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RAOUL PAL: Bitcoin Is Worth \$1,000,000



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NOV. 11, 2014, 12:56 PM

"I did some analysis a while ago," Raoul Pal said. "[It] was to try and create a valuation framework that gives some value to bitcoin because nobody really knows that it's worth."

Pal, a former global macro fund manager and current author of the [Global Macro Investor](#) newsletter, is talking about the bizarre digital cryptocurrency that saw its value surge north of \$1,200 a year ago.

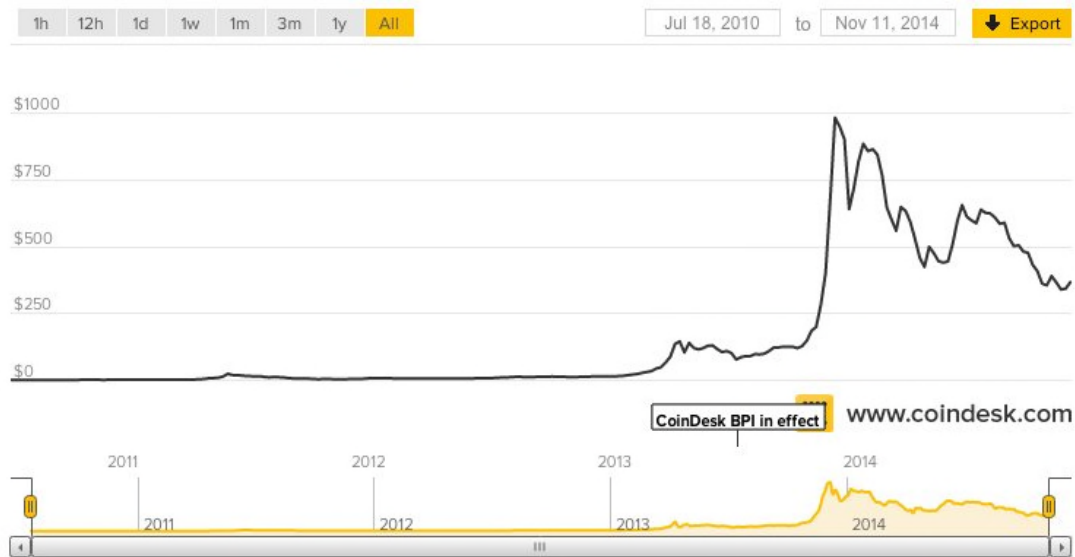
"So I said OK well let's assume it's something like gold—There's a finite amount of it," Pal said in an interview with Grant Williams on [Real Vision Television](#). "There's a finite amount that's been mined. The rest is underground. We kind of know how long it's going to take before all the gold is mined or before all the bitcoins. Put them in the same kind of equation we get a value of bitcoin and that value is **a million dollars**. Now, you'll never hear an analyst say this—but I don't mind this—I could be wrong by 90%, and **it's still worth \$100,000**."

At the time of the interview, bitcoin was trading around \$650. Right now, [it's at around \\$364](#).



Real Vision Television

Raoul Pal



Coin Desk

Here's how bitcoin has traded since July 2010.

One concern people have about bitcoin is the volatility in price swings. Pal said the volatility is fine. He thinks that the upside is "astronomical" compared to the downside.

Right now, bitcoin is still in its infancy and it's not going to go away because of the amount of people behind it.

Pal expects central banks will have to regulate bitcoin over time, but that's not a problem.

"What they can't do is destroy it and that's why bitcoin becomes incredibly interesting," he said.

Even though he has a high valuation, Pal doesn't recommend that people put their entire life savings in bitcoin. He suggested treating it like an option contract.

Buying bitcoin is something Pal strongly believes in, especially because he thinks we are at risk of losing faith in money. He worries about the consequences of central banks are printing too much of it. There's an unfavorable perception that they're "rigging" the system by keeping rates low and buying the bond market.

His suggestion is to avoid the bond market.

Pal also thinks that people should be careful about how they own their gold. Because of the proliferation of derivatives and ETFs, gold is just the collateral to a highly-leveraged "monster." He thinks that it's best to buy physically unencumbered gold instead of paper gold.

Watch the full [Real Vision Television](#) interview below:

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