LISTEDRESERVE
MoneyBits

The marginal investor

The recent sell off has a couple of interesting features. First, who is selling? Chain analysis tells us that overwhelmingly it is recent investors. 85% of selling over the recent move has come from holders of 90 days or less. There is very little longer term movement.

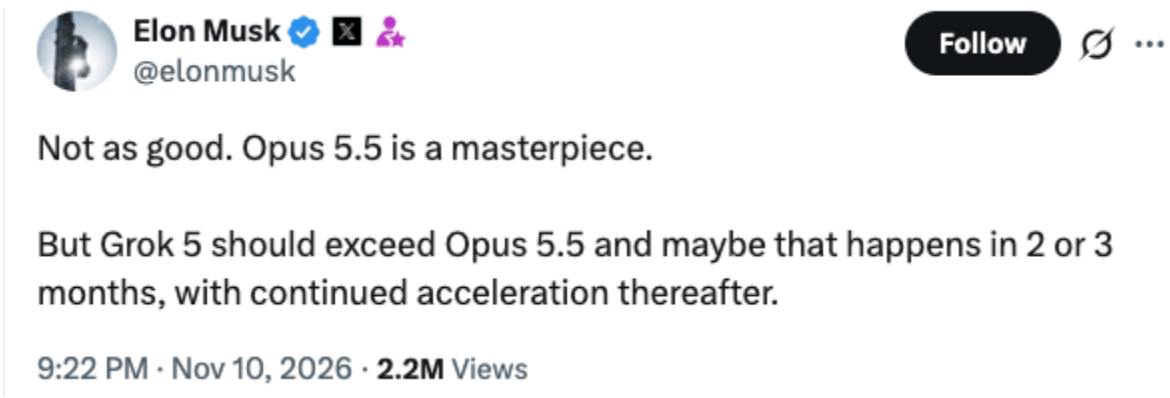
Second, why are they selling? Well, I think there is some validity in saying that those same short term investors are looking for the best chance of immediate return and they see that possibility in the Anthropic IPO. In the run up to the other gigantic IPO, SpaceX, here's what happened to bitcoin:

Day -50 to IPO day: -19%
Low (Day +18): -25%
Day +50: still -20%
Around Day +70: a sharp rally
Day +100: +3.7%

There's no reason this will repeat in the same way, but in the end, capital is limited and people allocate it where they think they will get the best gain. Many of those people are short term traders and Anthropic, at least for the next few months, is the short term play.

The amount of capital being raised here is extraordinary. A public offering raising about $81 billion and a concurrent $26 billion private placement at the same price with Google, NVIDIA, Microsoft and others. About $105 billion to the company before fees and expenses. A company that launched in January 2021, now the 12th largest in the world. People want to be part of it, I'm not surprised.

That's the two largest IPOs ever in the space of six months. For context, these two IPOs have raised twice the amount raised on the entire London Stock Exchange in the last *decade.*

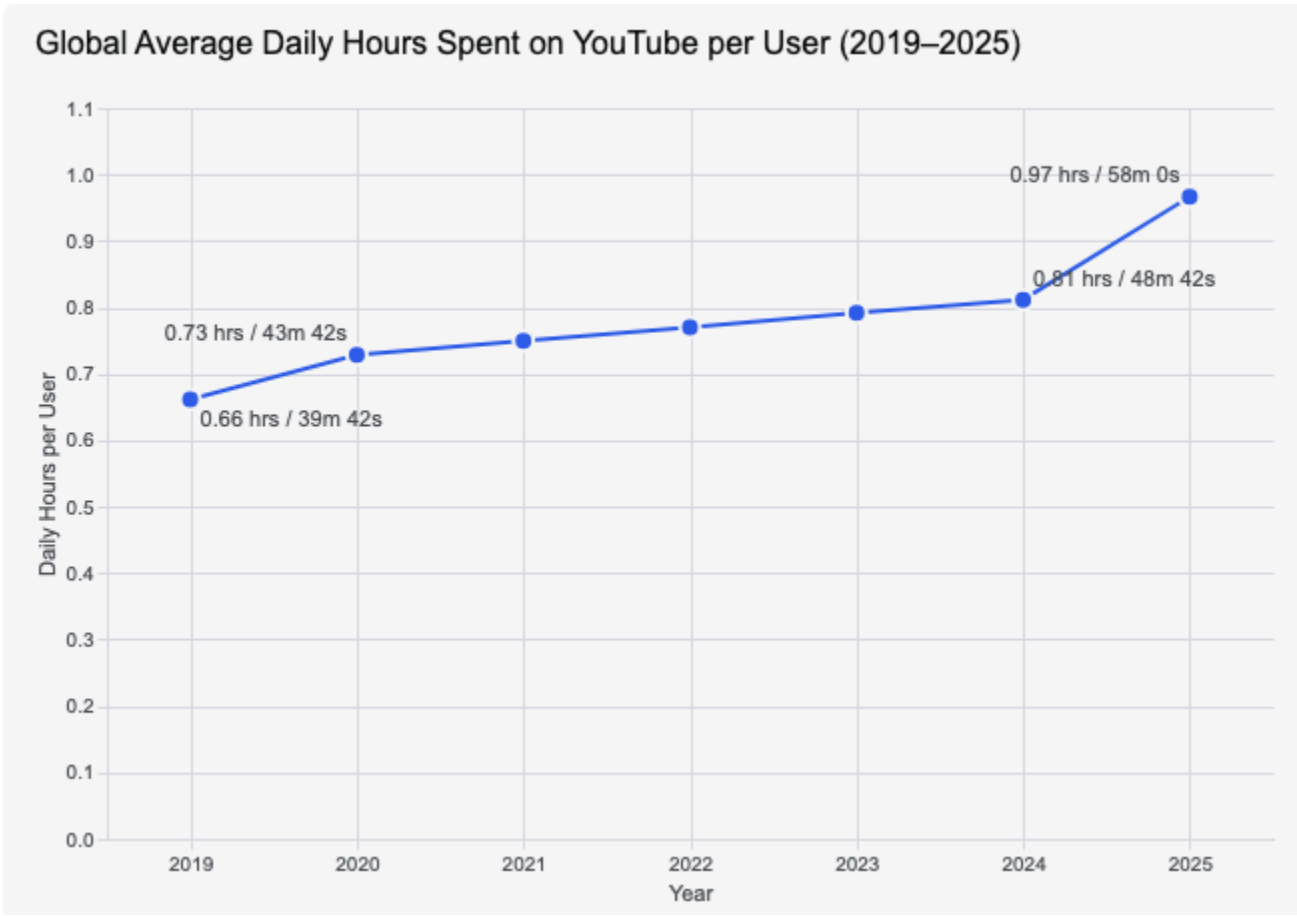


The possibility that Anthropic has also gapped the market exists too. Elon Musk, while admitting his next model will be inferior to it, called Opus 5.5 "a masterpiece". I agree. So can Anthropic be caught?

The term RSI (recursive self-improvement) has been used. Essentially if you have the best model it is easier and faster for you to make the next best model and the maths that implies quickly means you can never be caught. So holding Anthropic is a bit of a hedge *if* that is true.

Except it wasn't true for OpenAI, which with GPT-4 had a model that changed the world. And Google has released three frontier models in the last eight days. Carbon, Hydrogen and Neon.

So the pace of change is completely insane. To my mind, although people hate me saying it, white collar work is pretty much solved. It's now a matter of automating it, which humans are currently very busy preventing. When I ask people how much of their workload they have automated, they look quizzical, of course. It's a monumentally stupid thing to do in most cases, so people don't. Or perhaps people pretend they have not automated things, when in fact they have. Which would explain why average daily hours spent on YouTube are rising very quickly indeed.



Why am I confident then? Well, the end game here is a different world. Bearer assets are going to be the only thing that matters, because everything else will be free. Not next year, but most of us will live to see it.

Holding the gavel

‘Turkey takes the gavel, Chris Bowen gets a Biro’: Inside Australia’s awkward COP31 power struggle

COP31 is drawing to a close. Australia has a key role as “President of Negotiations”. I had actually understood that Australia’s climate change and energy minister would lead the negotiations to the extent that deciding what does and does not go forward was left to him. Enter Turkey. Turkey is also the President. They are the ‘President and Host’ and have announced that they will be holding the gavel.

The gavel itself is the sole mechanism for turning negotiated texts into binding international climate law. If you hold the gavel, you decide. It’s a bit awkward really and turns Chris Bowen into a glorified administrative clerk. I imagine he is upset about it because he has spent a year working towards this moment and it has basically been stolen from him. I can only imagine his internal fury.

The whole thing has been a bit of a farce. The only G7 leader to attend was the UK’s Andy Burnham. He talked about Britain’s wildfires this summer, which everyone has forgotten about. The leaders of every significant nation just didn’t show up.

It’s possible that the world has moved on. Maybe people realise that the only path to wealth is through energy. Whatever your particular political leaning or objective, you aren’t getting there without lots and lots of energy. And it’s entirely possible to do that. Bearing in mind we get blasted by the Sun every day and access 0.000000045% of the Sun’s total energy, and use only a fraction of that fraction.

It’s even more obvious with AI. It was obvious with Bitcoin. Only energy matters.

Energy maximising countries will win because their average intelligence per capita will rise fastest. I think a few countries have worked this out and a lot of them haven’t. Everything is downstream of energy: intelligence, military dominance, and obviously money.

Incidentally, COP32 is in Ethiopia. The new President (and host) is Gedion Timothewos, the Ethiopian Foreign Affairs Minister. Previously he was the Minister of Justice. Locally, he isn’t that popular.

> Under Gedion Timotheos tenure, three members of parliaments (at the federal, regional and city level) were dragged from their residences, beaten and thrown to a harsh prison before the parliament met to lift their immunity.

When he became Foreign Affairs Minister, his wife got the job as Minister of Justice. Handy that.

Anyway, with Gedion at the helm, nobody is going to be arguing about who has the gavel, lest they be dragged from their bed and beaten. Our Chris could learn a thing or two. And let’s face it, who isn’t looking forward to Ethiopia setting the climate agenda for Australia?

BIP54

Bitcoin Improvement Proposal 54. It's not particularly exciting, it cleans up a few issues that miners have when producing blocks, as well as preventing them attempting to gain an advantage on later blocks (which they could in theory have done). This bit did catch my eye though.



Specifically this is referring to a timewarp attack. Bitcoin recalculates its mining difficulty every 2,016 blocks based on the timestamps of those blocks. Historically, a malicious miner could artificially manipulate the timestamps they stamp onto blocks to trick the network into thinking blocks are taking too long to find. This forces the network to drop the difficulty to the absolute minimum, theoretically allowing an attacker to rapidly mine billions of worthless blocks with almost no real computational work (hashrate).

It's a highly unlikely attack because the miner needs 51% of the hashrate or more and then every block they publish will also demonstrate they are attempting the timewarp. So it would be like robbing a bank live on television while setting fire to the money you are supposedly stealing. But in theory it works.

With mathematical longhand, Wuille proved how BIP54 prevents it.

It's an insane level of work from someone who believes only the paranoid will survive.

In a week when American civil aviation went down, the CIA and NSA comms went offline and Microsoft took a whole Friday off, I'm very grateful for Pieter Wuille.



One system has kept going all year. Everyone is rightly too scared to talk about it for fear of tempting fate. It hasn't held up because of anything that happened recently, it's been 17 years of continuous effort. The people making that effort are unsung heroes. They don't read this column, I'm sure, but I see them. Pieter Wuille, Australia's own Michael Ford…all of them. IYKYK.

Grand Theft Auto

With Jensen gone, perhaps we expected some sort of memorial service for his tenure at NVIDIA. For a lot of people he is a rock star, not for reasons of AI but because he basically carried the entire gaming industry for decades while most people were not looking. Nobody wanted GPUs unless you were playing video games or mining bitcoin. Now they are the only show in town. Who could have guessed? The lesson is actually quite clear, if you want to see the future path of retail, watch young women. For the future path of technology, watch young men. Simultaneously sexist and true.



The interim CEO took the helm and delivered the Q3 results without mentioning Jensen.

She then did this interview delivering, as X put it, “generational levels of negative aura”. It shouldn’t matter that Jensen is gone because the company is the company and the IP is still there. But I think everyone knows it matters a lot.

Grand Theft Auto indeed.

Two outcomes, number one is a board coup and he returns, the second is he ends up at SpaceX with Elon. If you hold shares in NVIDIA, the second one is bad. Really bad.

Euro-Trash



The horse trading has begun at the ECB. Firstly, Germany has nominated a German for the Chief Economist role on the Board. In doing so, they essentially concede the presidency. In return France gets the role of Head of Market Operations. I would consider the latter role far more significant, since that person is actually in charge of buying bonds in a crisis.

The significance of these negotiations is such that President Macron and Chancellor Merz are personally conducting the ‘intensive’ talks. Incidentally, nobody else in the Eurozone matters. This proves it.

So the Spaniard, who we called last week when he had **a 60% chance with by far the most Wikipedia edits** (remember). Well now he’s 98%. Anyway, it would be a great result for France with a Spaniard driving and a French Board member on market operations (and for Bitcoin by the way, this is *the* best outcome). Chancellor Merz has been played here. For a thousand reasons, of which this is another, his days look numbered.

