



Basis Points – January 7, 2021

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Above the Fold

Could Bitcoin Really Go to \$146,000?

As if the most popular digital currency wasn't already volatile and gaining in irrational exuberance, analysts at JPMorgan Chase (JPM) may have added fuel to the fire by making a case for the cryptocurrency's rise to \$146,000. But is their call that outlandish?

JPM's [case](#) was centered around Bitcoin's growing correlation and competition with gold as a safe-haven/alternative investment. Even though Bitcoin is not a tangible asset, the wirehouse cited the massive investor shift into the synthetic currency over just the last few months. JPM saw more than \$3 billion of inflows into the Grayscale Bitcoin Trust and more than \$7 billion of outflows from gold exchange traded funds since mid-October. Over the long term, the bank sees Bitcoin

becoming a “store of wealth,” alongside gold, as central banks continue with their highly stimulative (and likely inflationary) actions. Obviously, a Bitcoin is also much easier and cheaper to store and transact than gold.

Bitcoin also has a couple nuances built into its construct that may help its long-term value. Only 21 million Bitcoins can ever be “mined.” And as more and more coins are mined, it becomes more difficult and more expensive to mine them. Roughly 18.5 million coins have already been uncovered and experts estimate that 3 million to 4 million have been lost forever. So scarcity is one major element this crypto has going for it.

Despite the potential bullish catalysts here, it’s important to note that Bitcoin’s volatility will be its biggest hurdle. Its volatility profile will need to feel more like that of gold’s for investors to treat it as such. And unlike gold, there are hundreds of crypto competitors that could cannibalize each other’s value. If you’re an investor or thinking of investing in any crypto, be sure to do your homework; and be prepared for a potentially wild ride.

Three Things

1. *From Warships to Your Bedroom* – While it’s common for military technologies to make their way into civilian life, this connection is a little surprising. According to [Business Insider](#), Amazon is developing a new Alexa-powered device that will track your sleep patterns using radar. The project is being developed under the code name “Brahms,” the German composer of “Lullaby.”
2. *Pharma-Shift for Walgreens* – Walgreens Boots Alliance Inc. has agreed to sell the majority of its wholesale pharmacy division to AmerisourceBergen Corp. for \$6.5 billion. The cash and stock sale will actually give Walgreens a 30% stake in Amerisource and allow the company to focus on its retail pharmacy and health care businesses as it works to open 500 to 700 clinics over the next five years.
3. *Saudis Keeping Oil Prices Afloat* – As the price of West Texas Intermediate oil rose above \$50 for the first time since last February, Saudi Arabia announced a unilateral production cut of 1 million barrels a day. The move follows an OPEC-plus deal where OPEC nations (plus) Russia agreed to keep production flat as a COVID-19 resurgence still threatens global consumption.

Did You Know?

So Close, Yet So Cold

On average, January is the coldest month in the Northern Hemisphere, but you can still get a serious tan (on exposed skin). Ironically, every year in early January, the Earth reaches its perihelion, which is the point in its orbit when it is closest to the sun at just 91,399,454 miles away. On July 5 of this year, the Earth will be at its aphelion, its farthest point from our brightest star, an additional 3,111,436 miles out.

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