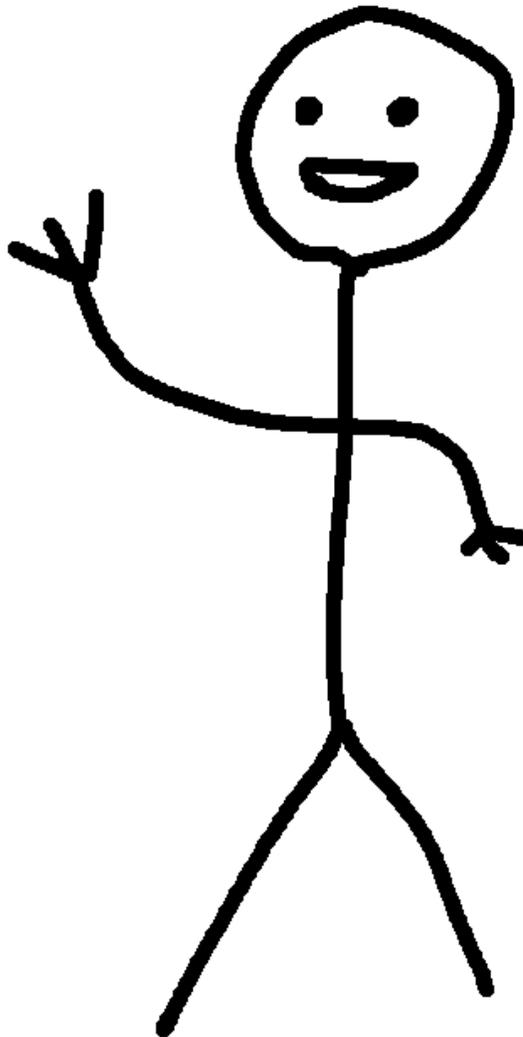


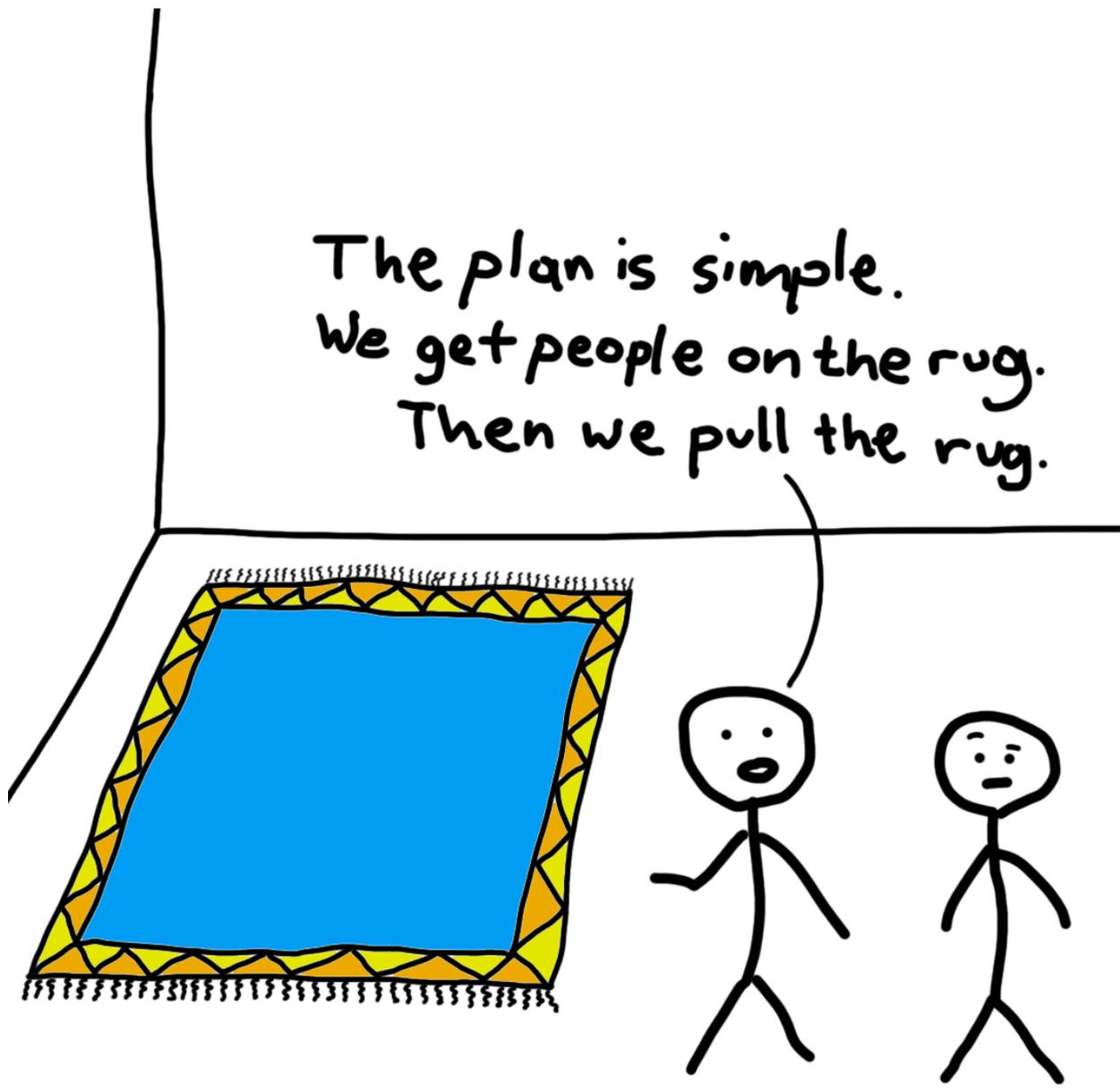
SFT White Paper

The World's First Inflationary NFT

People have been conditioned to hate inflation because the federal reserve has been traumatizing them for decades.

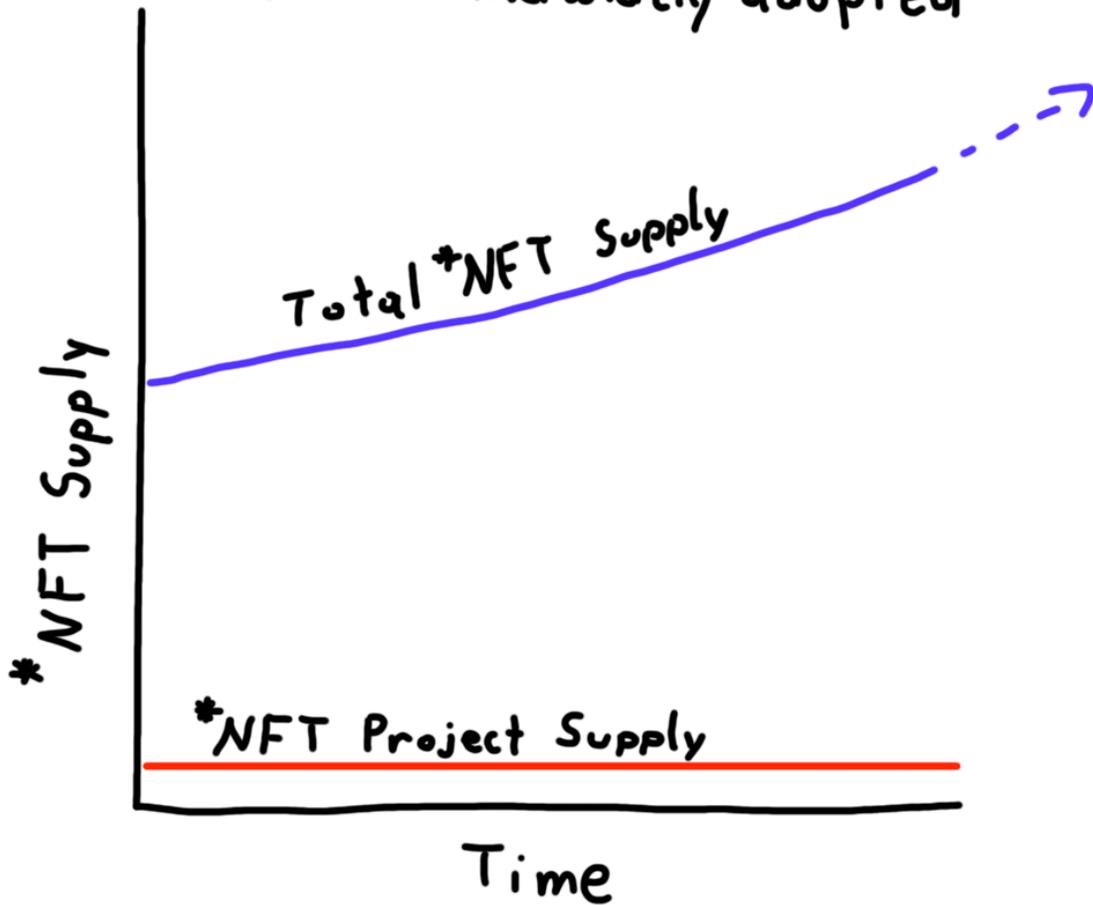
Hello, my name is Shit Fuck and here's how inflation is going to revolutionize the NFT industry.





Every NFT project out there has a max token supply.
10k, 5k, 1k, whatever.
The plan is simple.
Stir up hype and demand, create a rare/scarce supply.
Sprinkle in some branding, utility, and community.
Boom, you've got a successful NFT.

* NFT Supply if NFTs
continue to become more
popular and widely adopted



* NFTs worth buying

Let's put the idea of a fixed token supply in context with the whole NFT industry.

What happens when you can't increase your supply in a market that's adding new buyers and sellers daily?

Market share goes down.

Every NFT Project becomes a smaller portion of the market as new competitors enter the market.

Demand Curve
When Adding Buyers



Supply Curve
When Adding Sellers



The number of buyers and sellers of NFTs is going to increase over the next decade.

What does that do to the supply and demand curve of the NFT industry? It shifts it.

More Buyers = More Quantity Demanded

More Sellers = More Quantity Supplied

More quantity will be demanded, but NFT projects cannot increase supply.

Bored Ape Yacht Club · [See more](#)



TheLastDJ.eth 🍌
@ThaLastDJ



I miss welcoming new apes to the [@BoredApeYC](#).
Used to be a multiple times a day occurrence. I
feel like those days are pretty much gone 🙄
[#bayc](#) [#nostalgic](#)

11:13 PM · Mar 30, 2022 · Twitter for iPhone

What does a maximum token supply imply?

Maximum Community Size.

As of writing this, there are 6.4k people officially part of the BAYC.

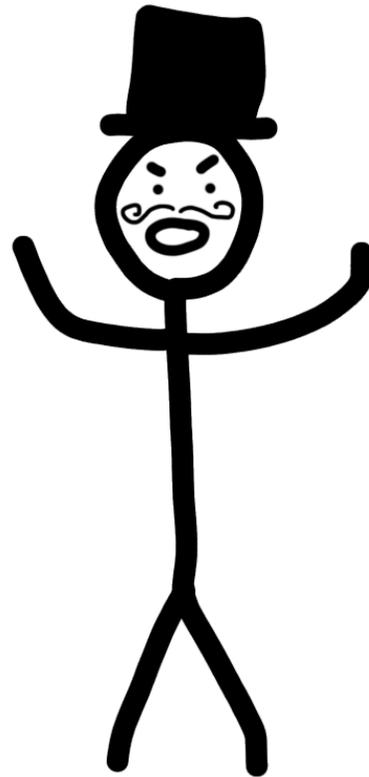
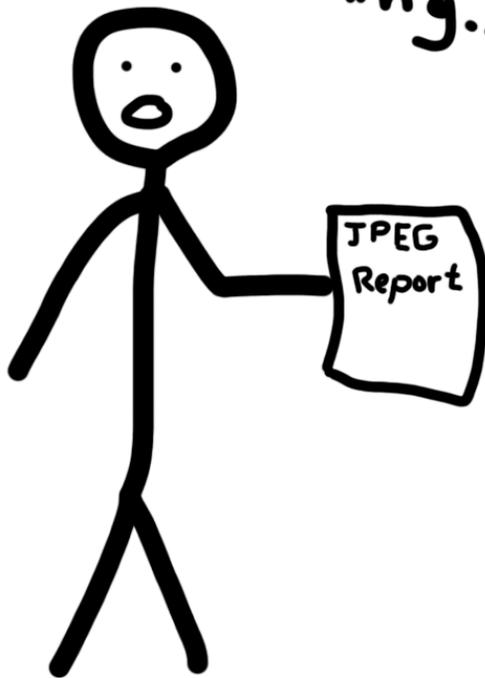
The theoretical maximum number of people that can **officially** be part of BAYC is 10k.

Why limit the number of people that can be a part of your community?

Sir, we're all out
of Jpegs.

Just make more!
It's just a Ipeg!

That's the thing...



So what have NFT projects been doing to overcome this issue?

Inflation. Very Inefficient Inflation.

Brands come up with some other token to sell, build hype, sell out, rinse and repeat.

Almost always, subsequent drops are worth less than the original.

Here are 3 case studies analyzing NFT brands and their inefficient inflation. Instead of viewing subsequent drops as separate NFT collections, we just pretend they are adding token supply to the original collection.

(Note: Average Floor price is calculated by Market Cap/Token Supply. Try it on any popular NFT, it works)

	Initial Collection	Subsequent Drop
	Bored Ape Yacht Club	Mutant Ape Yacht Club
Market Cap	\$ 3,609,177,648.69	\$ 1,359,478,670.72
Supply	9,999	18,540
Floor Price	\$ 360,953.86	\$ 73,326.79
Effects of combining Subsequent Drop with Initial Collection		
Market Cap Increase	\$ 1,359,478,670.72	
Market Cap % Increase	38%	
Supply Increase	18,540	
Supply % increase	185%	
Technical Analysis of Aggregate Collection		
Total Market Cap	\$ 4,968,656,319.41	
Total Supply	28,539	
Average Floor Price	\$ 174,100.58	
Floor Decrease from initial collection	\$ 186,853.28	
Floor Decrease from initial collection %	52%	

	Initial Collection	Subsequent Drop
	World of Women	World of Women Galaxy
Market Cap	\$ 311,058,733.11	\$ 89,687,747.86
Supply	10,000	20,493
Floor Price	31,105.87	4,376.51
Effects of combining Subsequent Drop with Initial Collection		
Market Cap Increase	\$ 89,687,747.86	
Market Cap % Increase	29%	
Supply Increase	20,493	
Supply % increase	205%	
Technical Analysis of Aggregate Collection		
Total Market Cap	\$ 400,746,480.97	
Total Supply	30,493	
Average Floor Price	\$ 13,142.25	
Floor Decrease from initial collection	\$ 17,963.62	
Floor Decrease from initial collection %	58%	

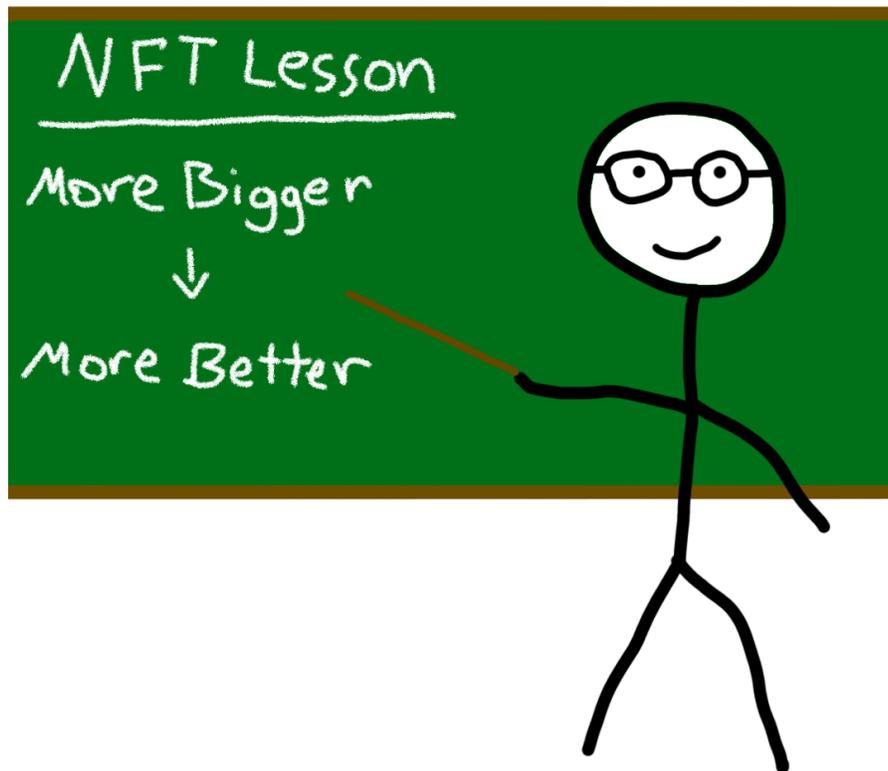
	Initial Collection	Subsequent Drop
	Cool Cats	Cool Pets
Market Cap	\$ 291,602,796.62	\$ 97,824,061.00
Supply	9,941	18,709
Floor Price	\$ 29,333.00	\$ 5,228.00
Effects of combining Subsequent Drop with Initial Collection		
Market Cap Increase	\$ 97,824,061.00	
Market Cap % Increase	34%	
Supply Increase	18,709	
Supply % increase	188%	
Technical Analysis of Aggregate Collection		
Total Market Cap	\$ 389,426,857.62	
Total Supply	28,650	
Average Floor Price	\$ 13,592.56	
Floor Decrease from initial collection	\$ 15,740.44	
Floor Decrease from initial collection %	54%	

Take note of the data outlined in red.

Three completely different NFT brands all tripled their supply, but only cut their floor price in half.

All other factors remaining constant, we would expect the aggregate floor price to be closer to one third of the original floor price if we tripled the supply.

So what factors are boosting the aggregate floor price from 1/3 to 1/2 of the initial floor?



Two factors stick out to me.

- 1) Inflating the supply increases the maximum size of your community.
A bigger community is more valuable than a smaller community.
Community is King in the NFT space.

- 2) The other factor is macro-economic trends of the greater NFT market.

Remember, more buyers = more quantity demanded

If you inflate your supply relative to the number of new buyers entering the NFT market,
you can mitigate the inflationary effect.

There are currently about 1,000,000 people invested in the NFT market.

A 10k token supply makes sense in this market.

Would a 10k token supply make sense in a market of 10,000,000 people? 50,000,000?

Ok.

Now we know increasing supply is necessary to remain competitive in a growing market.

We also know it's possible to inflate your supply without driving the value to 0.

What's the catch? Why are subsequent drops "inefficient" inflation?



OSF
@osf_nft



Re @BoredApeYC

1. BAYC > MAYC > BAKC. Pretty clear-cut wording.
 2. MAYC is "final tier of membership" - so no more supply that will have membership benefits.
 3. BAKC only has utility if partnered with a BAYC.
- MAYC ≠ BAYC; stop listening to people saying otherwise.

Mutants represent the final tier of membership to the BAYC ecosystem. Everything going forward occurs with the intention of accruing utility and member's-only benefits to Bored Apes foremost, but also Mutants, and to a lesser extent, Bored Apes with BAKC companions. We have ambitious goals for the utility we will offer across the ecosystem, but it's important to be clear: Apes are, and will always be, the top tier of BAYC membership.

Community Segmentation and Division.

Owning a mutant ape does not put you in the BAYC.
Owning a kennel club does not put you in the BAYC.

Instead of having 1 united community, you have 2 or 3 separate communities that are related.

The community division is strengthened when certain benefits are afforded to one community, but not the other.

What is more powerful?

A community of 30k or a community of 10k along with another community of 20k?



Brand Dilution

Do these guys look like they're part of the same brand?
Do they give you the same vibe, feeling, social status?

Both of these guys are part of the bored ape universe.

But only one of them gives you that feeling.

Placing the bored ape label on things that aren't bored apes weakens the meaning of bored apes.

floor price
↓

100 ETH

BAYC →

20 ETH

MAYC →

8 ETH

BAKC

10 ETH

World of
Women



1.5 ETH

World of
Women Galaxy

8.7 ETH

Cool Cats →

1.5 ETH

Cool Pets

Diminishing returns

The previous 2 points lead into this.

You can't keep dropping subsequent collections forever.

Why? The true value is associated with the initial collection.

The brand, the community, the clout, does not effectively carry over to the subsequent collections.

That is evidenced by a substantial drop in floor price.

So what's the alternative to subsequent drops?

Simple. Just increase the supply of the original collection.

Why does this make sense?

There is one contiguous community.

There is no maximum community size.

There is no brand dilution.

There are no diminishing returns limiting your ability to increase supply.

Not only do inflationary NFTs solve the issues of subsequent drops, but they also provide brand new mechanisms and avenues for growth.

For example, influencer deals are so much easier to do. BAYC can't send a token to an A-List celebrity because they might not own a spare token that they can send them. An inflationary project can just add 1 token to the supply. An inflationary project can repeat this deal with any influencer an infinite amount of times for the rest of time.

One concern is that an inflating supply will drive the value to 0 regardless of market growth and community size.

This one is easy. Just don't over inflate the supply. As long as the dev team doesn't behave like the federal reserve, you should be fine. Just because you can inflate, doesn't mean you should.

A good rule of thumb is that you should only increase the supply if it also increases demand enough to negate the inflationary effect.

Here's an example.

I have an NFT with 10k supply. I add 100 tokens and give them to celebrities and influencers who subsequently share their new token with their collective audience of millions. I would speculate that this exchange would result in a net increase in floor price.

Another concern is how can you maintain rarity and exclusivity if you keep increasing supply.

How can you be exclusive with 100k members?

Rarity & exclusivity is based on more than just token supply.

How many 1k supply projects are out there that aren't considered rare, exclusive, or desirable?

The quality of people that make up your community have a big effect on the rareness and exclusivity of your project. If you add people to your community that are successful, influential, well-known, famous, etc. you'd still have an exclusive community.

A valid concern is that a dev team can inflate the supply and give it to themselves.

Basically a reverse rug pull.

In this situation, the same logic applies as with any other NFT project.

You need to trust the dev team. You need to DYOR.

If you got this far, you might be interested in taking a look at the only inflationary NFT in existence.

ShittyFuckingTokens.com