



## CRYPTO FX STRATEGY

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Over eight tokens:

	Current	price target YE18
Bitcoin	\$6,570	\$25,000
Ethereum	\$223	1,900
Eth Classic	\$11	60
NEO	\$18	225
<i>Blockchain ETNs...</i>		
GBTC	\$7	\$30

Performance	1Q18	2Q18	3Q18	QTD	YTD
Bitcoin	(51%)	(8%)	3%	(2%)	(54%)
FS Crypto 10	(58%)	(3%)	(12%)	(3%)	(65%)
FS Crypto 40	(62%)	(16%)	(24%)	(2%)	(76%)
FS Crypto 50 Eq Wt	(64%)	(12%)	(32%)	(2%)	(79%)
FS Crypto 250	(60%)	(22%)	(38%)	(2%)	(81%)
FS Crypto 300	(58%)	(5%)	(14%)	(3%)	(67%)
FS Crypto Agg.	(58%)	(5%)	(15%)	(3%)	(68%)
FS Commodity	(54%)	(8%)	(1%)	(2%)	(59%)
FS Platform	(55%)	6%	(41%)	(5%)	(73%)
FS Privacy	(62%)	(26%)	(19%)	(3%)	(78%)
FS Exchange	(16%)	19%	(31%)	(0%)	(31%)
FS Stablecoin	(1%)	(0%)	0%	(0%)	(1%)

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## Survey results: Institutions vs Crypto Twitter

Two takeaways: Institutions > Twitter bullish BTC and XRP is a contrarian Buy

Over the past week, we conducted two surveys. One survey was conducted during a dinner with 25 institutions (10 questions) and another parallel 6 question crypto-twitter survey received ~9,500 responses.

- **Macro Factors impacting crypto (Slide 2):** Both Institutions and Twitter (CT) rank Central Banks (#1) and Emerging markets (#2) as the two most influential factors impacting crypto. Institutions ascribe greater weight to geopolitical tensions vs CT.
- **Bitcoin Bottom? Institutions Say YES, Twitter Says NO (Slide 5)**—54% institutions believe BTC bottomed vs 44% CT.
- **BTC by YE 2019 (Slide 6):** 57% of institutions see Bitcoin >\$15,000 by year-end compared to 40% of Twitter.
- **Favorite Token (Slide 8):** Of 15 tokens shown, 59% of Institutions chose Bitcoin while Twitter chose XRP (46%).
- **Most polarizing token? XRP (Slide 8-9).** On Twitter, 46% chose XRP as their favorite and 31% said it made “least sense.”—no other token came close. Even 28% of Institutions also said XRP made the least sense and zero institutions picked it as their favorite token.

### CONCLUSION #1: INSTITUTIONS SIGNIFICANTLY MORE BULLISH (vs CRYPTO TWITTER) ON BTC.

The majority of institutions think BTC has bottomed while the plurality of Twitter sees BTC bottoming in 2019. And Institutions see significantly greater upside to BTC prices by YE19. Given that institutional inflows likely increase strongly in 2019 (Bakkt, etc, see [Slide 10](#)), we believe BTC will be the primary interest for institutional investors—hence, should meaningfully outperform.

### CONTRARIAN CONCLUSION #2: XRP IS LEAST LIKED AND MOST POLARIZING—A CONTRARIAN BUY.

Clearly the crowd does not like XRP, for multiple known factors (the centralization of XRP, tenuous ties to Ripple, etc) but given the polarization and the fact that 1/3 of institutions consider it “least understood”—it makes us believe this may be a contrarian buy signal.

# Question 1: What is the most important macro factor influencing crypto prices? Multiple Choice

## Institutional Responses (N = 24)

Both rank Central Banks #1

## Twitter Responses (N = 7,320)

	Rank	Number of times people chose #				
		1 (Best)	2	3	4	5 (Least)
Central banks	1	7	7	2	4	1
Emerging markets	2	3	8	7	3	1
Geopolitical tension	3	3	6	6	6	1
USD	4	4	1	7	8	2
Other	5	5	0	1	0	0

Examples of Other: No use case, media, price, scaling, allocation, BTC price

Rank based on weighted score



Thomas Lee @fundstrat · Sep 30

CRYPTO POLL (1 of 6 questions):

Question 1: What do you think is the most important macro factor influencing crypto prices?

35% Central banks

28% Emerging markets

18% USD

19% Geopolitical tension

7,320 votes · Final results

But Institutions ascribe greater weight to "Geopolitical tension"

Figure: Institutional (weighted score) vs. Twitter Responses

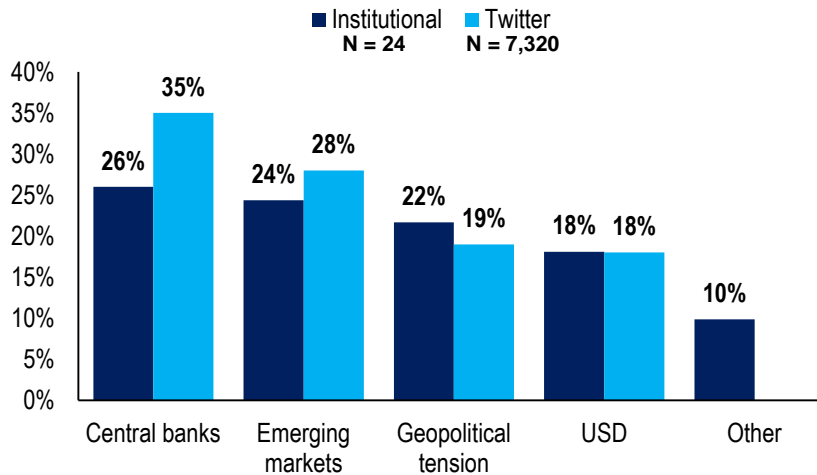
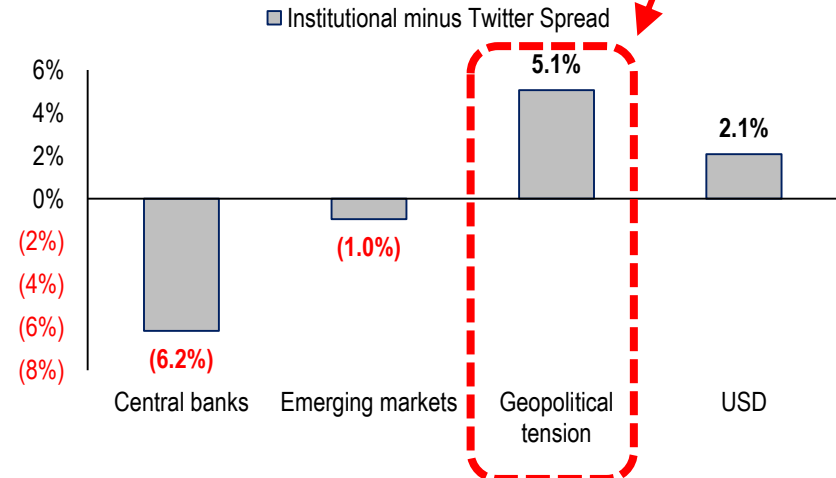


Figure: Institutional minus Twitter Spread

Institutional weighted % exclude votes for "other"



Source: Fundstrat, Twitter

## Question 2: Will there be a recession in the next 18 months? Yes or No?

### Institutional Responses (N = 25)

Yes	44%
No	56%
Total	100%

← Close...  
Almost counts as 50/50

This is a question we ask at every one of our idea/survey dinners, to gauge the overall sentiment and positioning of the group.

We do not see any contrarian or consensus call here.

- It is essentially 50/50, but the slim majority of our participants do not see a recession in the next 18 months.
- And we agree with that view, given the long-term yield curve is still positively sloped, although quite flat.

# Question 3: Will cryptocurrency prices rise if there is a recession? Yes or No?

## Institutional Responses (N = 25)

Yes	72%
No	28%
<b>Total</b>	<b>100%</b>

## Twitter Responses (N = 5,382)



Thomas Lee @fundstrat · Sep 30  
CRYPTO POLL (2 of 6 questions):  
Do you think Crypto prices rise in a recession?



5,382 votes • Final results

Figure: Institutional vs. Twitter Responses

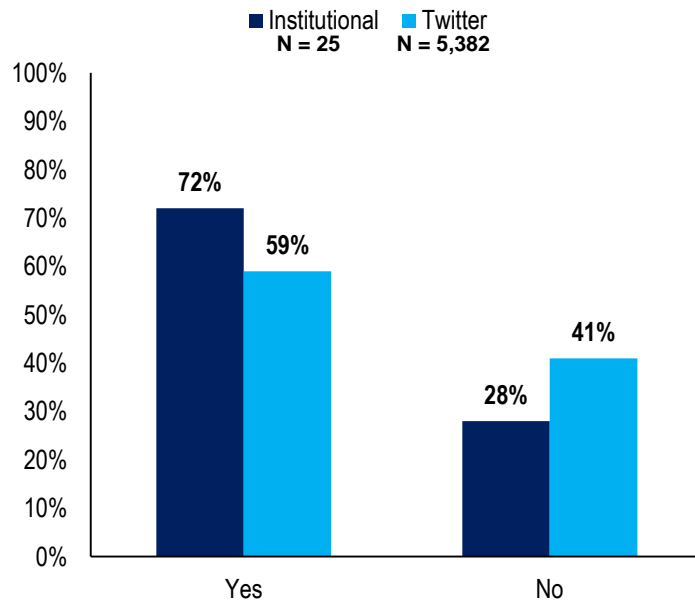
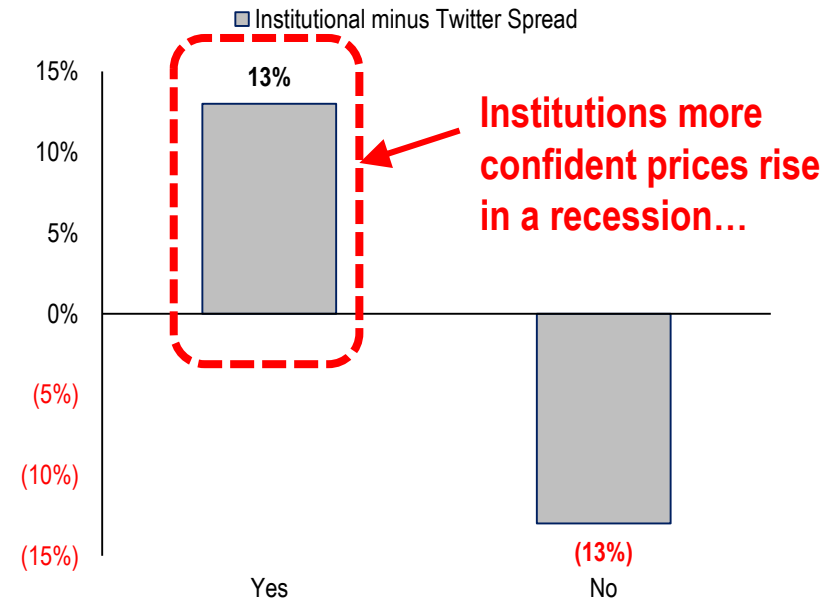


Figure: Institutional minus Twitter Spread



Source: Fundstrat, Twitter

# Question 4: When and at what price will Bitcoin bottom?

## Institutional Responses (N = 24)

	Average	Median	Max	Min	Avg. Date
Yes:	54%	-	-	-	-
No, expecting to bottom at:	46%	\$4,350	\$4,400	\$5,300	\$3,252 Mar '18

Both the plurality of Institutions and Twitter see Bitcoin as bottomed...

## Twitter Responses (N = 5,679)



Thomas Lee @fundstrat · Sep 30  
CRYPTO POLL (3 of 6 questions):  
When do you think Bitcoin will bottom?

- 24% Bottom before year-end 18
- 18% Bottom by march 2019
- 14% Bottom after mid-2019
- 44% Bitcoin already bottomed

5,679 votes • Final results

Figure: Institutional vs. Twitter Responses

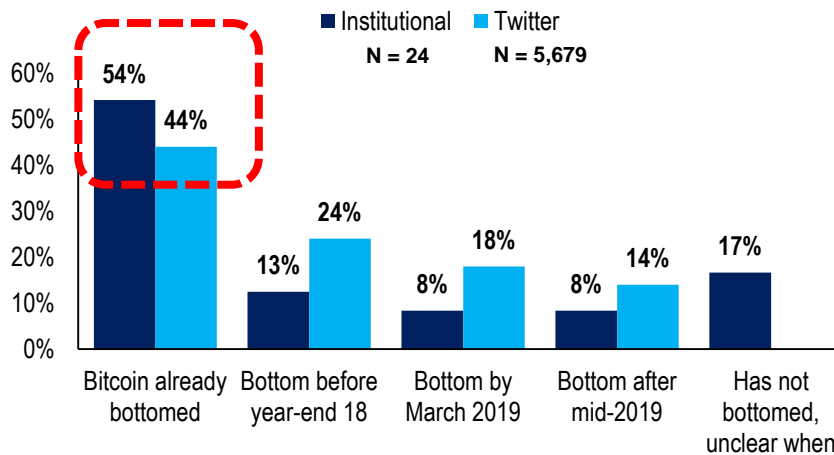
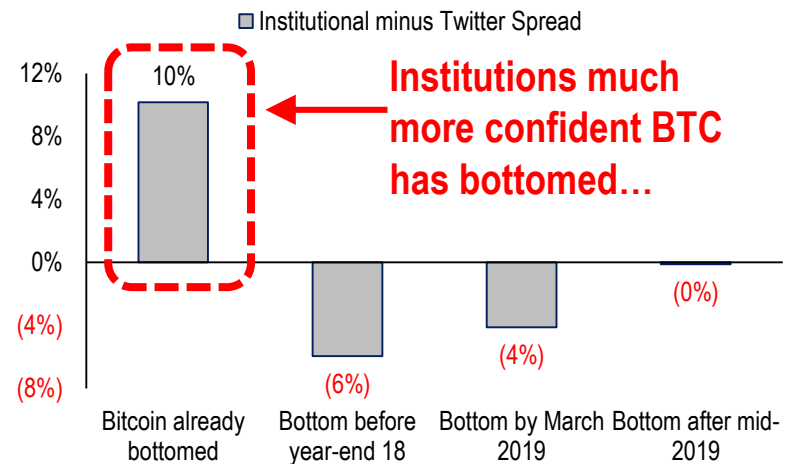


Figure: Institutional minus Twitter Spread

Data adjusted to include "has not bottomed, unclear when" responses

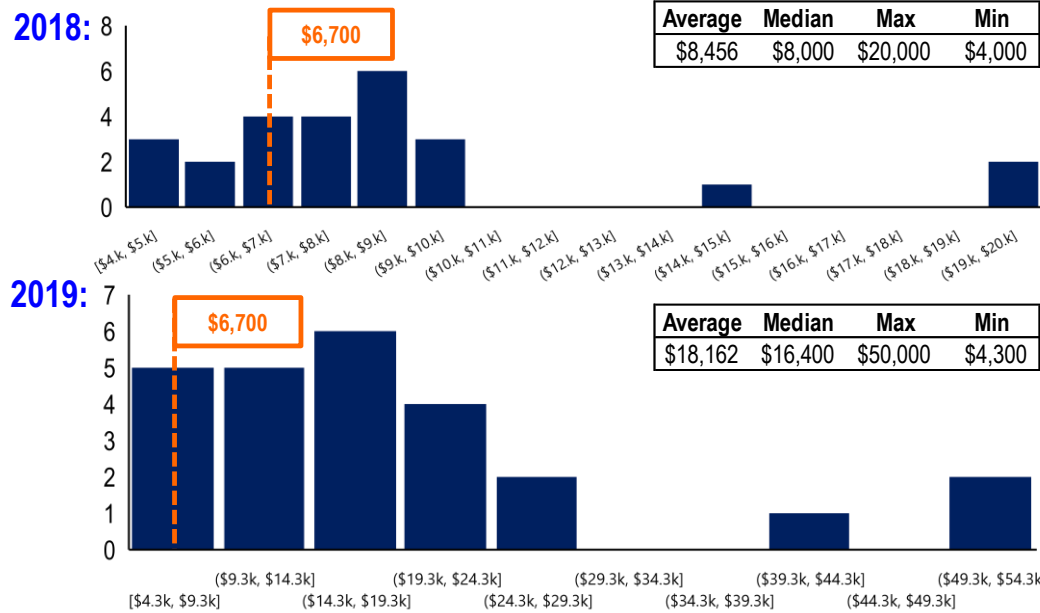


Institutions much more confident BTC has bottomed...

Source: Fundstrat, Twitter

# Question 5: Where is Bitcoin's USD price by YE 2018 and YE 2019?

## Institutional Responses (N = 21)



## Twitter Responses (N = 5,496)



Thomas Lee @fundstrat · Sep 30  
CRYPTO POLL (4 of 6 questions):  
Where is Bitcoin's price by YE 2019

- 14% Below \$6,999
- 20% \$7,000 to \$10,000
- 26% \$10,000 to \$15,000
- 40% \$15,000 to moon

5,496 votes · Final results

Figure: Institutional vs. Twitter Responses

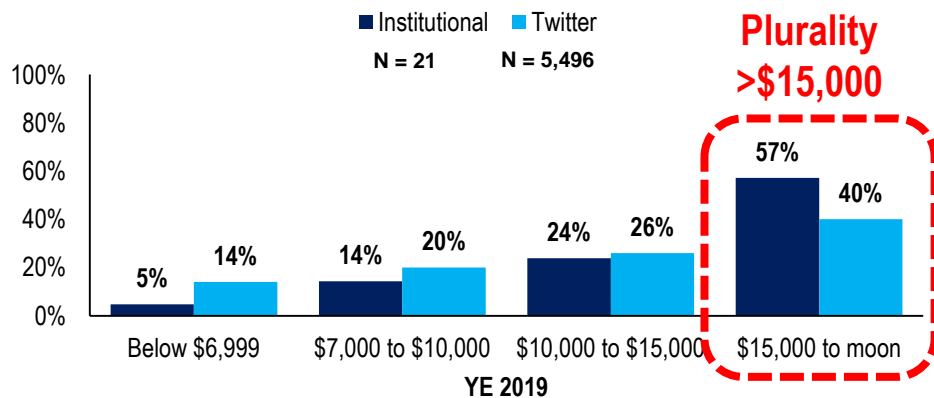
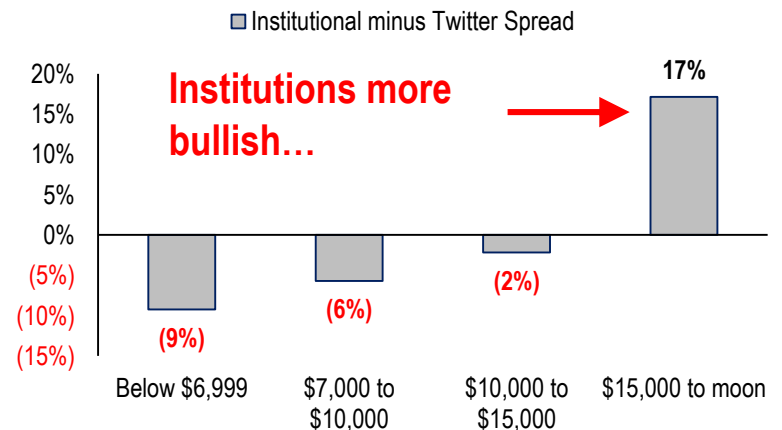


Figure: Institutional minus Twitter Spread (YE 19)



Source: Fundstrat, Twitter

## Question 6: What problem is Bakkt solving?

### Institutional Responses (N = 17)

Positive institutional adoption category	39%
Recognition/confidence	17%
Regulation	11%
Custody	11%
Physical delivery	11%
Market Excess	6%
Numerous	6%
<b>Total</b>	<b>100%</b>



Interesting how with no choices (these were written down), the most common comment was institutional adoption of crypto.

## Question 7: What will be the ultimate consequence of the US' strict regulatory stance toward cryptocurrencies? (multiple choice)

### Institutional Responses (N = 25)

US stance is correct, the rest of the world will follow	60%
The world will converge to Europe's lead	16%
The world will converge to Asia's lead	12%
The global regulatory structure will remain fragmented	12%
<b>Total</b>	<b>100%</b>



Fascinating that institutional investors overwhelmingly (60%) expect that other countries will fall in line with the US.



# Question 8: Which top 15 tokens will be the best and worst performing in 2019?

## Institutional Responses (N = 23)

## Twitter Responses (N = 9,454)

### Best Performing Token

Bitcoin	59%
EOS	18%
Ethereum	8%
NEO	5%
TRON	5%
Stellar	5%
<b>Total</b>	<b>100%</b>

### Worst Performing Token

Tether	23%
TRON	18%
EOS	12%
Ethereum	9%
IOTA	9%
Ethereum Classic	9%
Dash	5%
NEO	5%
Bitcoin Cash	5%
Cardano	5%
<b>Total</b>	<b>100%</b>



Thomas Lee @fundstrat · Sep 30

CRYPTO POLL (5 of 6 questions):

Which token (of those below) do you see as the best performing in the next 12 months?

31% Bitcoin

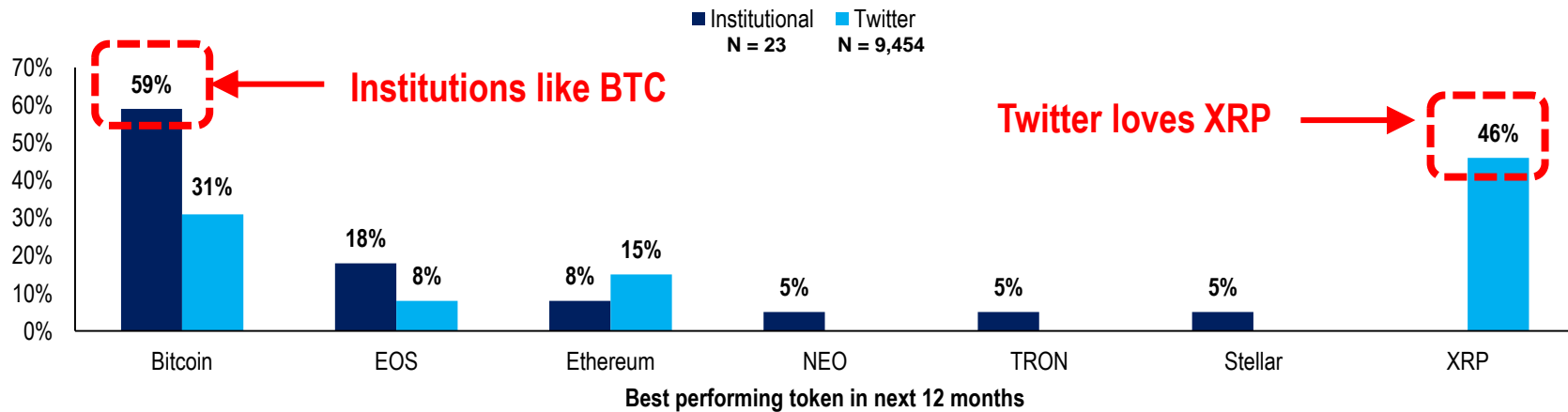
15% Ethereum

8% EOS

46% XRP

9,454 votes · Final results

Figure: Institutional vs. Twitter Responses



Source: Fundstrat, Twitter



# Question 9: Which of the 15 token's investment thesis makes the least sense?

## Institutional Responses (N = 18)

Token	Percentage
XRP	28%
BTC	17%
TRON	11%
ETC	11%
Bitcoin Cash	6%
ADA	6%
Cardano	6%
EOS	6%
Litecoin	6%
Tether	6%
<b>Total</b>	<b>100%</b>

← Institutions

## Twitter Responses (N = 6,845)



Thomas Lee @fundstrat · Sep 30

CRYPTO POLL (6 of 6 questions):

Which of these tokens "investment thesis" make the least sense to you?

17% Bitcoin

31% XRP

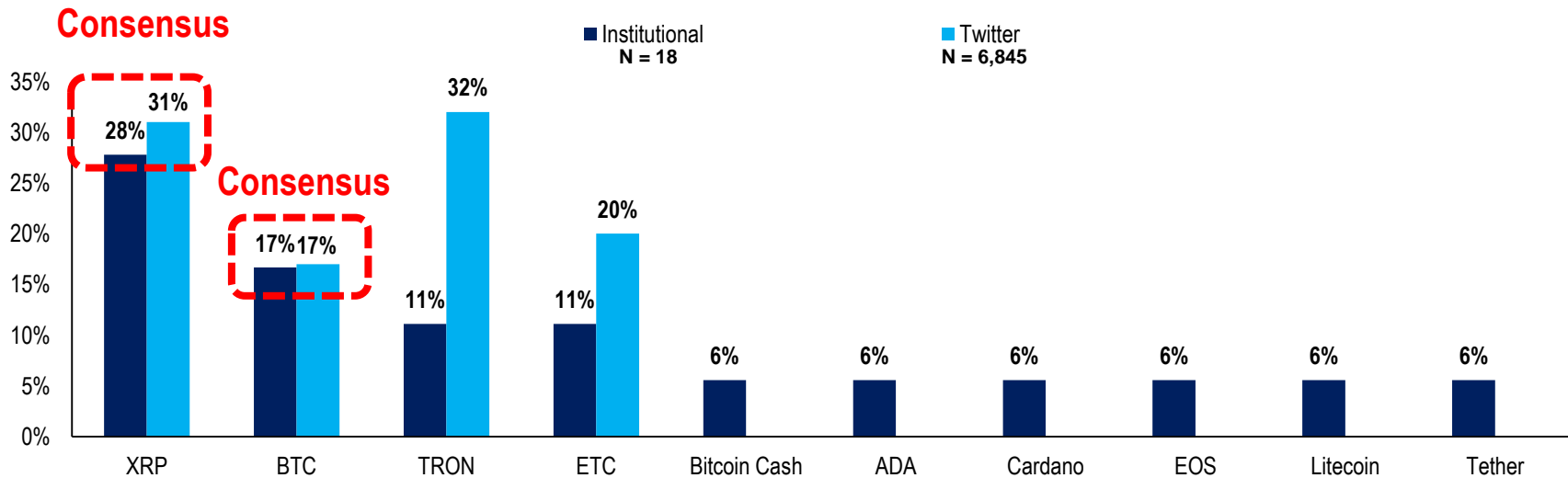
32% TRON

20% ETC

→ Twitter

6,845 votes • Final results

Figure: Institutional vs. Twitter Responses



Source: Fundstrat, Twitter

## Question 10: List two negative & two positive catalysts for crypto.

### Institutional Responses

(Positive N = 34, Negative N = 31)

#### Positive Catalysts

Adoption/use case	24%
ETF/Retail	15%
Custody/privacy	12%
Bakkt/institutional capital	12%
Regulation	9%
Scalability	9%
Sound money	9%
USD weakness	3%
BTC halving	3%
Korea	3%
Q4-18	3%
<b>Total</b>	<b>100%</b>

← Inflows: institutions

← Inflows: retail

← Inflows: institutions

#### Negative Catalysts

Regulatory uncertainty/clarity/SEC	52%
Security issues	10%
No adoption/scaling	10%
Asia	6%
Equity Weakness	6%
Bear Market	6%
Overvalued Coins	3%
Supply	3%
Liquidity	3%
<b>Total</b>	<b>100%</b>

← The long arm of the SEC

Source: Fundstrat, I twitter

## The Fundstrat Research Team



**Thomas J. Lee, CFA**  
**Co-Founder, Head of Research**  
*In research: 25 years*

Prior to founding Fundstrat, Mr. Lee was at J.P. Morgan from 1999 to 2014 and served as Chief Equity Strategist from 2007 to 2014. He was top-ranked by Institutional Investor every year since 1998. Previously served as Managing Director at Salomon Smith Barney. Mr. Lee graduated from the undergraduate program at the Wharton School, University of Pennsylvania.



**Sam Doctor**  
**Head of Data Science Research**  
*In research: 18 years*

Head of Data Science Research. Former US Small and Mid Cap Technology Analyst and India Small / Mid Cap Strategist at J.P. Morgan Chase.



**Rob Sluymer, CFA**  
**Head of Technical Analysis Strategy**  
*In research: 26 years*

Head of Technical Research with over 26 years experience writing technical research at RBC Capital Markets



**L. Thomas Block**  
**Washington and Policy Strategist**  
**Head of JPM policy: 21 years**

Tom had a 21-year career at J.P. Morgan, serving as Global Head of Government Relations. Prior to joining JP Morgan Chase in 1987, he previously worked in Washington and held several positions with members of the House and Senate, serving as Legislative Assistant and Chief of Staff in the House, and Legislative Staff Director in the Senate



**Ken Xuan**  
**Quantitative Analyst**  
*In research: 4 years*

Data scientist with expertise in applied mathematics and statistical analysis. Ken was an operations strategy consultant at West Monroe Partners. Ken received a B.S. degree in Management, Economics from Purdue University in 2013 and an M.S. degree in Operations Research from Columbia University in 2017.



**Alex Kern**  
**Research Analyst**  
*In research: 3 years*

Previously conducted blockchain technology research with Digital Currency Group. Prior to that, Alex was a Fintech and Payments Equity Research Associate with Cowen & Co. Alex received his B.A. in History from the University of Pennsylvania in 2014.

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