This paper examines formation of prices in virtual economy World of Warcraft, and its interconnection with real economy through Real Money Trade - exchange of in-game currency for real cash. Paper finds that WoW economy is heavily leveraged through this channel, namely that it determines price level within the game. It empirically shows that causes of long-run inflation of currency are EUR/CNY FX rate and patches issued by game operator. Later on author builds a general microeconomic model of artificial scarcity, to explain motivation of game operator to inflate own currency. Last chapter is devoted to potential of virtual currencies, argumenting with thoughts of Karl Menger, that these currencies may be able to compete with real ones. Paper heavily relies on unique data, collected using software developed by author.