



## Bitcoin bulls may have to wait 22 years for the cryptocurrency to return to all-time highs

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- Bitcoin bulls may have a long-wait for the cryptocurrency to retrace all-time highs
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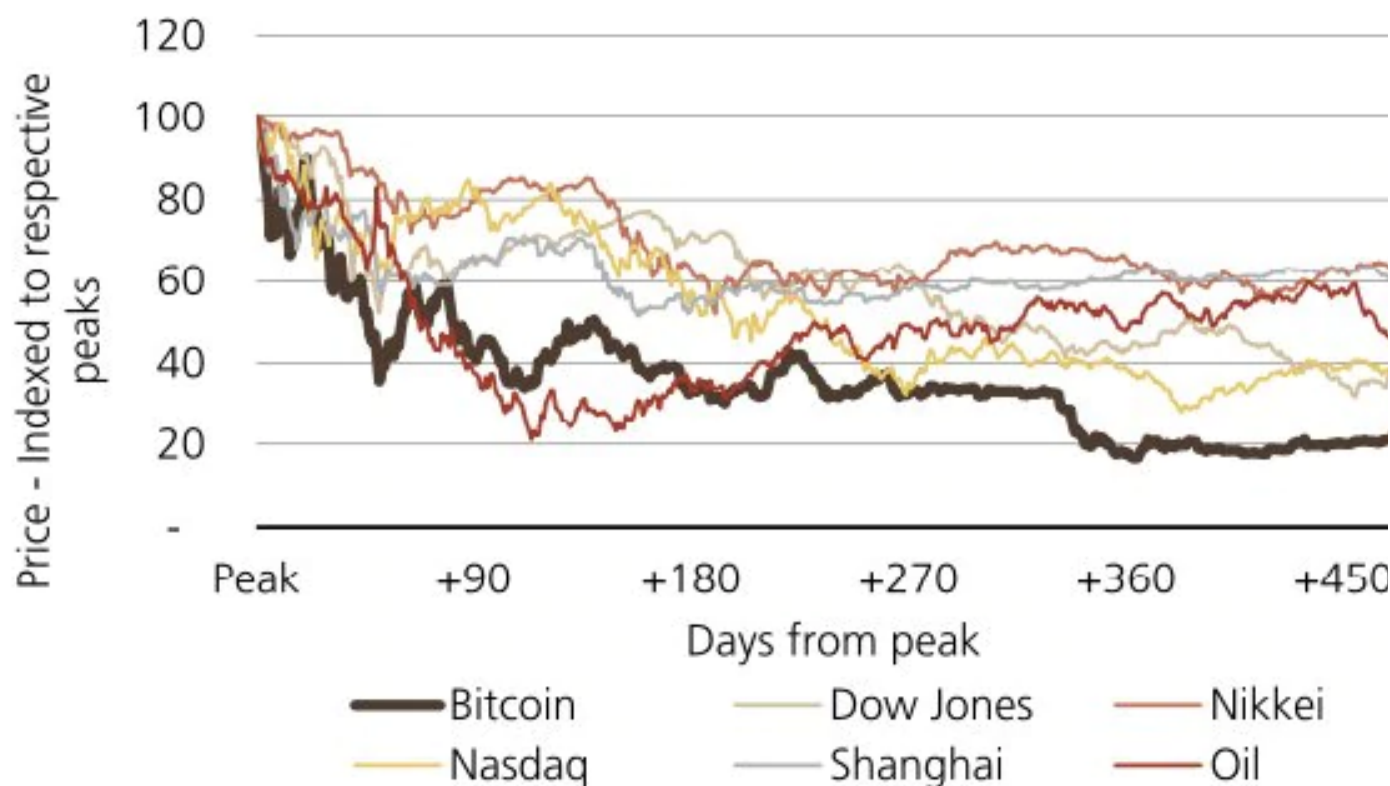
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Bitcoin has rallied more than 40% year to date, taking the controversial cryptocurrency **above \$5,000**, though the reasons for the price spike **are not immediately clear**.

Despite the recent rally, the broader collapse of the cryptocurrency has largely followed the path of previous bubbles, according to data compiled by UBS analyst Kevin Dennean.

As shown in the chart below, the bitcoin collapse is indexed to other well-known bubbles such as crashes of the Dow Jones in 1929, the Nikkei in 1989, the NASDAQ in 2000, Oil in 2008 and Shanghai A-shares in 2015.

Fig. 2: Comparison of post-bubble asset prices



Source: FactSet, coinmarketcap.com, UBS as of 10 April 2019

FactSet, coinmarketcap.com, UBS

Dennean said crypto-bulls point to other bubbles and recoveries as a template for bitcoin's return prospects. "The argument here is that bitcoin has gone through its bubble phase and is ready to rise phoenix-like from the ashes just as other assets and indices did in the past," writes Dennean in the research note.

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However, those waiting for a crypto-recovery may have a long time to wait before bitcoin reaches previous peaks.

"We're struck by how long it took other asset bubbles to recover their peak levels (as long as 22 years for the Dow Jones Industrials) and how pedestrian the annualized returns from trough to the recovery often are," Dennean wrote.

With the exception of Shanghai, all the asset classes (including Bitcoin) collapsed by more than 75% from peak, with only the Dow Jones and NASDAQ recovering to previous levels. Nearly 30 years after the collapse of the Nikkei, the index has still not recovered and currently trades at about half its peak level.

"Maybe crypto-bull contingents should consider what happens after the bubble - not every bubble that bursts recovers the old highs," Dennean wrote.

Fig. 3: Comparison of crashes and recoveries

|                                 | Dow Jones<br>Industrials | Nikkei 225 | Nasdaq<br>Composite | WTI Oil   | Shanghai A<br>shares | Bitco |
|---------------------------------|--------------------------|------------|---------------------|-----------|----------------------|-------|
| Peak index value/price*         | 381                      | 38,916     | 5,049               | 145.66    | 5,411                | 19,4  |
| Date                            | 3-Sep-29                 | 29-Dec-89  | 10-Mar-00           | 11-Jul-08 | 12-Jun-15            | 16-I  |
| Trough index value/price        | 41                       | 7,055      | 1,114               | 26.14     | 2,779                | 3,2   |
| Date                            | 8-Jul-32                 | 10-Mar-09  | 9-Oct-02            | 11-Feb-16 | 28-Jan-16            | 15-I  |
| Peak to trough decline          | -89%                     | -82%       | -78%                | -82%      | -49%                 |       |
| Peak to trough decline in years | 2.8                      | 19.2       | 2.6                 | 7.6       | 0.6                  |       |
| Recovery**                      | 383                      | 21,803     | 5,096               | 64.00     | 3,393                | 5,2   |
| Date                            | 23-Nov-54                | 10-Apr-19  | 28-Oct-15           | 10-Apr-19 | 10-Apr-19            | 10-I  |
| Trough to recovery CAGR         | 10.5%                    | 11.8%      | 12.3%               | 32.7%     | 6.4%                 | 31    |
| Trough to recovery in years     | 22.4                     | 10.1       | 13.1                | 3.2       | 3.2                  |       |

\* We chose the 2015 bubble in Shanghai A shares, but we could have just as fairly chosen 2007 bubble.

\*\* The Nikkei 225 index, WTI oil, the Shanghai A shares index, and Bitcoin all remain below prior peaks so we use current prices to measure the recovery.

Source: FactSet, coinmarketcap.com, UBS as of 10 April 2019

FactSet, coinmarketcap.com, UBS

**Bitcoin** is up 40% year to date and 74% down from its all-time high of \$19,783.21 reached in December, 2017.

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|              |         |             |         |         |          |          |          |             |          |              |           |
|--------------|---------|-------------|---------|---------|----------|----------|----------|-------------|----------|--------------|-----------|
| Market Cap   | 92.20 B | Volume      | 12.41 B | Day Low | 5,028.97 | Day High | 5,272.06 | 52 Week Low | 3,178.33 | 52 Week High | 10,378.10 |
| Circ. Supply | 17.65 M | Max. Supply | 21.00 M |         |          |          | 5,223.68 |             | 5,223.68 |              |           |

INTRADAY 1W 3M YTD 1Y 3Y 5Y MAX

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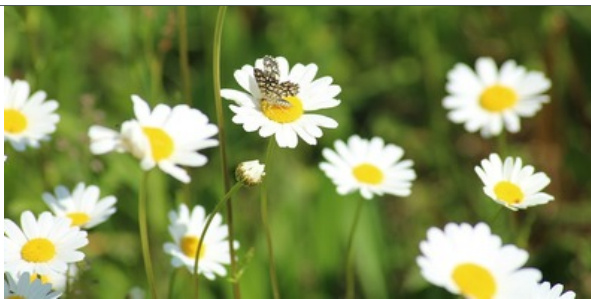
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| BTC/JPY | 588,472.2500 | 1,401.44 | ▲ | 0.24%  |
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| EUR/BTC | 0.0002       | 0.00     | ▼ | -0.77% |
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