Since approximately 2017, there have been countless articles and blog posts describing methodologies for valuing cryptocurrency using

The key assumptions of the model can be summarized in the following:

- The price level ( ) is an exogenous factor.
- The velocity of money ( ) and the quantity of goods and services ( ) are not influenced by endogenous factors and are constant over the period t.
- People never hoard cash and never demand money directly; rather, they demand goods and services. The free market will naturally establish and maintain full employment equilibrium.

Economist John Maynard Keynes challenged these assumptions, even discrediting some. Most importantly, he recognized that velocity was dependent on other factors such as , and , refuting the second assumption.

currencies or in line with historical values for the crypto asset of interest, which completely disregards the correlation between the velocity and the GDP.

Though built on a shaky foundation, this valuation methodology was so convincing and widely adopted that many others followed, placing a wide range of value estimates for bitcoin assets and other crypto assets, using a vast array of assumptions.

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Quantitative theory of money (QTM): In monetary economics, the QTM is one of the directions of Western economic thought that emerged in the 16th 17th centuries. The QTM states that the general price level of goods and services is directly proportional to the amount of money in circulation, or money supply.

Cryptocurrency: A digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.

Macroeconomic: A branch of economics dealing with performance, structure, behavior and decision-making of an economy as a whole.

M1: Refers to the M1 money supply that includes physical money, such as coins and currency, as well as demand deposits, checking accounts and negotiable order of withdrawal accounts.

Velocity: Measure of the frequency that money changes hands within a broader economy. Higher levels indicate the potential for greater levels of economic activity.

Gross domestic product (GDP): The debt-to-
gross domestic product (GDP).

Decentralized finance (DeFi): A blockchain-based form of finance that does not rely on central financial intermediaries such as brokerages, exchanges or banks to offer traditional financial instruments, and instead utilizes smart contracts on blockchains, the most common being Ethereum.

Fiat currencies: Any money that is accepted by a government for paying taxes or debt, but is not pegged to or backed directly by gold and other valuables.