



New Crypto Bull? Warren Buffett Invests US\$1 Billion in Pro-Bitcoin Bank

Description

Warren Buffett did the unthinkable similar to his move a year ago. He said gold has little or no value, but his conglomerate took a position in **Barrick Gold**. However, the holding period was no longer than a quarter. News broke out last week that in Q4 2021, **Berkshire Hathaway** increased its investments in **Nubank**.

The Brazilian bank is one of the early providers of crypto-linked exchange-traded funds (ETFs), specifically **Bitcoin** ([CRYPTO:BTC](#)). Buffett once called BTC rat poison, but it seems the [GOAT of investing](#) is now a crypto bull. Nubank went public in late 2021, and its shares trade on the **New York Stock Exchange** (NYSE).

Indirect exposure

Nubank's valuation climbed to over US\$40 billion after raising around US\$2.6 billion from its U.S. IPO. Berkshire put in US\$500 million before the NYSE listing then doubled the amount after. While the investment is an indirect [exposure to cryptocurrency](#), the change of heart is surprising.

According to some analysts, Buffett sees the crypto-friendly bank as the next huge play in the financial technology space. He also lost his appetite for credit card companies. Berkshire sold significant shares (US\$3.1 billion combined) of **MasterCard** and **Visa**.

In an interview a couple of years back, Buffett said, "If you buy something like Bitcoin or some cryptocurrency, you don't have anything that is producing anything. You're just hoping the next guy pays more. And you only feel you'll find the next guy to pay more if he thinks he's going to find someone that's going to pay more."

Buffett's deputy at Berkshire, Charlie Munger, was also critical of Bitcoin then. He said the crypto is disgusting and contrary to the interests of civilization. The harsh words were painful to crypto loyalists. But with Buffett and company on their side, wider adoption could be next, and not only for the world's most popular cryptocurrency.

A volatile space

The news of Buffett's investment in a bank with a crypto DNA did little to lift Bitcoin. Its price sunk to US\$38,381.68 on February 20, 2022, after topping US\$44,500 five trading days ago. Mike McGlone, *Bloomberg Intelligence's* chief commodity strategist, said it will be rough for Bitcoin this week.

Many [crypto investors](#) thought the climb to US\$44,500 on February 15, 2022, was the end of the crypto winter. They had a fear of missing out again, saying it was a sign the sector was fully reversing. Instead, BTC went downhill and lost 13.9% in value.

Cointelegraph.com reports that the Crypto Fear & Greed Index has returned to "fear" territory. The index could move to "extreme fear" if the volatility or downtrend continues. Meanwhile, the second-largest crypto mirrors Bitcoin's performance. **Ethereum** dropped 16.8% after rising above US\$3,000 also on February 15, 2022.

Stop the constant hype

Peter Brandt, a veteran futures and FX career trader, warned that BTC's price corrections took many months in the past. He said it may take some time before the crypto hits another all-time high. Brandt added the crypto loyalists who keep cheering "to the moon" is doing a huge disservice to BTC investors. He wants them to stop hyping crypto regardless of the price. The message should be long endurance, not constant hype, Brandt suggested.

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