Financier: the situation with crypto-currency resembles a soap bubble

Every time you see that the price of something is growing twenty times in a few months, be wary. Bitcoin is very volatile, and it's very difficult to figure out what its real value is, says Dr. Campbell Harvey.
The leading economist of the international investment company BlackRock, Richard Turner, said at a press conference that Bitcoin and Ethereum cryptocurrencies resemble economic soap bubbles.

In an interview with Sputnik, Dr. Campbell Harvey, a professor of finance at the Fuqua School of Business at Duke University in Durham, North Carolina, USA, and a researcher at the National Bureau of Economic Research, expressed a similar view, saying that the current situation with crypto-currencies resembles the situation Before the dot-com bubble burst.

“Every time you see that the price of something is growing twenty times in a few months, look out.” I think part of the matter is in the essence of the game itself. The new technologies are extremely unstable. If, for example, consider Bitcoin, its volatility is six times Higher than the S & P 500. That is, Bitcoin is very volatile, and it’s very difficult to figure out what its real value is. If you play the Crypto currency exchange, you should be ready to lose everything. During the bubble of dotcoms, people actually bought lottery tickets. As [the price of shares] of companies grew From a cent per share to a hundred dollars per share, it was like a lottery, people did not want to stay behind, they wanted to have some kind of investment, and this caused a very sharp rise in prices. I think we see a similar situation today with crypto-currencies “ - said Harvey.

Harvey suggested that in the near future there will be many new crypto-currencies, but not all of them will be successful.

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"New crypto currencies need a very good story, there will be many people with bad ideas who will receive funding, " warns Harvey. "It's best to directly invest in some start-ups in this area. The prices jump so much that the smart investor will get some profit. I recommend to your listeners: if you were able to double the money invested, sell half of the shares. This means that you returned the initial investment, And all that is left is the net profit, if you lose it, you will lose it. "Since there is uncertainty in the United States, gold is also seen as an alternative investment, but gold is real. You need a repository for it, you need it Gold at the same time, crypto currency is international, everything you need, Is a virtual wallet and a backup. You do not need a safe,
Will the popularity of crypto currency go to zero or will it be expected that crypto-currencies will go into our lives?

"I think a few things will happen." First, we will see collateral crypto-currencies. Now on the Chicago Mercantile Exchange there is an initiative when they put gold in the storage, and then release the crypto currency provided by this gold. Thus, the crypto currency is linked to the price of gold and its volatility is related to the price of gold. And the same can be done with anything: with shares, with bonds, commodity assets in general. You can issue crypto currency, providing them with a safe or depository with the collateral itself. We are just beginning to see such mortgage versions of crypto currency.

More broadly, most of the blockbuster activity is not related to crypto currency, but to businesses that use blocking technology to solve logistics chain problems and other difficulties. We do not even need a crypto currency! From the point of view of business, a large proportion of the activity is not related to the original idea of "coins", but with the use of Ethereum-based blocking technology in business. This is not as attractive as watching a double, triple or even twenty-fold increase in prices for Ethereum or Bitcoin. The media focuses on crypto-currencies, but in practice in business, blocking technologies are used to solve business problems.

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