



## Basis Points – November 12, 2019

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### Above the Fold

#### *The Gold Rush Continues (But Not for Metal)*

Mining commodities has been an integral part of the world's commerce, industry and wealth for thousands of years when our ancestors began **extracting** metals like copper, gold, silver and mercury from the earth. These elements had value due to their universal utility, currency and even beauty. As the industrial age progressed, miners had to consider the costs to pull an element from the ground and process it, if they were going to turn a profit when they sold it at market.

In the modern age, there's been an ironic twist in the world of mining. Virtual "mining" for synthetic digital currency has become the new gold rush. But just as real commodities have become more expensive, bitcoin mining, the process used to validate transactions, is also pricey. Even with bitcoin (BTC) trading around \$8,700, the breakeven for many miners is around \$8,000 or so as they invest heavily in hardware, technology and massive electric bills.

Only 21 million bitcoins will ever be created, so the race to capture and create coins is feverish as less than 3 million coins are left. Most of the "dorm room," or individual miners are long gone as larger players dominate and there's much less profit since the bubble burst. Changes in the difficulty of mining bitcoin help ensure participation by miners, even when prices drop. The bottom line is the mining has become cheaper, and competition remains strong, but the landscape, and subsequent value of bitcoin, may look quite different once all the coins have been mined.

## Three Things

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1. *Disney Catches Fire* – After long, tough negotiations, Amazon.com Inc. reached a deal with the Walt Disney Co. to carry the new Disney+ streaming service on its Fire TV devices. Disney+ is the latest major entry into the streaming war and will include franchises such as "The Simpsons," "Frozen" and "Star Wars."
2. *Public Transportation Taps AI* – Volkswagen AG is testing a quantum-computer-powered navigation system on nine public buses in Lisbon, Portugal. Unlike traditional systems that simply warn or slow vehicles down, this software will create "individualized" routes to each vehicle, in real time, to avoid slowdowns and even change traffic patterns when used on a larger scale.
3. *China's Black Friday Isn't for Couples* – Singles Day (11/11), created in the 90s as a Valentine's Day alternative, has turned into a massive sales boom for retailers in China. Several e-commerce sites reported record sales in the tens of billions, and Alibaba even kicked off the event with a concert by Taylor Swift at a Shanghai stadium.

## Did You Know?

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### *More on Bitcoin*

With more than 18 billion bitcoins already in existence, we've learned a lot about the cryptocurrency and how we handle it. Bitcoins can't be carried around with you or stored in a safe deposit box at the bank, they are simply in the ether, identified only by a series of digits, and protected by a password.

And if you lose that password, you can't stroll into the bitcoin bank or call tech support — your bitcoins could be gone forever. And while no one knows exactly how many bitcoins have been lost, [Unchained Capital](#) estimated that between 3 to 2.8 million bitcoins disappear forever — a

study [published in Forbes](#) in late 2017 seemed to support that estimation.

*If you don't have a calculator handy, that's \$25.5 to \$32.3 billion worth of bitcoins lost for eternity on old or destroyed storage drives, crashed computers and forgotten passwords.*

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