MONETTA MONEYTALK *family edition*

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Bitcoin…Is It Rat Poison or the Best Idea since Sliced Bread?

Two things are crucial in understanding bitcoin. The first is that no government is "backing" bitcoin. It has value if and only if people want it.

The second is bitcoin's supply is limited to 21 million digital "coins." All other currencies in the world have no limitations, as a government can print as much money as it needs.

Bitcoin's limited supply means it could be a good way to protect one's purchasing power—so long as other people keep desiring it as "money." There are two ways bitcoin's advocates hope it serves as money, just as dollars do: first, as a medium of exchange (MoE), and second, as store of value (SoV).

- As a MoE, it's true that some retailers, such as Subway and Starbucks, are accepting bitcoin as a form of payment. But this acceptance, by itself, does not materially affect the value of bitcoin. That's because these retailers almost all instantly convert bitcoins to cash. The bitcoins simply flow through the retailer to some other party that wants to own them.
- Currently, bitcoin's SoV is primarily driving its volatility and value. A SoV is an asset that is capable of retaining value over time. Besides dollars, other SoVs include gold and silver. Currently, it is too early to know whether bitcoin will hold its value—especially during times of economic turmoil.

Investing in bitcoin is like buying a lottery ticket. It could become worthless or so useful as a SoV (and possibly a MoE) that people will be willing to pay much higher prices for it.

Warren Buffett called it "rat poison squared." Bill Gates said, "There's is no better currency." Only time will tell who is right.

That reminds me of a *story…*

A struggling business owner and his daughter owed a large sum to a loan shark who wanted to marry the daughter.

The loan shark proposed the daughter reach into a bag of two pebbles, one white and one black. If she picked the white pebble, the debt would be forgiven. If she drew out the black pebble, the loan would also be forgiven…but she would have to marry the loan shark.

The loan shark picked up two pebbles from the path. As he did, the sharp-eyed daughter noticed both pebbles were black. But if she refused to pick a pebble or exposed the loan-shark as a cheat, the business might be lost.

She decided to draw a pebble—but to appear to accidentally drop it onto the path. "Oh, how clumsy of me," she said. "But you will know which pebble I picked by looking at the pebble in the bag."

Moral of the story: Overcoming a difficult situation may require thinking "outside the box."

Successful *entrepreneur*

Sophia Amoruso

Sophia Amoruso, the founder of Nasty Gal, a women's fashion retailer, was born in April 1984 in San Diego, California. An independent spirit from her youth, she was homeschooled and was considered a wanderer and drifter. She hitchhiked along the West Coast, worked at a fast-food restaurant and dumpster dove for free stuff. While attending a community college, she worked as a student ID checker at a local art school. In her spare time, she began selling vintage clothing on eBay under the name "Nasty Gal Vintage," a named borrowed from funk singer Betty Davis.

Over the years, her vintage clothing line developed a cult following, propelling sales to over $100 million in 2012! Her basic business strategy was to buy clothes she liked. If they sold out quickly, she would triple the orders to meet the demand.

In 2017, she sold the Nasty Gal Company for $20 million and launched Girlboss Media. This new company mentors young woman on pursuing business goals through editorial content, videos, podcasts and weekend-long instructional events.

In her book, #GIRLBOSS, Amoruso writes about her experiences, suggesting to not worry what other people think of you. She says success favors the bold who get things done and counsels people to never say "That's not my job." It's always your job! Even if it's below your pay grade. If you want to be indispensable, be a team player.

What is a credit score? How it can affect you

A credit score is a three-digit number calculated by a credit bureau, designed to represent the likelihood you will pay your bills on time.

The simplest way to get a credit score is to apply for a credit card. To qualify for a credit card, you must be at least 18 years old, have a Social Security number and either be attending college or have a pay stub from your employer. Two popular credit cards to consider are the Deserve EDU MasterCard for Students and the "Discover it" card.

Credit bureaus calculate credit scores based on factors such as your history of paying bills on time, the amount of available credit you are using and other debts you may have outstanding, such as a student loan, car loan or a mortgage. It usually takes three to six months of credit activity to establish a credit score. At that point, the credit bureau will assign you a three-digit score, which typically ranges between 300 and 850. A good credit score is usually 670 and above.

The key to a high credit score is to keep 70% of your available credit balance unused. For example, if you have two credit cards, each with a $5,000 limit, make sure that your combined credit borrowings do not exceed $3,000. Secondly, avoid late payments, as these will stay on your credit record for seven years! Always pay the minimum payment requirement on time. You should also plan your spending so you can pay off your total balance each month.

A good credit score can be a game-changer to lowering your cost to borrow and put extra money in your pocket to save and invest.

LAUGH *studio*

Why don't sharks eat clowns?

They taste funny!

What shirt do you wear when golfing?

A tee-shirt!

Why did the bee get married?

He found his honey!

Why shouldn't you tell an egg a joke?

It might crack up!

Who do you call when you hurt your toe?

A tow-truck!

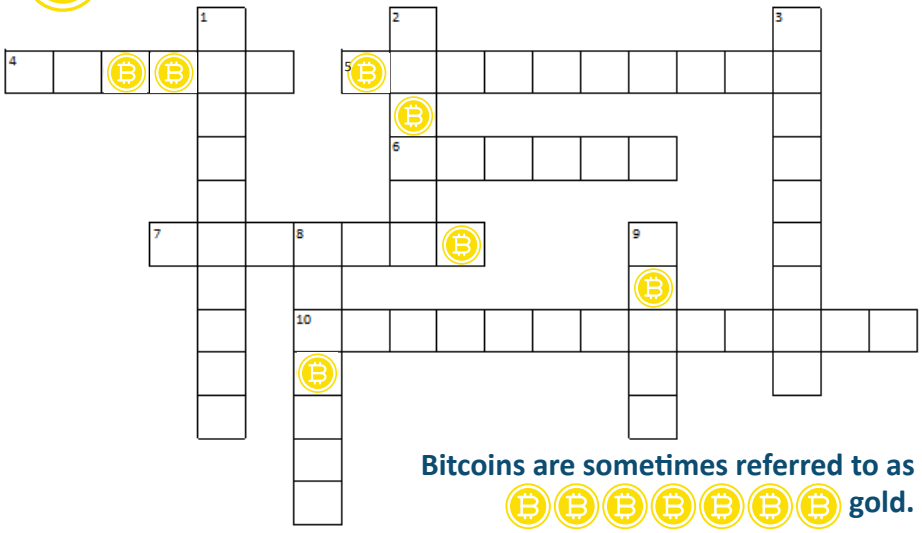
Submitted by Macie in North Aurora, IL

KIDS: If you have a joke you'd like to share, please send it to info@monetta.com. If we use your joke, we'll send you a special prize!

YOUNG *investors*

Complete the crossword using the clues below. Find the hidden phrase using the letters that fall on a bitcoin logo. Send your answer to info@monetta.com and be entered in a drawing to win a $10 Target Gift Card and a replica collectors' bitcoin. (Entries must be received by June 1, 2021).

Bitcoin Crossword Puzzle!



Bitcoins are sometimes referred to as gold.

ACROSS:

4. Bitcoins can be used as a _____ of exchange.
5. Bitcoins are not backed by the _____.
6. This sandwich maker accepts bitcoin.
7. Bitcoins can be used as a form of _____.
10. Investing in bitcoin is like buying a _____ _____.

DOWN:

1. Limiting supply helps protect _____ power.
2. Warren Buffett calls bitcoin rat _____.
3. You can use bitcoins to buy coffee here.
8. There are currently 21 _____ bitcoins.
9. This Microsoft founder is a fan of bitcoins.

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.