

Market Outlook:

Demystifying the mythical

With all the volatility and uncertainty swirling about the financial markets, including last week's 400 and 500 point maneuverings on the Dow Jones, there is so much talk on the internet and in public media now about alternative investments, IPO's, ETF's, imaginative currencies (bitcoin, cryptocurrency), and new platforms for trading them in order to assuage our doubts about the long-term viability of "traditional" stock and bond investing. Let's begin by acknowledging that this generation's "masters of the universe", as with generations past and future, have demonstrated a boldness and audacity to try and reinvent the wheel and to change the world to a vision more sympathetic to their ideals. One should not begrudge or condemn this generation of visionaries for their spontaneity and enthusiasm.

However, one cannot ignore the contradiction of developing a "new" investment logic, nor fail to hold those responsible to account.

To begin, it is too hasty to attempt to create such a tectonic change in how trade is effected and the means by which that commerce is paid for when imagining an overhaul of the currency scheme, for example. Might we, perhaps, use *tea leaves* as an alternative method of remuneration between nations? Oh wait...we already have tried that in the era of the great sea-going explorers Magellan, Columbus, and Vasco de Gama.

So let's dig a little deeper to examine further just what a new currency arrangement might entail. There is almost a rush to judgment to decree that cryptocurrency would now become more valuable than dollars, or Euros, or gold....or perhaps even potatoes? Remember a time-held tenet **that any investment is an expression of claim by the purchaser about current or future remuneration or value.** How, then, can purveyors of "phantom coin" ascribe future, or current, value to their ether-invention *unless someone on the other side of the transaction allows so?* Their notion, instead, relies more upon an ephemeral value that *others* say these currencies are worth, rather than on the value the owners wish to confer upon it. And right now the bloom is off the rose as markets diligently try to find a stable pricing basis and a true quantitative metric to these ideas as well as traditional financial assets. Just look around you to see whether the climate is right for a total disruption of the status quo.

If its creators want a comparison to gold, then gold, after all, is the "gold standard" for measuring the impudence of creating a cryptocurrency universe. At the end of the day, gold is merely a rock mined from the earth. A rock which throughout history has been *given* value based upon mythology, politics, warfare, and shared community.

Perhaps bitcoin finds its traction in the fact that its proponents are really making a declaration about their fears and lack of faith in traditional economies, government policy, taxation, and the legitimacy of rule run-amok while the state-of-the-state implodes. The narrative about alternatives...of any kind....always seems to have its roots in *fear* and the desire to prove alternative methods more effective and respectful of human fragility.

The future is never easy

Most economic indicators are improving, if not capriciously rebalancing. Is the world economy so unstable as to suggest now is the time for an overhaul of the global monetary system? I think not. The idea of a transparent and philanthropic commerce structure is a heroic one. But I would not go on public media, myself, and advocate allegiance to the notion of fantasy currency just yet.

As with many things "new", the marketplace for these concepts is sometimes late to gain acceptance but oftentimes infused by get rich quick schemes and consumer fraud. The abusers, it would seem, far outweigh the altruistic few who desire change and the aspiration to address global inequities and monopolies. I applaud the market's creativity, but fear that the landscape is not structurally ready to sustain such boldness.

It is natural for humans to believe in the sanctity and virtue of the future. That's what makes pioneering...and financial markets....valuable to our infrastructure. Why crash the ship on the rocks just to disavow the status quo?

Just ask Vasco de Gama.....

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