

# Bitcoin Halving and Why It Matters

## *The Supply Event That Has Driven Every Major Bitcoin Bull Run*

Published: June 2026 | Alain AI Lab Research | Pillar 02: Market Direction

The Bitcoin halving is one of the most important and predictable events in the entire cryptocurrency market. It is not speculation. It is not driven by sentiment. It is written directly into Bitcoin's code — a programmed reduction in new supply that has preceded every major bull market in Bitcoin's history.

Understanding the halving is not optional for any serious crypto investor. It is the single most reliable structural catalyst in the market.

### What Is the Bitcoin Halving?

When Bitcoin was created in 2009, the protocol was designed to reward miners — the computers that validate transactions and secure the network — with newly created Bitcoin for every block they successfully add to the blockchain. The original reward was 50 BTC per block. The Bitcoin protocol specifies that this reward is cut in half approximately every 210,000 blocks — which occurs roughly every four years. This event is called the halving.

The halvings will continue until the maximum supply of 21 million Bitcoin has been fully mined, which is projected to occur around the year 2140.

### The Four Halvings So Far

| Halving | Date     | Reward         | Price at Halving | Cycle Peak  | Gain    |
|---------|----------|----------------|------------------|-------------|---------|
| 1st     | Nov 2012 | 50→25 BTC      | ~\$12            | ~\$1,100    | ~9,000% |
| 2nd     | Jul 2016 | 25→12.5 BTC    | ~\$650           | ~\$20,000   | ~2,900% |
| 3rd     | May 2020 | 12.5→6.25 BTC  | ~\$8,700         | ~\$69,000   | ~690%   |
| 4th     | Apr 2024 | 6.25→3.125 BTC | ~\$63,000        | In progress | TBD     |

## Why Does the Halving Drive Price Up?

**Supply decreases.** Miners receive 50% fewer Bitcoin for the same work. Before the 2024 halving, approximately 900 new Bitcoin were mined per day. After the halving, that dropped to approximately 450 per day.

**Demand stays the same or increases.** The halving does not reduce existing Bitcoin. It only reduces the rate of new supply. If demand remains constant while new supply is cut in half, upward price pressure builds over time.

**Miner selling pressure decreases.** Miners sell Bitcoin to cover operating costs. When the block reward is cut in half, miners receive less Bitcoin per day — meaning less selling pressure on the market.

**Market psychology shifts.** The halving is a well-known event covered by financial media. It signals to institutional and retail investors that a supply shock is underway, attracting new capital into the market.

## The Halving Does Not Work Instantly

One of the most common misconceptions about the halving is that prices spike immediately after the event. They do not. The halving reduces the daily supply of new Bitcoin, but the full impact on price takes six to eighteen months to materialize as the supply reduction gradually interacts with demand.

The correct approach is to position before the halving — during the accumulation phase — and hold through the expansion that follows.

## What the Halving Means for Altcoins

Bitcoin's halving does not directly affect altcoin supply. However, it has a powerful indirect effect:

- Bitcoin price increases attract new capital into the crypto market overall
- Rising Bitcoin prices increase investor confidence and risk appetite
- Capital flows from Bitcoin into altcoins once Bitcoin dominance peaks
- The altcoin season that follows a Bitcoin halving cycle produces some of the largest percentage gains in the market

Historically, the most explosive altcoin returns have occurred twelve to twenty-four months after the Bitcoin halving, during the later stages of the bull cycle.

## What the Current Cycle Tells Us

The fourth halving occurred in April 2024. Based on historical cycle timing, the current bull market expansion phase is expected to continue through 2025 and into 2026, with the cycle peak likely occurring before the end of 2026. This does not mean prices go up in a straight line. Corrections of 20% to 40% are normal within a bull market. The halving framework provides a directional view, not a precise price target.

### Key Takeaway

The Bitcoin halving is the most reliable structural catalyst in crypto. It reduces new supply, decreases miner selling pressure, and historically precedes major bull markets by six to eighteen months. Position before the halving, hold through the expansion, and use the cycle framework to manage your exits.