



Market Commentary: November 2020

The bulls in cryptocurrency markets stampede onwards causing traditional financial institutions and billionaires to experience “Fear of Missing Out” or “FOMO” an acronym popularized by Generation Z. In bitcoin news, the poster child of the digital asset space is coming to qualified retirement plans popularly known as “401(k) plans”, while the US government may be bitcoin’s newest “hodler”. Interestingly, the recent entrance of PayPal and Square into the crypto markets has now caused bitcoin to face a supply shortage. In global markets, financially stricken countries adopt digital assets as fiat becomes futile.

Two notable high-net-worth individuals have finally made their way into the crypto-sphere. Ricardo Salinas Pliego, the Mexican billionaire and founder of Grupo Salinas, has announced that 10% of his net-worth is being held in bitcoin. Mr. Salinas Pliego stated that “Bitcoin protects the citizen from government expropriation” ([Coindesk](#)), while Stanley Drukenmiller, the investment magnate and billionaire, also revealed that he is betting on bitcoin. Although the renowned macro investor stated that he has a larger gold bet, he simultaneously expressed that his bet on bitcoin “will probably work better” ([The Block](#)). This month, institutions continue to showcase “FOMO” into the digital asset space. Guggenheim Partners, the \$200B asset manager, is seeking to allocate to the cryptocurrency market. In a recent filing, Guggenheim stated that it wanted indirect exposure to bitcoin via the Grayscale Bitcoin Investment Trust (GBTC), while also stating that up to 10% of the net asset value of its Macro Opportunities Fund could be allocated to the trust ([The Block](#)). The nearly \$3T asset manager, JPMorgan Chase, released an analysis which made the case that family offices may be seeing bitcoin as an alternative to gold. The analysis states that “the potential longer term upside for bitcoin” makes it a strong contender to gold as an alternative currency to fiat ([Coindesk](#)).

In bitcoin news, the US-based asset manager, Digital Asset Investment Management (DAiM), has launched the first employer 401(k) plans supporting bitcoin. DAiM will serve as an advisor and a fiduciary in helping companies craft the 401(k) plans which will mix traditional assets and up to 10% of digital assets in its clients portfolios ([Cointelegraph](#)).

After seizing \$1B worth of bitcoin and bitcoin forks from individual ‘X’, a hacker affiliated with the Silk Road, several notable individuals within the cryptosphere are urging the US Government not to sell the seized bitcoins. Although the DoJ has an obligation to sell seized assets when the assets were initially acquired illegally, Crypto-focused lawyer Preston Byrne has stated that the government should not sell its bitcoins, rather the government should start “stockpiling a national reserve of BTC” in preparation for the end of the fiat monetary system. Although Byrne’s statement was met with criticism, it reinforces the idea that the US government could be a “hodler” of bitcoin in the near future ([Cryptoslate](#)).

There appears to be a shortage of bitcoin as PayPal and Square’s Cash App, is buying up more than 100% of all new issued bitcoins. The largest bitcoin hedge fund, Pantera Capital, commented on the development stating that “When other, larger financial institutions follow their lead, the supply scarcity will become even more imbalanced”. Interestingly, if



PayPal's growth persists, the payments platform alone will be buying up more than all newly issued bitcoin's ([Businessinsider](#)). Lastly, digital currencies are being used around the world to provide economic relief to financially stricken countries. The stablecoin provider, Circle, has partnered up with Juan Guaido, the interim-President of the Bolivarian Republic of Venezuela and Airtm to deliver aid to front line medical workers which are combating not only the global pandemic, but capital controls and hyperinflation produced by the dictator and usurper of power, Nicolas Maduro. More specifically, "Circle created an aid disbursement pipeline that leveraged its US dollar backed stablecoin, USDC, to bypass the capital controls set by the dictator, Nicolas Maduro resulting in millions of dollars of funds being put in the hands of frontline medical workers" ([Circle](#)). Meanwhile, Lebanon's Central Bank plans to launch a digital currency in 2021 in an attempt to combat the economic crisis facing its country. Lebanon, faced with a dollar crisis, tightened up capital controls while its native currency, the Lira, plunged rendering it a near impossibility for Lebanese citizens to transact in their local currency. The governor of the central bank is hopeful that the release of its digital currency will reinstate confidence in Lebanon's banking system ([Cointelegraph](#)).