



# Goldman Sachs Predicts The Current Generation Of Cryptocurrencies Likely Won't Survive

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After a huge year in 2017, the price of bitcoin has dropped another 10 percent in the past seven days and is down 43.4 percent so far in 2018. Cryptocurrency (<https://www.benzinga.com/coin/>)traders are now left to determine whether or not the 2018 downturn is the beginning of the end for cryptocurrency or just another volatile pullback on the way to higher prices (<https://www.benzinga.com/markets/forex/18/01/11003945/mark-yusko-explains-the-miracle-of-bitcoin>) down the road.

Goldman Sachs recently conducted several interviews with cryptocurrency experts, including Dan Morehead, CEO of Pantera Capital. Morehead believes 2018's trading action is just part of the volatile bitcoin bull market.

"I have no idea where it's going to be in the short run," Morehead said in a note earlier this week. "But it's very difficult for me to believe that we are in the midst of a bubble given that almost all institutional investors have zero exposure to it."

## Just The Beginning Of A Difficult Year?

However, Goldman Sachs Global Investment Research head Steve Strongin disagrees with Morehead’s conclusion and says the current generation of leading cryptocurrencies will likely not survive in the long-term, even if the underlying blockchain technology (<https://www.benzinga.com/fintech/17/12/10859206/what-is-a-blockchain-and-what-does-it-do>) that powers them provides tremendous value to the business world.

“Whether any of today’s cryptocurrencies will survive over the long run seems unlikely to me, although parts of them may evolve and survive,” Strongin said (<https://www.bloomberg.com/news/articles/2018-02-07/get-ready-for-most-cryptocurrencies-to-hit-zero-goldman-says>).

Strongin is also skeptical of the “first mover advantage” that many bitcoin bulls reference as one of the currency’s advantaged over competitors.

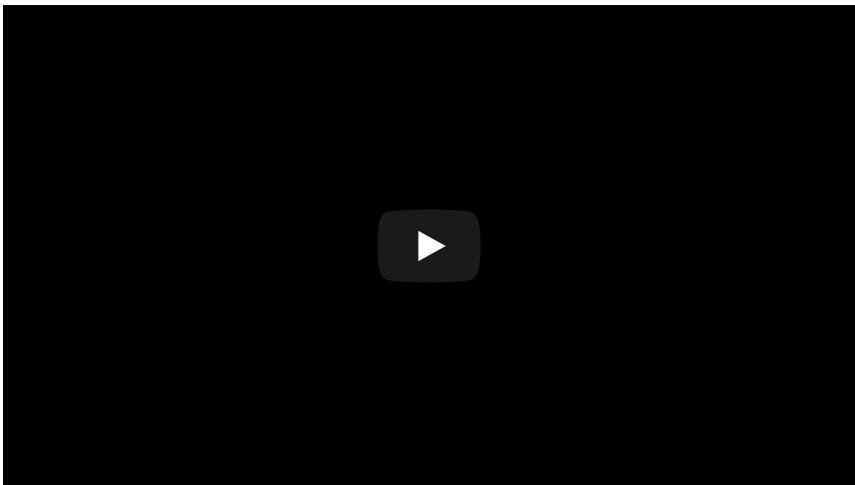
“In the case of cryptocurrencies, the strong price movements in dozens of them—not just the first one—suggest that even the broader market hasn’t chosen a clear ‘winner.’”

If Strongin is correct, the 38 percent drop for the **Bitcoin Investment Trust** ▲ GBTC 2.98% (<https://benzinga.com/stock/gbtc#OTCMKTS>) and similar sell-offs in other crypto-related assets could be just the beginning of a difficult year for investors.

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