

Historical precedent favours Coinsilium to rise with the Bitcoin tide (COIN)

coinsilium

COINSILIUM SHARE PRICE MOVEMENT VERSUS BITCOIN SINCE JULY 2017

EPIC	COIN
Current Mid Price	3.6p
52 Week High	8.05p
52 Week Low	1.75p
30MA Volume	169,233
Market Cap	£4.6m
Shares in issue	126,534,235
Market	NEX



It's been a much better year for players in the blockchain space. Bitcoin, bellwether for the sector, has recovered strongly from its 52-week low of \$3,167 to peak recently intraday at \$13,813. The price has since consolidated over the last month to \$9,752, but the signs are this revival could be the beginning of a new bull trend. If this proves to be the case then historical precedent suggests Coinsilium (NEX:COIN) could be well positioned for a second half rally. The chart above plots the comparative price movements of **Bitcoin (orange)** and **Coinsilium (blue)** since 01 July 2017.

These last two years have witnessed some pretty epic price moves. 2017 was a spectacular year for everyone involved in blockchain, as Bitcoin rocketed to an all time high of \$19,783, while 2018 was a bloodbath. 2019 started tentatively, but over the course of the summer the sector has come alive again as Bitcoin resumed its march higher.

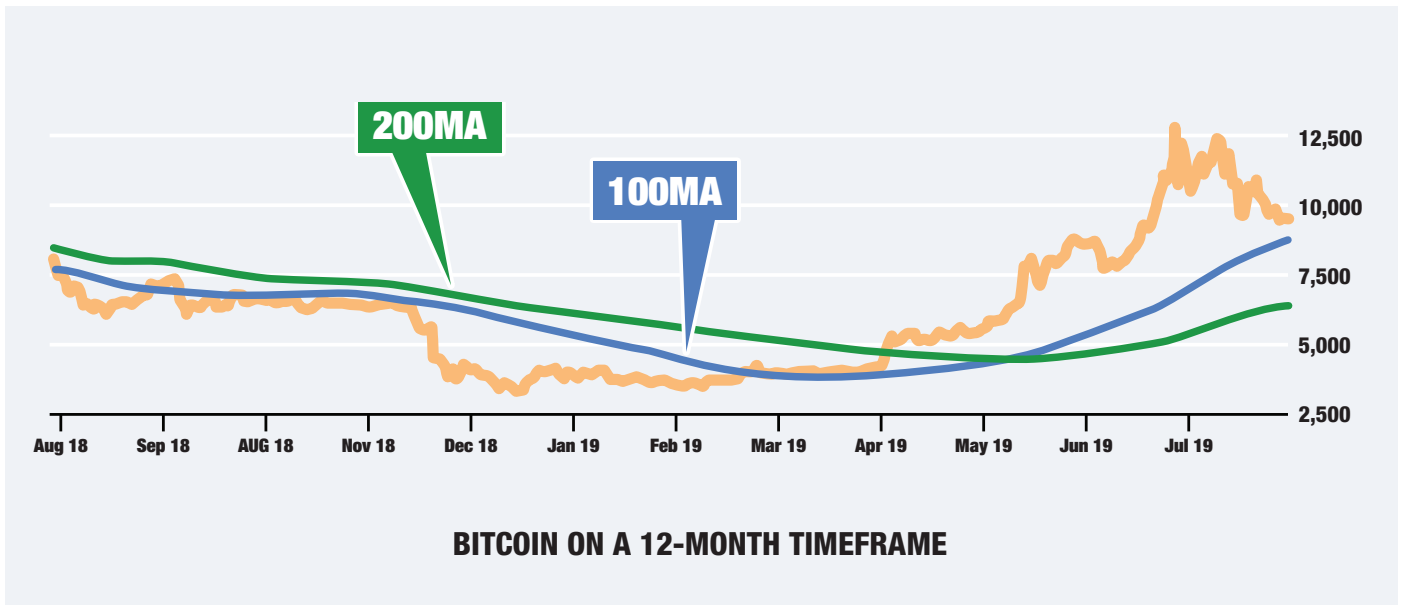
What is interesting from the perspective of Coinsilium shareholders in all this is the recent divergence between the company's share price and the performance of Bitcoin. While Bitcoin has surged Coinsilium's stock has languished somewhat. Although the firm's 3.6p share price is twice as high as the 1.74p low set in the middle

of March, it is still towards the bottom of the two-year range. However, if the chart above is anything to go by this could well be a portent for a much brighter second half of the year.

As you can see, when Bitcoin took off in 2017 Coinsilium's shares lagged before suddenly shooting up nearly fifteen times. The company's stock started 2017 at 1.38p and by 08 January 2018 hit an all time high of 20p. What is particularly interesting about that move, in the context of today's price action, is that Coinsilium's shares didn't start really moving until October that year. This was roughly five months after Bitcoin had begun its meteoric rise.

In the subsequent 12-month blockchain sell-off, Bitcoin and Coinsilium's prices broadly mirrored one another. Both came down sharply and stagnated over 2018, forming new 52-week lows. That was, at least, until May this year when Bitcoin started to fly again.

This leaves two questions for potential investors in Coinsilium. Can Bitcoin sustain this rally and, if it can, will we see a repeat of what happened in Q4 2017 for Coinsilium's stock?



Perhaps the most crucial chart to watch when considering an investment in Coinsilium is Bitcoin's. Although Coinsilium's asset portfolio means its market performance is subject to stock specific factors, Bitcoin acts as a useful proxy for the sector as a whole. In broad terms, the longer Bitcoin remains in a bull market the better for all those involved in the blockchain space.

The chart above plots Bitcoin on a 12-month timeframe. The **GREEN LINE** represents the 200-day Moving Average price (**200MA**) and the **BLUE LINE** the **100MA**. These are two of the most basic (and arguably most reliable) indicators as to the health of Bitcoin. So long as Bitcoin continues to trade above its 200MA, perceived

wisdom maintains that the cryptocurrency is in a bull market. So long as it trades above the 200MA and the 100MA then the view is the bull market is a robust one.

Of course, these are very broad strokes but the simple message is the longer Bitcoin can hold its 100MA the better this is for the wider blockchain sector. This is not least because of the positive impact such a sustained move will likely have on sentiment.

(As an aside, there are plenty of commentators out there providing daily technical analysis on Bitcoin, but one of the much better ones to follow is [@cryptodonalt](#)).

MORE ON THE HISTORICAL PRECEDENT

As a NEX listed stock, Coinsilium can be prone to inconsistent and thin trading volumes. The current 30-day Moving Average Volume (30MAV) is only 169,233 shares (source: Bloomberg Terminal). At 3.6p, this equates to £6,092 worth of shares changing hands each day. While this lack of buying interest might be a cause for concern for some, it is worth noting that on 06 October 2017 Coinsilium's 30MAV was 192,724 shares (equivalent to £5,646 at the time). On 09 October 2017 (the following trading day) the market suddenly came alive and 2,190,137 shares traded hands, as [the company sold 1.5m of the 5m treasury shares it had previously purchased](#).

This proved to be a well-timed catalyst for Coinsilium's stock and that transaction attracted the interest of other market participants, helped a great deal by Bitcoin's sharp rise at the time. By 08 January 2018 Coinsilium's 30MAV peaked at 1.52m shares, which coincided with the 20p all time high price.

Allowing for price fluctuations, from late November 2017 to early January 2018 somewhere in the region of £150,000 to £250,000 worth of Coinsilium shares were trading each day.

While it would be surprising to see a repeat of the Bitcoin-inspired mania of late 2017, it is clear the positive impact even a little buying interest can have in Coinsilium's stock. Current volume remains low, which reflects the aftermath of 2018's harsh climate, but if Bitcoin continues to lead a sector-wide recovery then this could rekindle investor appetite for this company.



In terms of what might specifically attract investors back to Coinsilium, the company has continued to make progress despite the recent tough conditions. The company's recent news flow has focussed on three main areas of business; its investments in Indorse and IOV Labs, as well its focus on revenue generating advisory contracts.

INDORSE

Perhaps the most exciting asset in Coinsilium's portfolio is its 10% stake in Indorse. Indorse is a blockchain powered skills verification platform, which on 19 June 2019 secured an investment of up to \$6.5m from Brand Capital, the investment arm of India's largest media group, The Times Group. This investment notionally values Coinsilium's stake at \$1.5m and news flow is expected over the coming months as Indorse rolls out its service across India.



IOV LABS

Coinsilium originally invested in RSK Labs, whose technology anchors to the Bitcoin blockchain and empowers it with smart contract capability. On 19 2018, IOV Labs acquired RSK Labs in a deal funded through a "share for token" swap. At the time this valued Coinsilium's holding in RSK Labs at \$773,070. IOV Labs is now using the technology of the RSK Smart Contract Network for settlement, identity management and economic coordination, with results expected during the second half.

STRATEGIC ADVISORY AGREEMENTS

In June and July 2019 Coinsilium secured three Strategic Advisory Agreements, to provide advisory services to OASISBloc, IOV Labs and Jur AG. Although the financial terms of these contracts are subject to commercial confidentiality, they present the company with the opportunity to monetise its position as one of the leading venture builders in the blockchain space.

CONCLUSION

At 3.6p, Coinsilium's market cap is £4.6m. To see the firm push forward from here, the two questions remain. Can Bitcoin and, by extension, the wider blockchain sector sustain their recoveries? If they can, to what extent might Coinsilium expect to benefit?

To answer the first, the signs are certainly encouraging. Although Bitcoin has pulled back roughly 25pc from its annual highs this is not necessarily anything to become unduly concerned about. Healthy bull markets experience pullbacks, as the market takes a metaphorical breather. The fact that Bitcoin appears to be consolidating above its 100MA could prove to be significant.

If Bitcoin does push higher from here, this should signal a wider recovery across the blockchain sector. As the old market adage goes, "*all ships rise with the tide*". For

this reason alone, Coinsilium holders should see the share price book further gains as we head into further second half strength across the sector.

However, with the progress the company has made in developing its business model it is entirely possible we could witness an outperformance. If one of the firm's holdings delivers a significant result, this could prove to be the catalyst for a sharp rise higher.

As well as keeping a close eye on the price movements of Bitcoin, it would also pay to keep an eye out for any signs of accumulation in Coinsilium's stock. It won't take much for this share to start moving, so any individual high volume days are to be watched for carefully.

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