

OptionProfessor.com Alert

July 26th, 2021

GBTC DEBATE



BY THE OPTION PROFESSOR

OptionProfessor Alert:
Wood/Dorsey/Musk Debate - Time fr GBTC?
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Hello Everyone!

Recently; three major voices on the topic of Bitcoin-Economic Empowerment and many other factors relating to the evolving discovery of a sound and standard internet native currency . The idea of replacing of Batch Processing-ACH and credit card system with a currency that is not corrupted by corporations and governments has got its believers. The word "Irreverence" has really become a buzzword and gets mass amounts of people to mobilize(H. Stern-Robin Hood--Trump). It is used here. Money separate from the state has an allure ideologically; but pesky govts and corporations may disagree.

Some of the keys for solutions discussed....after the core reasons of transparent & verifiable, decentralized finance, open ledger and circumvent governments & corporations that can cause errors (fraud-currency-costs). There was a discussion of scarcity (hedge inflation risk) and eliminating predatory financial institutions (e.g. 18yr old opens a bank account-offered credit cards). Speed & security are becoming more of a risk to our current financial system is apparent with ACH-Batch and using a credit card at a restaurant has become a dice roll. Thinking of money as an information system for labor allocation and data on a network. When already have one currency representing many countries in Europe right now. Why not a standard Globally. No question the developing worlds would love to do commerce without currency conversions expense.

At the end of the day; we are talking about disruptive innovation on its grandest scale. The reality of energy usage and widespread ease of use were two big areas of concern. Regarding energy; Musk acknowledged that the hypocrisy of leading the charge for renewable energy and being connected to the 31st largest energy user (if it were a country) that was using dirty coal as a main ingredient was too much and TSLA suspended accepting Bitcoin. He did say if the number on renewables got to 50%+ and was trending well he'd reconsider.....after due diligence. Rumor has it we may see it with China closing down mining and relocations going toward USA & Canada. Coal is still cheap so developing countries are seduced. Ideas around solar, wind, stored, nuclear, hydro, geo-thermol were thought to be the way to go.

Ease of use is a key as transactions are low and come with high costs. Some small countries (El Salvador have adopted) but the system may need a second layer (Lightning or less desirable an exchange) to do the volume of a replacement financial system. There is a \$700 Billion dollar remittance market (fees range 8%-30%) and people in continents (Africa) and others with high transfer rates and bad currencies long for an easily transmittable sound standard unit of measure. Square is working toward a hardware wallet with a private key as without a private key some believe theft and seizure are problems and you own nothing. Likely; we are in the early innings of this evolution and the twists and turns and risks will be many.

TECHNICALLY--We see GBTC (Grayscale Bitcoin Investment Trust) and ETHE (Grayscale Ethereum Trust) as two vehicles to of many to look at when seeking for exposure these areas. On GBTC; we conclude that the lows in March 2020 was \$5 and the highs in Feb 2021 was about \$58 or an up move of \$53. Using the Fibonacci 61.8% retracement figure we get about a \$33 dollar decline from \$58 which brings us to \$25 (the low in June & July 2021 is 24). Our feeling is this area may very well turn out to be important lows if 2 things happen...one is no more new lows and a close above our long term 3yr moving average at 37. On ETHE; our longer term moving averages are above the market at about 19-22-24. We would like to see sustained strength above those numbers to add confidence that the lows may be in and reengagement with an uptrend has started.

Watch the debate [HERE](#).

- The Option Professor, 7/26/21 at 8:37AM ET

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TradingView



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