



What Happened to You, Bitcoin?

IS IT AN **ATTACK** ON THE **BITCOIN** TRANSACTION?

Report by **Crypto Extraction**



CryptoExtraction

EXTRACTING EVERY CRYPTOCURRENCY

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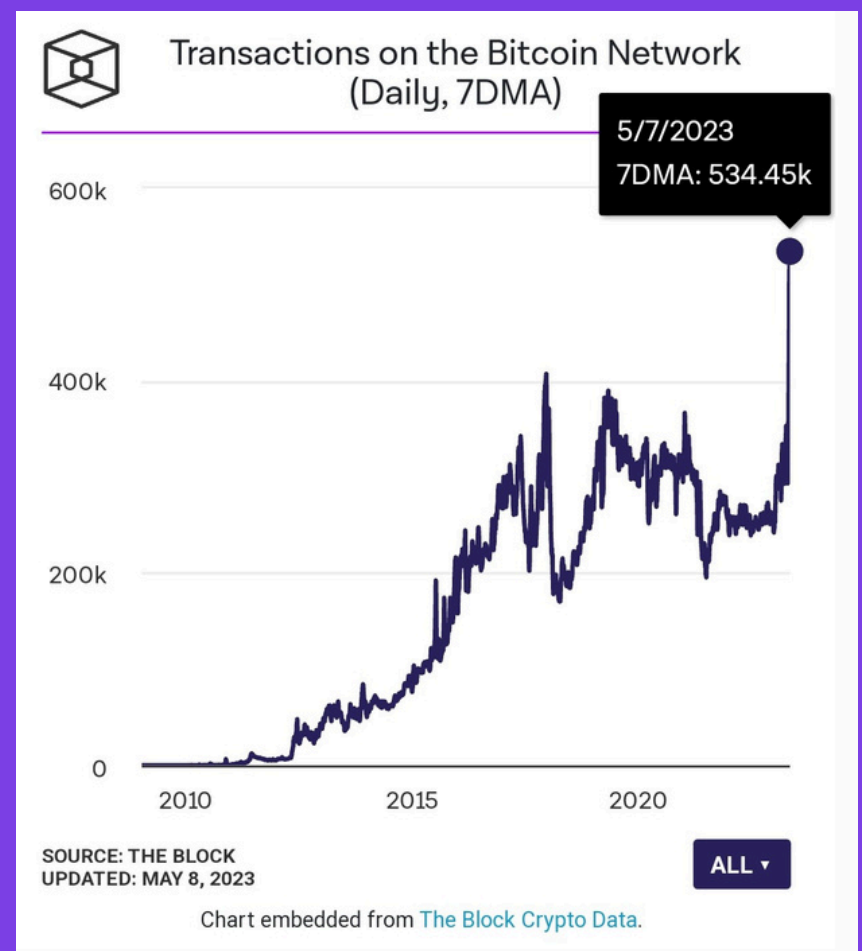
BITCOIN TRANSACTIONS REACH AN ALL TIME HIGH



According to The Block chain data, the bitcoin transaction on the seven-day moving averages has reached a new high.



On 7 March 2023, Bitcoin
transaction has reached
534,450





BITCOIN HASHRATE REACHES ALL TIME HIGH

Aside from transactions, Bitcoin mining difficulty also reached another all-time high. However, at the current time, Bitcoin hashrate was at 377.42 EH (ExaHash)/sat block height of 788,927 with mining difficulty at 48.01 T.



On 2 May 2023, Bitcoin
hashrate reaches anATH at
491.15 EH/s

BTC Hashrate: 377.42 EH/s

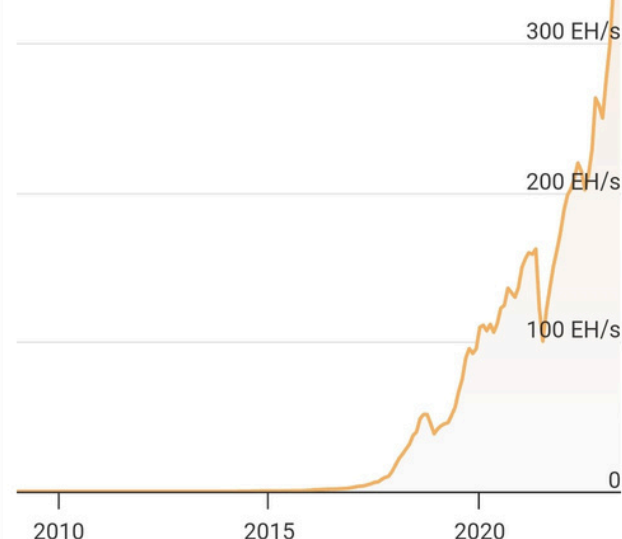
May 09, 2023 10:18 AM UTC

377,421,464,474,702,000,000 H/s

All ▾

1 Jan 2009 → 9 May 2023

COINWARZ

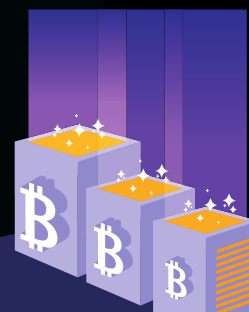




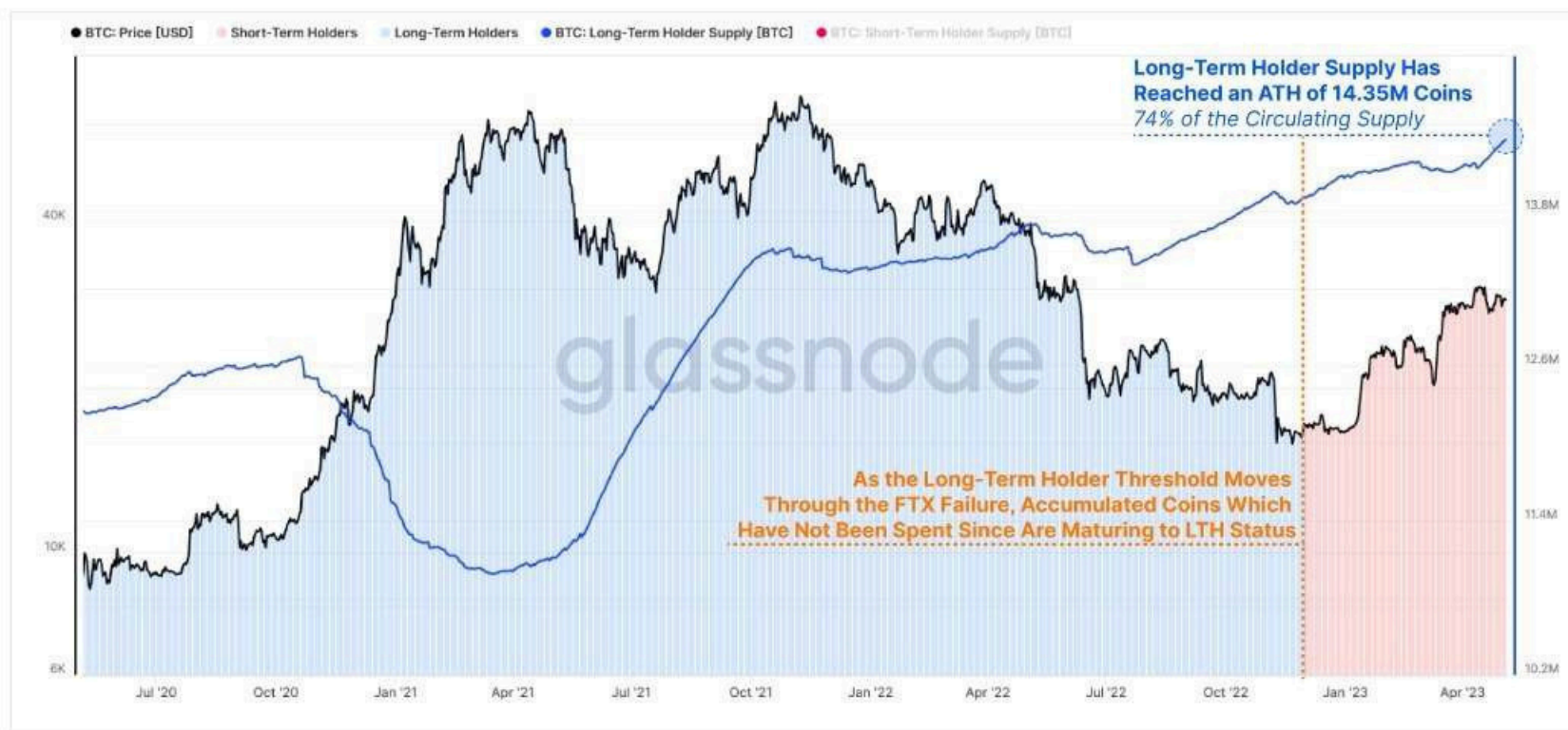
Does this mean Bitcoin moved?

No!

Unfortunately, the answer is no. Based on the Glassnode data, 74% of the Bitcoin supply, or around 14.35 million coins, is being held and did not move. Thus, what caused the increase in Bitcoin transactions?



Bitcoin: Long/Short-Term Holder Threshold



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INTRODUCING BITCOIN SEGWIT

Segregated Witness (SegWit) is a Bitcoin softfork, an upgrade protocol for Bitcoin transactions that increases the block weight limit to 4 million weight units (WU) and secures transactions by preventing transaction malleability. Before the SegWit implementation, Bitcoin had a weight limit of 1 WU, or around 1 MB; with SegWit, it increased to 4 MB.



Since SegWit allows more data, it generates a way for Bitcoin upgrades called

BITCOIN TAPROOT

Bitcoin Taproot is a new smart contract to make Bitcoin transactions faster through signature aggregation and adding Schnorr signatures to improve Bitcoin security.





WELCOME BITCOIN ORDINALS

Since SegWit's soft fork led to the implementation of more space and Taproot, Therefore, Taproot allows the creation of files inside the Bitcoin blockchain using the ordinals theory.



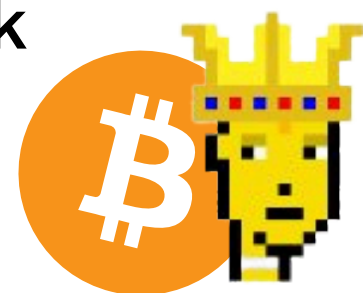
What do ordinals do and what is the correlation to data?

Using the ordinals theory, Casey Rodarmor launched the ordinal protocol on the Bitcoin network through Taproot.

Unlike traditional NFT, which is issued on a new token, ordinal takes place by using every single sat on Bitcoin and inscribes any raw data to it. Technically, 1 sats of Bitcoin can be attached to some kind of file, such as an image, video, text, or other application. Note: This data will stay forever inside the Bitcoin blockchain.

Technically, 1 Bitcoin = 100,000,000 Satoshis (sats)

Before ordinals 1 sats = 1 sats → After ordinals, it makes this 1 sats into 1 sats + 1 ordinal punk

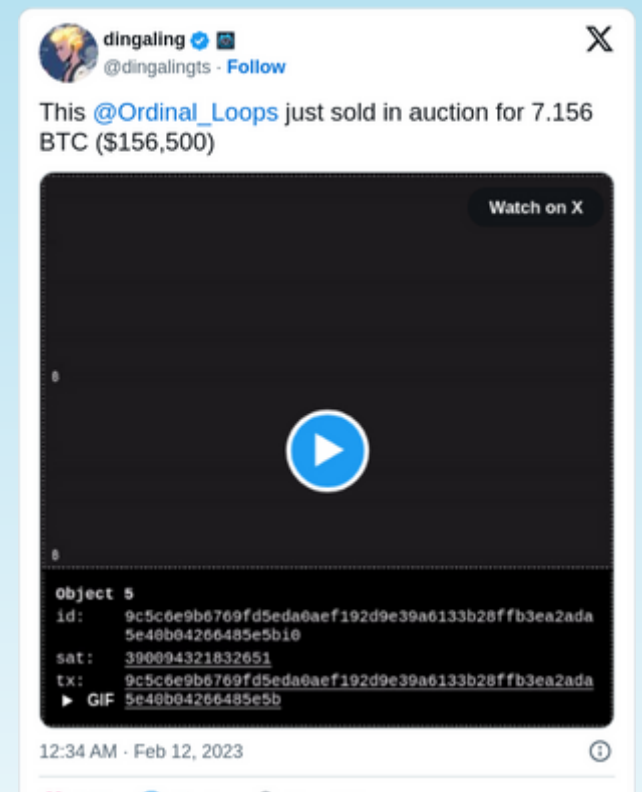




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Let's take a look at one of the examples

On the right side is a NFT inscribed to one of the Sats in the Bitcoin network and some one bought it with a value of 7.156 BTC.

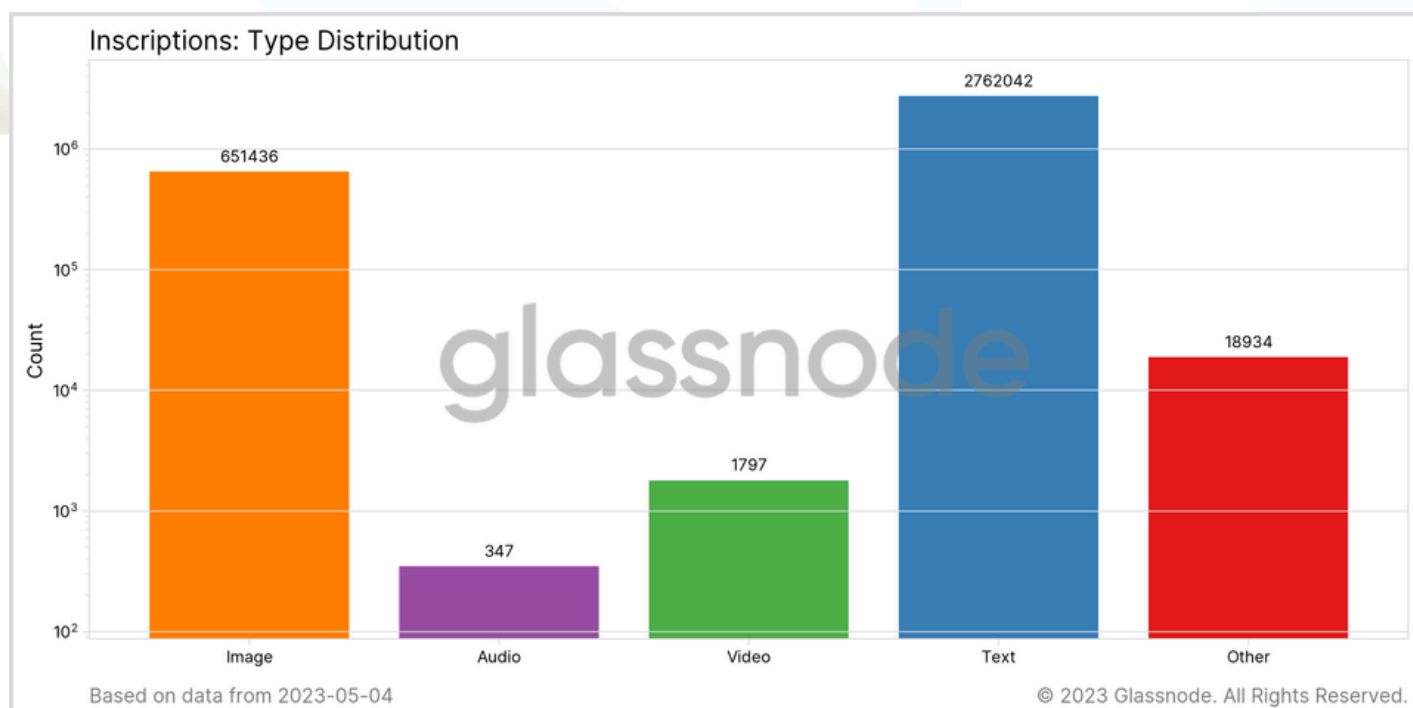


At the current moment, there are 6,491,935 inscriptions on BTC.

- Dune analytics (14 May 2023)

Different types of inscribed data on BTC

Based on Glassnode (4 May 2023), text takes place as the most inscribed data to the SATs, followed by image, other, video, and audio.



Glassnode data taken from https://twitter.com/n3ocortex/status/1654146525784580098?t=fpBMlrE_PmsJyeCF2mLpcA&s=19 by @n3ocortex



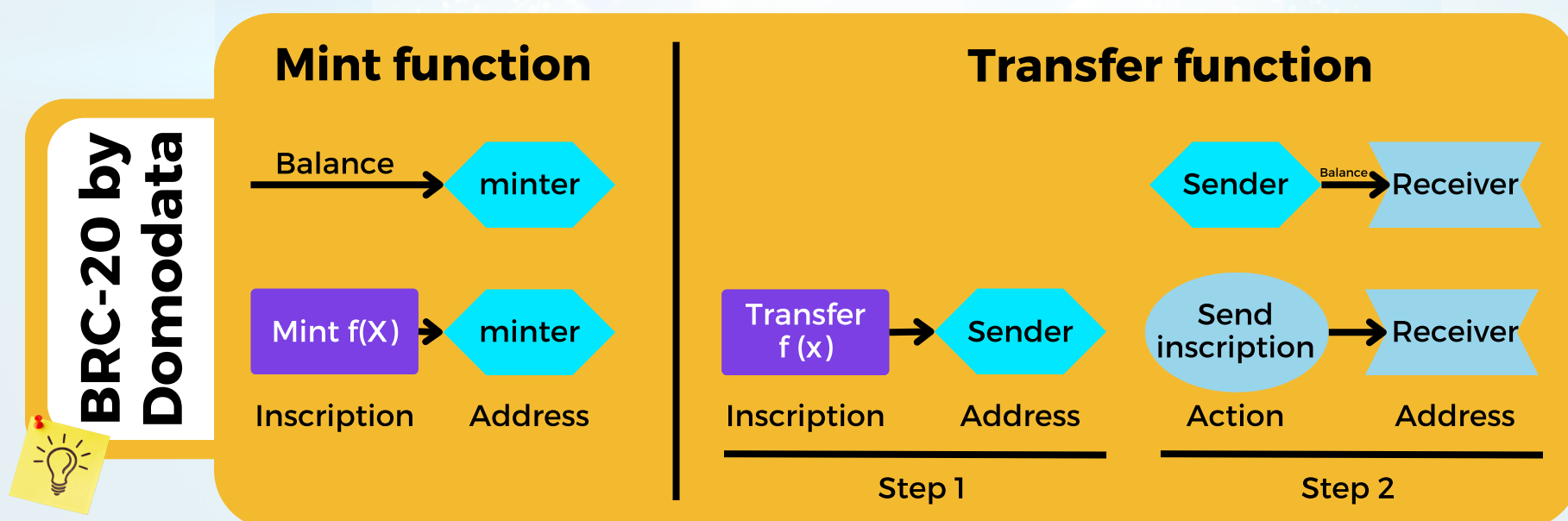
Timechain collection taken from
<https://twitter.com/timechainord/status/1623889270552383497?t=7zBWKPBO1qcJJeZorB7TJQ&s=19>



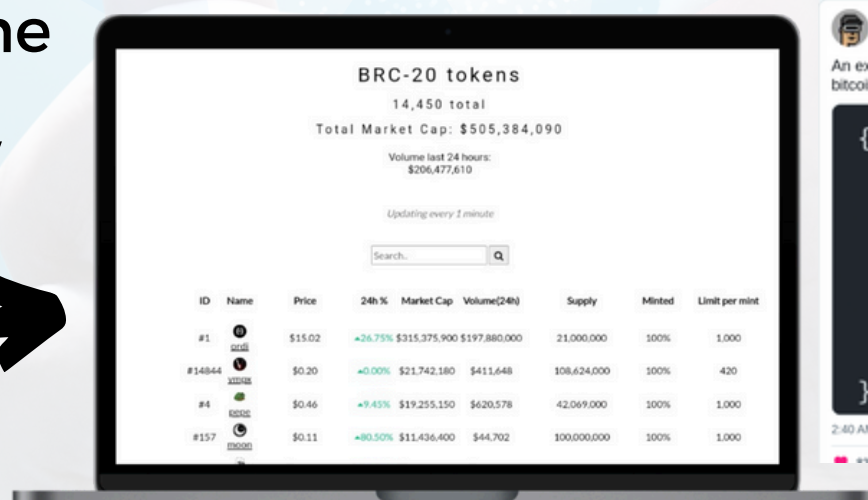
INTRODUCING BRC - 20 TOKENS

Since sats can be inscribed with data, @domodata created an experiment for creating the BRC-20 token on the Bitcoin blockchain; BRC-20 stands for Bitcoin Request for Comments 20.

Unlike ETH ERC-20 token, BRC-20 tokens are created by inscribing sats with JSON. The JSON contains a code bit that can be deployed on the Bitcoin network; it will execute the supply of the token, the minting limit, the token transfer, and the identity of the tokens.



You may check the
BRC-20 token on
<https://brc-20.io/>





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THE RESULT OF THE BTC UPDATE

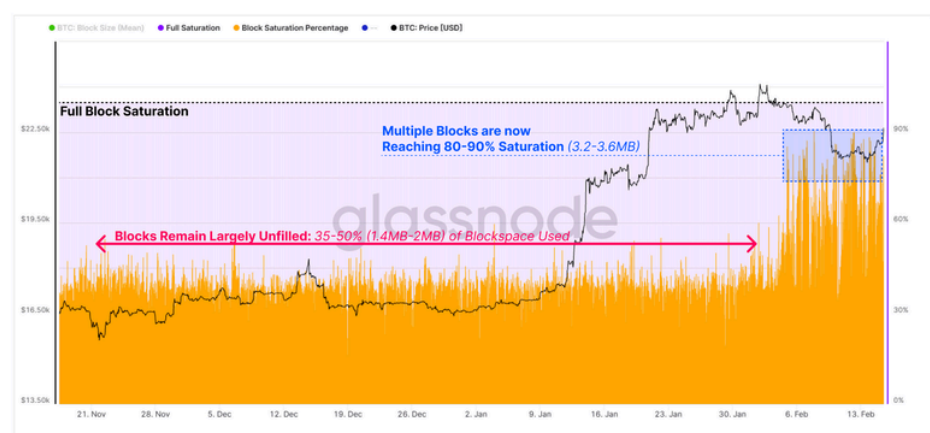
Increase in block space

Bitcoin ordinal utility has made Bitcoin transactions increase the block space to 3 MB, which is mainly 1-2 MB. However, some bitcoiners seem to disagree, as Bitcoin shouldn't do microtransactions and waste the available block space.

Improving BTC Security

As Bitcoin rewards half each time it is halved. This new utility solves the problem, as miners revenue was boosted up to 5.87 BTC; this doesn't include the block reward. Thus, the new ordinal protocol can incentivize miners and prevent mining shutdowns.

BTC: Percentage of Block Saturation



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Graph taken from Glassnode at <https://coinmarketcap.com/alexandria/article/what-are-bitcoin-ordinals-the-ultimate-guide-to-bitcoin-nfts>

Bitcoin: Mean Fee Reward per Block



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Graph taken from Glassnode at <https://glassno.de/3VGam9E>

Question?

So do you think the BTC network is under attack? Comment down below!

Swipe



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