Twitter Thread by Subhadip Nandy



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Will start this thread with a disclaimer. I have never invested a rupee in cryptos ■

But I have studied bull and bear cycles and financial bubbles extensively. Saw 1992, 2000, 2008 with own eyes. The first one as a novice, the next two when I knew to analyze

The amount of chatter I am seeing in friends, family and social media about cryptos has gone through the roof. For everyone, it's a dream to make 100x or even 1000x easily. Basically, become stinking rich easily
(it never happens)

In any financial bubble, the top is made in extreme speed and violence. The distribution happens on the way down. Unless one saw the rates of 65k on bitcoin, one wouldn't buy at 30-35k or 20k. That 65k is an anchor point which leads to greed

During the tulipmania, a single piece of tulip reached a price of $750,000 in today's money. When we see that history, we think "what idiots". But consider this, as of now meme coins generated by someone in their garage are being traded at absurd prices

In 1634, tulipmania swept through Holland. "The rage among the Dutch to possess [tulip bulbs] was so great that the ordinary industry of the country was neglected, and the population, even to its lowest dregs, embarked in the tulip trade." A single bulb could be worth as much as 4,000 or even 5,500 *florins* - since the 1630's florins were gold coins of uncertain weight and quality it is hard to make an accurate estimation of today's value in dollars, but Mackay does give us some points of reference: among other things, 4 *tuns* of beer cost 32 florins. That's around 1,008 gallons of beer - or 65 kegs of beer. A keg of Coors Light costs around $90, and so 4 tuns of beer ≈ $4,850 and 1 florin ≈ $150. That means that the best of tulips cost upwards of $750,000 in today's money (but with many bulbs trading in the $50,000 - $150,000 range). By 1636, the demand for the tulip trade was so large that regular marts for their sale were established on the Stock Exchange of Amsterdam, in Rotterdam, Harlaem, and other towns.

Then there is this joke called NFT. A piece of "digital art" basically made by someone on their computer (who is not even a known artist) are being sold for millions of dollars

Whatever logic crypto fanatics throw at me to justify these prices or that they will go higher fails to convince me that the future generation will not call us "what idiots". We are in a manic bubble like tulipmania or even bigger
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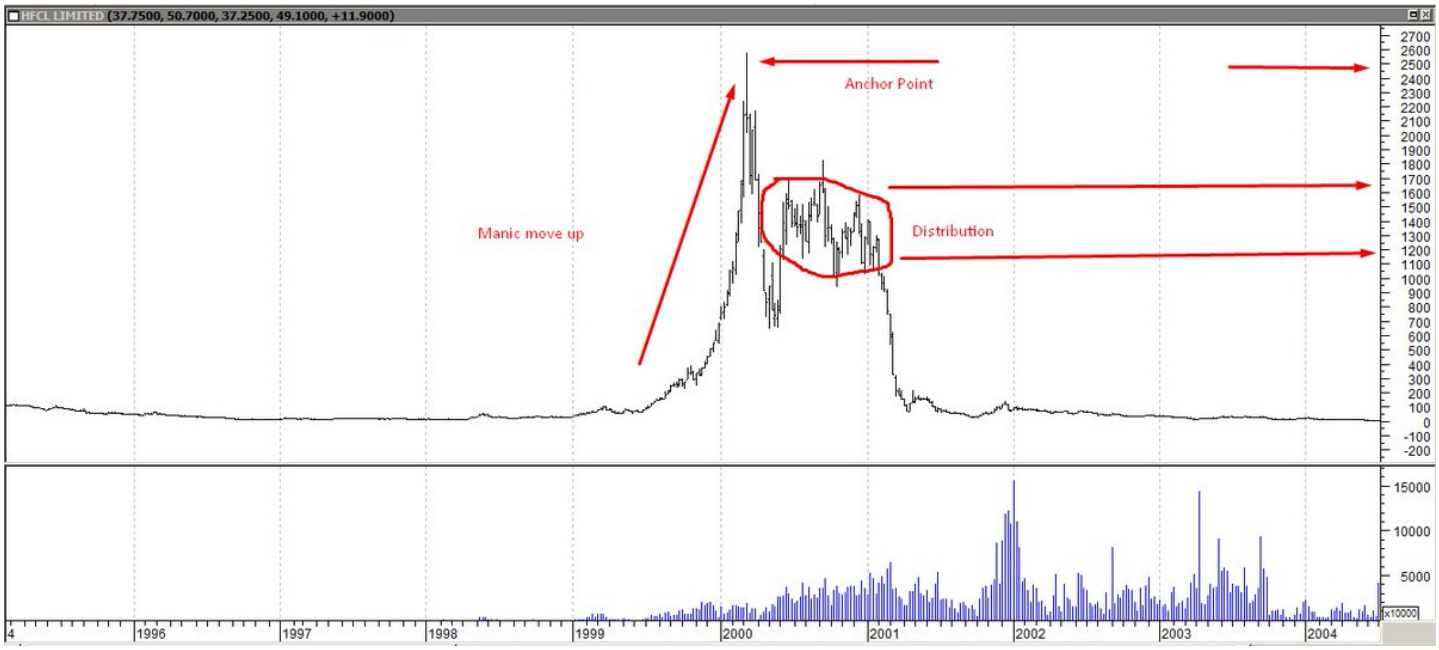
I leave you with this chart of HFCL, the most darling stock of the 2000 bull run. I knew quite a few "smart " traders who got in at 1400-1600 range and could never sell



What I think will happen. During distribution also, there is huge volatility with price going up and down to "lure". Remember, at any bubble the prices are #always justified by logic (which are new and against convention). Like Harshad Mehta's "replacement cost theory"

