

Forum:[Hack Forums](#)

Thread: [Cryptocurrency bubble & why I think ICOs are starting to become the main problem](#)

Giga - June 13, 2017, 12:06 am

So before I get into this I just want to say that most of this is purely speculation on my part and I could be wrong as the cryptocurrency market has proven time and time again of its unpredictability.

...

Are we in a cryptocurrency bubble?

First off, let us break down what asset and speculative bubbles are as I think those apply here and will help you get a better understanding of the situation:

Asset Bubble

Quote:When the prices of securities or other assets rise so sharply and at such a sustained rate that they exceed valuations justified by fundamentals, making a sudden collapse likely - at which point the bubble "bursts". [\[source\]](#)

Speculative Bubble

Quote:A speculative bubble is a spike in asset values within a particular industry, commodity, or asset class. A speculative bubble is usually caused by exaggerated expectations of future growth, price appreciation, or other events that could cause an increase in asset values. [\[source\]](#)

I think it is very likely that the cryptocurrency market is either currently in a bubble or is beginning to form a bubble. The fact of the matter is that majority of cryptocurrency investors either have no actual knowledge of what they are putting their money into and just follow the crowd or they are being manipulated by fancy websites, empty promises, ICOs/crowdfunds, and/or big name developers (I'm talking about you, Brendan Eich). This is where we can see the asset bubble! This crypto space is still quite fresh and new so sometimes it is a little hard to see the useless coins vs. the ones that will actually be useful in the future. Some just simply won't be able to deliver and we haven't really had to witness this yet.

Why I think ICOs are the root of the problem or at least speeding up the process of the bubble

The most irritating one of the bunch is ICOs and crowdfundings. I understand the purpose behind these is to jump-start the project to speed up the progress of technology development and on paper it sounds great, but the dangerous thing is when these coins have successful ICOs all it does is draw massive attention to them and causes "hype trains" and usually leads to inflation of the price of the coin after it hits the market (which in some cases shouldn't even have value to begin with! I'm talking about you XRP). I mean what could these huge developer teams honestly need MILLIONS upon MILLIONS of dollars for? I mean honestly, the amount of money some of these ICOs are raising is just fucking ridiculous. This is a prime example of a speculative bubble.

Not to mention that a LARGE portion of these ICOs are ETH-based! This was NOT Ethereum's intended purpose. They were not supposed to be an "ICO machine" like they have started to become and imho this is very dangerous and detrimental to the ETH token in the long run as it is

contributing to creating an artificial price! Just think about it, all of these \$million+ ICOs are only accepting ETH as a buy-in for their ICO and what does that do? It causes people to buy a fuckton of ETH and throw it in these ICOs! I mean Jesus just look at [EOS](#) and their 1 year planned ETH-based ICO. God forbid someone try to use something like WAVES or ETC, I mean Jesus Christ.

Here's a podcast I would recommend everyone to check out that goes a lot more in-depth about this stuff than I did:

[Video: <https://www.youtube.com/watch?v=hRXrwHBAGTA>]

At the end of the day, I love cryptocurrencies and the amazing potential that they carry. I strongly believe they are the future and I will continue to invest in them but I am definitely going to be a lot more cautious and not be too greedy with my profits. I recommend everyone to set themselves a limit for when they will cashout so you don't lose everything like people did back in 1929.

Best of luck to everyone and much love <3

Kanoplya - June 13, 2017, 12:10 am

I am playing this game safe way. I have \$1k worth of coins(ETH, STRAT, SIA) stored in cold storage for (very) long holding. Then I use an extra \$1k to invest, get my profits, sell coins and start from scratch with that \$1k.

I'm not ready to lose big amounts, so I invest small amounts. This probably won't make me rich, but it makes me a nice profit, profit that I am happy with.

I am investing purely with my previous profits, so even if all coins drop to 0 then I will be still in profit.

So I don't care if it's in a bubble or not :P

Giga - June 13, 2017, 12:14 am

(Jun 13, 2017 12:10 AM)Kanoplya Wrote: [\[CITE\]](#) I am playing this game safe way. I have \$1k worth of coins I believe in stored in cold storage for (very) long holding. Then I use an extra \$1k to invest, get my profits, sell coins and start from scratch with that \$1k.

I not ready to lose big amounts, so I invest small amounts. This probably won't make me rich, but it makes me a nice profit, profit that I am happy with.

This is definitely the way to go! I follow a similar rubric as yours with a small amount of coins I think will be successful in the distant future and I am constantly trading & liquidating the rest. Everyone should always stay on their toes and ready for the pop!

?D?vi??c?t?™ - June 13, 2017, 12:53 am

Well sounds logic to me, wonder when there will be more innovative upcoming coins

heed - June 13, 2017, 2:17 am

I have had similar thoughts towards "ICOs". People are investing in businesses that make nothing nor even have a proven business model, when the business need cash they will need to dump ETH to get it... Not sure I really like the whole ecosystem (though ETH is by far my favorite coin). Looking around HF, cryptocurrencies seem attract investors who seem to have little knowledge of how the block chain even work there is more baseless "prediction" threads then there is threads about upcoming forks which is a massive thing... so many annoying die hard [insert shitcoin] lovers with effeminate usernames on this forum then you can count. Very few negative posts about cryptocurrencies in general and when there is, they get so few replies it's very concerning or like

omniscient's post "Sell sell sell" the core message was misinterpreted and attacked by the bulk of the readers. Thanks OP for at least looking at both sides of the coin.

Giga - June 13, 2017, 4:03 am

(Jun 13, 2017 12:53 AM)?D?vi??c?t?™ Wrote: [\[CITE\]](#) Well sounds logic to me, wonder when there will be more innovative upcoming coins

I mean there are tons of coins on the market now that are innovative are at least seem innovative imo but the problem is the price is being raised before progress is being made. Also how do we even know they will be able to deliver or if that is actually their intended purpose? Not saying this is always true but what if a successful ICO funded coin makes millions and is pumped by false promises and the company behind the coin just liquidates everything and stops development altogether? My main point was that I just think people need to stop throwing so much money just because something looks and sounds nice before it is actually proven.

(Jun 13, 2017 02:17 AM)heed Wrote: [\[CITE\]](#) I have had similar thoughts towards "ICOs". People are investing in businesses that make nothing nor even have a proven business model, when the business need cash they will need to dump ETH to get it... Not sure I really like the whole ecosystem (though ETH is by far my favorite coin). Looking around HF, cryptocurrencies seem attract investors who seem to have little knowledge of how the block chain even work there is more baseless "prediction" threads then there is threads about upcoming forks which is a massive thing... so many annoying die hard [insert shitcoin] lovers with effeminate usernames on this forum then you can count. Very few negative posts about cryptocurrencies in general and when there is, they get so few replies it's very concerning or like omniscient's post "Sell sell sell" the core message was misinterpreted and attacked by the bulk of the readers. Thanks OP for at least looking at both sides of the coin.

Yes! I think everything you just said is absolutely correct! No problem and I'm glad to see someone being more open-minded on the topic instead of just bandwagoning.

GTrade - June 13, 2017, 7:45 am

You are not entirely wrong, but dont forget that this is a new type of currency and it is somewhat expected to have heavy fluctuations.

Its only worth as much as people are willing to pay for it.

You can compare it to trading in the old days, e.g.: someone would trade in a cow for a chicken just because he likes eggs more than milk.

Thats just a rough example but you can kind of compare it to CC.

what i want to say is that CC has only been around for a few years. If you look at gold trading, it has been used as trading currency far back in 3000 B.C., the "official" gold trading started in 1300 B.C. in ancient Egypt.

Hiper - June 13, 2017, 8:00 am

I took sometime and listened to that podcast whilst I was doing some work and I must admit I agree with a lot of what they said. One thing that really worries me is how long can crypto sustain the growth like this and when we will see the true potential of crypto currencies. I think it's a million dollar question and if we knew this we would all be rich!

It's always interesting to hear people's opinions and see where people have made mistakes and learnt from it down the line. I found it very interesting that he got burnt by Ethereum and then lost out on a huge chunk of profit due to that reason. Just shows that even if you got stung by an investment somewhere down the line doesn't mean that it won't be a good investment in the future.

kong3245 - June 13, 2017, 8:09 am

Considering cryptocurrencies have no earnings, the value is derived solely from supply and demand. Predicting whether a cryptocurrency will go up or down is the same thing as predicting the supply and demand. Unless you have information edge (that isn't public), you're speculating 100% of the time. This is completely different from investing in a company on the stock market that has assets, revenue, and the long-term fundamentals to sustain growth. You can usually tell if a stock is undervalued, fairvalued, or overvalued based off the current fundamentals, but cryptocurrencies are completely different. How many financial experts invested in Bitcoin before it blew up? If there are people smart enough to analyze the economy on a deep level and predict financial collapses, I'm sure they can analyze an industry like the cryptocurrency market. They know it's a fad and it's highly risky. They're rich enough to avoid highly risky scenarios. The smart investors aren't looking for get-rich-quick schemes. They're looking for great companies that have consistent growth because they understand how compound interest, volatility, volume, etc. works.

Cryptocurrencies are definitely innovative and I see how some people benefit from them. Previously before the hype, most the users were criminals. The deep web is actually a huge market and how do you buy stuff on there? You use cryptocurrencies. This brought real value to cryptocurrencies, and they eventually got noticed by other people for different uses. Now there are massive speculations about the future of cryptocurrencies. Some people actually think they can become a worldwide currency and possibly overtake some of the current currencies some countries use. This is actually hilarious. Bitcoin or any cryptocurrency will never be seen as an actual currency because of the high volatility associated with them. The average person isn't investing in get-rich-quick schemes. They want a reliable source of currency that won't fluctuate by large amounts all the time.

There are definitely bubbles within the cryptocurrency market, and pump and dump schemes are happening all the time because the market isn't regulated. It's really hard to say what will happen to the overall industry, but I know some cryptocurrencies will drop drastically from their current prices. This is pretty much the technology bubble all over again.

metaph0rbia - June 13, 2017, 8:23 am

Very interesting my friend, I just have a rig i mine with, so i guess my investment is 2k into the rig but no more after that, I will mine all my coins.

J. McCarthy - June 13, 2017, 8:29 am

I think it will all burn down and we'll see a Phoenix rise from the ashes

GTrade - June 13, 2017, 8:33 am

I just hope that it fucks up the banks, fuck the banker guilds. If you do some research you can find out that they funded both sides in WW1 and WW2

TomHagen - June 13, 2017, 9:47 am

(Jun 13, 2017 08:09 AM)kong3245 Wrote: [\[CITE\]](#) Cryptocurrencies are definitely innovative and I see how some people benefit from them. Previously before the hype, most the users were criminals. The deep web is actually a huge market and how do you buy stuff on there? You use cryptocurrencies. This brought real value to cryptocurrencies, and they eventually got noticed by other people for different uses. Now there are massive speculations about the future of cryptocurrencies. Some people actually think they can become a worldwide currency and possibly overtake some of the current currencies some countries use. This is actually hilarious. Bitcoin or any cryptocurrency will never be seen as an actual currency because of the high volatility associated with them. The average person isn't investing in get-rich-quick schemes. They want a reliable source of currency that won't fluctuate by large amounts all the time.

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the overall industry, but I know some cryptocurrencies will drop drastically from their current prices. This is pretty much the technology bubble all over again.

This echoes my sentiments quite strongly - especially the bit about cryptos being used as an actual currency. The decentralised model isn't actually a benefit in that case - centralised currencies like the dollar or the pound are far more attractive purely because they have strong powers managing them. Who'd want to use a currency that fluctuates 10% on average in a week, and often more? Your business would be ruined - if it drops 10% next week suddenly less people want to buy your product as their coin is worthless. It's just basic inflation/deflation really taught in econ 101.

I do think cryptos - Eth in particular - has some room to grow purely because all the ICO's are running on ethereum and so require people to buy ether to get into them, propping up the price of Ether. But when the wheels of the ico's fall off as most don't have any actual utility - it'll affect ether to as the ico owners could dump their ether. I mean Bancor had an ICO yesterday and they took \$150m in ether - 0.5% of all ether in existence. Yeah that propped up ether - but the converse is also true - when the bubble pops - they could liquidate. The tech bubble lasted for like a good year and rose drastically for a few months before popping drastically - so who knows how long this lasts. But economics dictates that a speculative bubble into nothing will eventually crash.

Mr. Moe - June 13, 2017, 9:50 am

Even if it is in a bubble (I believe we haven't seen the real bubble yet), I wouldn't care if it pops cuz I'll be holding it long-term. I believe in the technology & the value of cryptos in the future.

Plain and simple, the long term TA (even what the person in the video said in 2011, 2013 and now 2017) shows it's experiencing growth that exceeds the restriction line time after time.

Giga - June 13, 2017, 12:05 pm

(Jun 13, 2017 07:45 AM)GTrade Wrote: [\[CITE\]](#) You are not entirely wrong, but don't forget that this is a new type of currency and it is somewhat expected to have heavy fluctuations.

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What I want to say is that CC has only been around for a few years. If you look at gold trading, it has been used as trading currency far back in 3000 B.C., the "official" gold trading started in 1300 B.C. in ancient Egypt.

To be frank it looks like you don't quite understand cryptocurrencies and missed the point of the thread.

(Jun 13, 2017 08:00 AM)H1P3R Wrote: [\[CITE\]](#) I took sometime and listened to that podcast whilst I was doing some work and I must admit I agree with a lot of what they said. One thing that really worries me is how long can crypto sustain the growth like this and when we will see the true potential of crypto currencies. I think it's a million dollar question and if we knew this we would all be rich!

It's always interesting to hear people's opinions and see where people have made mistakes and learnt from it down the line. I found it very interesting that he got burnt by Ethereum and then lost out on a huge chunk of profit due to that reason. Just shows that even if you got stung by an investment somewhere down the line doesn't mean that it won't be a good investment in the future.

Yes exactly, this market is such a dangerous gamble right now. I'm constantly on edge just waiting for something to happen, it's nerve wracking honestly.

(Jun 13, 2017 08:09 AM)kong3245 Wrote: [\[CITE\]](#) Considering cryptocurrencies have no earnings, the value is derived solely from supply and demand. Predicting whether a cryptocurrency will go up or down is the same thing as predicting the supply and demand. Unless you have information edge (that isn't public), you're speculating 100% of the time. This is completely different from investing in a company on the stock market that has assets, revenue, and the long-term fundamentals to sustain growth. You can usually tell if a stock is undervalued, fairvalued, or overvalued based off the current fundamentals, but cryptocurrencies are completely different. How many financial experts invested in Bitcoin before it blew up? If there are people smart enough to analyze the economy on a deep level and predict financial collapses, I'm sure they can analyze an industry like the cryptocurrency market. They know it's a fad and it's highly risky. They're rich enough to avoid highly risky scenarios. The smart investors aren't looking for get-rich-quick schemes. They're looking for great companies that have consistent growth because they understand how compound interest, volatility, volume, etc. works.

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There are definitely bubbles within the cryptocurrency market, and pump and dump schemes are happening all the time because the market isn't regulated. It's really hard to say what will happen to the overall industry, but I know some cryptocurrencies will drop drastically from their current prices. This is pretty much the technology bubble all over again.

Most of what you said is kinda accurate but not really all that relevant to this discussion, I appreciate ya though.

(Jun 13, 2017 08:29 AM)Formula1 Wrote: [\[CITE\]](#) I think it will all burn down and we'll see a Phoenix rise from the ashes

I personally don't think it will be just one but I see what you mean. There will definitely not be as many "valuable"

or actually useful cryptocurrencies left after the pop.

(Jun 13, 2017 09:47 AM)TomHagen Wrote: [\[CITE\]](#) This echoes my sentiments quite strongly - especially the bit about cryptos being used as an actual currency. The decentralised model isn't actually a benefit in that case - centralised currencies like the dollar or the pound are far more attractive purely because they have strong powers managing them. Who'd want to use a currency that fluctuates 10% on average in a week, and often more? Your business would be ruined - if it drops 10% next week suddenly less people want to buy your product as their coin is worthless. It's just basic inflation/deflation really taught in econ 101.

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Yes exactly! Thank you for not missing the point of the thread like others have clearly done. :)

(Jun 13, 2017 09:50 AM)GBDxx Wrote: [\[CITE\]](#) Even if it is in a bubble (I believe we havent seen the real bubble yet), i wouldnt care if it pops cus I'll be holding it long-term. I believe in the technology & the value of cryptos in the future.

Plain and simple, the long term TA (even what the person in the video said in 2011, 2013 and now 2017) shows it's experiencing growth that exceeds the restriction line time after time.

The problem is how do you know that when you bought in is where the main support line will be? This is what is constantly on my mind and I'm always at war with myself when it comes to holding certain coins. I'm especially conflicted with ETH to be completely honest for reasons I listed in my thread about ICOs artificially pumping it.

Giga - June 19, 2017, 12:55 pm

Bumping this for awareness, people need to educate themselves.

puresplz - June 19, 2017, 3:44 pm

I don't think you understand how the Tech bubble in the 2000s happened and why it's completely different from the crypto bubble. The difference is when there's tons of people investing \$1k-10k into the currencies and less than 10k are investing over 100k\$ and the market cap is around 112 billion right now, compared to the 2000s tech bubble not accounting for inflation Yahoo was evaluated at \$140 billion I think? The cause of the bubble was VC's throwing money at everything and increasing the price of every stock drastically, but currently, we are having the people invest all this money, not the top 1%, but the 99%. I do not think the bubble has started because the 1% still can't throw millions to billions of dollars at these coins. So stop causing panic and educate yourself, Cyrpto has a lot of room to grow and I mean a lot.

Germany69420 - June 19, 2017, 3:53 pm

I see your point however i'm going to get into the Status ICO tommorow. Just for some short-term gains.

itsmemario - June 19, 2017, 11:42 pm

(Jun 19, 2017 03:53 PM)\$U\$PENDEd Wrote: [\[CITE\]](#) I see your point however i'm going to get into the Status ICO tommorow. Just for some short-term gains.

Hate to say it but I'm also in tomorrow.

Gona get into wagerr aswell

OP I agree with what you said. Time we tell

Unexplained - June 20, 2017, 6:25 am

(Jun 19, 2017 03:44 PM)puresplz Wrote: [\[CITE\]](#) I don't think you understand how the Tech bubble in the 2000s happened and why it's completely different from the crypto bubble. The difference is when there's tons of people investing \$1k-10k into the currencies and less than 10k are investing over 100k\$ and the market cap is around 112 billion right now, compared to the 2000s tech bubble not accounting for inflation Yahoo was evaluated at \$140 billion I think? The cause of the bubble was VC's throwing money at everything and increasing the price of every stock drastically, but currently, we are having the people invest all this money, not the top 1%, but the 99%. I do not think the bubble has started because the 1% still can't throw millions to billions of dollars at these coins. So stop causing panic and educate yourself, Cyrpto has a lot of room to grow and I mean a lot.

You are extremely naive. You might want to go research a bit more about the dot-com bubble and then directly compare what he is saying about the crypto bubble and more specifically ETH.

