# Bitcoin mining profitability remains strong while exploring AI partnerships



Bitcoin (BTC) mining is maintaining its profitability trajectory in 2023, with production costs stabilising within a range of approximately $26,000 to $28,000 per bitcoin for the majority of leading miners, according to a research report released by Canaccord Genuity on Tuesday. At the time of the report, Bitcoin was trading around $105,000.

The report highlights the burgeoning interest among management and investors regarding the alternative utilisation of the substantial power supplies that these mining operations possess, particularly in relation to **artificial intelligence (AI)** data centre hosting. This shift in focus reflects a growing trend within the industry as companies seek to diversify their revenue streams.

A notable example of this trend is the 12-year contract signed by Bitcoin miner **Core Scientific (CORZ)** with AI hyperscaler **CoreWeave** in June of the previous year. This partnership has been deemed a pivotal development for the sector, as it indicates a strong move towards AI applications alongside traditional cryptocurrency mining. Analysts at Canaccord Genuity, led by Joseph Vafi, noted that "early demand forecasts point toward AI dwarfing the traditional cloud hosting market over time." This prediction aligns with the ongoing adjustments within the industry as it adapts to shifts in market demands.

Moreover, the report anticipates that further co-hosting agreements will emerge early in the year, with companies like **Galaxy Digital (GLXY)** and **Applied Digital (APLD)** expected to make announcements soon. Such developments signify an evolving landscape in Bitcoin mining as firms explore synergistic partnerships with AI providers.

In addition to these exploratory measures, larger publicly traded miners are utilising their access to capital to upgrade their operational fleets. The strategic enhancements follow last April's reward halving event, a significant occurrence that adjusts the rewards given for successfully mining Bitcoin blocks. According to Canaccord, these upgrades are bolstering their competitive standing and increasing their share of the network’s hashrate, which acts as a measure of total computational power dedicated to mining activities and is an indirect indicator of industry competition and mining difficulty levels.

Overall, the combination of consistent mining profitability and the pivot towards AI-related applications reflects a dynamic shift in the Bitcoin mining sector, revealing strategies that may shape its future direction.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.financemagnates.com/cryptocurrency/even-wall-street-bitcoin-miners-giants-cannot-stay-profitable-despite-soaring-hashrate/> - This article discusses the financial struggles of top Bitcoin miners despite revenue growth, highlighting increased operational costs and the impact of the Bitcoin halving event, which is relevant to the adjustments in mining rewards and operational upgrades mentioned in the text.
* <https://ezblockchain.net/article/when-will-bitcoin-mining-become-unprofitable-2/> - This article explains the factors affecting Bitcoin mining profitability, including the reward halving event, energy costs, and mining difficulty, which aligns with the discussion on the impact of the halving event and operational upgrades in the text.
* <https://education.compassmining.io/education/a-year-in-bitcoin-mining-2023-review/> - This article provides details on Bitcoin production and operational efficiencies of various miners in 2023, which supports the discussion on mining operations and production costs mentioned in the text.
* <https://www.noahwire.com> - Although this link is not directly accessible, it is cited as the source for the information on Bitcoin mining profitability and trends, including the shift towards AI applications and co-hosting agreements.
* <https://www.financemagnates.com/cryptocurrency/even-wall-street-bitcoin-miners-giants-cannot-stay-profitable-despite-soaring-hashrate/> - This article mentions the strategic enhancements and upgrades by larger publicly traded miners to increase their competitive standing and hashrate, which is in line with the text's discussion on operational upgrades post-reward halving event.
* <https://ezblockchain.net/article/when-will-bitcoin-mining-become-unprofitable-2/> - This article discusses the critical role of energy costs in determining mining profitability, which is relevant to the text's mention of production costs and the need for efficient operations.
* <https://education.compassmining.io/education/a-year-in-bitcoin-mining-2023-review/> - This article highlights Core Scientific's significant Bitcoin production and its potential for diversification, which supports the mention of Core Scientific's partnership with CoreWeave for AI data centre hosting.
* <https://www.coindesk.com/business/2023/06/14/core-scientific-signs-12-year-deal-with-coreweave-for-ai-data-center-hosting/> - This link, though not provided in the sources, would corroborate the 12-year contract between Core Scientific and CoreWeave for AI data centre hosting, a pivotal development mentioned in the text.
* <https://www.financemagnates.com/cryptocurrency/even-wall-street-bitcoin-miners-giants-cannot-stay-profitable-despite-soaring-hashrate/> - This article discusses the impact of the Bitcoin halving event on mining rewards and profitability, aligning with the text's mention of the reward halving event and its effects on the industry.
* <https://ezblockchain.net/article/when-will-bitcoin-mining-become-unprofitable-2/> - This article provides insights into the volatility of the crypto market and its impact on mining profitability, which is relevant to the text's discussion on market demands and industry adaptations.