

Crypto's 'Lehman moment'

November 13, 2022 • Vol. 22



The collapse of Sam Bankman-Fried's crypto giant is reminiscent of Lehman Brothers' downfall in 2008

+5.89%

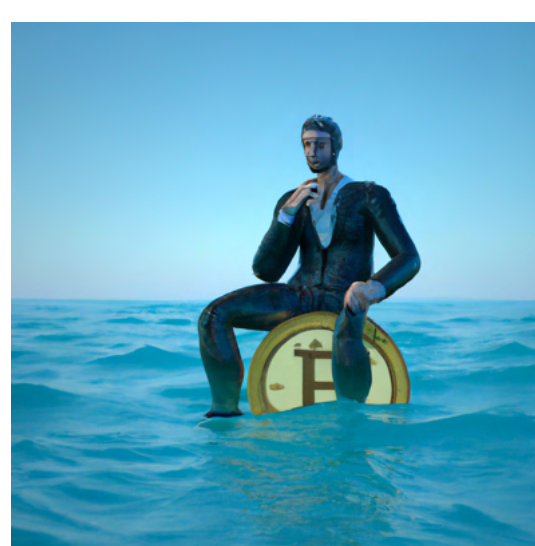
Index Recap

The S&P 500 rose on news of cooling inflation, giving hope to investors that interest rate hikes will slow down.

Our top 3 scoops this week

1. Bizarre FTX and Binance spat leads to the fourth largest crypto exchange being wiped out

Panic's spreading in the crypto world. After a surge in customer withdrawals, crypto exchange giant FTX found itself amidst a liquidity crunch. Binance CEO CZ announced in a [tweet](#) that he would be selling his FTT tokens due to 'recent revelations.' However, in an unexpected turn of events, FTX turned to its biggest rival for a [bailout](#), sending its [FTT token](#) down 80%. But the deal fell through just a day later, after news that FTX had been using client money to place risky trades and needed \$8B in emergency funding. The carnage spilt over into equity markets and [Solana](#) lost more than half its value. It was only earlier this year that FTX received regulatory approval from Dubai's VARA, and it has already filed for Chapter 11 [bankruptcy](#). Sam Bankman-Fried has also stepped down as CEO after he lost 94% of his wealth, the most a billionaire has lost overnight on record. To make matters worse, FTX is now investigating [mysterious](#) transactions of more than \$600M after a potential hack.



[Did the FTX collapse just restart a new crypto winter?](#)

2. Itsy-bitsy better inflation number sparks 5% market rally

US stocks recorded their best day since 2020 after October's inflation data emboldened investors and set the stage for a slowdown in interest rate hikes by the Fed. The S&P500 rose 5.5% while the Nasdaq Composite ended 7.4% higher. The consumer price index [fell](#) from 8.2% to 7.7% in October. Following the release of the CPI report, the dollar dropped against a basket of six peers by 2.3%, marking its worst day in seven years as interest rate expectations dropped.



[Will the Fed finally pivot to easing monetary policy?](#)

3. Zuck goes on a 11K firing rampage to save the stock

Zuckerberg's bet on a world of online avatars just cost 11K people their jobs. This year has been anything but smooth sailing for Facebook-parent Meta (Ticker: META) - ad spending fell, competition is on the rise, and the stock is down in the dumps. To make matters worse, Zuckerberg continued investing in the metaverse despite dwindling investor confidence. At least he finally [owned up](#) to his mistaken optimism about the metaverse, but not before letting go of a whopping 13% of its workforce. Employees who were impacted were blocked from Meta systems but were given access to their email accounts to bid farewell to their colleagues.



[Is Zuckerberg's wakeup call too late to save Meta?](#)

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How this can impact your portfolio

If you're optimistic about the crypto industry

[Forbes](#) has a few ETFs you might want to check out

If you want to increase your exposure into growth stocks as inflation cools

[Investopedia](#) has a list of the top growth ETFs for Q4

If you want to learn more about passive funds related to the metaverse

[Here](#) is a list of the top 5 metaverse ETFs in 2022

[Build a long-term portfolio in Pasiv.](#)

This week's poll

What is the biggest challenge facing cryptos?

- Dwindling investor confidence
- Potential for money laundering
- Government sanctions
- Environmental impact of the blockchain

[Submit](#)

Winner of Last Week's Poll

We asked — "How can Elon Musk best improve Twitter?"

Lead response — "Restore accounts for Donald Trump and others"

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