Twitter Thread by DK



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Thoughts on #bitcoin price here in a thread

TL;DR: $BTC is caught between a tug of war of market manipulation by #tether, pushing price on low volume on one hand and undeniable fundamental asset price inflation driven by the Fed's printing on the other.

1/ $BTC is up 22% in 5 days on ever falling, low volume in holiday trading. During this time it has defied every sensible signal. Leveraged funding is unsustainably high, futures are as far in contango as I can remember.

2/ #tether has printed $400m during the holidays, implying that either huge (and I mean HUGE) institutional investors have wired real Dollars over the period when they aren't in the office or, as we all know it to be true: they are printing freely out of thin air.

3/ With these $USDT and the help of all the connected #tether exchanges price has been painted upwards without resistance. The manipulation, to any experienced market participant, is so obvious it hurts.

4/ However, it is absolutely true that #bitcoin, along with every other asset in the world is acting as a vacuum for the central bank liquidity unleashed on markets. It is just as ridiculous to deny this perfectly legitimate effect as to say #tether is not manipulating prices

5/ That is what makes trading this market exceedingly difficult in the short term. You know (it's as certain as #Ripple being a scam) there is one party manipulating prices who could simply pull the rug at some point so you want to be cautious,

6/ but you also know that this manipulation (different from 2017) does not happen in isolation - there are strong legitimate drivers that are pushing $BTC higher as well. Therefore, you are kind of inclined to ignore the high funding and low volume pump to still be leveraged long

7/ The key question then becomes: what should we expect and what is actually going on? This is my theory (I remind you - I know nothing!):

#Tether seized the moment when there was no volume to speak of in order to achieve three things.

8/ Firstly, the pump in #bitcoin allows the ‘real world’ to quickly lose sight of the fact the 3rd largest #crypto has been shown to be a scam ($XRP; Side point: They will still reply to the SEC suit; don’t believe their lies).

9/ Secondly, the fundamental drivers that might make institutions want to get into #bitcoin (which doubtless exits) are the best chance to spark some kind of institutional FOMO. Looking at $USDT prints, google trends and generally low levels of

10/ euphoria, so far it would seem that (aside from Saylor) #tether has had to do most of the hard lifting on their own. This pump over the holidays, while leveraged funds are record short on CME futures may be the perfect opportunity to finally get this institutional FOMO going

11/ Thirdly, the break of $20k is very important to keep the narrative going and #tether knows the later it gets re-tested, the more likely it is to hold. So pumping the price further away from it is a prudent thing to do.

12/ In terms of expectation, I would assume that when traditional markets re-open, we could first see a short squeeze from CME leveraged funds. Once that is done, it will take a correction to flush out funding / leverage from #crypto exchanges which is the opposite of the CME

End/ So we could see a volatile blow off top that finally brings the correction to the $20-25k levels afterwards.

Conundrum: it would likely not be the end as long as the Fed keeps printing

Mind you - this is personal speculation. This is not advice. I don’t know more than you