

The Bitcoin bubble is being hyped

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The right-wing is really having a field day. This comes from a press release from wealth adviser De Vere:

The Trump administration's exploration of the creation of a national Strategic Bitcoin Reserve (SBR) signals the dawn of a global "crypto arms race," predicts global financial giant [deVere Group](#).

The bullish prediction from the CEO, Nigel Green, comes after President Donald Trump announced on Thursday that his administration will evaluate whether to create a "national digital asset stockpile", although his executive order fell short of creating a Strategic Bitcoin Reserve outright.

Green can hardly contain his excitement, saying:

We believe that the US's Strategic Bitcoin Reserve is not just a possibility but an inevitability—one that would be expected to set off a cascade of similar policies worldwide.

This could be the beginning of a fundamental shift in how wealth and power are stored and protected. Countries around the world would then be – if they're not already, as reports suggest – racing to acquire Bitcoin in anticipation of its role as a cornerstone of a new global financial order.

And then they note:

The concept of a Strategic Bitcoin Reserve is grounded in logic that echoes the role of gold in central banks.

Bitcoin's capped supply of 21 million ensures scarcity, making it resistant to the inflationary pressures that plague fiat currencies. For the US, an SBR could serve as a hedge against currency devaluation while potentially appreciating in value to help reduce national debt.

The madness goes on:

The deVere CEO continues: "Bitcoin's ability to protect wealth against inflation is, many believe, unparalleled. By holding it as a reserve, the US not only shields its economy but also positions itself as a leader in the new financial era. This policy could be too strategically sound to ignore."

Should the US formally adopt an SBR, it will act as a catalyst for other nations. Other economies, as well as major players like China and Russia, are likely to accelerate their Bitcoin accumulation strategies to avoid being left behind.

"This arms race would reshape global monetary systems, with countries vying to secure digital assets just as they did with gold," explains Nigel Green.

"No major nation can afford to be sidelined in the digital economy. A world where states compete for cryptocurrency reserves would likely redefine the balance of economic power."

I note all this for a simple reason: it reveals the economic madness gripping some as a consequence of Trump's return.

The gold standard and the inability to produce the credit required by a failing economy in the 1930s resulted in one of the worst economic eras in modern history and led to war.

Gold was not the basis for prosperity. The pretence that it had value by limiting the money supply delivered local economic destruction.

The idea that Bitcoin will hedge against inflation when its value swings so wildly is absurd and transparently wrong.

So, what is really happening here? This is economic FOMO - or the 'fear of missing out'. That is patently obvious in this sales pitch. The argument is:

- * Bitcoin is going to be in short supply
- * Trump is going to buy it for the USA
- * That will threaten supply
- * The price will rise
- * You need to buy it now
- * Others will after you do, and you'll see massive gains as a result
- * Don't hesitate, or you'll be too late.

There is not a single rational economic reason for buying Bitcoin. It has no proven value. It swings violently in price. It is not usable in exchange, and when it is, it requires translation into another currency first. Fundamentally, it is not money. Nor is it anything else. It is just a contrived asset created by the power of marketing, but worthless once the hype is ripped away.

However, Trump is a sucker for the marketing. He might do what de Vere wants and create a US Bitcoin reserve. All that will guarantee is that the Trump crash, when it comes, will be even more painful than it would otherwise need to be. A lot of people are going to have their fingers burned, supposedly 'investing' in Bitcoin when all they are doing is paying a great deal for an entry in a ledger that of itself creates no value, has no value, and adds no value to anyone or anything.