

Forum:[Hack Forums](#)

Thread: [Ethereum - Deflationary pressure EIP-1559 is Live](#)

shredder - August 5, 2021, 5:50 am

Congratulations to the Ethereum and crypto community London Consensus upgrade is LIVE and successful! Ethereum is being burned at an astonishing rate. Imagine every single person holding ETH right now is benefiting from the slight deflationary pressure! This is the positive of a mechanism that benefits ALL, rather than a few. For those curious about EIP-1559 you can read more about it here: <https://hackmd.io/@timbeiko/why-1559>

Over 20+ ETH already burned: <https://ethburned.info/>

Spoiler [\(Click to View\)](#)

Q & A

Q: What if my wallet doesn't support EIP-1559?

A: "You'll essentially fall back to the worst settings possible under EIP-1559. Specifying the gas price is the same as specifying the same value for max fee and max priority fee, which will burn the base fee and pay the rest to miner."- Banteg

Q: Do I have to do anything with my ETH?

A: No, sit back and watch inflation fall as deflationary pressure hits.

Q: What is the TL;DR version of the benefits of EIP-1559

A: Better transaction fee estimation, Quicker block inclusion, Requiring fees to be paid in ETH, Fee burn, Mitigating Risks of Near-Head Re-Orgs, & Making DoS/Spam Attacks Exponentially Costly Over Time.

<https://hackmd.io/@timbeiko/why-1559>

Q: Where can I see the burn?

A: On this site, you can view the cumulative burn of ETH <https://ethburned.info/>

Q: Can I see an example or guide on how to set the gas fees?

A: Here an overview of how to set your fees on your EIP-1559 supported wallet.

<https://consensys.net/blog/metamask/consensys-product-updates-for-eip-1559/>

xchngd - August 5, 2021, 7:09 am

Holy cow. Over 300+ ETH burned already. Is there any way to compare this to the amount being created over a given day & see whether there is actual deflation?

shreder - August 5, 2021, 7:15 am

(Aug 5, 2021 07:09 AM)xchngd Wrote: [\[CITE\]](#) Holy cow. Over 300+ ETH burned already. Is there any way to compare this to the amount being created over a given day & see whether there is actual deflation?

We would need to burn over 13,000+ ETH daily to be deflationary which is likely not going to happen YET (Merger :)))))). However, there is significant deflationary pressure. If you are a hodler of ETH you are benefiting right now!

<https://etherscan.io/chart/blockreward>

Mr Kewl - August 5, 2021, 7:22 am

Only 1 comment on this legendary thread literally shows how people are NGMI.

xchngd - August 5, 2021, 7:23 am

(Aug 5, 2021 07:15 AM)shreder Wrote: [\[CITE\]](#) We would need to burn over 13,000+ ETH daily to be deflationary which is likely not going to happen. However, there is significant deflationary pressure. If you are a hodler of ETH you are benefiting right now!

<https://etherscan.io/chart/blockreward>

Hmm... so the coin will remain inflationary then even if this update is creating deflationary pressure to partially counter it - I understand.

One of the reasons I saw ETH as a strong investment was because I thought inflation would drop significantly (nearly to zero, or become deflationary optimally) - do you ever see ETH becoming actually deflationary?

And if not, won't the supply just keep growing and growing until it's almost worthless in the long term?

shreder - August 5, 2021, 7:31 am

(Aug 5, 2021 07:23 AM)xchngd Wrote: [\[CITE\]](#) Hmm... so the coin will remain inflationary then even if this update is creating deflationary pressure to partially counter it.

I think one of the reasons I saw ETH as a strong investment was because I thought inflation would drop nearly to zero - do you ever see ETH becoming actually deflationary?

And if not, won't the supply just keep growing and growing until it's almost worthless in the long term?

A tiny bit of inflation is fine btw. But when the merger hits where inflation drops by nearly -96% and EIP-1559 burning. We should have occasionally deflationary days if not near 0% inflation. I don't think we'll break 120m ETH at this rate, even if we do it isn't a big deal. ETH does not need to be deflationary, the deflationary pressure is MORE than sufficient now. And will be even more so when PoS merger comes.

This is very conservative as I am assuming the base fee is low and the staking amount is high it is still deflationary.

<https://ultrasound.money/>

OliverSc - August 5, 2021, 7:42 am

That's very nice for ethereum, bull for it!

Spoiler ([Click to View](#))

PoLoW - August 5, 2021, 9:31 am

(Aug 5, 2021 08:17 AM)Focus Broken Wrote: [\[CITE\]](#) You already have THREE other threads on EIP1559 and just keep going. Stop trying to cover up the explanations people already made on your previous pump and dump threads that prove you are lying. No one wants to have to explain the same shit over and over.

<https://hackforums.net/showthread.php?tid=6143123>

<https://hackforums.net/showthread.php?tid=6162455>

<https://hackforums.net/showthread.php?tid=6166155>

You're saying the new update is useless? Don't intend to read all of that.

darkair - August 5, 2021, 9:45 am

(Aug 5, 2021 09:37 AM)Focus Broken Wrote: [\[CITE\]](#) No, I'm saying the new update has trade offs: could you name a few trade offs? i'm actually curious if it's too good to be true

Manks - August 5, 2021, 10:00 am

So it is time to buy or what

shreder - August 5, 2021, 10:25 am

The priority fee (Fee that is given to miners to include tx sooner) + economical benefit due to deflationary pressure Ethereum block subsidy increase in value due to scarcity is greater security for the network than before. Miners still find it more profitable to play by the rules, if not even more so for the fact that ETH likely hit it's peak issuance ceiling 100 years before BTC.

Deflationary thanks to the latest NFT drop lmao. Mind you EIP-1559 effects are LONG TERM, as more wallets and tools support EIP1559 the better it will be over time. EIP-1559 is a game changer.

<https://www.etherchain.org/burn>

Here you can see the better UX in effectively saving you gas fee.

Example: If you set your gas fee to maybe 1,000 gwei when it was really 200 gwei. Pre-london the miner would have kept that 1,000 gwei, but post-london the excess gas fee is returned to sender. Meaning you would spend 200 gwei rather than 1000 gwei saving you 800 gwei.

Here in this transaction you can see that user set a maximum fee of 724 gwei, with priority fee (tip paid to miner) of 2 gwei. The blocks base fee was actually 372 gwei meaning with the priority fee they paid 374 gwei total instead of 724.

Pre-London: You set 724 in gas. The actual gas price (372) = 724 gas spent, overspent by 50%~

Post-London: You set 724 in gas. The actual gas price (372) + Priority fee (2) = 374 gas spent saved 50%~ as excess gas is refunded.

This is a savings of 50% on gas fee that otherwise would have been ripping off the sender had it not been for the better UX. This is the power of a mechanism that rewards ALL, not just a few.

(Aug 5, 2021 10:00 AM)Manks Wrote: [\[CITE\]](#) So it is time to buy or what Should have been buying for a while now ?

?itcoin - August 5, 2021, 10:56 am

At the moment 10.55 ETH is being burned per minute
15.192 ETH per day are burned at this rate

18.919 ETH are created per day

Seems pretty good to me, compared to before.

Omniscient - August 5, 2021, 12:01 pm

I just don't believe in the short-term the burn rate is enough to matter to the market beyond sentiment.

Latest burn page shows 215 ETH burned in the last hour. So based on that in a day it's 5200 ETH about.

Rewards are about 2 per block and that's every 12-15 seconds. From 11-12k ETH in daily rewards.

<https://bitinfocharts.com/ethereum/>

Meh, I guess burning half the mining rewards isn't too bad. Why do the burn then and not just cut the mining reward in half?

darkair - August 5, 2021, 12:21 pm

(Aug 5, 2021 12:01 PM)Omniscient Wrote: [\[CITE\]](#) I just don't believe in the short-term the burn rate is enough to matter to the market beyond sentiment.

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idk if i'm right but by only reducing the mining fee by half, technically the other half isn't burnt right? it would be in circulation?

PR1V473 - August 5, 2021, 12:23 pm

I think it's safe to say that ETH will surpass BTC in MCAP in the next 3-5 years. Waiting for a nice entry point @ 1900-2200\$ ETH. Instead of throwing in 40k \$ into mining equipment which will become obsolete in ETH mining after 1year-1year and a half, I'll invest into ETH instead.

shredder - August 5, 2021, 12:28 pm

(Aug 5, 2021 12:01 PM)Omniscient Wrote: [\[CITE\]](#) I just don't believe in the short-term the burn rate is enough to matter to the market beyond sentiment.

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Meh, I guess burning half the mining rewards isn't too bad. Why do the burn then and not just cut the mining reward in half?

Great question. EIP-1559 burn isn't like the BTC halving, a sudden cut in mining reward doesn't compare to the positive economic and security benefits of the burn. You have to remember EIP-1559 isn't meant for miners in the long run as the PoS Merger is inevitable. I guess EIP-1559 comes with many positive changes, the burn just happens to be one of many.

Quote:The base fee is always burned (i.e. it is destroyed by the protocol). This ensures that only ETH can ever be used to pay for transactions on Ethereum, cementing the economic value of ETH within the Ethereum platform and reducing risks associated with miner extractable value (MEV). Additionally, this burn counterbalances Ethereum inflation while still giving the block reward and priority fee to miners. Finally, ensuring the miner of a block does not receive the base fee is important because it removes miner incentive to manipulate the fee in order to extract more fees from users.

(Aug 5, 2021 12:23 PM)PR1V473 Wrote: [\[CITE\]](#) I think it's safe to say that ETH will surpass BTC in MCAP in the next 3-5 years. Waiting for a nice entry point @ 1900-2200\$ ETH. Instead of throwing in 40k \$ into mining equipment which will become obsolete in ETH mining after 1year-1year and a half, I'll invest into ETH instead.

While I agree that it's better just to invest in ETH. You can also mine as GPU equipment is unique in that aspect in that it will be used for gaming and other things and it could be used for other coins.

Zoomers - August 5, 2021, 5:14 pm

<https://twitter.com/backbooked/status/1423299102926852098>

T0Bi - August 17, 2021, 4:40 pm

(Aug 17, 2021 04:19 PM)Focus Broken Wrote: [\[CITE\]](#) Fees are smoother now... Problem is, fees are higher now.

Amazing how much hype all the mETHheads pushed over dumb tokenomics shit like burnt fees, now the chain is broken and they abandoned the thread.

Correlation != causation.

A) 2 weeks of data is not enough to see if this is a long-term effect or not

B) Fees have been going up for over a month, this might just be the trend continuing

C) The NFT hype is increasing the use of Ethereum and increase in usage => increase in fees, especially when lots of the usage is for auctions where the fees can rise extremely fast extremely high (short term) and therefore increase the average.

Fees used by Axie:

Fees used by Opensea:

The trend is clearly visible, even before EIP-1559.

Your attempts of spreading misinformation are getting more and more desperate.

shreder - August 17, 2021, 5:07 pm

Over 58,000 ETH burned and counting. That's \$175 Million dollars worth of ETH that would otherwise be dumped on hodlers.

shreder - August 17, 2021, 5:42 pm

Naturally, the base fee may be slightly higher for now but as more wallets support EIP-1559 and more users use type 2 EIP-1559 tx the base fee will naturally go down.

But leave it to broke the pathological liar, to try to paint a false image that ETH fees have sky rocketed when they haven't at all. BTC Extremists are getting scared their ghost chain with infinite coins can't compete. You can see in the image below that fees have hardly changed.

shreder - August 17, 2021, 7:15 pm

(Aug 17, 2021 07:08 PM)Focus Broken Wrote: [\[CITE\]](#) garbage

Says the guy whos been banned multiple times for trolling the cryptocurrency section

Anyways everything you say is literally lies, communication with you on this thread will cease after this comment. Have fun replying like a broken record.

Echoz - August 17, 2021, 7:27 pm

(Aug 5, 2021 12:23 PM)PR1V473 Wrote: [\[CITE\]](#) I think it's safe to say that ETH will surpass BTC in MCAP in the next 3-5 years. Waiting for a nice entry point @ 1900-2200\$ ETH. Instead of throwing in 40k \$ into mining equipment which will become obsolete in ETH mining after 1year-1year and a half, I'll invest into ETH instead.

Great idea. Then you need to stake it to gain passive ETH and let your eth work for you. Especially if you plan to hold 3-5 years, you might as well.

Echoz - August 17, 2021, 7:49 pm

(Aug 17, 2021 07:30 PM)Focus Broken Wrote: [\[CITE\]](#) When you "let your ETH work for you", who is the one paying the workers?

You'll have to do some research into Proof Of Stake. Your ETH tokens become the workers. You split block rewards with a pool or claim the block rewards in full if you have 32 eth for a validator node. It's actually a game changer.

shreder - August 28, 2021, 6:02 am

It hasn't even been 1 month and ETH has burned more than \$377 Million, that is \$377 Million that would have otherwise been dumped.

EIP1559 has brought down ETH daily issuance below Bitcoin for the first time.

Tommie R - August 28, 2021, 9:11 am

(Aug 17, 2021 08:06 PM)Focus Broken Wrote: [\[CITE\]](#) I've done extensive research into Proof of Stake, I was prompting you to think critically about the claim you just made: Doesn't it seem too good to be true that you get infinite money just by downloading a program on your computer?...

The answer to the question of "Who is paying the workers" is... you are paying them! It's a break-even algebra equation: Your losses from inflation cancel out your revenues from inflation. It's no different than cutting a pizza into more slices - you don't actually passively gain more pizza, do you?

Sad to see that no one addresses your post.

urns - August 28, 2021, 10:28 am

Omg another post about garbage etherium

Ninja™ - August 28, 2021, 10:38 am

(Aug 17, 2021 08:06 PM)Focus Broken Wrote: [\[CITE\]](#) I've done extensive research into Proof of Stake, I was prompting you to think critically about the claim you just made: Doesn't it seem too good to be true that you get infinite money just by downloading a program on your computer?...

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Agreed. BTC is better than ETH. and those say that btc cant do things that eth can, they are dumb. there are better alternatives to eth also. whether they wanna accept it or not upto them.

Also, thank you for always taking time to educate people here.

SIM-1866423 - August 29, 2021, 3:03 pm

ETH magic, for sure EIP-1559 was revolution ?

Marvelous - August 29, 2021, 3:19 pm

(Aug 28, 2021 10:38 AM)Ninja™ Wrote: [\[CITE\]](#) Agreed. BTC is better than ETH. and those say that btc cant do things that eth can, they are dumb. there are better alternatives to eth also. whether they wanna accept it or not upto them.

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I agree as well. BTC is better than ETH. I'll say anything to get this guy off Hackforums at this point. He drinks so much Mountain Dew that the government is going to end up kidnapping him and using him to harvest nuclear energy. Lmao. Quick we need more power! Talk about how ETHs market cap will surpass BTCs market cap by end of 2022!

Zoomers - August 29, 2021, 3:23 pm

(Aug 28, 2021 10:38 AM)Ninja™ Wrote: [\[CITE\]](#) Agreed. BTC is better than ETH. and those say that btc cant do things that eth can, they are dumb. there are better alternatives to eth also. whether they wanna accept it or not upto them.

Also, thank you for always taking time to educate people here.

I don't really care about the Maxi Debates, but most of the liquidity is with ethereum. Yes there are alternatives, but there is a reason why bitcoin maxis support alternatives rather than eth, since they don't see alternatives as a threat to bitcoin supremacy.

I don't understand what you mean by "btc cant do things that eth can, they are dumb." Can you name some of the IOT functionality that bitcoin can offer?

Ninja™ - August 29, 2021, 4:16 pm

(Aug 29, 2021 03:03 PM)SIM-1866423 Wrote: [\[CITE\]](#)

ETH magic, for sure EIP-1559 was revolution ?
fuck me, my wallet caught this moment during tx
and I paid 135\$ in fees.

shreder - August 29, 2021, 5:33 pm

(Aug 29, 2021 04:16 PM)Ninja™ Wrote: [\[CITE\]](#) fugg me, my wallet caught this moment during tx
and I paid 135\$ in fees.

OOOf lack of patience, you send when fees are low. If you had the patience to wait you could have done it for \$4

Ninja™ - August 29, 2021, 5:37 pm

(Aug 29, 2021 05:33 PM)shreder Wrote: [\[CITE\]](#) OOf lack of patience, you send when fees are low. If you had the patience to wait you could have done it for \$4

I checked before sending on ethgas and it peaked the moment i was sending. Stop defending this piece of shit coin.

shreder - August 29, 2021, 5:41 pm

(Aug 29, 2021 05:37 PM)Ninja™ Wrote: [\[CITE\]](#) I checked before sending on ethgas and it peaked the moment i was sending. Stop defending this piece of shit coin.

You shouldn't use a shit exchange. If you had set your own gas fee it wouldn't be like this. If I sent 70 base fee and it peaked it's simple my tx wouldn't go through until congestion is gone. But your shit-ass exchange pushed the tx no matter the fee.

Let's take your HF exchange business if someone gave you XYZ amount of ETH for XYZ amount of BTC. When it was time for you to send suddenly the BTC network had congestion and it went from \$1 tx fee to \$100 tx fee and you still sent it deducting from the amount they were going to receive. Knowing good and well that the network fee spiked abnormally, you still pushed the tx at your customer's expense.

I know you know this shit you're not stupid, stop blaming the network for someone elses shit decision.

Anyways \$400 Million ETH burned and it hasn't even been a month.

SIM-1866423 - August 30, 2021, 2:33 pm

(Aug 29, 2021 05:33 PM)shreder Wrote: [\[CITE\]](#) OOf lack of patience, you send when fees are low. If you had the patience to wait you could have done it for \$4

Makes sense a lot we have to wait for daily transactions to cool off eth network yea ..

shreder - September 1, 2021, 10:34 am

\$500 Million burn milestone HIT and burned. To put it that's \$500 Million dollars worth of ETH that would have otherwise been dumped with no additional chain security.

shreder - September 3, 2021, 2:52 pm

Lmao already \$600m dollars worth of ETH burned

SIM-1866423 - September 3, 2021, 3:38 pm

(Sep 3, 2021 02:52 PM)shreder Wrote: [\[CITE\]](#) Lmao already \$600m dollars worth of ETH burned

And how many token PRINTED ?

shreder - September 3, 2021, 4:42 pm

(Sep 3, 2021 03:38 PM)SIM-1866423 Wrote: [\[CITE\]](#) And how many token PRINTED ?
EIP-1559 does not change block reward issuance.

Maskin - September 3, 2021, 5:51 pm

(Sep 3, 2021 04:42 PM)shreder Wrote: [\[CITE\]](#) EIP-1559 does not change block reward issuance.

If Ethereum had lower fees and more transactions, would that increase inflation?

shreder - September 3, 2021, 6:53 pm

(Sep 3, 2021 05:51 PM)Meh Wrote: [\[CITE\]](#) If Ethereum had lower fees and more transactions, would that increase inflation?

It would depend. If its 10 tx burns .1 eth each versus 1000 tx burning .01 eth each within the same time is the same burn rate. So it depends.

SUI-3183372 - June 26, 2024, 10:45 am

Ethereum's supply of new coins has entered its longest inflationary period since the Merge. Primary driver of this inflation stems from the Dencun upgrade earlier this year, specifically EIP-4844.

EIP-4844 introduced "blobs," a way to allow temporary and separate storage of tx data. While EIP-4844 significantly lowered transaction costs on layer-2 networks like Arb and Op, the amount of ETH being burned on the mainnet has decreased enough that Ethereum is no longer deflationary.

Marvelous - June 26, 2024, 4:56 pm

(Jun 26, 2024 10:45 AM)SIM-3183372 Wrote: [\[CITE\]](#)

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EIP-4844 introduced "blobs," a way to allow temporary and separate storage of tx data. While EIP-4844 significantly lowered transaction costs on layer-2 networks like Arb and Op, the amount of ETH being burned on the mainnet has decreased enough that Ethereum is no longer deflationary.

Short term inflationary due to essential upgrades for mass adoption, before mass adoption.