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PayPal and Square's Cash App have scooped up 100% of newly mined bitcoins, report says

Your free daily email from Fuller Treacy Money

Comments of the Day

24 November 2020

Video commentary for November 23rd 2020

Eoin Treacy's view

A link to today's video commentary is posted in the Subscriber's Area.

Some of the topics discussed include: Cryptocurrencies turn to outperformance led by Ripple, oil recovers, commodities firm, gold and silver weak, rotation remains evident on Wall Street as investors bet on global reflation

Email of the day - on the politicisation of monetary policy

I hope life for you in California is more fun than it is here in England. But let's hope we really are past the low point as far as the virus is concerned. I had thought that would be true for economies too, but this latest move by President Trump (summarised in the article by Ambrose Evans Pritchard) does raise questions. With this move, which asset classes do you think will benefit and which will lose on a 3-6 month timescale?

Best wishes to you and family.

Eoin Treacy's view

Thanks for the well wishes and this article which may be of interest to the Collective. All is well with us since the streets were blessedly free of protestors following the election. I guess they got the result they wished for. Here is a section from the article:

Price: 26.84

Market Cap: \$1.71 billion

1 Year Share Price Graph



February 2020 August 2020 February 2021

Share Information

Code: GES

Listing: NYSE

52 week	High	Low
	27.54	3.65

Sector: Fashion & brands

Website: www.guess.com

Company Synopsis:

Guess?, Inc. (GUESS?), designs, markets, distributes and licenses apparel and accessories for men, women and children.

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He instructed Fed chairman Jerome Powell to return the unused portion of a \$454bn (£342bn) account approved by Congress during the market meltdown in March. This seed money gave the Fed \$4.5 trillion extra lending power under a policy of 10:1 leverage and had an electrifying effect on market confidence, helping avoid the errors made in 2008.

Krishna Guha from Evercore ISI said the Fed's market stabilisation policy had been politicised. Congressman Bharat Ramamurti, a member of the House oversight committee on stimulus, called Mr Mnuchin's move an unjustified and ideological decision by the treasury department.

The Fed retains its monetary policy powers and can purchase further US treasury bonds but that is a blunt tool at this juncture unless it is married to aggressive fiscal expansion, which the Republican Senate has vowed to block.

The Fed is concerned that more QE will chiefly inflate asset prices without doing much to help the real economy, exacerbating social inequality.

Congress stripped the Fed of its discretionary powers under Article 13 after the Lehman crisis. The Fed now needs permission from the treasury to go beyond its normal mandate. This was granted immediately during the panic in late March.

PayPal and Square's Cash App have scooped up 100% of newly mined bitcoins, report says

This article from Business Insider may be of interest to subscribers. Here is a section:

PayPal and Jack Dorsey's Cash App have bought 100% of newly mined bitcoins as the digital token is seeing a record rally this year, according to Pantera Capital's monthly blockchain newsletter.

After PayPal announced it would allow its users to buy, sell, and hold the digital token, about 300 million active users got instant access to digital currencies.

The US payments firm's crypto-exchange platform, itBit, was recording only moderate volumes until PayPal's announcement.

But once PayPal's service went live, itBit's volumes started exploding within four weeks. PayPal is already buying 70% of the newly mined bitcoins while Cash App has bought about 40%, Pantera said.

Eoin Treacy's view

If one company is buying all new supply and 60% of existing supply is held off market, the supply inelasticity versus rising demand argument goes into overdrive. The fact that one company can so readily soak up all new supply begs the question what happens when more companies open up crypto trading to their clients? It is also the most likely causal factor behind the jump in alt-coins over the weekend.

Email of the day on crypto wallets

Check out the Ledger Nano X hardware wallet. It can hold 100 apps simultaneously. Whereas, please be aware that the

ETH app can hold all ERC20 tokens. So just by installing BTC and ETH you can hold keys to many more coins than just BTC and ETH. You will have BTC + all ERC 20 coins.

Eoin Treacy's view

Thank you for this valuable information which is sure to be of interest to the Collective.

Email of the day following up on my piece on valuing cryptocurrencies

Thanks Eoin, but that still says nothing about what its value ought to be. With Tech companies there's a long-term possibility of earnings for which a multiple can be applied or a Sales multiple for which there will be a precedent or relative multiple. There seems to be nothing of the sort for Crypto. So again, I'm left scratching my head as to what price should be paid for these, other than some chart history of where the price has been previously.

Eoin Treacy's view

The short answer to this question is that it is impossible to value an asset while it is still a fad. It might seem odd to still speak of cryptocurrencies as a fad but they have not yet made the leap to widespread adoption despite significant steps in that direction. When/If real world applications and mass adoption occur, it will be much easier to value. Of course, prices would necessarily be much higher once the value proposition is obvious. My friend Charlie Morris advocates using a network strength metric for value but I don't know how useful that is for trading.

Eoin's personal portfolio - new trading position opened October 21st

Eoin Treacy's view

One of the most commonly asked questions by subscribers is how to find details of my open traders. In an effort to make it easier I will simply repost the latest summary daily until there is a change.

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