

Twitter Thread by [Roger Lu](#)



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I've been trying to understand for some time the impact of \$GBTC (Grayscale Bitcoin Trust) on the price of \$BTC. Here's a good article to start, and here's a thread on my current thoughts...

There's no doubt that \$GBTC has been a driving force in allowing investors to gain exposure to \$BTC. For many investors, it provides the easiest way to get crypto exposure. As a result, \$GBTC often trades at a large premium (20%-30%) over spot \$BTC 2/9

Recently in January, \$BTC prices have declined from a high of >\$40k to <\$30k (now back near \$35k). \$GBTC's premium to NAV has also dropped to <5% 3/9



Grayscale Bot @GrayscaleTrust · 5m

Replying to @GrayscaleTrust and @alecandro4

-Premium-shown-as-price-

\$GBTC - \$BTC: \$35991

\$ETHE - \$ETH: \$1370

\$ETCG - \$ETC: \$9.6

\$LTCN - \$LTC: \$3138

\$BCHG - \$BCH: \$2605

-Actual-Crypto-Prices-

\$BTC: \$34627.72

\$ETH: \$1417.21

\$ETC: \$7.85

\$LTC: \$145.84

\$BCH: \$459.81



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Replying to @alecandro4

\$GBTC Premium: 3.9%

\$ETHE Premium: 3.4%

\$GDLC Premium: 13.0%

\$ETCG Premium: 22.6%

\$LTCN Premium: 2051.7%

\$BCHG Premium: 466.6%

-Grayscale-Prices-

\$GBTC: \$34.45

\$FTHF: \$14.25

It's worth understanding the mechanics of \$GBTC. \$GBTC allows accredited investors to buy private shares for 0% premium to NAV, and in return the accredited investors are locked up for 6 months. If you are a non-accredited investor, i.e. retail, you don't have this option 4/9

Many sophisticated investors have taken advantage of this arbitrage opportunity. One way an accredited investor can buy private shares of \$GBTC is by depositing BTC (often times with leverage). In doing so, they can collect the \$GBTC premium 5/9

The decline in \$BTC & \$GBTC NAV premium has caused many to speculate as to the mechanics of what's going on & the ramifications. Here is one that is popularizing a fear of margin calls on \$GBTC collateral & a negative spiral effect on \$BTC price 6/9

<https://t.co/WEpvvBpiaC>

so here are my thoughts on \$GBTC

first, so everyone who may not know, it is a trust that holds bitcoin. great!

it trades on the otc market and, if you are big enough (essentially) you can invest in the trust directly.

1/

— breakeven (@std_dev) January 22, 2021

This article has identified a clear cause-and-effect between the "Unlocking Event", or when these private \$GBTC shares are unlocked to be freely traded, and the price of \$BTC. In my investigations, it has been the most credible theory out there 7/9

<https://t.co/uJSIEJUBjZ>

Shortly after these "Unlocking Events", you see a noticeable price increase in \$BTC. This is caused by the private share investors selling their \$GBTC at a premium and simultaneously buying spot \$BTC 8/9

These unlocking events coincide with significant price moves higher.

What's important to know is once these higher prices and premiums are realized after an unlocking, price goes on to consolidate. This lets the premium shrink again before its next unlocking event.

Combining this information with Jarvis and its data on spot purchases its clear Grayscale is driving the market. There is nothing more important for you to focus on. Even 3 Arrows Capital is getting in on the game.

Because there were no unlocking events in January, the thesis correctly forecast a drift down in \$BTC price & a collapse of the \$GBTC NAV premium. The next unlocking event is February 10. The thesis suggests a price increase in \$BTC subsequent to February 10. 9/9