

What High School Chemistry Taught Mike Novogratz about Bitcoin

[Tedra DeSue](#) 13/02/2019



Mike Novogratz continues to pound the table on institutional investment in Bitcoin. | Source: Bloomberg/YouTube

Bitcoin guru Mike Novogratz went where few have gone in expressing his optimism about the cryptocurrency. Beyond merely referring to it as “digital gold,” he said that its role in the crypto market is akin to gold’s on the periodic table.

<https://www.youtube.com/watch?v=FN63V0Pc5jc>

Novogratz made that connection on Wednesday on the sidelines of the Milken Institute MENA Summit being held in Abu Dhabi. He discussed some of the reasons that he believes [Crypto Winter](#) is finally coming to an end, including the arrival of more institutions in the nascent marketplace.

Novogratz: Bitcoin is [Still] Digital Gold

The periodic table analogy may have caught many off guard. No matter, Novogratz doubled down on explaining why [Bitcoin](#) is still like digital gold, even after an 80 percent market crash.

“There are 118 elements on the periodic table; only one – gold – is valuable just because of its store of value. Bitcoin is going to be digital gold.”

He added that Bitcoin is going to be a place where you have sovereign money. It's not U.S. money, nor is it Chinese money. Instead, it's sovereign.

“And so sovereignty costs a lot, and it should cost a lot.”

Novogratz also addressed Bitcoin naysayers who say it's too expensive and too slow to use in transactions.

“Have you ever been to Ft. Knox?” Novogratz asked a Bloomberg reporter. He went on to say:

“We keep gold surrounded by guns and deep vaults. It costs money to store gold because gold is a store of value. So the idea that it's supposed to be free and cheap is misguided. That's what makes Bitcoin unique. It requires security that other cryptos don't need.”

Where's the Institutional Herd?



Mike Novogratz still believes Wall Street's institutional herd is just around the corner. | Source: Shutterstock

Novogratz is optimistic about Crypto Winter coming to an end due to the entry of more institutional investors into the space. Just this week, two pension funds made their [first investments](#) in cryptocurrency, albeit indirectly.

He joins billionaire investors [Jim Breyer](#) and [Tim Draper](#) who are [steadfast in their optimism](#) about the long-term trend of crypto.

Novogratz said the crypto world had a “fantastic bubble that popped at the end of 2017 and start of 2018.”

“All the retail frenzy that came up and down washed out, and now you’re in this process of handing off ownership from the people’s revolution, from retail to institutions. All the architecture that institutions need to feel comfortable with this is being put in place.”

He called complaints about institutions not entering the space as being a reason to doubt their interests rubbish.

He pointed to the crypto space starting to see more venture funds and hybrid funds enter. Novogratz is very excited about Yale University investing in a cryptocurrency fund. CCN [reported](#) that the Ivy League school, whose endowment is the second-largest in higher education, had invested in cryptocurrency fund Paradigm.

He said:

“Where yield goes, people will follow.”

Custody is Turnkey Moment for Crypto

<https://www.youtube.com/watch?v=lp5Yx34SO58>

What’s stopping institutions from investing in crypto primarily has to do with custody issues, Novogratz believes.

“The turnkey moment is when custody solutions begin to come online. We will see that happen over the next few months.”

Coming online is Fidelity’s custody solution, which will reportedly [launch](#) as early as next month. Then there is [Bakkt](#), which was launched by Intercontinental Exchange. [Plans](#) call for it to facilitate physically-settled Bitcoin futures trading in the first quarter of 2019.

All these things are just getting started, and the crypto market will start seeing custody come online this year, Novogratz predicts.

“There are four or five really decent custody solutions. All of those custodians are working with institutions. Fidelity’s has 100, 200, 300 customers lining up to be customers. And so, they are not going to rush in on day one. They’re going to want to see the water run through the pipes. But over next six to twelve months you’re going to start seeing institutions contribute their assets, their money.”

No Lofty Bitcoin Price Predictions This Time



Novogratz once said Bitcoin would hit \$40,000. Now he just says it could go up or down. | Source: Shutterstock

For now, Novogratz says that the Bitcoin price could go up or down. That's quite a vague prediction from the former hedge fund manager who once said Bitcoin was going to \$40,000. CCN [listed](#) this belief as one of the worst Bitcoin price predictions of 2018.

On Wednesday, he left the prediction banter at this:

“If you look back at any market that has these bubbles, it’s going to bubble back up. We’ve kind of hit an equilibrium in this \$3,400 \$3,600 zone. Could Bitcoin go down? Of course, it could. It could go either way. But it feels like we’re kind of just grinding along at the bottom, so the next move could be significantly higher.”

He’s also more confident that the next generation of altcoins are not going to be mere copycat versions of Bitcoin, as they’ve previously been.

He concluded:

“In the next run, we’re really going to see Bitcoin really separate itself from a lot of other cryptocurrencies.”

Mike Novogratz Image from Bloomberg/YouTube

[Tedra DeSue](#)

If you can buy it, trade it, or sell it, I write about it. For more than 20 years, I've covered all things finance. I threw myself into covering the crypto space with the keen understanding that it would be an industry disruptor. I'm in constant search for the real Satoshi Nakamoto!