

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



## Are NFTs Investable Assets or a Joke?

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Just recently non-fungible tokens were the subject of an episode of the satirical animated sitcom *The Simpsons*. The show tends to focus on current issues in American life. Thus one could think that it recognizes the importance of this digital asset. On the other hand, it pokes fun at NFTs causing one to wonder if they think that NFTs are really investable assets or a joke. The sitcom has an eerie ability to predict the future like when it had Donald Trump become US president long before this possibility crossed anyone's mind. So, are NFTs investable assets or a joke?

### It Is Important to Be Able to Take a Joke

Every year the White House correspondents have a big dinner and give out awards for the best reporting. A feature of the dinner is when a comedian "roasts" the press and the US president who is typically at the dinner. This gives the president a chance to respond by joking about themselves but also about their opponents. Being able to "take a joke" and have a snappy comeback has been a valuable skill for many presidents. We take the same tact when it comes to considering why and how *The Simpsons* featured cartoon characters as NFTs and said the whole thing was powered by FOMO, the most powerful fuel in the universe. There was, in fact, some truth in the episode and some good laughs in the [Simpsons treatment](#) of NFTs.

### The Brief Heyday of NFTs and Other Investments

In a *Bloomberg* article about a rough weekend for the [Bored Ape Yacht Club](#), they noted that in the *Simpsons* episode FOMO fuels the "block train" for seven minutes. They note that in retrospect this seems like about how long the NFT frenzy lasted at the beginning of 2023. Markets are funny things. Digital assets are not the only things whose values jump up and down due to investor and trader excitement. Nearly three years ago the meme stock [GameStop](#) soared from the penny stock range to \$80, fell back to \$10, rose again to \$66 and gradually fell to \$12 where it trades today. In the case of the GameStop, the abrupt rise and fall was due to a short squeeze, orchestrated via social media and involving lots of retail investors. In the case of NFTs, it was a bright shiny new thing that folks jumped into in the apparent aftermath of crypto winter.

### Investing When FOMO Is a Major Issue

There is a thing in the world of penny stocks called the pump and dump. Investors are sucked into an investment by lots of hype. The folks doing the pump and dump have, in fact, bought the stock for pennies. They hype it and mom and pop investors jump in because the stock is still cheap at \$1, \$2, \$5 or even \$10 and \$20 when compared to a stock like Microsoft. When the retail investors push the price up high enough, those running the pump and dump sell and walk away. The hype stops and the stock settles back to its fair market price of less than a dollar. Anyone who gets in early and gets out at the peak profits. Everyone else is left holding the bag. The main argument against [Bitcoin wash trading](#) is that it can easily be part of a pump

and dump scheme and takes advantage of FOMO, fear of missing out. (which the *Simpsons* say is the most powerful fuel in the universe).

In retrospect, there was a lot of FOMO in NFTs at the start of 2023. The subsequent fall in prices does not mean that NFT investments are worthless. Rather it means that the market is searching for the right price for these assets. GameStop plugged along for years in the \$5 to \$15 range to which it returned after the short selling frenzy subsided. If another FOMO frenzy hits the NFT world the fleet of foot will get in, take profits, and get out before the next pump and dump runs its course. Or you can treat these digital assets like other collectables such as fine art. Buy and enjoy, forget about the investment part, and see if the value has gone up in ten years.

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