Once considered inflation-proof, crypto is stumbling

Marketplace Morning Report

Don't wait – your gift will be doubled for a limited time.

GIVE NOW

Once considered inflation-proof, crypto is stumbling

Matt Levin  |  May 11, 2022

Heard on:

Crypto's crash is unlikely to steer big investors away. Anthony Kwan/Getty Images

Our weekly “Econ Extra Credit” newsletter is an unexpected way to learn about the economy,
Once considered inflation-proof, crypto is stumbling - Marketplace

It's not just the stock market that's taken a beating this year. Cryptocurrencies are also stumbling. Bitcoin is down over 30% from the start of the year, and down 50% from its peak last November. Ethereum and dogecoin and bunch of other coins are also way down in value.

Bitcoin was supposed to be a hedge against inflation — a new currency not tied to a central bank's printing press. Turns out ... nah. At least not yet.

“This stuff is high-growth technology. It is not an inflation hedge,” said Leigh Drogen, head of Starkiller Capital.

Crypto is behaving like high risk tech stocks, so when those take a punch, down goes bitcoin. Plus, last year an army of novice investors plowed cash into crypto. And now, “the casino isn't as interesting today as it was then,” Drogen said.

But it's unlikely this crash will deter venture capital investment in the broader crypto economy, said Campbell Harvey at Duke University. He points to 2018, when bitcoin lost over half its value.

“And what happened in the venture capital space? There was no negative effect whatsoever,” he said.

So expect more Silicon Valley money pouring into cryptoland.

Hosted by David Brancaccio and Victoria Craig

LATEST EPISODES

Despite new faces, diversity appears elusive to other parts of the Fed system
May 12, 2022

The unionization bug bites Congress
May 12, 2022

Is now the time for more crypto regulation? The U.K. says yes.
May 12, 2022

https://www.marketplace.org/2022/05/11/once-considered-inflation-proof-crypto-is-stumbling/
There's a lot happening in the world. Through it all, Marketplace is here for you.

You rely on Marketplace to break down the world's events and tell you how it affects you in a fact-based, approachable way. We rely on your financial support to keep making that possible.

Your donation today powers the independent journalism that you rely on. For just $5/month, you can help sustain Marketplace so we can keep reporting on the things that matter to you.

---

LATEST EPISODES FROM OUR SHOWS

<table>
<thead>
<tr>
<th>Time</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00 AM PDT</td>
<td>25:03</td>
</tr>
<tr>
<td>7:40 AM PDT</td>
<td>7:59</td>
</tr>
<tr>
<td>1:59 PM PDT</td>
<td>1:50</td>
</tr>
</tbody>
</table>

https://www.marketplace.org/2022/05/11/once-considered-inflation-proof-crypto-is-stumbling/
Economic Pulse

California's drought is squeezing farmers and threatening food prices

The business of Shein, the fast-fashion brand that's dominating Gen Z's closets

We're about 3.5 million potential jobs short of a full recovery

As consumer borrowing picks up, banks keep a wary eye on the possibility of more loan defaults