Outline

- About Me

- How I found Bitcoin

- Why it's so important

- Why it matters for PA
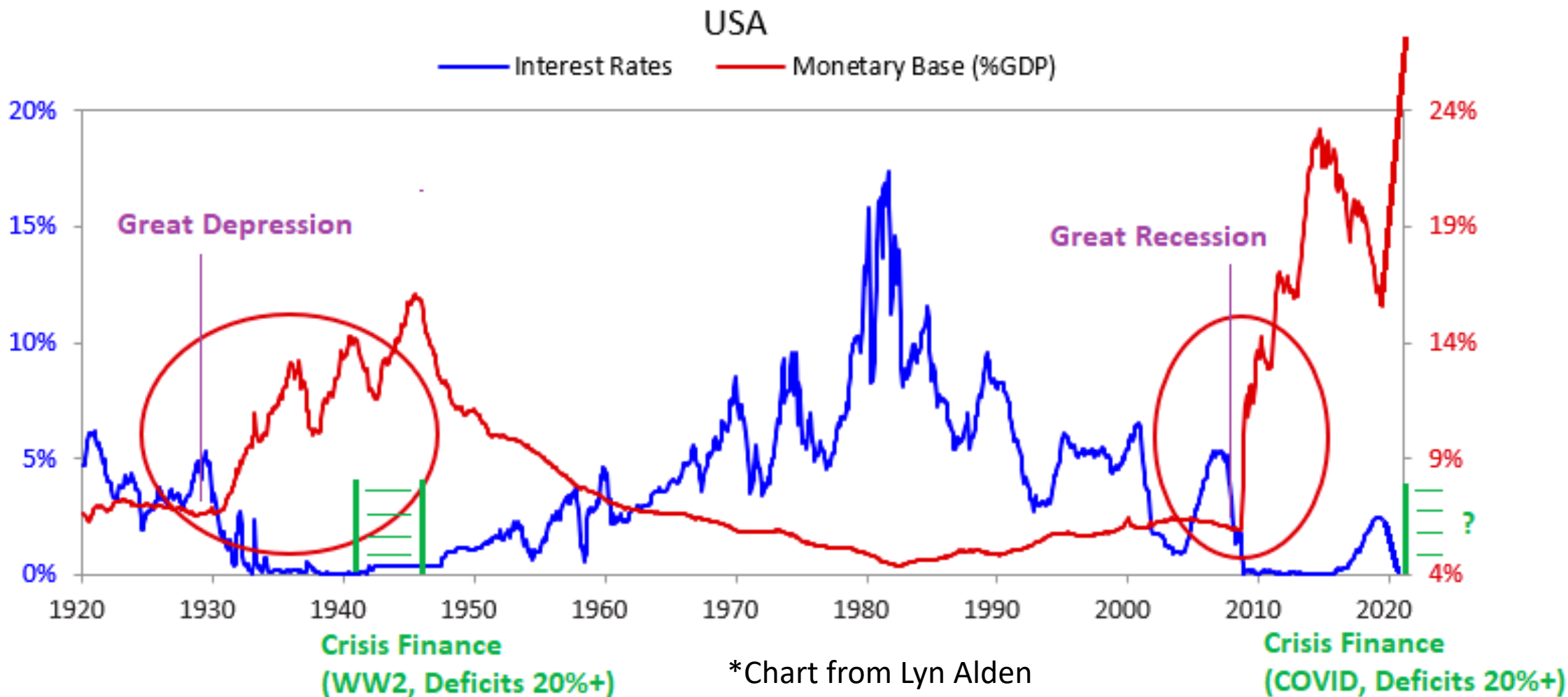
- Some interesting charts

About Me

- Graduate of West Point (Aerospace Engineering) and Johns Hopkins University (MBA in Finance)

- Commanded an Apache Helicopter Company in Afghanistan

- Started a media company (TIP) ten years ago

- Wrote some books on Warren Buffett and value investing

How I Found Bitcoin

- Following the 2008 crisis, the "solutions" didn't seem to offer a long-term fix to the inherent problems.

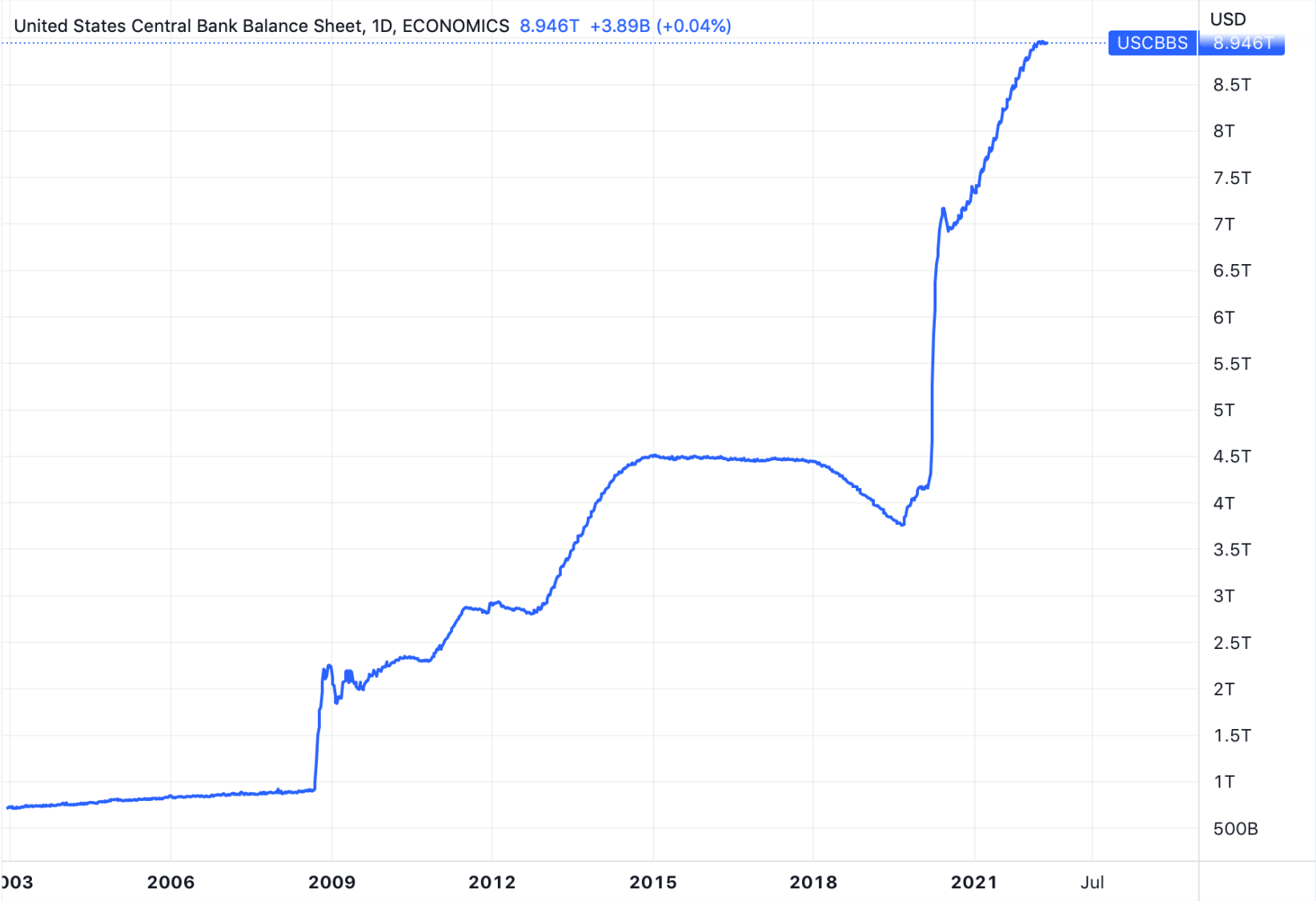- The world is in a race to debase (because nothing is pegged).

The Long-Term Debt Cycle

- Made popular by billionaire Ray Dalio
- We are currently approaching the completion of an 80-year credit cycle

USA

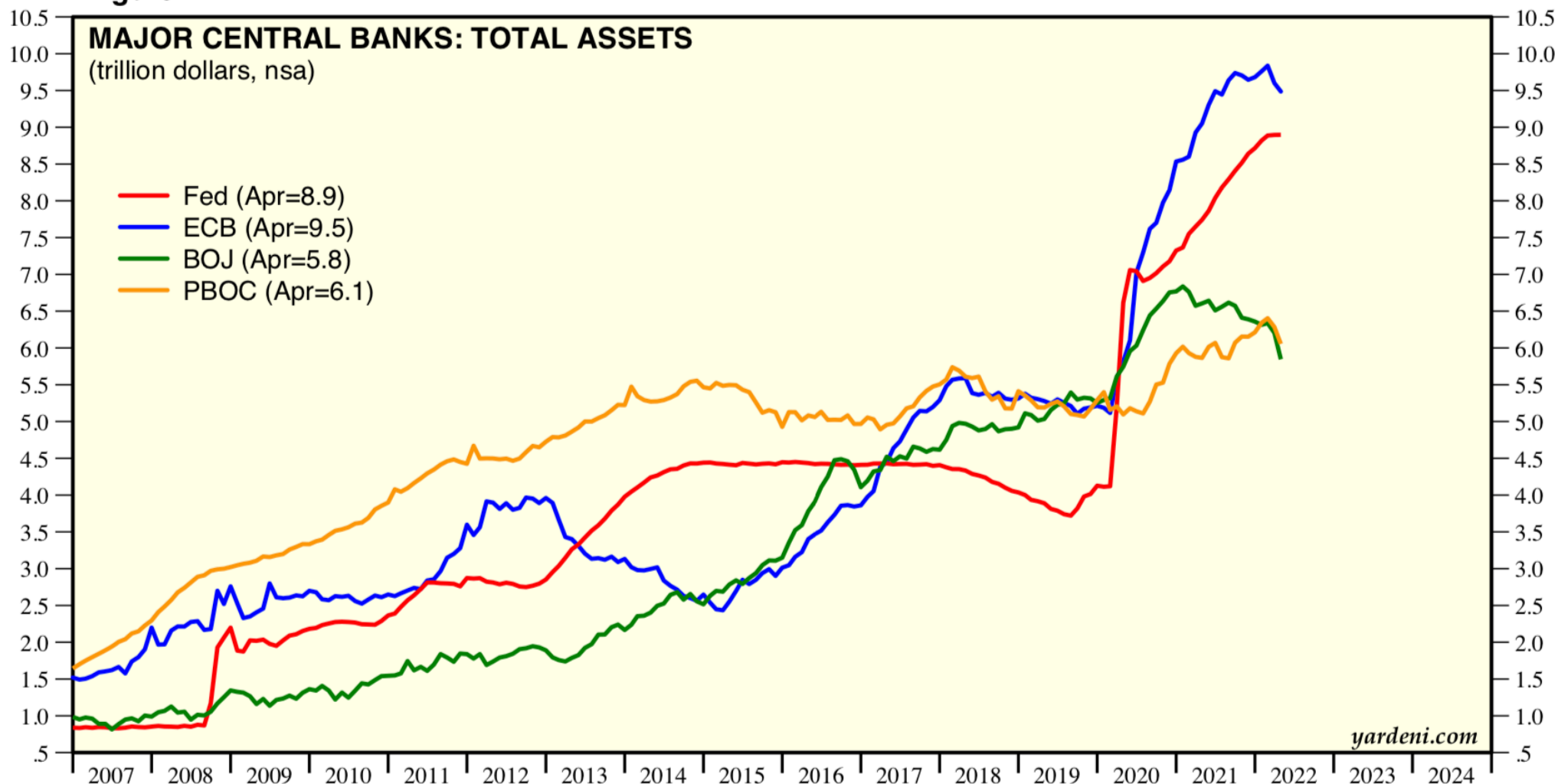Interest Rates — Monetary Base (%GDP)

Great Depression

Great Recession

Crisis Finance
(WW2, Deficits 20%+)

Crisis Finance
(COVID, Deficits 20%+)

*Chart from Lyn Alden

The US Reaction Since 2008

prestonpysh published on TradingView.com, May 25, 2022 09:50 UTC

United States Central Bank Balance Sheet, 1D, ECONOMICS 8.946T +3.89B (+0.04%)

USD

USCBBS   8.946T

8.5T

8T

7.5T

7T

6.5T

6T

5.5T

5T

4.5T

4T

3.5T

3T

2.5T

2T

1.5T

1T

500B

003   2006   2009   2012   2015   2018   2021   Jul

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The Global Reaction Since 2008

Total Assets of Major Central Banks

Figure 1.

MAJOR CENTRAL BANKS: TOTAL ASSETS
(trillion dollars, nsa)

- Fed (Apr=8.9)
- ECB (Apr=9.5)
- BOJ (Apr=5.8)
- PBOC (Apr=6.1)

yardeni.com

*Chart from Yardeni Research

The Global Reaction Since 2008

Figure 2.

MAJOR CENTRAL BANKS: TOTAL ASSETS
(trillion dollars, nsa)

Total of
Fed, ECB, BOJ, & PBOC (30.3)

Apr

yardeni.com

*Chart from Yardeni Research
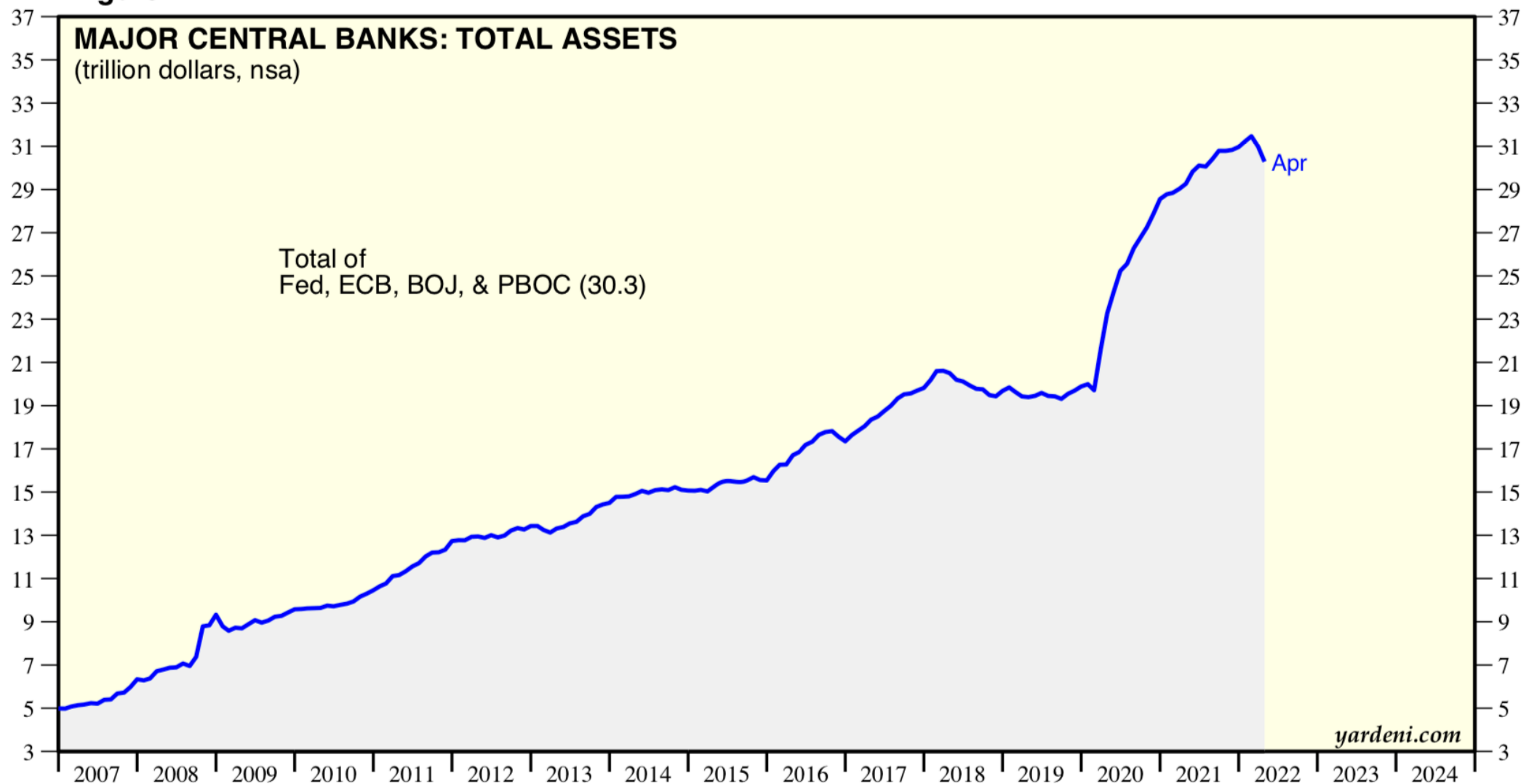
The Global Reaction Vs S&P500

S&P 500 & ASSETS OF MAJOR CENTRAL BANKS

QE1, QE1+, QE2, QE3, QE3+, QT1, RM, QE4, QT2

S&P 500 Index

Total Assets of Fed, ECB, BOJ (in dollars)

Apr 5/24

yardeni.com
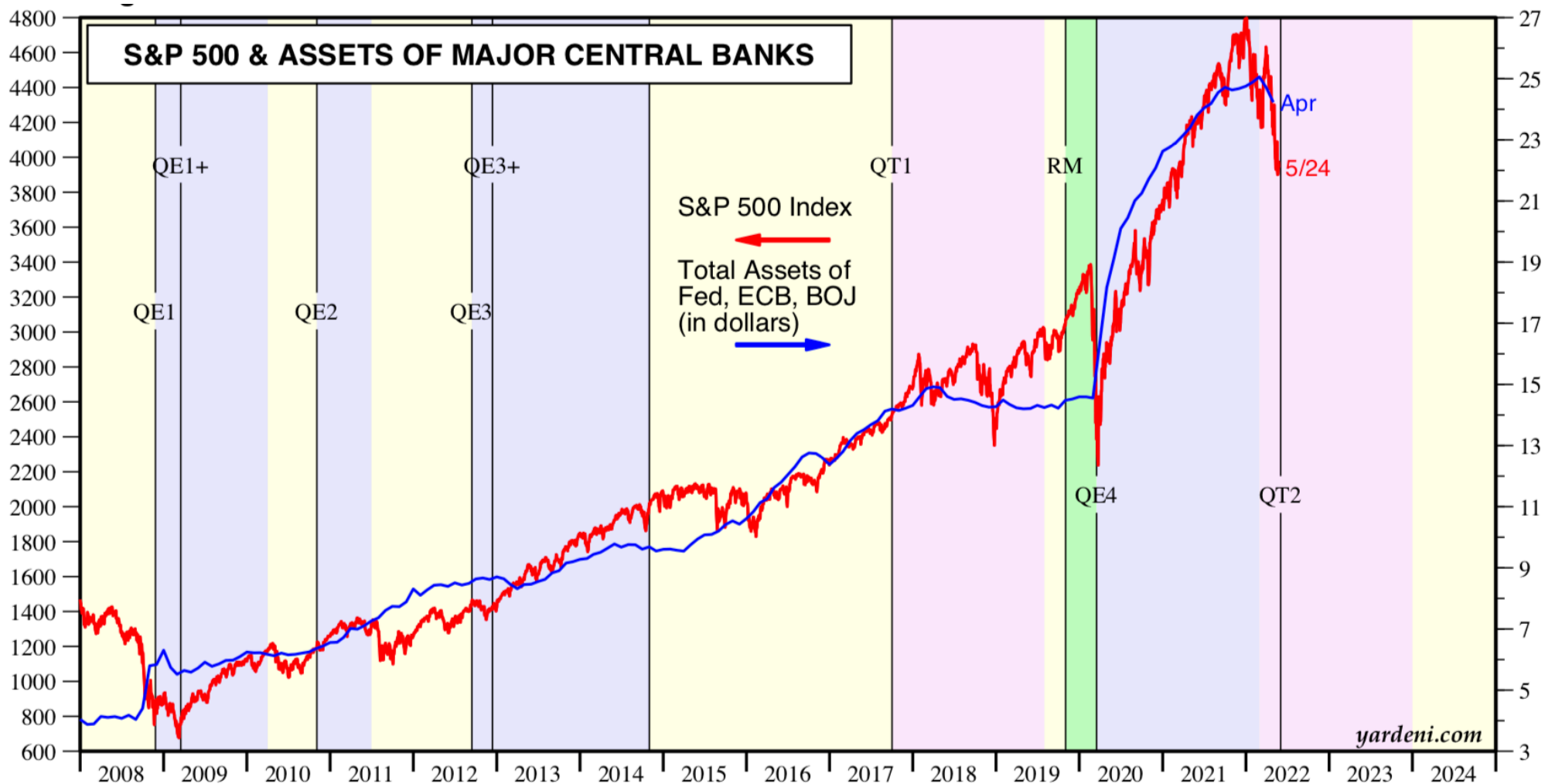
* Averages of daily figures for weeks ending Wednesday. Securities held by Fed include US Treasuries, Agency debt, and mortgage-backed securities.
Note: QE1 (11/25/08-3/31/10) = $1.24tn in mortgage securities; expanded (3/16/09-3/31/10) = $300bn in Treasuries. QE2 (11/3/10-6/30/11) = $600bn in Treasuries. QE3 (9/13/12-10/29/14) = $40bn/month in mortgage securities (open ended); expanded (12/12/12-10/1/14) = $45bn/month in Treasuries. QT1 (10/1/17-7/31/19) = balance sheet pared by $675bn. RM (11/1/19-3/15/20) = reserve management, $60bn/month in Treasury bills. QE4 (3/16/20-infinity). QT2 = balance sheet pared by $95 billion per month. Source: Federal Reserve Board.
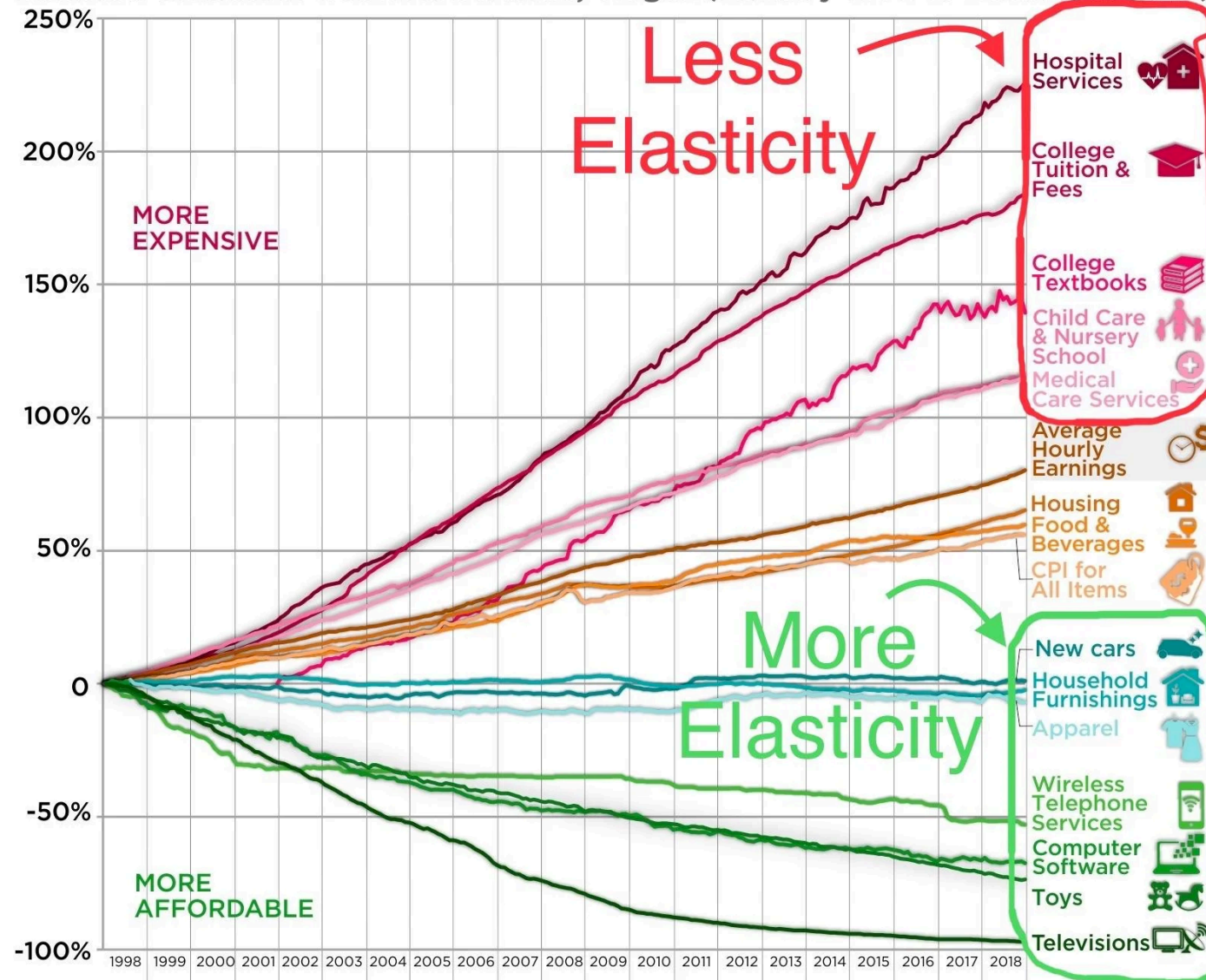
*Chart from Yardeni Research

Why It's So Important

If the currency isn't scarce...everything people actually desire will become scarce.

20 Years of Price Changes in The United States
Selected Consumer Goods & Services, Wages (January 1998 to December 2018)

Less Elasticity

MORE EXPENSIVE

More Elasticity

MORE AFFORDABLE

Hospital Services

College Tuition & Fees

College Textbooks

Child Care & Nursery School

Medical Care Services

Average Hourly Earnings

Housing

Food & Beverages

CPI for All Items

New cars

Household Furnishings

Apparel

Wireless Telephone Services

Computer Software

Toys

Televisions

howmuch.net

THE INVESTOR'S PODCAST NETWORK

What is inflation?

- Michael Saylor suggests inflation is a vector.
- If global governments continue to adjust interest rates lower via QE activities, the lower discount rates will naturally produce higher capitalization rates in equity prices (not captured in CPI)

$$\text{Present Value} = \frac{\text{Future Cash Flows}}{\text{Discount Rate}}$$

$$1,000 = \frac{100}{0.1}$$

Why Bitcoin is Important

- If governments are manipulating the interest rates (via QE), they are effectively manipulating the cost of capital and the price signals for…everything

- Bitcoin supplies a global, decentralized, permissionless, sailable, digital peg to run-away global governments that are in a race to debase.

- To supply a peg of value, real work needs to be performed so the economic units have meaning.

Why It Matters For Yinz

- PA is the third largest producer of electric in the United States

- PA is the second largest producer of Nuclear power in the United States

- Electricity generation regularly exceeds Pennsylvania's power consumption, and the state sends more electricity outside its borders over a regional electric grid than any other state

- The Bitcoin Miner: I'll buy any of your excess load (which you're already producing), immediately, dramatically increase your bottom line, and stabilize your grid by always being a buyer of last resort.
  - Bitcoin miners effectively become a battery for excess load generation. Only the units are digital energy or money.

Stats From: https://www.eia.gov/state/analysis.php?sid=PA

Why It Matters - Recommendation

- Study why Proof of Work Mining is so important to peg a fixed digital unit.

- Be careful with your intuition to regulate this space. Without thorough understand of "what this is" – you might just shoot yourself in the foot.

- Bitcoin mining naturally moves to the cheapest energy source where excess production is prevalent.

- Bitcoin mining will HELP energy companies by being a buyer of last resort ready to soak up excess loads.

Some Interesting Charts

Global Stock Markets in Local Currencies

THE INVESTOR'S PODCAST NETWORK

prestonpysh published on TradingView.com, May 25, 2022 13:09 UTC

iShares Russell 3000 ETF, 1W, AMEX 178.21%
SXXP, TVC 31.58%
NI225, TVC 89.89%
HSI, TVC −23.13%
BSE500, BSE 209.77%
KOSPI, KRX 41.60%
TSX, TSX 42.06%
GXC*1/USDCNY, CBOE BZX −0.94%

BSE500 +209.77%
IWV +178.21% 2d 7h
NI225 +89.89%
TSX +42.06%
KOSPI +41.60%
SXXP +31.58%
GXC*1/USDCNY −0.94%
HSI −23.13%
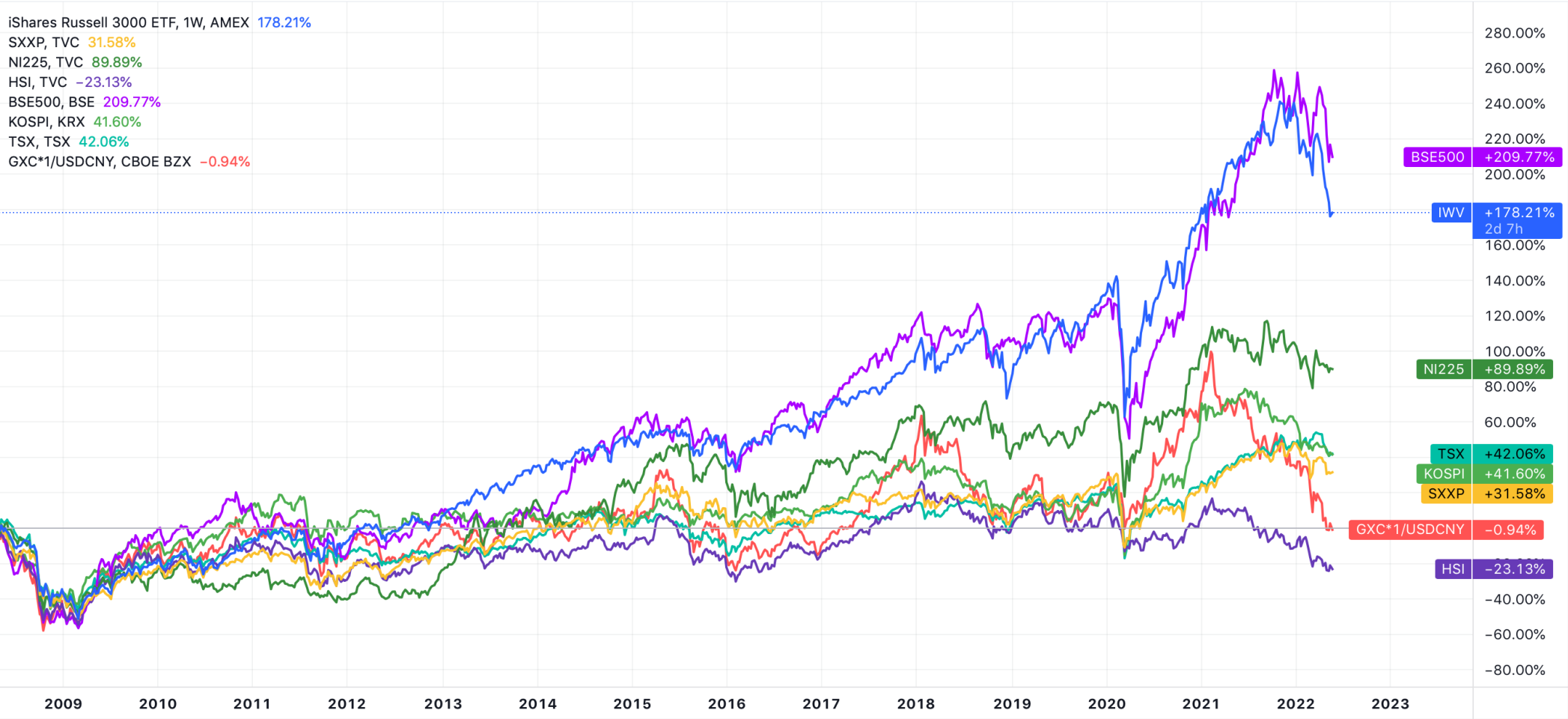
India: 209%

US: 178%

Japan: 89%

Canada: 42%
Korea: 41%
Europe: 31%
China: -1%
Hong Kong: -23%

280.00%
260.00%
240.00%
220.00%
200.00%
160.00%
140.00%
120.00%
100.00%
80.00%
60.00%
−40.00%
−60.00%
−80.00%

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
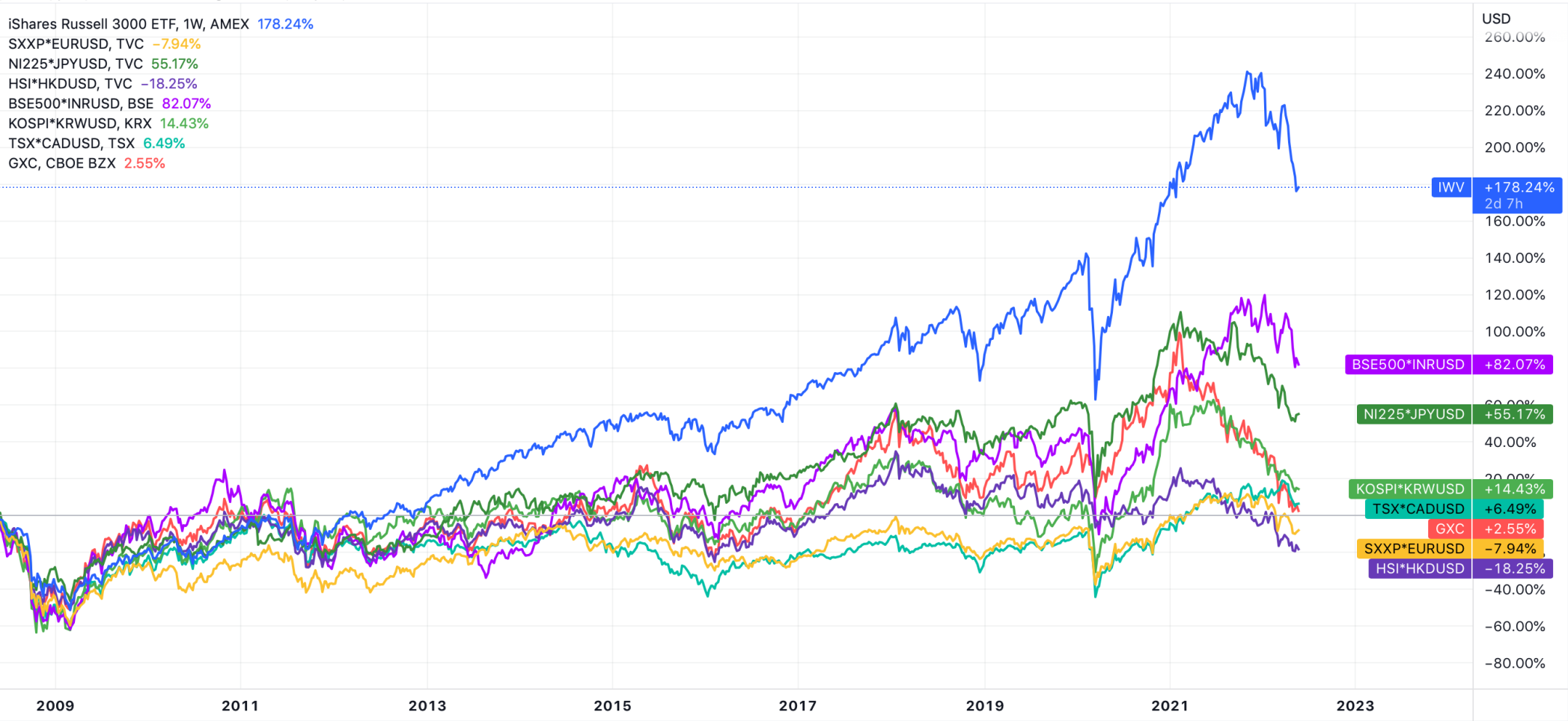
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But...The Dollar Is Also Changing

prestonpysh published on TradingView.com, May 25, 2022 13:23 UTC

M2 Money Stock, 1W, FRED **181.77%**
Vol: The data vendor doesn't provide volume data for this symbol.
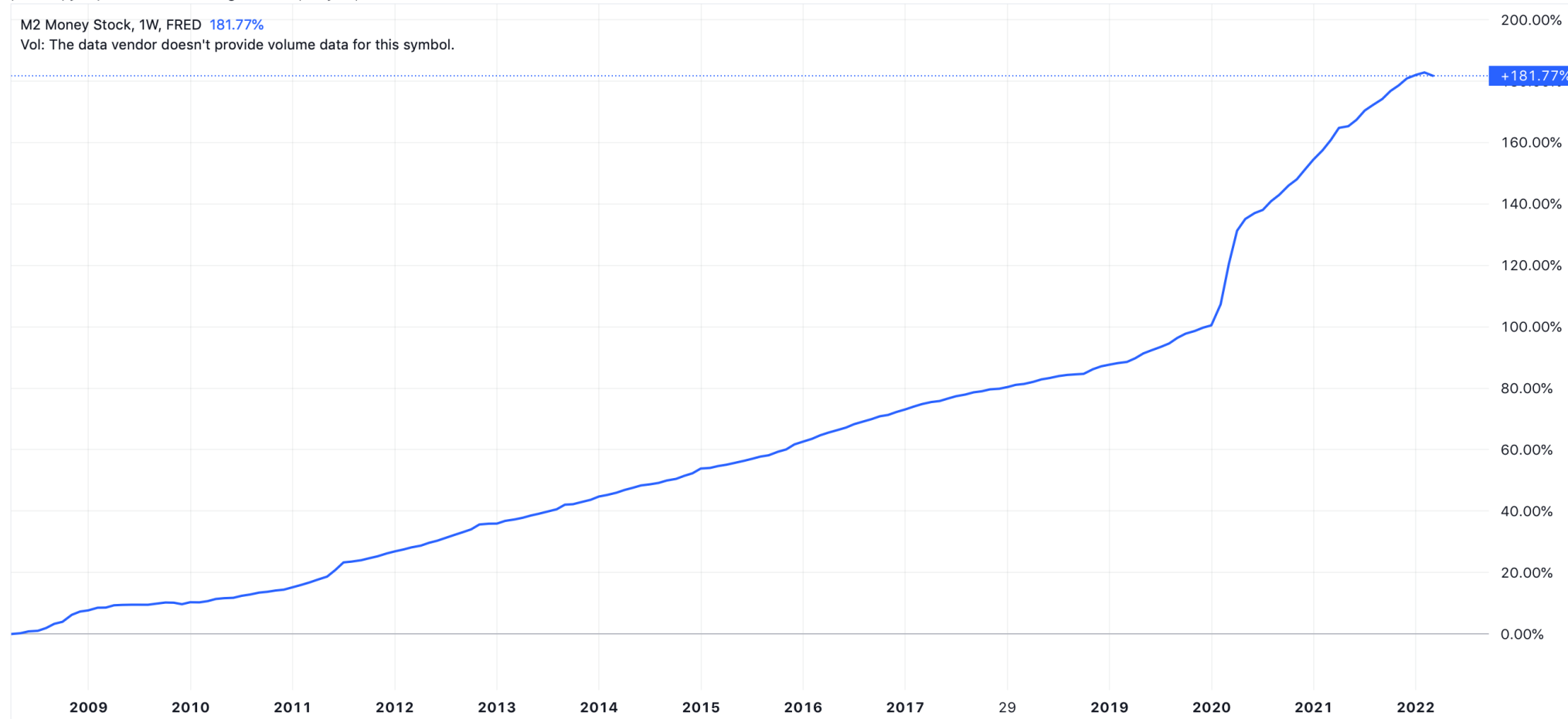
USD: +182%

Global Stock Markets in USD With M2 Adjustment (+Bitcoin)

prestonpysh published on TradingView.com, May 25, 2022 17:47 UTC

IWV/M2SL, 1W, AMEX −0.90%
SXXP*EURUSD/M2SL, TVC −67.61%
GXC/M2SL, CBOE BZX −66.15%
NI225*JPYUSD/M2SL, TVC −43.98%
HSI*HKDUSD/M2SL, TVC −72.91%
BSE500*INRUSD/M2SL, BSE −42.39%
KOSPI*KRWUSD/M2SL, KRX −60.00%
TSX*CADUSD/M2SL, TSX −59.82%
BTCUSD/M2SL, BITSTAMP 111098.53%

260000.00%
240000.00%
220000.00%
200000.00%
180000.00%
160000.00%
140000.00%
120000.00%
100000.00%
80000.00%
60000.00%
40000.00%
20000.00%

BTCUSD/M2SL +111098.53%

IWV/M2SL −0.90% 2d 3h

BSE500*INRUSD/M2SL −42.39%

NI225*JPYUSD/M2SL −43.98%

2010   2012   2014   2016   2018   2020   2022   2024

US: 111,098%

US: -1%
India: -42%
Japan: -44%

TradingView

Global Stock Markets in USD With M2 Adjustment

THE INVESTOR'S PODCAST NETWORK

prestonpysh published on TradingView.com, May 25, 2022 13:26 UTC

IWV/M2SL, 1W, AMEX −1.26%
SXXP*EURUSD/M2SL, TVC −67.73%
GXC/M2SL, CBOE BZX −66.31%
NI225*JPYUSD/M2SL, TVC −43.86%
HSI*HKDUSD/M2SL, TVC −72.91%
BSE500*INRUSD/M2SL, BSE −42.39%
KOSPI*KRWUSD/M2SL, KRX −60.05%
TSX*CADUSD/M2SL, TSX −60.00%

COVID

US: -1%

India: -42%
Japan: -44%

Korea: -60%
Canada: -60%
China: -66%
Europe: -67%
Hong Kong: -72%

IWV/M2SL −1.26% 2d 7h
SE500*INRUSD/M2SL −42.39%
NI225*JPYUSD/M2SL −43.86%
TSX*CADUSD/M2SL −60.00%
KOSPI*KRWUSD/M2SL −60.05%
GXC/M2SL −66.31%
SXXP*EURUSD/M2SL −67.73%
HSI*HKDUSD/M2SL −72.91%

30.00%
20.00%
10.00%
0.00%
−10.00%
−20.00%
−30.00%
−40.00%
−50.00%
−80.00%

2009   2011   2013   2015   2017   2019   2021   2023   2025

TradingView

Global Stock Markets in USD With M2 Adjustment (Post COVID)

THE INVESTOR'S PODCAST NETWORK

prestonpysh published on TradingView.com, May 25, 2022 17:51 UTC

IWV/M2SL, 1W, AMEX −16.93%
SXXP*EURUSD/M2SL, TVC −30.23%
GXC/M2SL, CBOE BZX −47.48%
NI225*JPYUSD/M2SL, TVC −32.02%
HSI*HKDUSD/M2SL, TVC −51.30%
BSE500*INRUSD/M2SL, BSE −12.46%
KOSPI*KRWUSD/M2SL, KRX −24.68%
TSX*CADUSD/M2SL, TSX −16.31%

BSE500*INRUSD/M2SL −12.46%
TSX*CADUSD/M2SL −16.31%
IWV/M2SL −16.93%
2d 3h
KOSPI*KRWUSD/M2SL −24.68%
SXXP*EURUSD/M2SL −30.23%
NI225*JPYUSD/M2SL −32.02%
GXC/M2SL −47.48%
HSI*HKDUSD/M2SL −51.30%
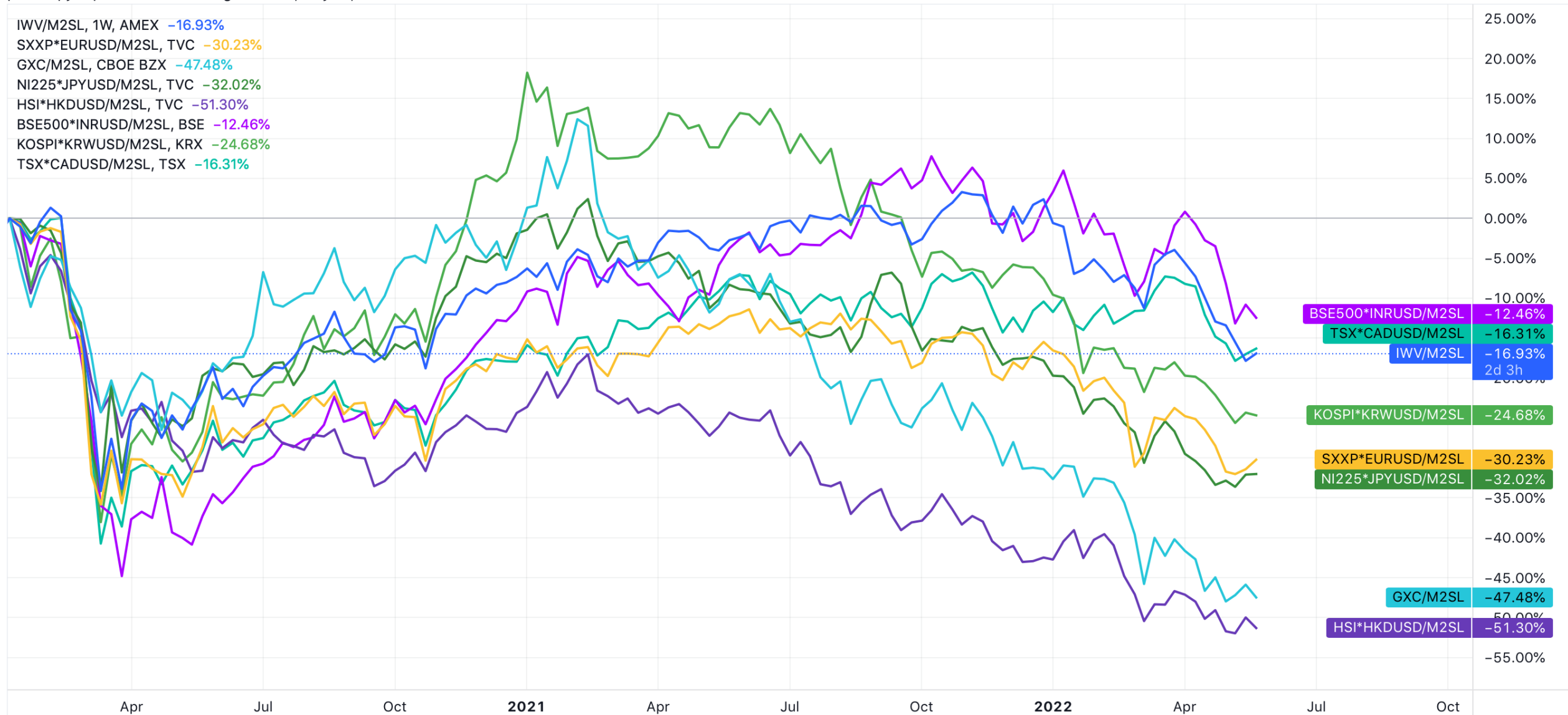
Sector/Style Returns

Daily Data. Source: FMRCo, Bloomberg.

SPX index

22400

11200

5600

2800

1400

high retail sent

Bitcoin

bitcoin sensitive

comm sensitive

tech
S&P 500
non-profitable tech
utilities
bond proxies
IPOs
Europe Banks
SPAC

energy

1/15/20   3/25/20   6/3/20   8/12/20   10/21/20   12/30/20   3/10/21   5/19/21   7/28/21   10/6/21   12/15/21   2/23/22   5/4/22

Data source: FMRCo, Bloomberg, Haver Analytics, FactSet. Data as of 4/27/2022. Past performance is no guarantee of future results.

Fidelity
INVESTMENTS

Important Notes

- These are indexes of companies creating value. They have profits. They CAN'T outpace the current growth in global fiat currency debasement.

- If these *profitable* businesses can't outpace, debasement, how in the world is the 100T+ fixed income market going to provide enough yield sustain purchasing power?

- If we were to market weight those global indexes into a single chart what would it look like?

Collective Global Stock Markets,
Market Weighted, in USD w/ M2 Adjustment

prestonpysh published on TradingView.com, May 25, 2022 13:33 UTC

(IWV*0.55+SXXP*0.17*EURUSD+GXC*0.11+NI225*0.10*JPYUSD+HSI*0.07*HKDUSD)/M2SL, 2W, AMEX, Heikin Ashi O0.02 H0.02 L0.02 C0.02 +0.00 (+0.48%)
Vol: The data vendor doesn't provide volume data for this symbol.

−60.45%
9d 7h
−60.64%

Global Equity:
-60%

TradingView