



## On Bitcoin Dynamics

UOG published on TradingView.com, June 24, 2019 02:07:37 UTC

COINBASE:BTCUSD, 1W 10671.51 ▼ -161.51 (-1.49%) O:10833.00 H:10833.00 L:10550.21 C:10671.51



Created with TradingView

The pertinent question: will Bitcoin go zero if Governments ban it? The short answer is a strong no. The longer answer?

First, about the U.S hearing: the key reason I have delayed writing this is to allow the Senate hearing to pass and the dust to settle. Having closely followed the senate hearing, listened to U.S Treasury Secretary and the Federal Reserve chairman cryptocurrency references. The message is clear:

- 1) The U.S Government does not now and will [probably] never consider Bitcoin as an official currency.
- 2) U.S Government officials consider Cryptocurrencies, specifically bitcoin to be a Speculative store of value (SoV).
- 3) U.S officials admit that they do not have a thorough understanding of what a successful Bitcoin will mean for the dollar and the U.S.A's hegemony.
- 4) U.S officials want stronger KYC/AML laws.
- 5) U.S officials want to keep and encourage blockchain technology development in

the U.S “keep your enemies close.”

As far as U.S regulatory concern is the issue, the cryptocurrency investor can remain cautiously optimistic and the Bitcoin markets agree.

What happens when world powers ban Cryptocurrencies?

Merchant and mass adoption slows. The average guy that buys with the expectation of a perpetual price increase can no longer (easily) access the Bitcoin markets and naturally price appreciation slows, then others that bought entirely for speculation sell and it snowballs into mid-term price depreciation but you see, no one can ban bitcoin. However, adoption by larger, longer-term investors using bitcoin as a speculative SoV never seems to substantially diminish which tends to put Bitcoin (or gold) on a long-term bullish trajectory, especially this late in the economic cycle. Outside the threat of a **51% attack**, bitcoin can only be destroyed if SHA256 (should this happen the price of bitcoin will be the least of our problems.) is overrun by some Supercomputer or the thousands of node owners around the world are arrested and their data erased. These are unlikely scenarios.

China (with its firm communist grip – on the privacy and freedoms of the Chinese people) has officially banned Bitcoin, several times. Is Bitcoin doing well in China and larger Asia? Yes. Has the ban stopped larger, long-term investors? No.

Bitcoin is perceived as a safe haven asset. An asset institutional investors want to allocate a fraction of their portfolio to because of the potential upside and non-positive correlation to traditional asset classes. There has been sustained institutional interest and I expect Cryptocurrencies to become a staple in the average portfolio at which point, ironically, it would become a relatively stable, positively correlated asset class with limited upside potential and hedging functionalities.

For now, price likely has a long way yet to travel.