



## **Update on Cryptoassets as of May 15, 2021**

*By, Van K. Tharp, PhD*

**PLEASE NOTE:** This update was written over the weekend on May 15<sup>th</sup> and 16<sup>th</sup>. Since then, cryptos went through a blood bath Tuesday night. Our models use closing price data so I did not re-run the numbers because the spreadsheets would not be able to reflect the big drop until tonight's close. While I don't have closing data for today yet, it's obviously going to be pretty bad for cryptos.

### **Market Summary**

BTC hit a new all-time high of \$64,863.10 on March 13 but it has been going down since then in a nice channel between \$49,000 and \$56,000. At 9:30 EDT on May 19<sup>th</sup>, BTC was selling for \$32,788 – a 50% drop from its recent high.

In late 2017, I said that cryptoassets were the biggest institutional revolution since the Industrial Revolution and that they represented the investment of a lifetime. Institutions were not ready or capable of participating in that revolution so they “pooh-poohed” cryptos. Let me put what has been happening in the last few years into perspective:

- In 2013, Michael Saylor, the President of MicroStrategy, said that BTC's days were numbered.
- In 2018, the SEC decided that most altcoins were securities and that precipitated a huge bear market. Cryptos underwent an 85% decline into the last month of 2018 and BTC hit a low price of \$3,236.76 on Dec. 15, 2018.
- But then look what has happened since the beginning of 2019 -
  - BTC was up 92.71% in 2019.
  - BTC was up 305.94% in 2020.
  - And now it's up 64.33% in the 4.5 months of 2020. (Update: On the morning of May 19<sup>th</sup>, BTC is now up only 32% on the year.)
- Michael Saylor is now one of the top 100 personal holders of BTC saying on Oct. 28, 2020, that he owned 17,772 BTC purchased at an average price of \$9,882. At one point he said that he was purchasing \$1,000 worth of BTC every second. His company MicroStrategy, knowing about his personal purchases, purchased most of its Bitcoin – about \$3 billion worth - after Saylor had already acquired a large BTC stake.

- In July 2020, VTI decided to put tuition money from new Super Traders into GBTC. We took all the risk but would credit them with 79% of any gains. Those who paid \$10,000 for their tuition were able to cover all of their ST Foundation costs without paying any additional tuition money because of the credit they earned from the gains in just six months. Those who paid \$25,000 were able to use their gains to pay for ST Foundation and in most cases, also pay for ST Awakening. The crypto price gains were impressive – there was even a period from October through November last year when our crypto positions gained over \$3 million in seven weeks.
- The Super Trader crypto system BTC position was finally stopped out when it closed below \$49,081 on May 15<sup>th</sup>. Even though the system signaled an exit, being up 64% in 4.5 months hardly qualifies as a bear market. BTC's Market SQN® score (Yahoo price data) is currently 0.69 which just moved it to neutral territory. Last week, on May 11<sup>th</sup> however, it was still in strong bull mode.

While BTC could go up another 5-10-fold over time, I doubt that it will go much over \$100,000 this year. As I mentioned above, the BTC position was just stopped out. The system entered the BTC position at \$9,156 on May 6<sup>th</sup>, 2020. It was in the position for 374 days and gave us a total gain of 411% but last month at this time, our gain was 590%. Previously, the system's longest-held position was for 344 days.

The BTC exit does not signal the end of the opportunity of a lifetime because now the altcoins are starting to move. Here is a list of the top 10 coins in market cap (excluding the stable coin Tether) in terms of gains in 2020 and 2021. This is not a recommended list of cryptos but if this is the top 10 in terms of market cap, what does it tell you about the market? Everything is up for 2021 and most of the coins are up from last month.

I added the third column that shows the large drop as of 9:30 EDT on May 19<sup>th</sup>. America is just starting to notice, so expect more carnage.

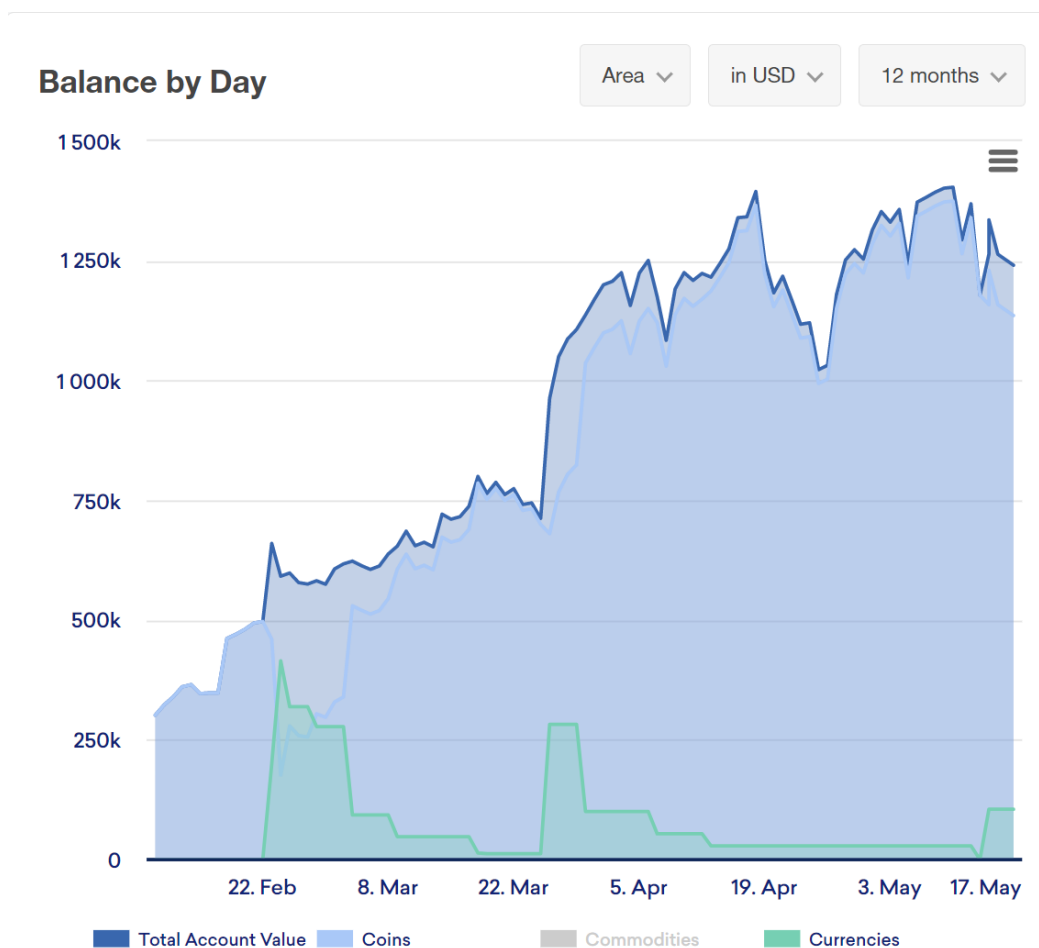
		2020 % change	2021 % change	Drop on May 19th
BTC	Bitcoin	306.4	64.3	21.1%
ETH	Ethereum	457.1	373.4	30.1%
BNB	Binance Coin	174.2	1403.3	34.9%
ADA	Cardano	422.3	1101.7	30.1%
DOGE	Dogecoin	141.85	10305.7	33.4%
XRP	Ripple	23.1	503.2	30.4%
DOT	Polkadot	411.6	347.4	34.3%
ICP	Internet Computer	NA	867.0	36.5%
BCH	Bitcoin Cash	69.1	233.2	36.2%
UNI	Uniswap	192317.8	607.2	40.2%

Last month, XRP was the only coin that had a gain of less than 100% this year (because of the SEC lawsuit against them) but now it's up 503% on the year. BTC is the only coin in the top 10 up less than 100% this year, however, I wrote this article prior to the huge drop on Tuesday night. (At the end of the article, I added an update Wednesday morning).

I think that there are a number of altcoins that could go up 10 times or more during the rest of 2021. Now we might have a decline of 40% or more during the year, but it probably will be short-lived with a very quick recovery.

We currently have VTI crypto positions for new Super Traders. Why are we doing this? Two reasons: 1) My strong belief that this is probably the investment opportunity of my lifetime and 2) We can make a lot of money and share it with our clients. We actually believe that sharing the gains and taking all the risk increases our chances of making huge returns.

The positions are up nicely but it's not because I'm a genius crypto picker. It is because of my belief that cryptos are an institutional revolution and because of my overall rules for setting up a portfolio. We bought \$850,000 in cryptos and since mid-April, we had a drawdown of almost \$100K, a sharp recovery, and then a slightly choppy downward movement. When BTC looked like a sure thing to get stopped out (which then did happen), I also exited all positions that were down on the year. But on May 19<sup>th</sup> we are below our entry prices so I will be exiting everything. No one will earn any credit as a result of this latest move but VTI will be taking the loss.



The table below tracks the price of five major cryptoassets across three generations of the technology now along with Bloomberg's index:

- Bitcoin, a 1<sup>st</sup> generation cryptoasset,
- ETH and NEO, 2<sup>nd</sup> generation cryptos, and
- Iota, a 3<sup>rd</sup> generation crypto
- Holo (HOT)
- BGCI Index – I've also started including BGCI prices in the table.

Date	Bitcoin (1)	Ethereum (2)	Neo (18)	Iota (23)	Holo (55)	BGC Index
<b>High closing price</b>	\$64,863.10*	\$2,544.27*	\$187.41***	\$5.01****	0.03157 *****	\$2,931.77#
Jan 15, 2017	\$821.80	\$9.90	Did not exist	Did not exist	Did not exist	\$1,284.96
Oct 15, 2017	\$5,501.91	\$329.44	\$27.33	\$0.44		
Nov 15, 2017	\$7,211.34	\$334.16	\$29.35	\$0.79		
Dec 15, 2017	\$17,868.00	\$691.41	\$47.99	\$3.90		
Jan 15, 2018	\$14,361.40	\$1,329.25	\$187.41	\$3.48		
Feb 15, 2018	\$9,945.92	\$943.47	\$123.29	\$2.13		
Mar 15, 2018	\$8,082.62	\$594.70	\$69.57	\$1.09		
Apr 15, 2018	\$8,303.10	\$522.46	\$70.33	\$1.67		
May 15, 2018	\$8,227.85	\$692.20	\$63.25	\$2.00	0.001136	
Jun 15, 2018	\$6,456.58	\$491.00	\$38.26	\$1.19	0.000637	
Jul 15, 2018	\$6,375.41	\$449.16	\$33.41	\$0.99	0.000389	
Aug 15, 2018	\$6,308.52	\$284.41	\$16.13	\$0.45	0.000560	\$436.83
Sep 19, 2018	\$6,345.46	\$209.27	\$16.89	\$0.52	0.001139	\$406.42
Oct 16, 2018	\$6,615.24	\$210.49	\$16.28	\$0.50	0.001104	\$436.22
Nov 14, 2018	\$5,739.91	\$182.14	\$13.26	\$0.43	0.000855	\$380.95
Dec 15, 2018	\$3,232.51	\$84.27	\$5.73	\$0.22	0.000425	\$197.59
Jan 15, 2019	\$3,700.77	\$128.92	\$7.89	\$0.31	0.000600	\$246.62
Feb 15, 2019	\$3,639.13	\$123.13	\$8.26	\$0.27	0.001299	\$243.42
Mar 15, 2019	\$4,011.88	\$140.92	\$9.59	\$0.30	0.001124	\$273.32
Apr 15, 2019	\$5,052.95	\$161.00	\$10.66	\$0.304	0.001240	\$322.21
May 15, 2019	\$7,949.29	\$265.90	\$12.16	\$0.424	0.001509	\$477.47
Jun 19, 2019	\$9,108.28	\$267.17	\$13.59	\$0.437	0.001797	\$522.08
Jul 15, 2019	\$10,652.35	\$233.20	\$12.37	\$0.304	0.001347	\$531.37
Aug 15, 2019	\$10,121.61	\$184.60	\$9.77	\$0.233	0.000880	\$400.71
Sep 15, 2019	\$10,342.89	\$189.56	\$9.10	\$0.249	0.000809	\$407.05
Oct 15, 2019	\$8,088.29	\$177.39	\$7.14	\$0.275	0.000787	\$358.28
Nov 15, 2019	\$8,526.72	\$180.26	\$11.99	\$0.257	0.000996	\$366.20
Dec 15, 2019	\$7,107.57	\$142.28	\$8.98	\$0.175	0.000711	\$280.27
Jan 15, 2020	\$8,755.32	\$164.10	\$11.15	\$0.228	0.000713	\$361.92
Feb 15, 2020	\$9,889.42	\$264.73	\$15.00	\$0.289	0.000844	\$525.32
Mar 14, 2020	\$5,332.96	\$127.34	\$3.96	\$0.850	0.000033	\$241.61
Apr 16, 2020	\$7,024.17	\$170.50	\$7.46	\$0.157	0.000346	\$309.68
May 16, 2020	\$9,313.92	\$188.00	\$9.98	\$0.197	0.000528	\$359.29
Jun 15, 2020	\$9,565.88	\$234.24	\$10.62	\$0.221	0.000592	\$381.55
Jul 15, 2020	\$9,179.76	\$237.54	\$10.97	\$0.24449	0.000708	\$378.28
Aug 15, 2020	\$11,869.45	\$435.13	\$15.28	\$0.417556	0.000861	\$572.61
Sep 15, 2020	\$10,779.19	\$365.58	\$20.83	\$0.278880	0.000547	\$485.85

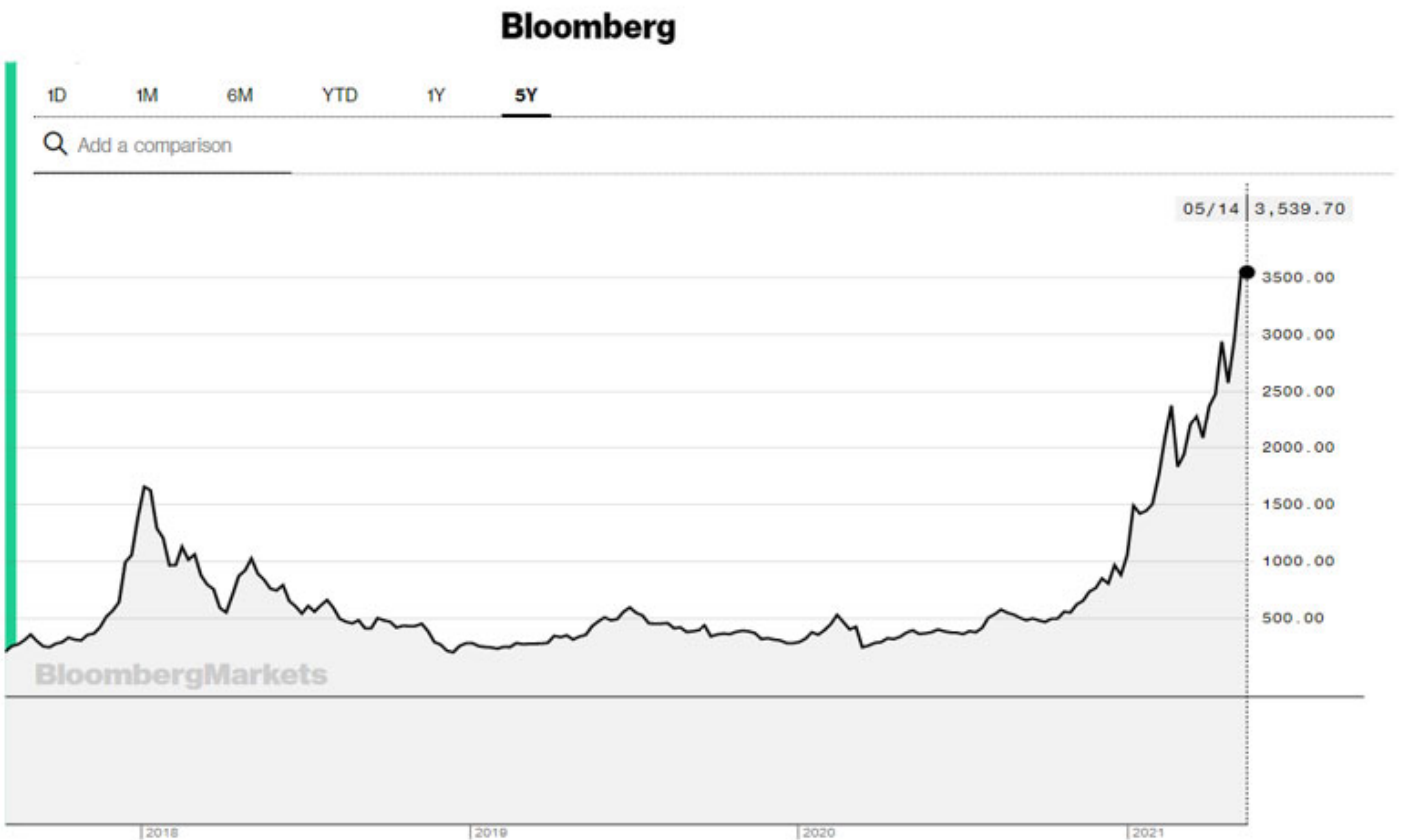
Date	Bitcoin (1)	Ethereum (2)	Neo (18)	Iota (23)	Holo (55)	BGC Index
<b>High closing price</b>	\$64,863.10*	\$2,544.27*	\$187.41***	\$5.01****	0.03157 *****	\$2,931.77#
Oct 14, 2020	\$11,335.38	\$375.68	\$17.03	\$0.271069	0.000489	\$503.25
Nov 16, 2020	\$16,718.23	\$460.28	\$15.77	\$0.256385	0.000491	\$659.58
Dec 20, 2020	\$23,753.39	\$648.81	\$18.23	\$0.333866	0.000612	\$962.55
Jan 15, 2021	\$37,218.80	\$1,265.93	\$24.08	\$0.4425	0.000745	\$1,414.37
Feb 17, 2021	\$51,013.43	\$1,811.47	\$41.96	\$1.27	0.001345	\$2,194.38
Mar 15, 2021	\$56,384.68	\$1,771.57	\$38.62	\$1.28	0.008894	\$2,195.60
Apr 16, 2021	\$62,111.40	\$2,451.23	\$83.30	\$2.599	0.019236	\$2,931.77
May 16, 2021	\$47,276.74	\$3,593.45	\$94.57	\$2.04	0.011470	\$3,539.70

*Date of the All-Time High Closes*

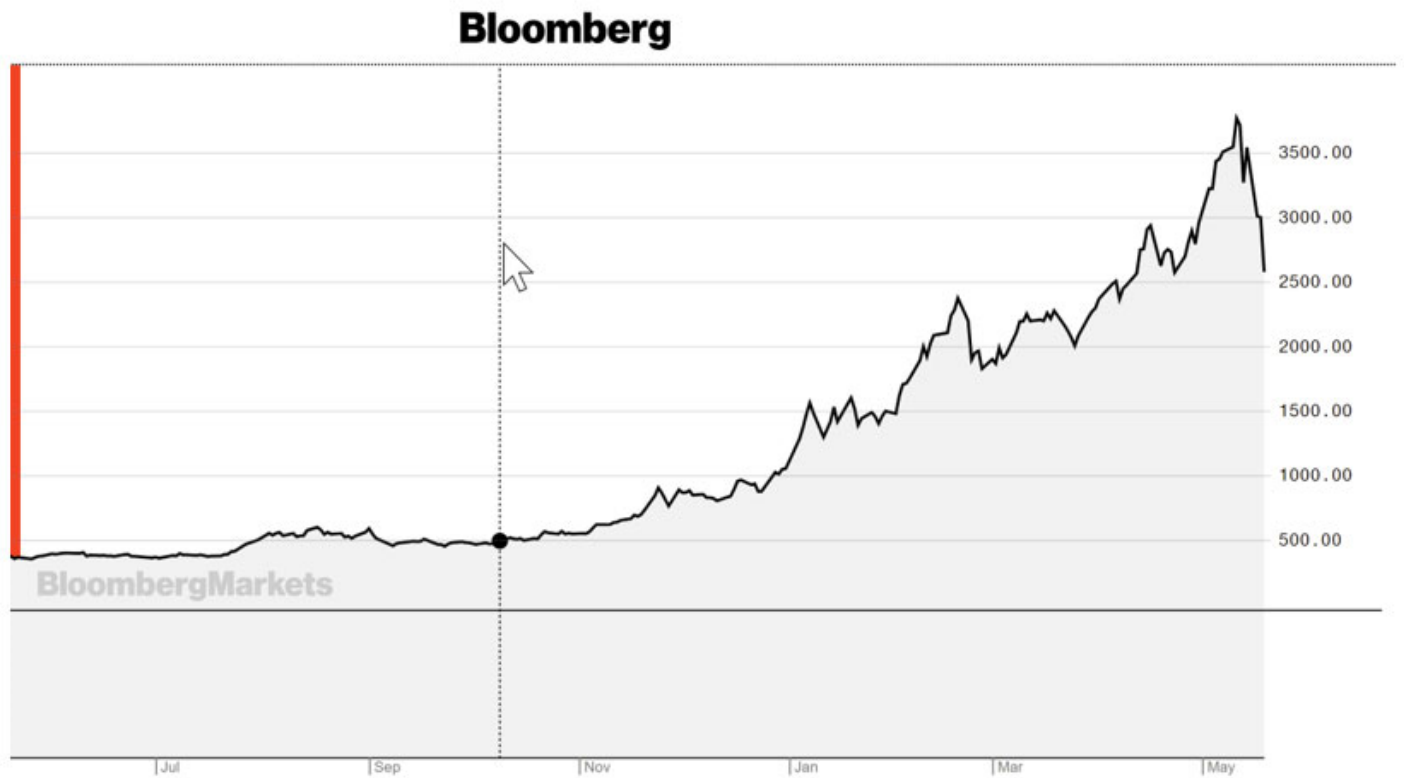
\*Apr 14, 2021 \*\* Apr 16, 2021 \*\*\*Feb 12, 2021 \*\*\*\* Jan 15, 2017 \*\*\*\*\* Apr 5, 2021 # April 16, 2021

This month, 3 coins were up (ETH, NEO, and BGC I) and three were down (BTC, IOTA, and HOT).

The chart below shows the Bloomberg Galaxy Crypto Index from last weekend. Does the chart suggest that we are in a bear market to you or that cryptos are in danger?



Here is the same chart at 9:50 EDT on May 19<sup>th</sup>.



The following table tracks the amount of money in stable coins in the top 100 or which have a market cap of over \$100 million. The percentage of the total crypto market cap indicates one measure of health for the crypto market.

<b>Date</b>	<b>Total Crypto Market Cap</b>	<b>Number of coins over \$100M</b>	<b>Market Cap Stablecoins over \$100M</b>
8-Jan-18	\$830.0 Billion		\$1.48 billion
15-Jul-18	\$255.30 Billion		\$1.48 billion
15-Jan-19	\$123.23 Billion		\$2.90 billion
15-Apr-19	\$170.51 Billion		\$3.12 billion
15-Jul-19	\$286.58 Billion		\$6.39 billion
15-Oct-19	\$232.23 Billion		\$6.13 billion
15-Nov-19	\$233.12 Billion		\$6.08 billion
15-Dec-19	\$192.84 Billion	Number of \$100M	
15-Jan-20	\$239.57 Billion	48	\$5.37 billion
18-Feb-20	\$291.57 Billion	64	\$6.67 billion
14-Mar-20	\$153.83 Billion	45	\$5.71 billion
16-Apr-20	\$201.12 Billion	49	8.701 billion (6)
16-May-20	\$256.15 Billion	60	11.385 billion (8)
15-Jun-20	\$268.94 Billion	66	10.742 billion (5)
15-Jul-20	\$271.69 Billion	77	11.142 billion (7)
15-Aug-20	\$374.59 Billion	105	12.083 billion (6)
15-Sep-20	\$347.44 Billion	101	17.324 billion (5)
14-Oct-20	\$357.05 Billion	93	20.959 billion (7)*
16-Nov-20	\$473.44 Billion	94	23.159 billion(7)*
20-Dec-20	\$670.87 Billion	109	26.335 billion
16-Jan-21	\$1,033.59 Billion	129	32.6 billion (7)
17-Feb-21	\$1,542.60 Billion	280	44.1 billion (8)
15-Mar-21	\$1,712.0 Billion	327	56.6 billion (9)
16-Apr-21	\$2,253.7 Billion	433	70.85 billion (10)
16-May-21	\$2,191.0 Billion	387	78.31 billion (10)
* The 7 stable coins include USDT, USDC, DAI, BUSD, UST, TUSD, PAX, VAI, SUSD, and HUSD			

Since last month, the crypto market cap is down \$62.7M to just under \$2.2 trillion. And we have about \$8B more of stablecoin cap. Note: At 9:50 am EDT the market cap was down to \$1.6 trillion. I think this might be the single biggest one-day decline I've seen in cryptos since I've been following them.

Date	Total Crypto Market Cap	% Bitcoin *	% Top Five *	Cryptos Listed	Cryptos w/ Market cap >\$25M
8-Jan-18	\$830.0 Billion**	34.3%	69.7%		
15-Jan-18	\$712.0 Billion	33.7%	69.6%		
15-Feb-18	\$472.2 Billion	35.7%	71.4%	1530	
15-Mar-18	\$327.4 Billion	42.7%	74.3%	1527	
15-Apr-18	\$332.0 Billion	42.2%	74.3%	1568	
15-May-18	\$376.5 Billion	37.2%	71.2%	1609	
15-Jun-18	\$281.6 Billion	39.9%	73.9%	1629	
15-Jul-18	\$255.3 Billion	43.1%	75.0%	1637	
15-Aug-18	\$203.2 Billion	52.5%	79.6%	1842	
19-Sep-18	\$198.2 Billion	55.3%	78.6%	1977	
16-Oct-18	\$211.9 Billion	54.1%	78.9%	2085	
14-Nov-18	\$187.0 Billion	53.3%	79.4%	2095	
15-Dec-18	\$104.3 Billion	55.0%	78.0%	2072	
15-Jan-19	\$123.23 Billion	52.3%	78.4%	2108	
15-Feb-19	\$133.45 Billion	51.9%	70.3%	2071	
15-Mar-19	\$140.34 Billion	50.6%	75.9%	2112	<b>Cryptos w/ Market cap &gt;\$25M</b>
15-Apr-19	\$170.51 Billion	52.1%	75.8%	2172	
15-May-19	\$250.76 Billion	56.1%	79.8%	1977	
15-Jun-19	\$285.54 Billion	57.1%	79.4%	2238	194
15-Jul-19	\$286.58 Billion	66.0%	83.4%	2220	171
15-Aug-19	\$262.10 Billion	68.5%	83.9%	2315	142
15-Sep-19	\$266.23 Billion	69.7%	85.0%	2365	130
15-Oct-19	\$232.23 Billion	63.6%	80.9%	2407	163
15-Nov-19	\$233.12 Billion	66.0%	83.1%	2369	139
15-Dec-19	\$192.84 Billion	66.9%	82.7%		96
15-Jan-20	\$235.19 Billion	66.7%	89.9%	2397	121
18-Feb-20	\$291.57 Billion	62.2%	81.6%	2408	149
14-Mar-20	\$153.87 Billion	63.7%	80.6%	2450	102
16-Apr-20	\$201.12 Billion	63.9%	82.7%	2514	122
16-May-20	\$256.25 Billion	67.0%	84.2%	2040	133
15-Jun-20	\$269.47 Billion	65.3%	83.1%	2677	263
15-Jul-20	\$271.11 Billion	62.3%	80.3%	2735	265
15-Aug-20	\$374.59 Billion	58.3%	79.6%	3095	320



15-Sep-20	\$347.44 Billion	57.4%	75.0%	3417	305
14-Oct-20	\$357.05 Billion	58.7%	80.8%*	3632	307
16-Nov-20	\$473.43 Billion	65.2%	82.2%	2371	316
20-Dec-20	\$670.68 Billion	65.8%	82.7%*	4074	364
15-Jan-21	\$1,037.8 Billion	66.7%	87.6%	4086	402
17-Feb-21	\$1,539.0 Billion	61.7%	80.6%	4089	551
15-Mar-21	\$1,703.0 Billion	61.3%	77.6%	4332	652
16-Apr-21	\$2,255.0 Billion	51.4%	72.58%	4701	783
16-May-21	\$2,191.0 Billion	40.2%	69.11%	5148	750
*Does not include stablecoins in the top five					

\* Bitcoin was as high as 90% of the market cap of all cryptos at the beginning of 2017 to as low as 32% at the top of the market. Part of the difference is that there are now nearly 9,842 cryptocurrencies and the number keeps going up. BTC is down to 40% dominance and ETH is now up to 19.2%.

There are now 5,148 coins listed and CoinMarketCap.com says there are almost 10,000 coins. The site now lists 750 coins with a market cap of \$25 million or more. One year ago, there were only 102 coins with a market cap above \$25 million. That shows the bull market in the other cryptos has started and is hardly over.

As I have mentioned previously, initial coin offerings were all the rage in 2017 until the SEC decided that cryptos were securities and ICOs were illegal. Now, the new rage is Decentralized Finance and this group includes these new coins in the top 75: Wrapped BTC (WBTC), AAVE, UNI, DAI, YFI, COMP, SNX, UMA, CEL, LRC, and SUSHI. I'm sure some of these coins will become buzz words in the near future.

I used to say that I only trusted those coins in the top 50-100, however, from June 2020 to the present, many coins fell out of the top 100. Some of them did not fall far but some of them even fell out of the top 500.

We are now following 242 coins in our crypto model. There are only 7 cryptos in bear territory and another 23 that are neutral. Most of the neutrals are stablecoins. 87% is in very bullish or bullish mode, the market is dominated by the bulls. Note: This data was from May 15<sup>th</sup> before the big drop on May 19<sup>th</sup>.

Top 15 Cryptos			Bottom 15 Cryptos		
1	MATIC	3.31	1	VITAE	-1.68
2	ETC	2.83	2	GT	-1.01
3	TFUEL	2.70	3	HNS	-0.94
4	ENT	2.55	4	ICN	-0.69
5	BNB	2.54	5	GAME	-0.25
6	ADA	2.48	6	AMPL	-0.25
7	VET	2.46	7	HEDG	-0.13
8	FTT	2.46	8	TMTG	0.05
9	REV	2.45	9	FUN	0.07
10	ONE	2.45	10	BUSD	0.11
11	KCS	2.43	11	PAX	0.11
12	MANA	2.40	12	TUSD	0.12
13	ANKR	2.39	13	DAI	0.12
14	CHZ	2.39	14	EURS	0.13
15	BTG	2.37	15	USDC	0.18

Count Stats	Count	
Very Bullish	13	5.4%
Bullish	45	18.7%
Neutral	77	32.0%
Bearish	91	37.8%
Very Bearish	15	6.2%
Total:	241	

Dec 2020

Count Stats	Count	
Very Bullish	27	11.2%
Bullish	78	32.4%
Neutral	58	24.1%
Bearish	49	20.3%
Very Bearish	29	12.0%
Total:	241	

Jan 2021

Count Stats	Count	
Very Bullish	108	44.8%
Bullish	69	28.6%
Neutral	29	12.0%
Bearish	27	11.2%
Very Bearish	8	3.3%
Total:	241	

Feb 2021

Count Stats	Count	
Very Bullish	111	46.1%
Bullish	84	34.9%
Neutral	21	8.7%
Bearish	18	7.5%
Very Bearish	7	2.9%
Total:	241	

Mar 2021

Count Stats	Count	
Very Bullish	191	78.9%
Bullish	31	12.8%
Neutral	12	5.0%
Bearish	4	1.7%
Very Bearish	4	1.7%
Total:	242	

April 2021

Count Stats	Count	
Very Bullish	106	43.8%
Bullish	106	43.8%
Neutral	23	9.5%
Bearish	4	1.7%
Very Bearish	3	1.2%
Total:	242	

May 21

By the way, I personally think that DOGE is probably one of the worst cryptos even though it is currently ranked #5 in market cap. It was formed as a joke, so at least it's not a Ponzi scheme. DOGE is based upon a meme and has no reason to have any value except that young people think it's real and important. If you talk to most people in their 20s, DOGE is the only crypto they own because it's all over social media.

Elon Musk might be brilliant at owning tech companies but he certainly isn't an authority on investing in other people's companies. He's been talking and joking about DOGE lately but I recently learned that he has been working with the DOGE developers since 2019. Could that be more joking? Either way, I don't trust people who get sued (repeatedly) for tweets that impact the price of their company's stock (Tesla). Tesla stopped accepting BTC as payment for their cars. It will still keep its large BTC investment even though it burns a lot of electricity. Musk is accepting DOGE payment for his space X project but DOGE is also a proof of work coin that burns a lot of energy too.

The data below shows the top-performing cryptos of those we track. Top performing, in this case, means gaining over 1,000% since the start of 2021 and in mid-May, we have 17 coins on the list. We discussed some of these at the Super Trader Crypto Workshop on May 10th.

<b>Coin</b>	<b>% change in 2021</b>	<b>% change in 2020</b>	<b>Market Cap Rank</b>
<b>BSV</b>	18,076	-48	31
<b>CRV</b>	10,966	307	94
<b>LUNA</b>	10,923	174	30
<b>MATIC</b>	9,002	25	18
<b>CAKE</b>	4,264	ICO in 2020	40
<b>FTM</b>	3,532	-97	78
<b>ONE</b>	3,302	-9	82
<b>REV</b>	2,538	-24	55
<b>SOL</b>	2,430	ICO in 2020	16
<b>VGX</b>	1,987	809	110
<b>CHZ</b>	1,982	201	59
<b>ETC</b>	1,521	26	17
<b>RUNE</b>	1,385	1,633	41
<b>BNB</b>	1,373	176	3
<b>ENJ</b>	1,333	69	76
<b>MANA</b>	1,297	166	71
<b>ADA</b>	1,183	422	4

The following table shows the BTC change per year since January 2010.

Year	Price	Year	Price
2010	500%	2016	121.13%
2011	1,637.67%	2017	1,306.19%
2012	156.24%	2018	Minus 72.46%
2013	6,101.12%	2019	92.71%
2014	Minus 61.81%	2020 (Dec 20 <sup>th</sup> )	305.94%
2015	37.86%	2021 (May 15 <sup>th</sup> )	61.11%
		2021 (May 19 <sup>th</sup> )	12.26%

People talk about BTC being volatile and risky. But where can you find something that has made over 1,000% in 3 of the last 12 years, over 100% in 7 of those years, and had only two losing years? There is only one other asset class besides BTC with anywhere near equal performance – other cryptoassets. And despite the bloodbath on May 19<sup>th</sup>, BTC is still up in 2021.

Gold was not a path to safety during the pandemic and is not one now either even with Biden as president and the probability of more massive government spending. The gold price certainly doesn't reflect a big devaluation of the dollar that some newsletters are promoting. Many people cling to the belief that gold is the asset to hold to preserve value but that may no longer be the case now that the world has a new form of money/value. Thousands of years ago, some cultures used seashells as a representation of money/value.

Even though cryptos are now worth over two trillion, gold still has about 10 times more market cap. If all the money in gold went into BTC, BTC's price would be about \$370,000.

Finally, here is a chart showing the price of BTC since 2016. 2017 used to look like a huge gain but look how that runup compares with the current price.

ALL DATA



## Cryptocurrency News (PLEASE NOTE: This has not been updated to reflect the May 19<sup>th</sup> drop.)

- The amount of BTC held on major exchanges is increasing which is sometimes thought to be a bearish signal.
- The top winners lately appear to be tokens of so-called ETH killers and layer 2 projects. A good example is MATIC, Polygon's native token. It's up about 300% in the past month and over 10,000% in 2021. Others include other smart contract platforms, including Cardano (ADA) and Cosmos (ATOM).
- The US keeps doing bailouts giving money to everyone under a certain income level – including many people who are fully employed. The bailout in the spring of 2020 led to a huge number of deposits at crypto exchanges. A survey now says Americans might spend up to \$40B from the stimulus package on BTC.
- Many newsletters use fear and greed sales tactics and are saying that there will be a new world reserve currency starting soon which will devalue the US dollar officially by over 30%. Gold, however, is doing nothing relatively speaking. Is that a sign that these newsletters are just hype or is it a sign that gold is no longer a disaster hedge? Perhaps it's some of both?
- PayPal and Square are now buying enough BTC to account for all the newly mined BTC each month.
- Part of the BTC decline is due to factors that did not previously influence the market. First, futures traders can short BTC, and they have been doing that. Second, crypto options market makers are starting to influence BTC price. They were selling spot futures markets to hedge their books.
- Ransomware attackers are getting more bold and more dangerous. Ransomware linked addresses have banked at least \$81 million in crypto in 2021 and they did over \$200 million last year. Colonial pipeline just paid \$5 million to unlock the software to run its pipeline.
- Ransomware attackers are now licensing out their software and sharing in their affiliate's profits. Darkside generated the vast majority of this revenue. Most of this is coming from Russian affiliated cybercriminals (about 92%). Also, most of the ransomware strains are hard coded to avoid Russian-speaking victims.
- Coinbase just went public, going as high as \$439 on its opening day. Now, it's \$258.37 – a huge drop. But Coinbase got its money at \$439 per share. What will Coinbase do with that money?
- MicroStrategy, which is a business analytics platform, adopted BTC as its primary reserve asset. In February 2021, it purchased 295 BTC and it now holds, 71,079 in BTC in reserve (worth over \$3 Billion). It has been actively encouraging other companies in using BTC as a reserve.
- Tesla purchased \$1.5 billion of BTC and shot BTC up to new highs. Then Musk remarked that BTC was a bit high and BTC crashed. The media commented first on how much Tesla made through BTC and then Bloomberg talked about how much Tesla lost in the crash. Musk said people could buy Tesla cars with BTC but then changed his mind.
- Tesla and MicroStrategy are the two most notable companies to put their cash into BTC. But what if everyone else decides to do the same? Institutional FOMO will have a much bigger impact than individual FOMO. Wait for it.

- Grayscale is having problems because it can't get any new investors. Big investors had been joining Grayscale with \$50K worth of BTC and immediately capturing the value from any increase in BTC and the GBTC premium – which had been 20% or more. It was a common arbitrage for a lot of people. Qualified investors who had bought \$50,000 increments of BTC into Grayscale were locked in until January 2021. Starting in January, investors who had had their \$50K in GBTC for more than six months were allowed to start taking out their BTC positions. When BTC prices were near \$65,000, GBTC had been selling at a discount as much as 10% less than BTC. That means you could buy BTC 10% cheaper through Grayscale than through a crypto exchange like Coinbase or Binance. The same goes for Grayscale's Ethereum based product, ETHE.
- Meanwhile, there is a new BTC trust called OBTC which has much lower fees than Grayscale's fund and a very small premium.
- Some of the BTC miners are looking to form public companies. If they do, then they will be keeping whatever coins they mine and that will limit supply even more.
- Canada approved two ETH ETFs in one day. Meanwhile, the US doesn't even have one BTC ETF. The company that has those ETFs is Galaxy Digital which is listed on the Toronto stock exchange and can be traded over the counter in the US. It trades under the bulletin board symbol BRPHF on US exchanges, and it trades at GLCY.TO on the Toronto exchange.

This newsletter does not make recommendations but is a free service to the VTI community. I state some of my beliefs about crypto assets in this article, but that doesn't mean that I'm recommending anyone do what I'm doing. I personally own positions in most of the cryptos and crypto trusts mentioned in this newsletter. In addition, I have about \$1.2M worth of cryptocurrencies representing many of those in the top 100 in market cap and probably nearly everything mentioned in this newsletter.

Until mid-June, when we'll do our next crypto update, this is Van Tharp.

### **UPDATE May 19<sup>th</sup>, 10AM EDT:**

BTC is at about \$35,384 – down about 50% from its highs. ETH was down to \$2,436 – down about \$2,200 from its highs – that's close to a 50% drop. BNB was down to \$304 – down about 50% from its high about 10 days ago. Most of the major crypto currencies are down 30% or more in the last 24 hrs. Right now, the VTI position is in the hole and we are exiting all coins.

The big question right now is what some of the major institutional holders of BTC are doing. Tesla had \$1.5 billion but that's probably worth less than a billion now. And how about MSTR?

I think this move now qualifies as a bear market, however, these reactions in a bull market have been known to last only a few months until a full recovery. Is this a mini bear or is there strong institutional pressure to sell and make it a full-blown bear market? What does your system tell you to do? Our ST systems pretty much suggest that once we get a BTC exit, which we did on May 15, we should either exit all altcoins or at least exit all weak altcoins. Almost all of the altcoins are weak now.



## **Van's Reactions:**

VTI crypto account: We will exit all positions today.

Van's personal crypto account: I had already exited enough of my positions to recoup the full amount of my original position size in cryptos. Some positions, however, were almost impossible to get out of because of the cost of moving ERC20 coins but I will be exiting about 1/4<sup>th</sup> of my total positions by the end of the week.

Overall: If this is a short-lived reaction, then it's a tremendous opportunity. My original belief was that the bull market would run for at least 18 months after the most recent halving (mid-2020) which should still take us to the end of the year.