halving was in 2024, and bitcoin was the best-performing asset in 2023. It is too early to know whether it will be the best-performing asset in 2024 and 2025.

By way of reminder, bitcoin halving events take place once every four years. The last one was in April 2024, when the newly issued bitcoin supply was reduced from 6.25 to 3.125 per mined block. These halving events will continue until the maximum bitcoin supply of 21 million is reached, and this is expected to happen in 2140[5].

Each halving event reduces the bitcoin supply. If bitcoin demand remains the same or grows, each halving event is expected to impact the price of bitcoin positively.

Figure 2: Bitcoin price performance post-halving events



Source: Glassnode, WisdomTree. 12 November 2024. You cannot invest directly in an index. **Historical performance is not an indication of future performance, and any investment may go down in value.**

Now, over 200 days have passed since the fourth bitcoin halving event. As shown in Figure 2 (above), while significant price changes after the halving events are not always immediate, bitcoin price action after the most recent halving event is slightly trailing behind what we have seen for the first three. Does this justify the bearish sentiment that many professional investors are showing? Not necessarily.

Figure 3: Bitcoin block rewards

Event	Date	Block reward
Launch	January 2009	50
Halving 1	November 2012	25
Halving 2	July 2016	12.5
Halving 3	May 2020	6.25
Halving 4	April 2024	3.125

Source: WisdomTree. October 2024.

Per Figure 3 (above), each new bitcoin halving event has impacted bitcoin supply less. Specifically, bitcoin supply per mined block was reduced by:

- 25 bitcoins after the first halving event
- 12.5 bitcoins after the second halving event
- 6.25 bitcoins after the third halving event
- 3.125 bitcoins after the fourth (i.e. the last) halving event

To avoid any doubt, the bitcoin supply reduction is the difference between the block reward that bitcoin miners receive before the halving event and the block reward that they receive after the halving event.

This highlights the importance of bitcoin investors remaining patient while waiting for the price of bitcoin to start reflecting the last halving event. For context, bitcoin closed just under $64k on 20 April 2024 (which was the fourth halving date), and the current price is just over $86k[6] at the time of writing.

Major cryptocurrencies tend to follow bitcoin

While correlations between bitcoin and most traditional assets are around or below 20%[7], bitcoin's correlations with other cryptocurrencies are much more significant.

Figure 4: Correlations between bitcoin and other major cryptocurrencies

	Bitcoin	Ethereum	Solana	Cardano	Polkadot	Mega Cap	Large Cap	Altcoins
Bitcoin	1.00							
Ethereum	0.89	1.00						
Solana	0.83	0.71	1.00					

Cardano	0.79	0.74	0.71	1.00				
Polkadot	0.81	0.76	0.77	0.81	1.00			
Mega Cap	0.97	0.97	0.79	0.79	0.81	1.00		
Large Cap	0.98	0.95	0.84	0.83	0.85	0.99	1.00	
Altcoins	0.90	0.82	0.96	0.86	0.87	0.88	0.93	1.00

Source: WisdomTree. 30 September 2024. Calculated using three-month daily USD returns and are annualised. Mega Cap = WisdomTree CF Crypto Mega Cap Equal Weight Index. Large Cap = WisdomTree CF Crypto Market Index. Altcoins = WisdomTree CF Crypto Altcoins Index. Historical performance is not an indication of future performance, and any investment may go down in value.

Per Figure 4 (above), correlations between bitcoin and other major cryptocurrencies are around or above 80%[8]. Since bitcoin is a cryptocurrency mega cap name that represents more than 50%[9] of total crypto market cap and as it is highly correlated with other cryptocurrencies, once bitcoin's price starts reflecting the fourth halving event, it is expected to bring the whole cryptocurrency market up.

Conclusion

In summary, 2024 has been a remarkable year for Bitcoin. Soon after spot bitcoin ETFs were launched in the United States, bitcoin achieved record price highs and experienced record inflows. Soon after, bitcoin also experienced a fourth halving event, reducing its supply from 6.25 to 3.125 bitcoins per mined block.

While bitcoin price change is lagging what we have seen post earlier halving events, investors need to remain patient. This is because the fourth halving event has had the smallest impact on the bitcoin supply. If the bitcoin price starts going up, it is likely to lift others too.

[1] Bloomberg. 31 October 2024.
[2] Glassnode. 12 November 2024.
[3] WisdomTree, Censuswide. Pan-Europe Professional Investor Survey Research, a Survey of 817 professional investors across Europe, conducted June-July 2024.
[4] Bloomberg, WisdomTree. From 31 December 2013 to 31 December 2023. In USD.
[5] Ig.com. July 2024. **Forecasts are not an indication of future performance, and any investments are subject to risks and uncertainties.**
[6] Messari. 13 November 2024.
[7] Bloomberg, WisdomTree. From 31 December 2013 to 30 September 2024. In USD. Based on weekly returns.
[8] WisdomTree. 30 September 2024. Calculated using 3-month daily USD returns and are annualised.
[9] Messari. 29 October 2024.

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