

## BTC Supplier Model

Model Indicators:

- 1- Mining Cost per BTC: total production cost of 1 Bitcoin.
- 2- Mining Profit: potential take-profits areas for miners.
- 3- Market Stages: Bitcoin cycles.
- 4- Historical Events: important events in the crypto market.



## Abstract

BTC Supplier Model is an advanced model that solves the big problem for most Bitcoin investors: to identify the best times to buy and sell.

The model is designed for investors of all levels, from holders to traders. Its friendly and intuitive interface makes it accessible to anyone in the Bitcoin market.

There are large operators in the cryptocurrency market, who are known as whales. These whales face a major limitation: lack of liquidity, they cannot easily obtain Bitcoins in high amounts.

Large operators negotiate on private OTC tables, defining exact quantities and prices to make purchases. But that liquidity is not enough for the amounts they want to invest. Because of this, the only alternative for them is to mine their own Bitcoins.

This is the main cause why the Hash Rate of the Bitcoin network continues to increase uncontrollably.

We can determine then that the Miners play a fundamental role in the market, they are the main suppliers in the market.

With this approach, we understood the importance of studying in depth the business model of large miners. What is the real and total cost they have to produce 1 Bitcoin, what are the intended profits of that business model, what are the returns for their investments and the payback period, what is the correct financial management to survive the bear market and their projections for the different market periods.

## Mining Cost per BTC

Processing a block of the Bitcoin network requires a very high energy cost, but it is not its only operational cost. Producing 1 Bitcoin specifically refers to solving a mathematical problem to create a new bitcoin (remember that there will only be 21 million Bitcoins), and this work entails a series of other costs, fixed and variable, associated with the mining industry. cryptocurrencies and what should be considered.

The mining industry must face depreciation costs for mining equipment and infrastructure, energy costs, maintenance, cooling, rent, taxes, administrative, etc.

The graph shows the production cost of 1 Bitcoin, represented by the orange line. This cost is an important indicator of market health as it allows investors to understand whether they are buying Bitcoin above or below its production value. This indicator is useful for all investors, both long and short term.

Holders can make a better investment by seeking to buy when the price is at cost, or on sale below it. While traders can better identify the direction of the market in a macro structure.



Mining Cost per BTC indicator: orange line.

# Mining Profit

The Mining Profit indicator shows the potential taking-profit areas of the Miners. Represented with bands of violet and blue colors.

These zones are the result of a statistical and mathematical study, in combination with on-chain data from miners' wallets. The business model of the miners forces them to take percentage profits in different areas to ensure liquidity. Furthermore, depending on the stage of the market where they are, they seek to obtain different returns, understanding the market cycle.

This indicator is important because it shows how miners take advantage of market cycles to take profits. Miners often take profits when the price is high, which can create percentage selling opportunities for investors.

Miners will generate selling pressure throughout the entire Bullish and Bearish cycle of Bitcoin, understanding that they have to squeeze their profitability to the maximum, until the price reaches the cost of production. This is necessary, since they need liquidity to face the following months where the profitability of mining will not be good and the price will be at the production cost level or even below.

Important: the presence of these Mining Profit zones on the graph does not mean that the price will necessarily reach that zone. But it does tell us that, if the price reaches these areas, the chances of miners taking percentage profits increase and generating resistance or a rebound in the price.

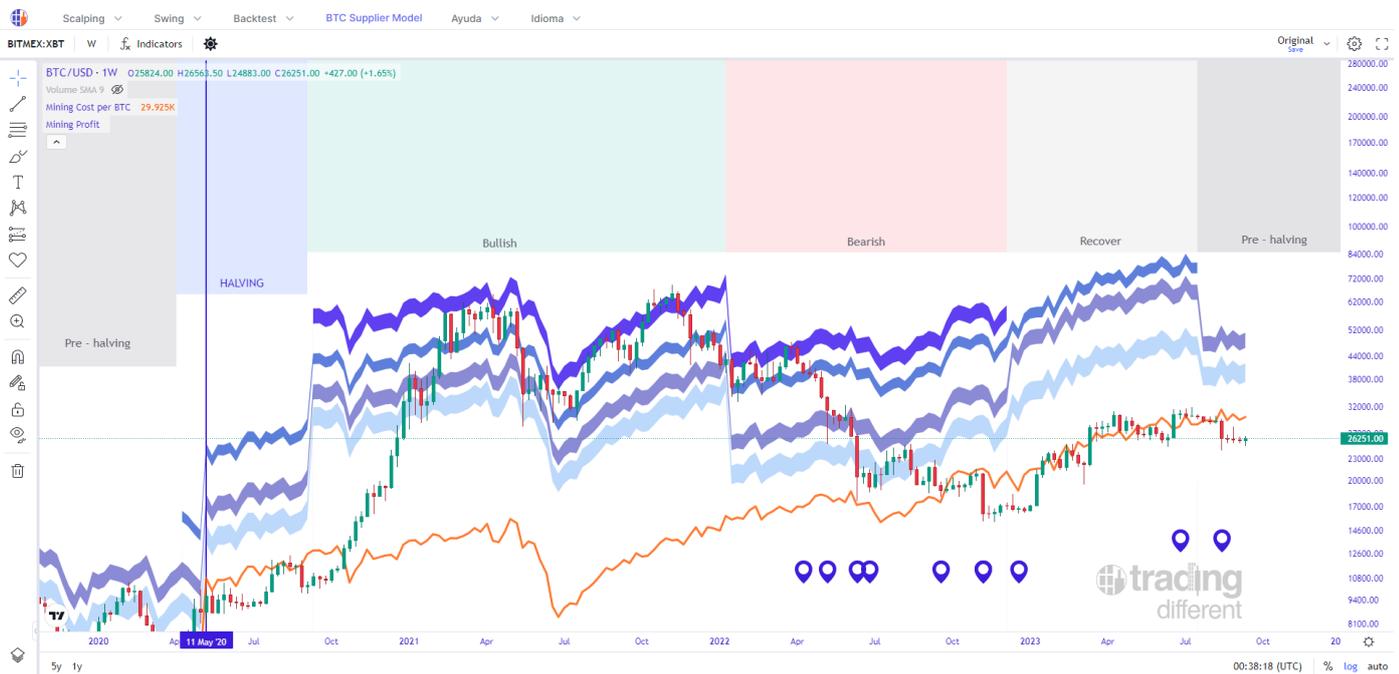


Mining Profit Indicator: purple and blue bands.

# Market Stages

The stages indicator, which is at the top of the chart, shows the type of market that Bitcoin is going through in its cycle. The stages are as follows:

- Pre-halving: accumulation and lateralized stage, in which the price is relatively stable.
- Halving: event in which the reward for mining a Bitcoin block is halved. It is the most important fundamental that is produced every 210,000 blocks (approximately 4 years).
- Bullish: bullish stage, in which the price rises strongly and miners obtain their highest profitability. It is not the best time to invest, it is time to take profits with the miners.
- Bearish: bearish stage, in which the price drops aggressively and miners rush to take the last profits until they bring the price up to the cost of production, and even below it. When the price reaches these levels, the investment moment begins.
- Recover: recovery stage, in which the Strong Hands begin the accumulation process and the price leaves the deep of the bear market.



Bitcoin Market Stages

## Historical Events

The historical events indicator shows the most relevant events that have taken place in the cryptocurrency market. This information is very valuable and necessary for anyone thinking about investing in Bitcoin. It is knowing its history, and how each event has affected the price of Bitcoin.

Events are categorized by color:

- Black: exchange hacks and bankruptcy
- Grey: mining company bankruptcy
- Blue: general events



Historical Events