



Shitcoins

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Over the past week, I have been thinking a lot about shitcoins.

In this newsletter's May 23, 2022 issue, I highlighted an excellent article that discussed the crypto and blockchain market and the likely doom that most cryptos will suffer.

One of my takeaways is that we won't be through this market nastiness until many crypto speculators are *wiped* out.

Many cryptos are worthless.

Thousands of cryptos exist for the *sole* purpose of speculating.

They have a name.

They are called "shitcoins."

Shitcoins are the equivalent of Pets.com and its most valuable asset. A sock puppet.

When shitcoins go the way of the Dodo Bird, we will be close to a market bottom.

It turns out that shitcoins have a holiday.

July 3rd.

That date marks the anniversary of the first shitcoin called Mastercoin.

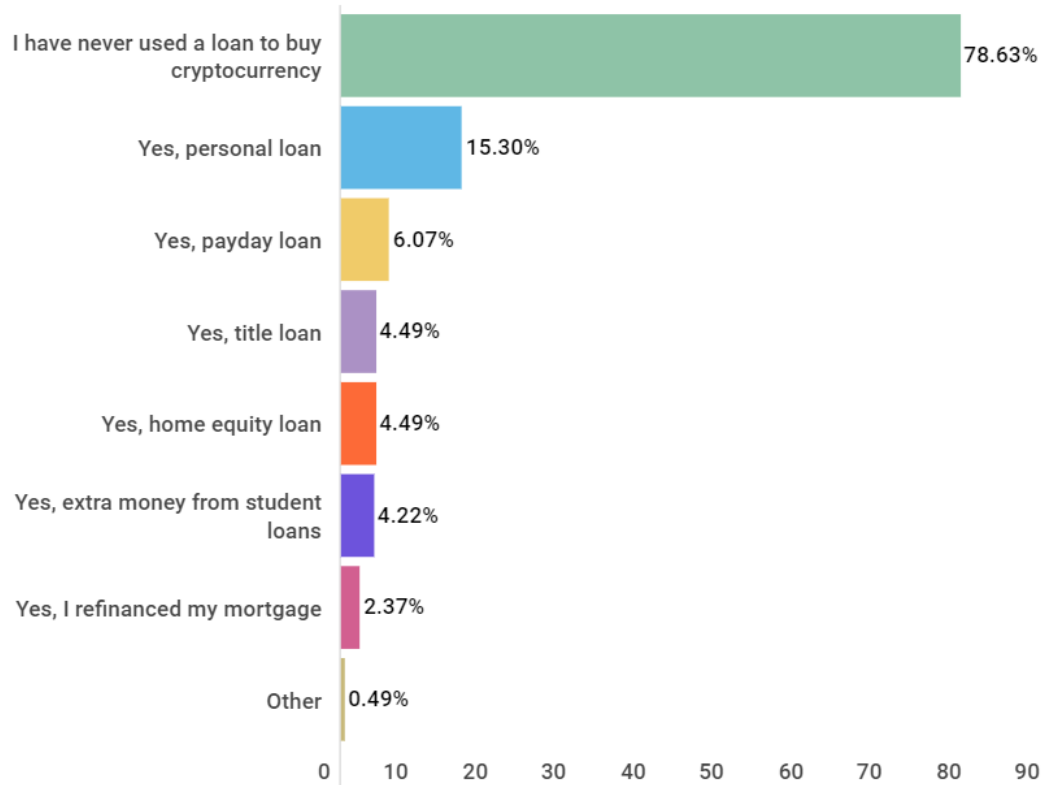
This week I stumbled on some data regarding cryptos that was very disturbing.

In honor of Shitcoin Day, Debthammer.org conducted a survey that revealed that 21% of crypto traders used a loan to acquire coins.

Have you ever taken out a loan or used extra loan proceeds to invest in cryptocurrency?*



(Select all that apply.)



*Crypto investors only

DEBTHAMMER

What's worse is that 11% of previous payday loan users who purchased crypto used a payday loan for the transaction. **Payday loans have an average APR of 400%.**

Nearly one in five users has struggled to pay other bills while using loans to fund crypto purchases.

It's not just payday loans or mortgage refinancing funding this speculation.

Nearly 35% of crypto speculators used a credit card to fund their coin purchases.

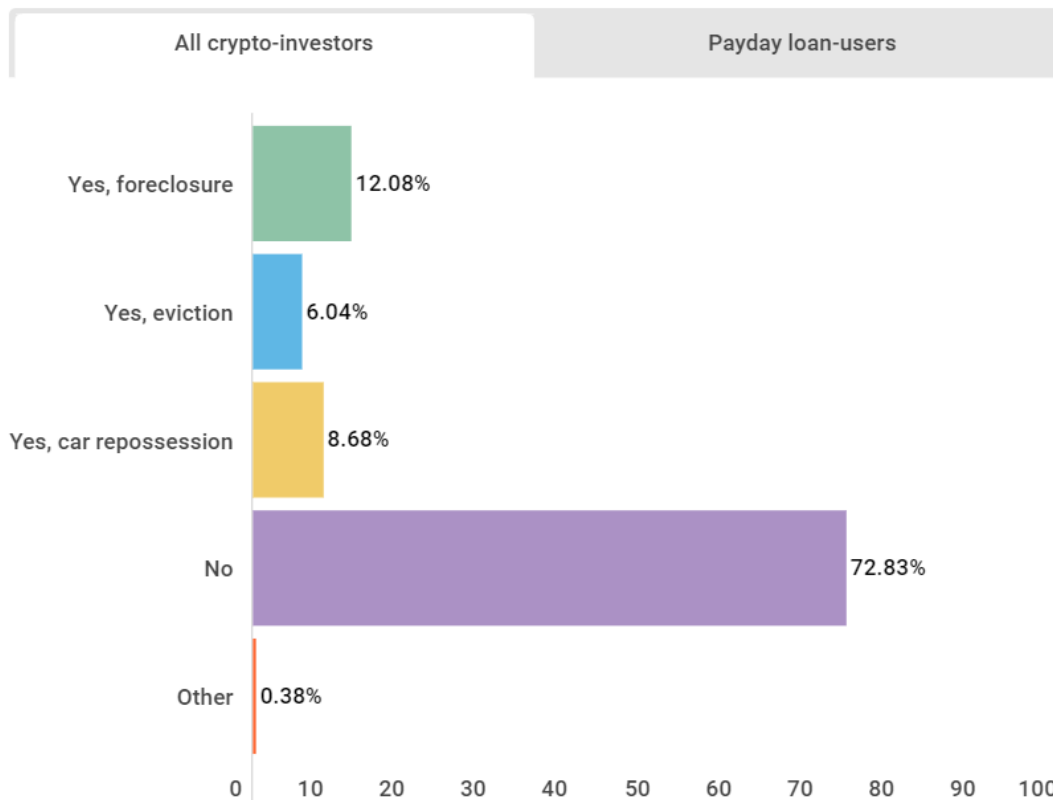
That reminds me of a bit from one of my favorite comedians, George Carlin. Here are his thoughts on credit cards:

*"Here's another pack of jackoffs who ought to be strangled in front of their children. People who pay for inexpensive items with a credit card. You know? Folks, take my word for this, Raisinetts is NOT a major purchase. Get some f***ing cash together. No one should be paying the bank eighteen percent interest on Tic-Tacs. And you're holding up the f***ing line, too. Some dorky-looking prick with a fanny pack waiting to be*

*approved for a bag of Cheese Doodles. I need this like I need an infected scrotum. Get some f***ing money. Next guy in front of me that pays for Newsweek with a credit card is getting stabbed in the eyes!"*

The same sentiment can be applied to worthless cryptos.

Have you ever felt that you were at risk of foreclosure, eviction or vehicle repossession due to loans used to buy cryptocurrency?*



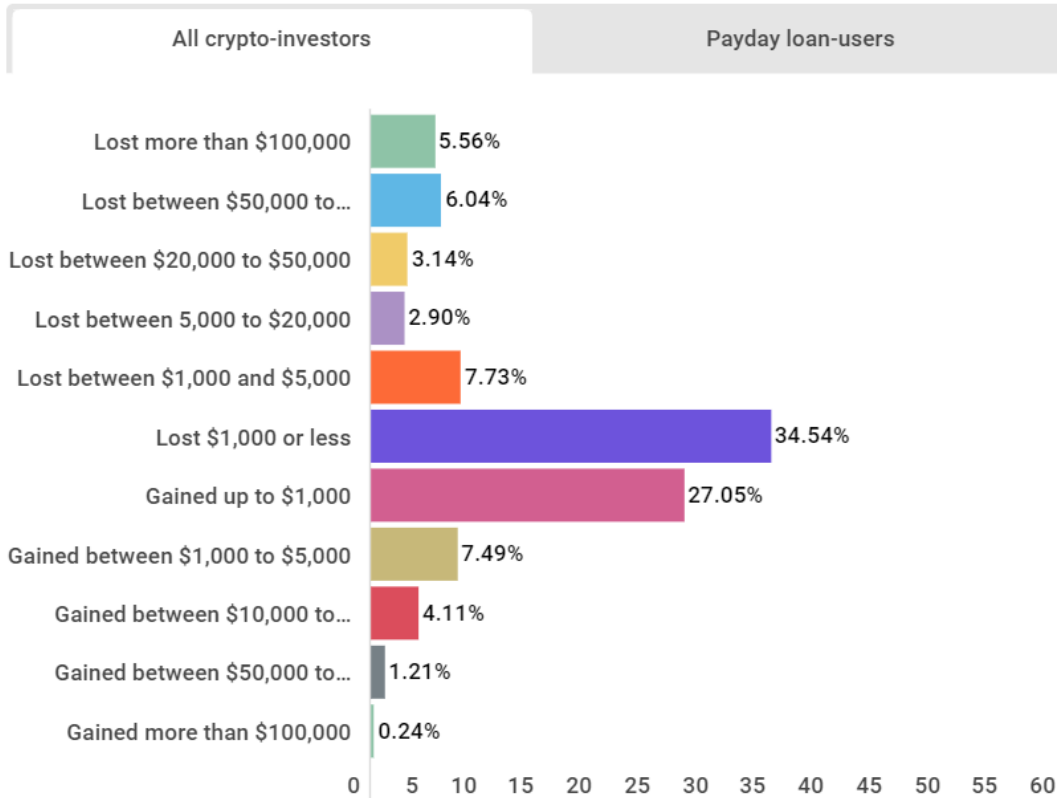
*Crypto investors who borrowed money to invest only

DEBTHAMMER

And, of course, there have been tremendous losses in cryptos. About 5% of speculators have lost over \$100,000 compared with just 1% that made as much.

Remember that people taking out 400% APR payday loans do not have \$100,000 to lose. The average person in the U.S. cannot fund a \$500 emergency. Therefore, the \$100,000 mark does not reflect the actual damage done in the crypto space.

How much money have you either lost or gained investing in cryptocurrencies?



*Crypto investors only

DEBTHAMMER

If Bitcoin drops to a level consistent with a broad bear market in multiple asset classes, then cryptos are staring at losses of at least *another* \$1 trillion.

I find it upsetting and frustrating. It's always the average person getting hosed on these scams. It happens repeatedly.

Human nature never changes.

That's what makes significant market trends so predictable.

That's why I wrote the book *Unbounded Wealth*.

The book is not flashy or sexy but following the steps can only lead to one result.

The top 1%.

The other 99% keep making the same mistakes repeatedly.

Sad.

“Bullwhip Effect”

A couple of weeks ago, I noted that Michael Burry of *The Big Short* fame has suggested that we are in a dangerous situation where retailers have a massive inventory build and demand is waning.

The situation could get so bad that retailers allow consumers to keep products they want to be refunded while giving them cash to keep the goods.

This week I have some data on this issue. An article from *Yahoo! Finance* noted that the cost for a retailer to refund an item is \$30.

The \$30 level puts the bullwhip effect into perspective.

There are lots of items at a big box retailer that sell for under \$30.

If you snap up a flat panel T.V. to watch the British Open next week with plans to return it after the event, chances are you'll get your money back but will not get to keep the T.V.

On the other hand, if you're planning a pool party and buy a floating duck for the pool, some beach balls, beer koozies, flip flops, and a couple of bathing suits, you might be in for a free party when you return the items!

The \$30 cost of restocking an item seems high to me. I have never worked in retail. However, I perceive it as incredibly inefficient, costing \$30 to put the thing back on the shelf.

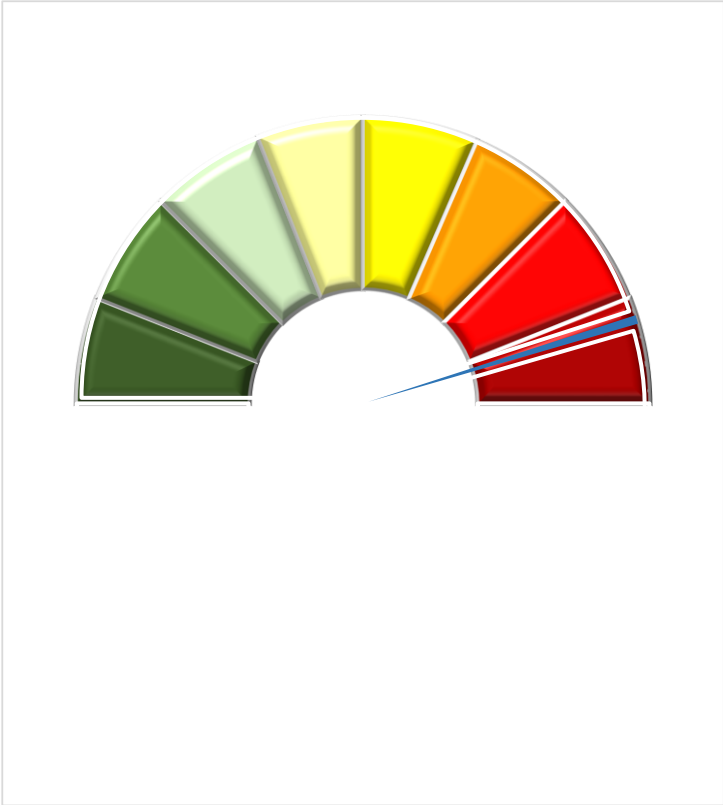
It is what it is.

The *Risk-O-Meter* also is what it is. Right now, the meter is in the "red zone." We are also in no man's land. The market is not overbought or oversold. Earnings season is coming up, which will significantly impact individual stocks.

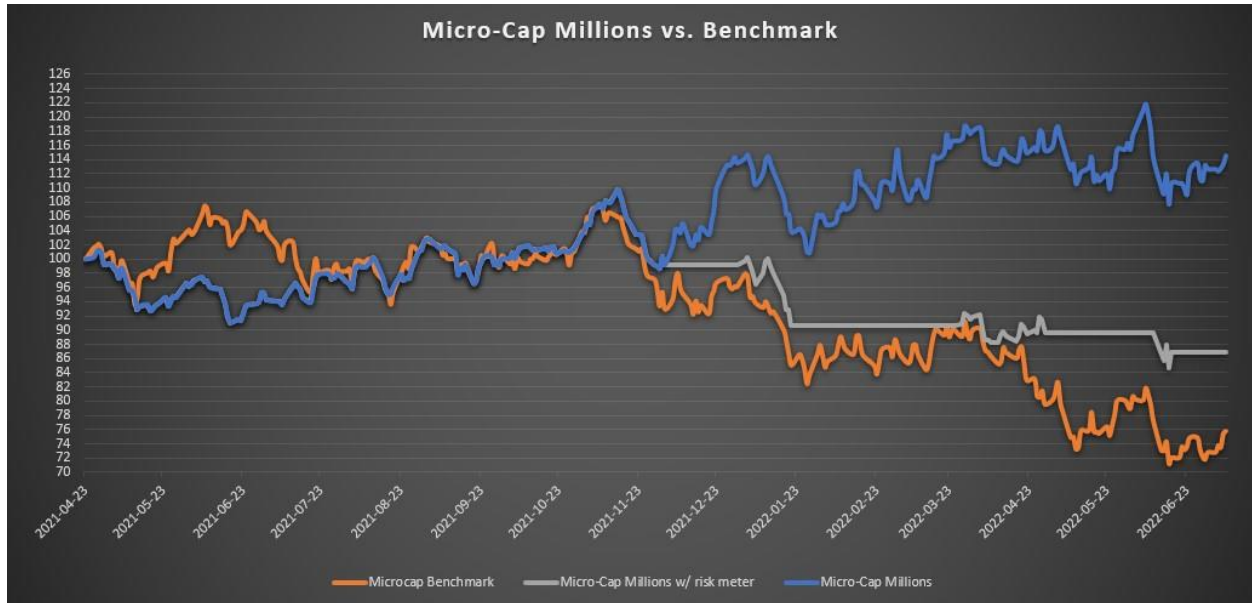
Some of the lowest quality, riskiest stocks have had a nice rally. However, volume levels have been weak. Weak volume on the rebound suggests a lack of institutional support. That means stock prices will likely reverse lower.

Put simply, it's a sucker's rally.

I continue to sit on my hands.



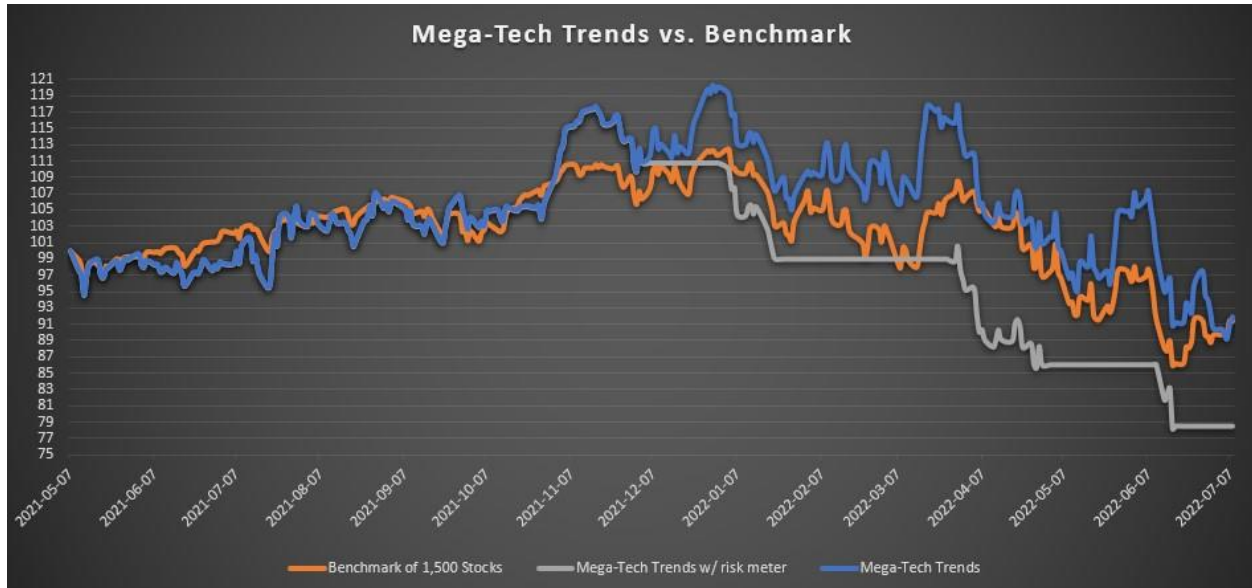
Micro-Cap Millions



No trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ASRT	Assertio Holdings Inc	21.61%	11	Healthcare
CPHC	Canterbury Park Holding Corp	29.74%	88	Consumer Services
CTG	Computer Task Group Inc	-5.78%	32	Technology
HCKT	Hackett Group Inc (The)	-4.42%	109	Technology
HSO	Hudson Global Inc	4.99%	136	Business Services
NL	NL Industries Inc.	17.36%	46	Non-Energy Materials
QIPT	Quipt Home Medical Corp	1.04%	32	Healthcare
RGP	Resources Connection Inc	26.83%	60	Business Services
SCSC	ScanSource Inc	-20.49%	39	Technology
WSTG	Wayside Technology Group	-13.55%	46	Technology

Mega-Tech Trends



There is one trade this week.

Buy Avnet, Inc. (Nasdaq: AVT)

Sell Cigna Corp. (NYSE: CI)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AVT	Avnet Inc	0.00%	NEW	Technology
CDW	CDW Corp	0.83%	46	Technology
CNC	Centene Corp	2.09%	3	Healthcare
DIOD	Diodes Inc	-13.95%	32	Technology
HUM	Humana Inc.	12.82%	18	Healthcare
KFY	Korn Ferry	-16.39%	200	Business Services
LFUS	Littelfuse Inc	-9.58%	53	Technology
NTCT	NetScout Systems Inc	-5.53%	11	Technology
PLAB	Photronics Inc	9.78%	116	Technology
SCSC	ScanSource Inc	-20.17%	32	Technology

Large-Cap Leaders



There is one trade this week.

Buy KLA Corp. (Nasdaq: KLA)

Sell Hologic, Inc. (Nasdaq: HOLX)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ADI	Analog Devices Inc	-10.51%	39	Technology
APH	Amphenol Corp	-16.35%	151	Technology
AVGO	Broadcom Inc	0.01%	18	Technology
CDNS	Cadence Design Systems Inc	3.70%	123	Technology
CDW	CDW Corp	-5.33%	60	Technology
CI	Cigna Corp	4.16%	3	Healthcare
FTNT	Fortinet Inc	6.04%	11	Technology
HUM	Humana Inc.	8.73%	67	Healthcare
IT	Gartner Inc	-5.04%	53	Technology
KLAC	KLA Corp	0.00%	NEW	Technology

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