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Thread: [Flow-Based Bitcoin and Ethereum Price Models](#)

T0Bi - November 20, 2021, 5:16 pm

Since price prediction posts are again posted regularly, I thought some of you might be interested in some long term analysis.

You all probably know PlanB's Stock-to-Flow model, if not definitely check it out [here](#).

There are two other recent models based on fiat inflows for Bitcoin and Ethereum and I personally find them quite interesting.

Here's the one for Bitcoin: <https://dataalways.substack.com/p/flows-analysis-of-bitcoin-price-history>

And this one's about Ethereum:

<https://dataalways.substack.com/p/a-flows-based-ethereum-price-model>

Ideally you'd read them in that order.

Just know that those are long term trend models and really cannot be used for timing the market or predicting the top of this bullrun.

For Bitcoin, the model predicts prices fairly similar to the S2F model:

The predictions for Ethereum on the other hand escalate after The Merge. If you don't know what the merge is, it's the switch from PoW to PoS for Ethereum which is relevant for this model, because it lowers the inflation from currently ~4% (without EIP-1559) to ~0.5% (without EIP-1559). If the high usage of the network (and therefore the high fees) continue, Ethereum will be deflationary after the merge, thanks to [EIP-1559](#).

More about The Merge [here](#) or [here](#).

Here's the price model for Ethereum:

Now, take all of this with a grain of salt. First of all, we don't know if the model is correct. Secondly reductions in new supply (like Bitcoins halvings) take months if not years to show an effect on the price. Lastly, the bullrun might very well end before any of this is relevant and if the crash is anything like the previous ones, nothing in those models will matter until the next bullrun.

But remember this in the next bear market: If the models are even remotely accurate, you should buy buy and buy.