

What is tokenomics

Tokenomics is a study of how the supply and demand of a token works. Essentially it is when you look at the supply of the token. For example when looking at a new token you could see how tokens will first be distributed, what percentage of the supply goes to what stakeholder. You could also see the vesting period for investors as if the vesting period is very short, they may sell their tokens very early for profit thus adding significant sell pressure. You could also look at how tokens are minted and circulating supply, FDV, total supply and whether tokens will be burned as is the case with ethereum. As that would create scarcity, a buy pressure. If a project has good tokenomics it can be an indicator that it is a good project but there are other key factors to consider.