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Bitcoin's shift from hodlrs to 'traders' has killed price, says Chainalysis

John Moore | Blockchain, Markets, News on Jun 8th, 2018

The “distinct shift” in the profile of Bitcoin owners at the end of 2017 is why the price was unsustainable.

According to a new report in [The Financial Times \(subscription required\)](#), the number of Bitcoin hodlrs dropped substantially at the end of 2017 as a massive chunk of Bitcoin was transferred over to, what it characterises as, 'traders' when the original cabal of crypto-supporters cashed-out and took profit from their initially risky investments.

Campbell Harvey, a Duke University professor and investment strategy adviser told the newspaper that “Initially in the crypto space, you had people who really understood the technology. Then there was a typical bandwagon investor situation and you know how it ends – and it did.”

FT then goes on to cite data from blockchain research company Chainalysis which, it says, charts a “distinct shift” in Bitcoin ownership during December last year from longer-term investors – hodlrs who'd had BTC in their wallets for more than a year – across to short-term traders, who moved their positions on much more quickly. This shift, Chainalysis says, can be seen by tracking the Bitcoin ledger to see how regularly coins have changed hands. It is still in excess of other [estimates](#) as to the number of investors in the cryptocurrency for the long-term.

By Chainalysis' reckoning, November 2017 saw roughly 3x as many hodlrs as traders, now that split is much closer to even – roughly 55/45, in fact. That shift, according to the numbers, represents a movement of about \$30bn in BTC – “an exceptional transfer of wealth,” according to the Chainalysis' Philip Gradwell, and an increase in liquidity. His team of analysts reckon the amount of Bitcoin available to trade rose by 60% as the price boomed, a factor which he attributes as a driver of 2018's price decline.



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* Price & chart conversion through BTC

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