

Hello Everyone,

A year ago, all anyone could talk about was Bitcoin and cryptocurrencies. Today, not so much. That's what an 83% drop in one year will do to dampen enthusiasm.

Today's missive revisits crypto just to keep you apprised of the situation. And, we will speculate a little about a possible future use of cryptos' underlying blockchain technology.

Who know, this subject could even be a conversation starter at parties over the next few weeks!

Signed, Your Wife-Kicks-Him-Under-The-Table-When-He-Brings-Up-Monetary-Policy-While-At-Dinner-With-Friends Financial Advisor,

Greg

KKOB 12.17.2018 Bitcoin One Year Later

Brandon: So, Greg, it was about a year ago Bitcoin was all the rage. I remember you even did a 10-part series on it for our listeners. Your conclusion was....the blockchain technology supporting Bitcoin was solid, but the idea governments would allow the privatization of money wasn't reasonable. So, you advised everyone to steer clear of the hype.

Anyway, Bitcoin topped out exactly a year ago on December 19th near \$20,000 and today it is trading around \$3,400....an 83% loss.

Greg: Yes. The mania last year had a dot com feel to it. Still, there is merit to the underlying blockchain premise. I just didn't believe cryptocurrencies would unfold the way people thought they would....just like dot com didn't unfold the way people expected 20 years ago.

Brandon: But you're not recommending buying cryptocurrencies now are you? Even though they seem cheap, they could go lower, right?

Greg: Sure...or it might double in three weeks. That's one of the problems...the volatility. Anyway, let's unpack where we are---and even speculate a little bit about where all this is going.

First, Bitcoin is, by-far, the biggest of over 2600 cryptocurrencies. It trades a couple billion dollars' worth per day. After Bitcoin though,

trading volumes drop off significantly. And once you're past the top 20,

trading volumes drop off significantly. And once you're past the top 20, most cryptos trade less than \$10 million in a 24-hour period.

To put it in perspective, Apple stock alone sometimes trades \$1 billion in an hour. Yet, 98% of cryptos can't get to a measly 1% of that (globally!) in 24 hours. What that tells you is crypto is not yet being widely accepted anywhere. Oh, and hundreds of cryptos have no trading volume at all...nada, nothing. These are dead currencies walking.

Brandon: It sounds like penny stocks...and I know most of those fail. Now, of course, occasionally, one breaks through---and, that gives everyone hope. But the odds are so stacked against you, picking the right one is like hoping to win the lottery.

Greg: Great analogy. My guess is over 95% of cryptos will fail over the next several years. The few that do survive will provide some niche services. But, don't take that to mean the crypto foundation will die.

No, there are a lot of things about cryptocurrencies governments like. For example, governments can track every transaction. They can get much closer to their cashless society dream. Black-markets get tougher to operate ---and taxes will always be paid.

That's a lot of control.

Brandon: It's seems kind of scary. So, do you see bit-dollars, bit-yen, & bit-euros in our future? Or, will it be just one big world-bit currency?

Greg: First, if governments did embrace crypto, I think your first scenario makes more sense---at least initially. Still, former Goldman Sachs President (and former Chief Economic Advisor to President Trump), Gary Cohn, is openly predicting we'll have a global cryptocurrency, but it won't be Bitcoin. And, my guess is he knows a lot more than Greg-from-Albuquerque about what's coming.

But that would mean some significant changes to the current global currency structure. And, I know when I talk like this, people's eyes glaze over, so I'll leave it at that.

Brandon: But I know you----you have been gently advising our audience to prepare for change. You believe markets move in cycles and not straight lines. So, I know you see opportunity in all this.

Greg: I do. Lots of opportunity. I believe generational wealth will be

made in this next cycle...and, paradoxically, I believe the first place to be —as the cycle shifts--is in low-tech....so, it's kind of the opposite of crypto.

Brandon: I know you've been emphasizing getting into investments that "can't be printed." And, those have held up well during this latest market swoon.

Anyway, I know I've seen several cycle changes during my lifetime. It's as if markets inhale and exhale...it's beginning to feel like an exhale. So, how do people reach you?

Greg: That's a great way to put it. And if one sector is exhaling another is often inhaling. My number is 508-5550, 508-triple-5-zero. Or, go to my website at zanettifinancial.com

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