

Abstract

The development of Internet technology has promoted the progress of all aspects of society. Under the background of Internet finance, the traditional financial model is changing, such as currency payment. With the deepening of Internet technology, the virtualization of money is deepening, and the market entry, trading and payment methods are also subverting the tradition. Bitcoin as a new means of payment began to appear in the public eye. It is a challenge to the traditional way of trading supported by Internet technology. Despite the constant controversy since its inception, Bitcoin still occupies a place with its unique advantages - Asymmetric encryption, decentralization, transparency of transaction records and so on. In the eyes of opponents, Bitcoin is more of a highly speculative asset, and as it becomes progressively more difficult to mine, the cost of mining is increasing. However, in the eyes of supporters, it is a reliable means of payment, not subject to government supervision, nor will it produce a virtual transaction record. From the regulator's point of view, it is more like a shelter for unscrupulous people to evade regulation and commit money laundering and crime.

It is undeniable that in just a few years, Bitcoin has developed to a certain scale, has a certain industrial chain structure and market, and even has become a financial tool for some investors. However, judging from the records of bitcoin transactions, whether the huge price fluctuations will be a bubble, so far, bitcoin prices have experienced four sharp rise and fall, many countries even began to prohibit the operation of its trading platform. With the development of Bitcoin, more and more voices begin to gather here. As a highly innovative and controversial "invention" in the 21st century, this paper will discuss the supply and demand equilibrium of Bitcoin price and its influencing factors on the basis of monetary economics, and discuss the correlation between the price of Bitcoin against US dollar and macroeconomic data by using VAR model. The transaction and speculation properties of Bitcoin are described.

From the perspective of economics, finance and Internet technology, this paper will analyze the influencing factors of Bitcoin price, describe the historical transaction records, discuss its price formation mechanism from the theoretical model of supply and demand in economics, and focus on the analysis of the impact of government regulation and Internet search on Bitcoin price.

Key Words: Bitcoin; Monetary Attribute; Price