

What Does Aggregated Information Mean?

Prices are information. They provide both info and incentive for individual actors to help them determine how to allocate resources. I love prices and the way they emerge.

But on a massive scale and when aggregated, they can get pretty wild. You can see anything you want in the info they convey. Especially in nascent markets.

There's another crypto bull run going on, after a long 'crypto winter'. No one really knows why the prices are climbing, though everyone will do their best to figure it out and tell you. There's nothing that has really changed since the last big run up and dip. In fact, the brand leader BTC has arguably gotten technologically less feasible since then. No major advancements or breakthroughs in usage, tech, or adoption. (Yes, I know, fans of each coin will list 100 things that have happened. My point is that none of these are clear and compelling to general audience sufficient to explain the price spike). The only big happening is Facebook announcing the creation of their own coin. This could either be a threat to BTC and others, or a boon. Or nothing at all. It's hard to tell. You would expect those betting on each of these three outcomes to more or less cancel each other out, rather than the bulls to dominate the market and drive up price.

I love massive run-ups. I also love massive dips. Not so much for the financial outcome (though I hold some crypto and have benefited from low buying prices and high selling prices at times). I love them because they are entertaining and revealing. People can't help but show their feelings in a massive bull or bear market. You learn a lot about the state of crypto fans, traders, and doubters in the big swings. Mostly what I learn is that vocal crypto fans are almost entirely fans for gambling purposes. Very few care or know about anything but price. There's a small cluster behind each coin that cares about use cases and development, and a small spread of agnostics who are interested in the crypto market's overall real world application. Otherwise it's 90% speculators. Speculators are wildly entertaining and overreact to everything in every direction. They make sports fans seem sane by comparison.

So what do the recent price spikes mean? Beats me, but I'll have my popcorn and Twitter feed ready.