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Why Is Bitcoin Crypto Going Up? What Causes Crypto Value to Rise?

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Are Bitcoin or other cryptocurrencies going up? Why? It doesn't always make sense, but these are some of the reasons why is [crypto](#) price going up.

Since its launch, Bitcoin has been characterized by its volatility. Over the years, Bitcoin has survived multiple crashes, and not only has it lived to recover, it continues to grow and reach new heights.

Despite the crypto's frequent crashes, Bitcoin's price has shown a tendency to rise in value rather than lose it, leading many to regard Bitcoin as an ideal store of value.

Why Is Bitcoin (BTC) Going Up?

There are many reasons behind the rise in Bitcoin's value. Some are associated with market-related causes, while others relate to how it is built. Whatever the reasons, as the first and largest cryptocurrency, Bitcoin's price tends to drag the crypto market along with it every time it appreciates in value. In short, the price of Bitcoin goes up when demand for Bitcoin increases, and the price goes down when the demand for it is less.

Surging Inflation

Since Richard Nixon turned the dollar into a fiat currency by removing the gold standard in 1971, the amount of dollars in circulation has increased by over 400%. Moreover, over 50% of those dollars were printed into circulation between 2020 and 2021.

The increasing supply negatively affects the purchasing power of the dollar, and it is a cause of rising inflation. In response, fearing greater inflation rates, investors seek to invest capital in assets that serve as a store of value. Or, in other words, an asset whose value either remains the same or,

better yet, goes up.

Traditionally, gold was the go-to asset. You can't simply print gold and dump it into the market. Instead, you need to mine it. Also, since it is a mineral, gold's supply is limited. However, we can't really be sure how much gold is left unmined, which is where Bitcoin enters the picture.

Bitcoin has a hard cap on how many bitcoins can ever be in circulation, turning the cryptocurrency into an ideal store of value for those looking to protect their capital from inflation.

Institutional Bitcoin Adoption

As mentioned above, increasing fear of inflation is one of the major factors driving investors to put at least a part of their capital into crypto. Private companies such as Block, MicroStrategy, and MassMutual all hold [BTC](#). In addition, the government of El Salvador adopted Bitcoin as legal tender and now holds BTC as part of its reserves, for better or worse.

Institutional adoption has a major effect on Bitcoin's price. Not only does the price of Bitcoin go up when a company or government buys Bitcoin, but it also builds trust in BTC in general, encouraging more individuals to start adopting crypto.

Mainstream Crypto Adoption

The speed at which a cryptocurrency is being adopted is another driving force behind its rising value. Cryptocurrencies are being adopted much faster than the internet was in the late 1990s and early 2000s.

According to CoinShares, cryptocurrencies are being adopted at a growing annual rate of 113%, while the internet's annual adoption rate was 63%. Such a rapid increase in demand continues to drive BTC price up.

The Halving

The inflationary system built into Bitcoin's code is subject to something the Bitcoin community calls "the halving." The halving is the process by which the rewards given to miners is cut by half every time 210,000 blocks are added to the blockchain. It's also written into Bitcoin's code and happens roughly every four years.

The result is that Bitcoin's inflation rate is cut by half every four years. When this happens, as long

as demand remains constant, the price of Bitcoin may rise.

Scarcity

Bitcoin has a hard cap on the number of Bitcoin that can ever be in circulation built into its code. And, although there is still Bitcoin to be mined, there will never be more than 21 million Bitcoin in circulation.

The controlled supply and limited number are why so many regard Bitcoin as an ideal store of value and consider it a deflationary currency. If the supply of BTC never increases, its price may rise as long as demand grows.

Some argue that BTC is not deflationary because an inflationary system is built into its code in the form of the reward system where miners get newly minted Bitcoins for their service. However, since we already know there is a hard cap on the number of Bitcoin that can ever exist, this inflationary system will end sooner rather than later—which leads us to our next point.

Related: [How Bitcoin Mining Works?](#)

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What Causes Bitcoin Value to Rise?

As we've seen, demand is the main reason driving the price of BTC. As long as there is growing demand, the price of Bitcoin will increase. Demand is driven by other causes such as inflation and crypto adoption.

But what about other cryptocurrencies? For example, why is [Dogcoin](#) rising? As the largest

[cryptocurrency](#), Bitcoin's adoption and its price build trust in cryptocurrencies, prompting investors to put money in altcoins, which pushed up their prices. You'll often see the price of Bitcoin rise, which drags down the rest of the crypto market.

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