Twitter Thread by CMS Dynamics



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My New Years resolution is to provide more actual useful info was thinking maybe it would be shitpost less but I don't like setting up for failure so here's a thread on how I think about supply / demand imbalances over cycles thus far I've lived

1. Bitcoin is an extremely unique asset in that supply cannot react to demand in any meaningful capacity, miners can add hashrate and mine albeit slowly faster but it's not enough to drive material supply side changes

2. This differs from a lot of commodities say oil or silver or gold or leggos as people want more of these and prices go up producers produce more they feed the ducks

3. Altcoins imo have largely been a market force driven by this issue though a lot of get rich quick and some actual innovation sprinkled but I think this is why the asset class has grown horizontally at its core

4. Either way you have periods where demand clearly crushes supply often halving related but nonetheless fucking up the imbalance and the momentum does the rest

5. The issue is this overshoot causes often maybe I dare say always cause a hangover because once demand subsided the supply stays constant whacking bids and we do the whole momentum game the other way

6. None of this is bad or good it just is but it's something to be aware of, the other big issue driving it for me has always been people don't tend to like bitcoin at levels say I like it at 10k or 15k

7. Some traders do but that's not the material powder moving thing people tend to think it's worthless or far too cheap and because of that the bid side on the way down is often thin because allocate or dollars deploy since it always seems cheap

8. This will probably change as the asset matures but even the speed and haste of deployment of large positions past quarter leads me to believe we aren't over it

9. Also supply side effects become more dampened as issuance of total becomes more so this all also dampens with time

10. NONE OF THIS IS A PREDICTION OF DIRECTION AT CURRENT JUNCTURE