

Facebook Inc

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Tales from the crypto: 'Game of Thrones' at Facebook's Libra

Payments giant PayPal Holdings Inc (NASDAQ:PYPL) became the first of the founding members to bail out of Libra, a Facebook Inc (NASDAQ:FB) led cryptocurrency that is due to launch next year.

PayPal was part of the Libra Association, a non-profit organisation set up to govern the network that Libra will operate on, along with major payments firms Visa Inc (NYSE:V) and Mastercard Inc (NYSE:MA) as well as taxi app Uber Technologies Inc (NYSE:UBER) and telecoms giant Vodafone Group plc (LON:VOD).

PayPal's exit this week is yet another blow for Facebook's attempt to muscle its way into the crypto space, with Libra having been dogged by criticism from politicians, central banks, and regulators since it was originally unveiled in June.

However, Mike Edwards, executive chairman of crypto-miner Argo Blockchain Plc (LON:ARB), says PayPal's move is a mark of an acceleration of involvement by major firms in the sector rather than a brake.

"All these companies are exploring the best way to utilise blockchain and cryptocurrency technology."

He likens the shift of different firms in the space as akin to "Game of Thrones" and that PayPal's move was "the first shot across the bow" in what could become a competition between established companies offering competing visions of cryptocurrencies and blockchain systems.

Bakkt to square one

While Libra was contending with PayPal's untimely departure, Intercontinental Exchange Inc (NYSE:ICE), the owner of the New York Stock Exchange, suffered its own crypto-related setback as the launch of its Bakkt Bitcoin futures platform failed to entice investors in its first two weeks of operation.

Despite much fanfare when the platform launched on 22 September, trading on Bakkt has been tiny, with its all-time daily high currently sitting at 224 Bitcoins, equal to just under US\$2mln.

The cool reception for Bakkt "may have contributed" to a recent decline in the price of Bitcoin, says Wayne Chen, chief executive of fintech firm Interlapse Technologies Corp (TSX-V:INLA), adding that which in the weeks following the launch has fallen nearly 17% to US\$8,318.

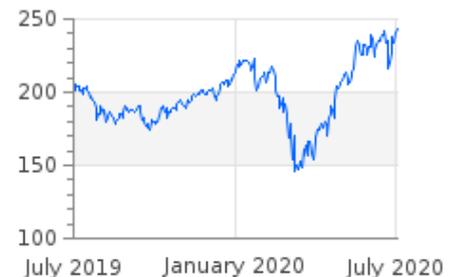
Bitcoin rebound to \$10,000 eyed

Having reached a value of nearly US\$13,000 in July, the price of Bitcoin has fallen out of bed in recent months and is currently hovering between US\$8,000-US\$8,500.

Price: 244.5

Market Cap: \$695.64 billion

1 Year Share Price Graph



Share Information

Code: FB

Listing: NASDAQ

52 week High Low
247.65 137.11

Sector: Online business & e-commerce

Website: www.facebook.com

Company Synopsis:

When it comes to social networking, it's wise to put your best face forward. Facebook, the social networking juggernaut, lets users share information, post photos and videos, play games, and otherwise connect with one another through online profiles.

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However, despite its decline, a number of industry players are expecting the price of the original cryptocurrency to be back above US\$10,000 before the end of the year.

Chen says that while Bitcoin price movements are always "unpredictable", an upcoming process known as a 'halving' in May next year is a "significant" event that is likely to cause prices to move.

A 'halving' is when the reward that miners receive for completing a 'block' of transactions in the Bitcoin blockchain is reduced by 50%. In May 2020, the reward will decrease to 6.25 Bitcoins from 12.5. This usually has the effect of pushing up prices, provided demand remains strong.

According to Chen, the upcoming halving, the precise date of which is not yet known, should result in a "gradual, but consistent increase in price" into the new year.

This sentiment was echoed by George McDonough, chief executive of blockchain investment firm KR1 PLC (LON:KR1), who expects Bitcoin to "test" the US\$10,000 price level before the end of the year.

Before that, however, he predicts the crypto to test the lower level of its current range, between US\$6,000-US\$7,000.

For millennial investors, Bitcoin is 'the new gold'

While Bitcoin's volatility continues to crop up as a cautionary note against predicting price movements, Edwards says that the cryptocurrency is being increasingly seen by 'millennial' investors as a new "non-correlated asset" similar to gold, which is often bought and held during periods of economic uncertainty.

He adds that while price swings in Bitcoin are still a "key component" of the asset class, historically speaking the range of the swings (i.e. between the high level and low level) is decreasing as the market matures.

"There are more institutions versus retail [investors]...there are more long-term holder and products available that minimise the volatility."

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