



Market SitRep

Blockchain



Topics

- Bitcoin and Blockchain
- Central Bank Updates
- Monthly Charts



Bitcoin

What Is Bitcoin?

- A digital, alternative currency
- Not backed up by any central authority





Benefits of Bitcoin

- Anonymous transactions
- Finite supply of bitcoins- no central bank or government can “print more” and debase the value of a bitcoin

Insurance

- Just like gold, a lot of bitcoin enthusiasts hold them to protect against the destruction of fiat money
- Inflation hedge because there is a finite supply of bitcoins (21 million coins)

ETF of Bitcoin

- There is an ETF now trading on the OTC market that gives investors exposure to the price of bitcoin relative to the dollar
- Ticker: GBTC
- Otherwise need to open an account with a special bitcoin exchange

GBTC





Bitcoin Chart (log scale)





Possibilities

- But bitcoin is not what excites the financial industry
- It's the underlying technology used to record bitcoin transactions



Blockchain

What is the blockchain?

- A large digital record, an immutable database of facts
- Anyone with internet can look and see what is recorded in it
- No single person in charge of the record
- Serviced and maintained by a network of computers

What is the blockchain?

- Anyone can add their computer to the network
- Distributed ledger – no single vulnerability point
- In order for info to be changed the network needs unanimous approval from all computers on the network
- The information on the chain is stored on every computer in the network



Revolutionary

- Pre-blockchain you needed a middleman to complete a payment online
- The middleman's job was to process and verify the transaction
- Without middleman digital double spending was a problem

Revolutionary

- The solution to the double spending problem is blockchain
- Instead of a bank or middleman, a network of computers process the transaction and if they approve it the payment information, time, the amount, and the wallet address is added to the database



Revolutionary

- After the transaction is approved a “block of data” is added to the chain of information
- This is where we get the term “blockchain”



Advantages of Blockchain Tech

- Security- All the info is kept permanent and copied on every machine. You would have to hack every computer on the network to disrupt it.
- Code controlling accounts instead of humans
- Efficiency gain



Advantages of Blockchain Tech

- It doesn't need a large capital backing and a reputation to build the trust needed to process transactions
- Has 99% of what is needed to be considered a trusted entity but without the high cost

Conventional Uses

- Record security ownership
- Record derivative ownership
- Fiat cash on blockchain
- The tech can still be harnessed within a regulatory environment



Alternative Uses

- Real estate, car registration, birth, death, and marriages
- Interface with internet of things
- Digital identity/Authentication
- Decentralized messaging

Alternative Uses

- Brand authenticity so its way harder to pirate valuable brands (Louis V purses)
- “Smart contracts” encode not just the ownership but the conditions of the ownership
- Voting applications



Central Bank Updates

Fed

- Non-event for the markets
- Neither hawk or dove
- Setting up the stage for a June hike
- “Data-dependent”
- Latest GDP for Q1 at 0.5%

BOJ

- Surprised the market big time
- Everyone thought they were going to ease more
- Kuroda instead did nothing
- USDJPY tanked hard
- Nikkei tanked hard

USDJPY



Nikkei





Monthly Charts

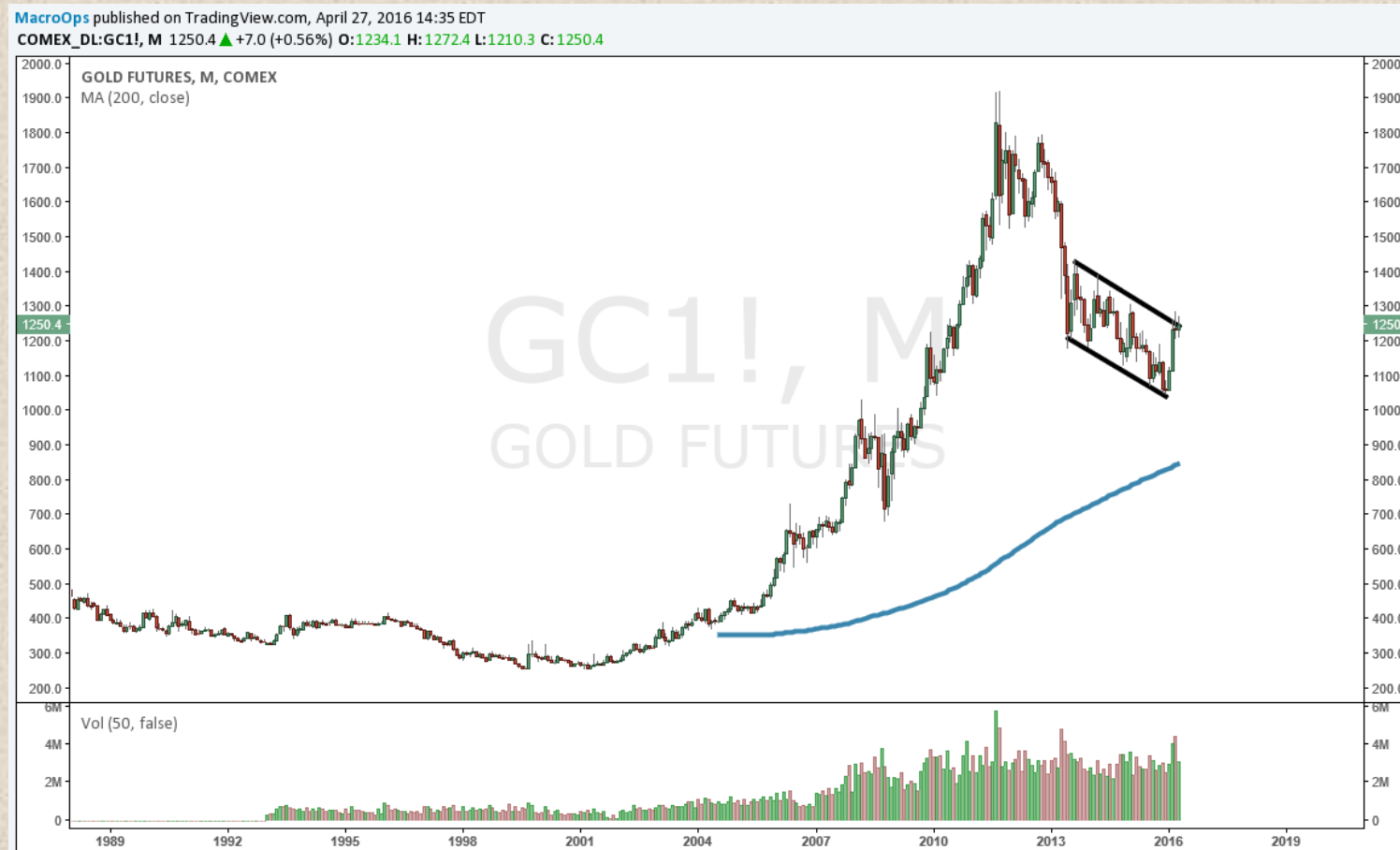
EEM



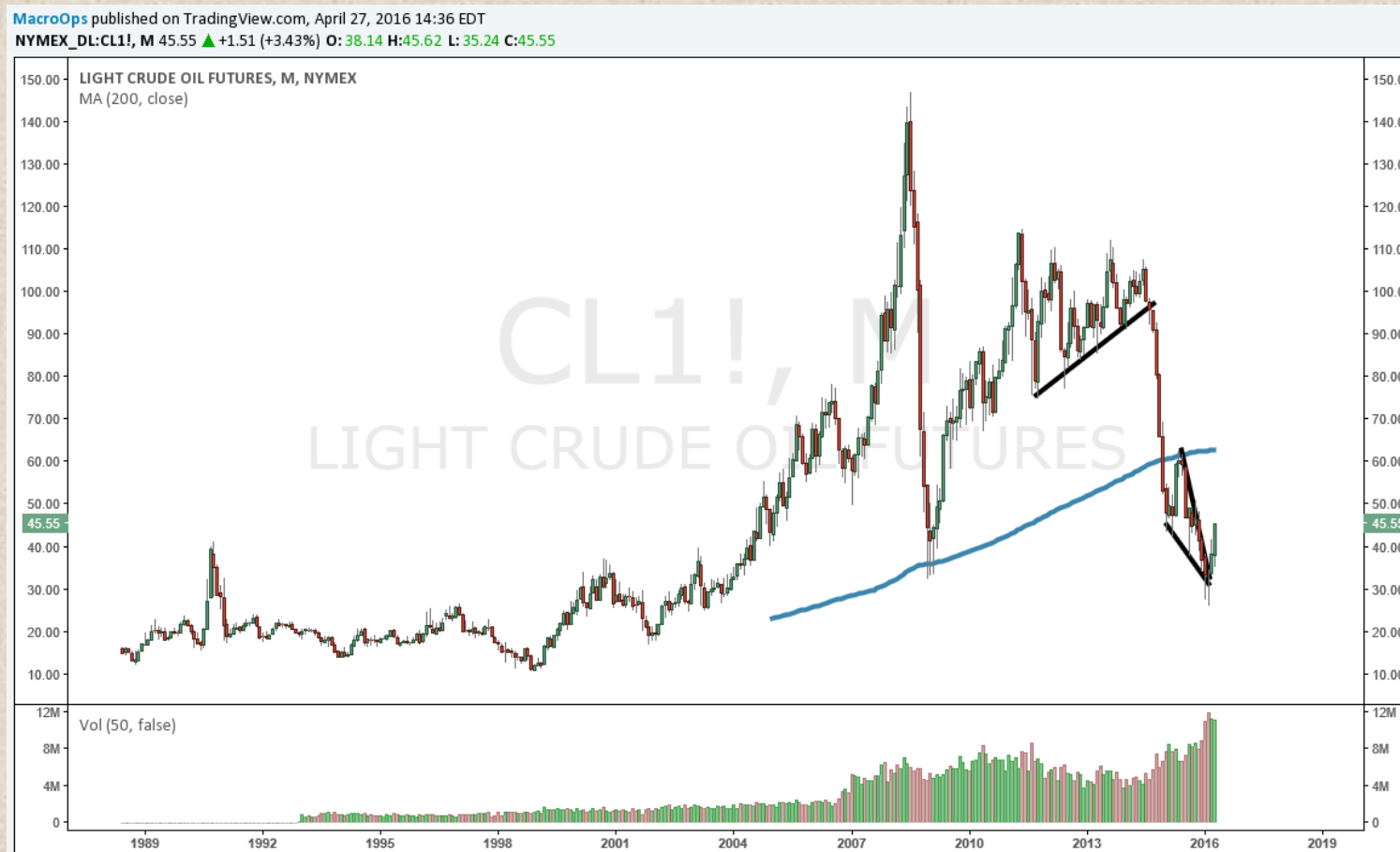
SPX



Gold



Oil



Dollar





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