Twitter Thread by Donk■ Kongu



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@ApeInApeOut



1/ As $BTC / $ETH passed $40K /$1.2K yesterday (>2x under a month), I sat there thinking about the upcoming quarters and how it may turn out.

I came across a few posts which I found immensely thought-provoking by @cburniske @RaoulGMI @DegenSpartan (see below):

2/
https://t.co/xztuB0Tfd5
https://t.co/670x6ErykB
https://t.co/1xEba2Usjk

I think the general CT community / retail are super bullish on crypto in general right now and rightfully so. The narratives I hear are: 1) Institutions are coming in, 2) money printing goes brrrr and

> 1/ The euphoria is intoxicating, but #crypto is in need of a pullback and consolidation if $BTC wants to reach into the $100Ks and $ETH into the mid-to-high thousands.
>
> — Chris Burniske (@cburniske) January 6, 2021

3/ 3) US gov transition is +ve for crypto.

While I agree in general with these 3 narratives, I want to also be mindful of time horizons of those narratives and the scale / magnitude / speed of which those play out.

4/ 1st - let's look at @cburniske post on the concerns of the over-frothy sentiment in the last several weeks in crypto. I share that same concern and try to balance this out ongoingly with Wall Street's famous phrase "climbing the wall of worry".

5/ Crypto is generally a pretty illiquid market (from an institutional perspective), whale traders pump and dump all the time on a day-to-day / week-by-week basis

5/ As a retail investor, I have limited data sets / insights into actual underlying market dynamics and rely on snippets from people like @ki_young_ju and other on-chain data analytic firms to give me an idea of how things are looking

6/ As such, I stay away from the following, despite my ultra risk taking behavior, as it leads to a path of ruin:
1) Leveraging up / buying options (given vol is expensive)
2) Trying to short or bet against a parabolic move
3) Fomoing into updates like ytdy with $YFI or $ALPHA

7/ As the key is to survive and make money. If I want to chase outcomes and idolize the guy that turned $1K to $1MM on $UNI, I might as well play the lottery because I don't want to be the 99% that fails at it and never publicize it on CT.

8/ 2nd - From an investing perspective, @RaoulGMI's post comparing $BTC and $ETH has us all gushing for $20K $ETH and bringing forward that expectation that its all going to happen in the next few months.

9/ While markets are fractals and repeating price patterns exist across different assets, this is only one of the upside scenarios that can exist in a realm of different outcomes.

My job as a retail investor is again not to bet the farm "needing" this to happen but position

10/ myself accordingly to capture the upside if it does. Maybe not as well as @RaoulGMI but compared to my own situation say 6 months ago.

Come to terms that you most likely will underperform OGs of the CT space as a retail guy so keep the ego / risk taking in check.

11/ Last pt - Regarding @DegenSpartan's post, I am a big believer of DeFi and do think it will outperform going forward. Why?

If the $ETH price starts going parabolic / crazy levels, $ETH's flaws once again are shown and any high volume of activity kills my returns.

12/ So as a retail guy, what am I most likely to do? Not transact as much and just hold on to my bags.

If only I think this way, that's fine. The space moves on. What if more people think like me? What is a rational action to one person becomes irrational when adopted by many.

13/ @profplum99 in his many interviews across many platforms brought up the idea of markets becoming more and more illiquid due to passive investing (highly suggested for CT and everyone in general to listen).

In such markets, volatility is heightened and this leads

14/ to a increasingly fragile market both to the upside and downside.

So back to DeFi, if gas wars price me out of doing too much, I effectively becoming a HODL'er along with the other long term HODL'ers to begin with.

15/15 So if that is the case and the rotation comes into DeFi, is the depth of the $25B DeFi market really there to support the inflow?

Guess we'll find out... :)

Remember though, illiquidity cuts both ways so take risk accordingly.