



## Basis Points – September 7, 2021

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### Above the Fold

*What the Heck is an NFT? ... And Should You Own One?*

It almost seems like there's something new and exciting to invest in every week. From Dogecoin and other cryptos, to wine and warehouses — investors can find almost anything to put money into. The question is whether it makes sense for you and, of course, whether it's a sound expenditure. NFTs, or non-fungible tokens, can essentially be anything digital, like art, a random drawing made by someone of mention, music, collectibles and so on. The key is that it must be unique (non-fungible) and transacted in Ethereum (right now). Non-fungible means that it can't be replaced with an identical item. While that sounds cool, non-fungible also means that its value is completely arbitrary and can/will vary widely depending on the item's popularity and someone else's willingness to pay a price.

NFTs are also currently denominated in Ethereum cryptocurrency and are powered by smart contracts on the Ethereum blockchain. It's kind of a gimmick to popularize Ethereum and increase the number of items that can only be exchanged via the cryptocurrency. The founder of Twitter, Jack Dorsey, took advantage of the craze and sold his very first five-word tweet (well, the digital certificate, signed by him) for just under \$3 million. The scary part is that buying the NFT does NOT typically give you copyright or license to the item.

Despite all this, NFTs are likely to stick around for a while and are a great way for content creators to further monetize their output. But keep in mind, today's exciting and popular memes, videos and digital art can quickly become yesterday's forgotten news ... and owning the "digital certificate" to something unpopular might not be all that appealing or valuable.

## Three Things

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1. *FAA Grounds Virgin Galactic* – In a surprising move, the FAA (Federal Aviation Administration) halted all flights of Virgin Galactic's SpaceShipTwo vehicle until they complete their investigation and report of its trajectory deviation during its first "successful" manned flight. And while outer space may be uncontrolled, the FAA has jurisdiction over everything that flies within the contiguous U.S., up to 60,000 feet.
2. *Fake News is Six Times More Popular Than Fact* – A peer-reviewed study conducted by New York University and The Université Grenoble Alpes found that "news" sources known to pump out misinformation received six times the amount of likes, shares and interactions on Facebook between August 2020 and January 2021. In short, sensationalism sells and is likely to continue to mix in heavily on social media with truthful news flow.
3. *A Military Coup in Guinea is Sending This Metal to 10-Year Highs* – Aluminum futures have been on a tear since the beginning of 2021. The popular, lightweight metal has risen from around \$1,970 a metric ton earlier in the year to nearly \$2,800. Prices have jumped exponentially as a faction of mineral-rich Guinea's military said they suspended the country's constitution, and took the president into their custody. Guinea exports large amounts of bauxite, which is critical for the production of aluminum. China is expected to step up their bauxite supply to ease prices.

## Did You Know?

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### *Holy Beeple!*

Christie's auction house, known for its traditional sales, made history when it sold its first NFT (non-fungible token) piece of art called "The First 5000 Days" by living artist Beeple, for more than \$69.3 million back in March. The opening bid was \$100.

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