Massive Crypto Bull Market About to Begin, Part 1:

Why Cryptocurrencies Are Now Grossly Undervalued

Martin Weiss: I'm Martin Weiss, founder of Weiss Ratings, which we began 47 years ago. And with me today is Juan Villaverde, master mathematician, long-time cryptocurrency expert, and architect of the Weiss Cryptocurrency Ratings.

Let's start with some riveting reader comments on our blog:

> **"I don't buy what has no intrinsic worth. Applies to dirt, horse manure, most politics, and Bitcoin. It's only a matter of time until somebody learns how to hack blockchain, and then where are all the cryptos gonna be?"**

Juan Villaverde: When it comes to hacking blockchain, nobody has figured it out, and Bitcoin has been running for close to ten years now. This is not because people aren't trying. It's because there's probably no way to do it.

Martin: It has never happened, and it's extremely unlikely that it'll ever happen.

Juan: It's built to be unhackable, immutable.

Martin: In contrast, big banks like JPMorgan Chase are getting hacked all the time. And they also have digital money, billions of dollars in digital money. So, if anything, relatively speaking, blockchain is far more secure.

Juan: Yes, absolutely!

Martin: The other, more fundamental point that this reader raises is the issue of *intrinsic value*. A lot of people say, "Well, it's just …

Juan: "Magic internet money." It's "not backed by anything." That's what they say.

Martin: Which kind of money has intrinsic value, and which kind doesn't?

Juan: Fiat money — the money that we all know and love — is not really backed by anything. It's just printed by the central bank. But everyone *agrees* that it has value. Everybody agrees that it's a medium of exchange. That's what really gives it value.

But there's nothing fundamental about a dollar bill that gives it any value whatsoever. Back in the days of the gold standard, maybe it was backed by gold, a real commodity. Not now.

In contrast, with cryptocurrencies, something that most people don't know is that all the ones we recommend *do* have intrinsic worth.

You need these currencies to run certain types of applications that are going to be very popular in the future, and that's where the value comes from.

Martin: It feels like buying a share in a company, but it's different, obviously.

Juan: It's different, yes. Rather than a share in a company, it's more like fuel that runs a vehicle.

Martin: Okay. So as more and more vehicles run on gasoline, and the gasoline requires petroleum then —

Juan: That drives up the value of the petroleum.

Martin: Give us a couple examples of these cryptocurrency-based applications.

Juan: They can replace YouTube or Facebook, social media. Anything that you do online.

Martin: The FAANG stocks, for example! Facebook, Apple, Amazon, Netflix, Google. With the exception of Apple, which is hardware, all four are companies that are built around Web applications.

So what you're saying is that the new kind of applications called "distributed applications," which use the cryptocurrency technology as their base, could be as big as — or even bigger than — Facebook, Amazon, Netflix, and Google?

Juan: They're probably going to be much bigger because they are, by their very nature, distributed worldwide. Everybody has access to them. Whereas Amazon, for example, is mainly focused on the US and some presence in Europe, these applications will be all over. There will be no geographical barriers. So this will take off in ways that have never been possible before.

The cryptocurrencies that are native to these networks stand to gain massively in value, because they will be necessary to run the applications.

Martin: And the whole thing can mushroom in size dramatically. Just like mobile phones and the internet mushroomed in size. But in a much more secure manner.

Now let me share the next question with you. Jackie writes:

> **"I would like to buy, but not on the crypto exchanges. Is there somewhere I could buy a basket of cryptos, or a mutual fund type of thing, with a few quality cryptos, that would not be difficult to do, and that would be safe?"**

Juan: Eventually there will be. But by the time you're able to buy them, say, via an exchange-traded fund (ETF), most of the gains will be priced into the market.

Martin: We have a dilemma here, don't we? We can buy them on an exchange today, which may be a little bit more difficult. Or we can wait for a Bitcoin or cryptocurrency ETF. But by that time, the price of those cryptocurrencies is going to be …

Juan: Orders of magnitude higher!

Martin: Because?

Juan: Because it's really how markets work. If they're put in an ETF, it's because they're big enough and liquid enough. And by that point, it's already gone up by as much as one hundred times, or who knows?

Martin: Plus, once the ETFs start launching, you can expect a rush of people coming in. Or just in *anticipation* of the ETF launch.

Juan: We see it with Bitcoin today. When people start speculating that the Bitcoin ETF may soon be around the corner, they start piling into Bitcoin. They start driving the price higher.

Martin: And there's a queue of ETFs waiting for SEC approval. As soon as those are launched, there's going to be an explosion of buying into ETFs and Bitcoin.

Juan: *Before* they launch, *before* they even hit the exchanges. In the near future, we do see an ETF, but it's just going to be in Bitcoin, and Bitcoin is one cryptocurrency that will go up the least in the coming bull market. You want to focus on what's called the "altcoins," the ones that are not Bitcoin, that go up a lot more.

Martin: I have another interesting question here. I'm going to again share my screen. Do you see it on your screen now?

Juan: Yep.

Martin: Good, I'll quote it.

> **"I started buying in August of 2016 and was up 5,000% in December of 2017. Even with the pull back, I am up over 900% from my initial investment.**
>
> **"With ever-increasing adoption, and the infrastructure for crypto trading and investing being prepared by many financial institutions, we will see a huge upside over the next several years. SEC approval of a Bitcoin ETF would be very helpful in sparking a new bull market in this space."**

So first, let's talk about infrastructure of crypto trading and investing being prepared by many financial institutions.

Juan: It's one of the biggest trends of 2018. As the market consolidates, we see a new type of player in the crypto markets that we haven't seen before — large financial institutions that are becoming more and more interested in these assets.

We see Bitcoin ETFs coming. We see more Bitcoin futures coming in December, sponsored by the NYSE. We see the Nasdaq launching a crypto exchange next year.

It's the institutionalization of cryptocurrency!

We think it's a necessary step in the evolution of the space, and it's going to bring a lot of new buyers. It's going to bring a lot of new liquidity, and it will drive prices higher.

It will probably be the fuel that launches a new crypto bull market.

Martin: I see that. Even while the market has been stable and quiet, you have all these deals.

Plus, there are two more points in this reader comment:

First, that by December of 2017, he had seen 5,000% gains! That's 50 times his original investment. Why was that possible?

Juan: It's crypto! That's the type of money you can make in crypto. It's not even that crazy. This person didn't outperform Bitcoin, I believe. I think Bitcoin went up more than 5,000%. And some cryptocurrencies went up a lot more than Bitcoin.

Martin: That's the upside. Now let's talk about the downside.

Juan: Even after the downside, he was still up 900%, and that's what happens in crypto: Every single time we have a boom-and-bust cycle, after the sell-off is done, after the markets have cooled off, you still have more money than you started with.

Martin: Unless you're one of those who rushed in during the frenzy, at the very top, right?

Juan: Of course.

Martin: So here's the key: We've looked at the four times in the past, before this time, that Bitcoin fell by 70% or more. And then we looked at the subsequent rise that took place *after* those declines.

The average rise was 63 times the initial investment!

In our grand finale of this series, to be held on November 27th, we're going to do a couple of things:

First, we're going to explain why the last rise in cryptocurrencies was a *bubble*, but why the next rise in cryptocurrencies is likely to be the real thing: A true *boom*, based on massive adoption and real-world usage of the cryptocurrencies.

The second thing we're going to talk about is not just how to maximize your profits on the upside, but also how to greatly diminish the downside, when and if cryptocurrencies go down again in the future.

To me, that's as important as making the money — keeping the money! So instead of going from 5,000% profits all the way down to 900%, you could have seen something like a 5,000% down to 4,000% profits, 40 times your money. That's a big difference.

My closing message to everyone today is twofold:

Don't underestimate the value of cryptocurrencies. Don't underestimate how far they can go up. In the last four times, they went up 63 to one after a major bust. And …

Don't forget to register for the grand finale of this series. That's when we'll tell you, step by step, how to get the most profits with the least risk.

Thank you, Juan, for helping us here today. And thank you, our viewers, for joining us in this session.

Juan: Thanks, Martin.

Martin: See you on November 27th!