



# ***Harry's Take***

February 2, 2022

*Editor's note: You are receiving Harry's Take on Wednesday instead of Tuesday because Harry published his HS Dent Forecast on Tuesday. We switched publication dates for Harry's Take, originally scheduled for Tuesday, and Rodney's Take, which was scheduled for today.*

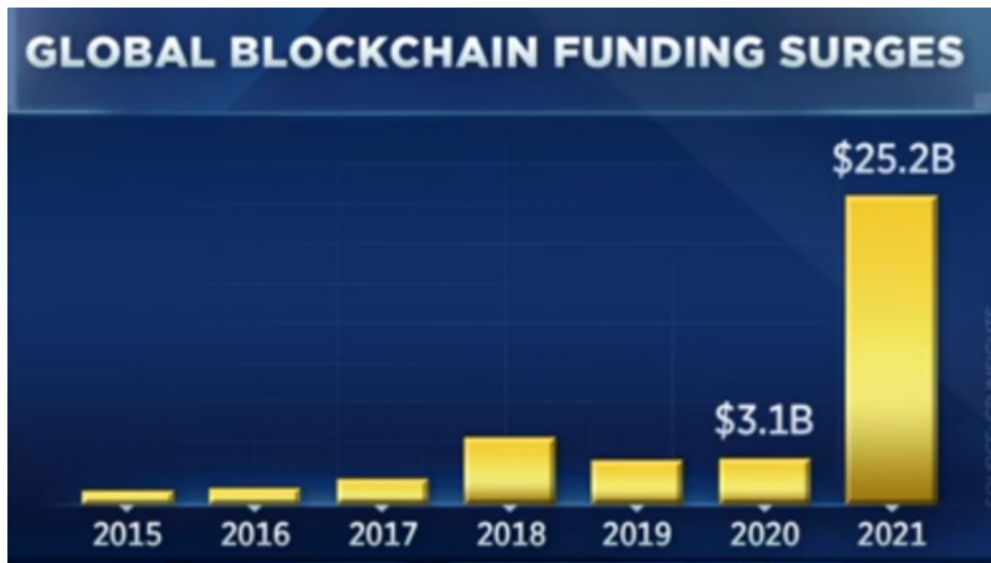
## **Baby Bubble in Crypto Peaking Like Internet in Early 2000, a Sign the Big Crash Has Begun**

I have spent a lot of time in the past year comparing the present Bitcoin and crypto bubble to the previous dot-com and Internet bubble that peaked in early 2000. Dot-com stocks like Amazon were babies back then and were the leading edge of the first Nasdaq bubble.

By 2021, that maturing industry had moved mainstream big time, exactly when the “baby bubble” of the next technology revolution was just emerging and set to peak. The dot-com baby bubble of the late 1990s was the most extreme and crashed along with the Nasdaq into late 2002, falling 96%, vs. 78% for the Nasdaq.

Now, we have the same phenomenon with the new crypto coins (stocks without IPOs), led by Bitcoin. Look at the surge in blockchain funding in 2021, up a whopping \$25.2 billion, vs. \$3.1 billion in 2020.

## We're at the Peak of the Baby Bubble in Crypto, Like 2000 in Internet



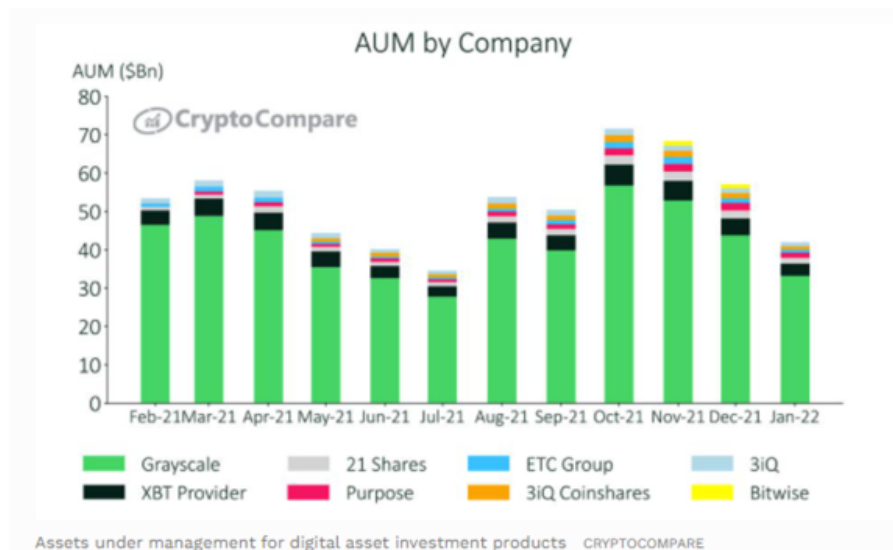
Source: <https://www.cnbc.com/video/2022/02/01/blockchain-funding-grows-700-percent-year-over-year-in-2021.html>

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So, yes, most people finally see that the crypto/blockchain revolution, which I summarize as “the digitization of all financial assets and money,” is becoming more mainstream... about when you should expect the baby bubble to crash in this new sector. Historically, the real longer-term rally of dot-com stocks like Amazon happened after the dot-com baby bubble crash, and that rally has continued until today. Amazon went from a bottom of \$6 in 2021 to \$3,773 in late November. That’s what I call the “daddy bubble!”

Now, the drop is not just in Bitcoin, down 50% recently from its \$68,790 top. Broader crypto investment products, shown in this chart, also have gone down 40%+ since their monthly peak in October, before the crash began in early November. That means stocks very likely have farther to fall in this first crash.

## Crypto Investment Products Falling Fast Since Early November Peak



Source: <https://www.forbes.com/sites/ninabambysheva/2022/01/31/january-selloff-wiped-500-billion-off-crypto-market-cap/?sh=2bb237c29b8>

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Subscribers should follow my comments on Bitcoin and crypto—even those who are not invested in this new emerging sector, as it has been the best leading indicator for stocks. This Bitcoin crash of nearly 50% greatly increases the odds that stocks peaked on January 4, given the broader S&P 500 peak that followed the many stock-index peaks happening in succession since early November, as I covered in the February newsletter issue...

And if Bitcoin can't mount a strong rally soon, stocks are not likely to, either.

Harry

Got a question or comment? You can reach us at [info@hsdent.com](mailto:info@hsdent.com).