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# THE FIXED INCOME CONTRARIAN COMPENDIUM

## July 2016

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### *From the Readers*

#### BITCOIN HALVING DATE

*Q:* Why does the Bitcoin halving date keep moving?

*A:* It keeps moving because the number of bitcoins issued per two-week period of time is based on the Bitcoin mining difficulty. The Bitcoin mining difficulty refers to the probability of finding a random number with something like 42 consecutive zeros in it. When enough computing power is thrust at that problem, it takes less than 10 minutes to present proof of work to solve a block in the blockchain ledger and earn the current Bitcoin reward of 25 bitcoins. Therefore, at the end of two weeks, the algorithm automatically adjusts to make it harder to bring everything back into equilibrium. Recently, so much computer power has been thrust at the problem that the date is moving up because the computer processing power is moving faster than the difficulty rate.

*Q:* Is that a trend?

*A:* If it is a trend, it will not last long, because the algorithm was cleverly designed to be able to compensate for such a trend if it ever were to happen. If the block is solved in less time than 10 minutes, the algorithm becomes more complicated to solve, and the mining difficulty reverts back to equilibrium.

It is supposed to correct. Six months ago, if memory serves, the expected halving date was on or about July 22, 2016; as of this writing, it was July 10, 2016. As of this date, June 20, 2016, the halving date is July 9, 2016. We are almost to July so the halving point will not be far off from July 9, 2016, though it could be later or earlier.

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