What is Your Brief Opinion On the Long-Term Strategy of Stellar?

Stellar is making it more efficient, low-cost and secure to make interbank global transfers in less than 5 seconds. The Stellar Development Foundation is also working to increase financial services access to unbanked parts of the world.

What are the pros (positive attributes of) Stellar?

Stellar is a decentralized protocol for sending and receiving money in any pair of currencies. In simpler terms, this means users can send a transaction from their USD balance and have it converted to Euros, GBP, or even Bitcoin upon arrival. Stellar aims to support many types of transactions: merchant payments, remittances back home, or even splitting bills with a roommate, etc. Like Ripple, Stellar also comes with its own built-in digital currency, referred to as XLM. The currency's primary function is to provide a conversion path between other currencies and allow people to build applications on top of Stellar to help bridge the gap between digital and traditional currencies. The Stellar cryptocurrency is often referred to as Stellar Lumens.

Why does Stellar exist?

Stellar exists to fix some of Ripple's existing problems while leading a new overall vision to connect people to low-cost financial services and improve global financial inclusion. With some of the previous cryptocurrencies in this course I differentiated them from Bitcoin, however, in the case of Stellar, it makes more sense to compare it to Ripple as they have similar use cases and were both created by the same person, Jed McCaleb. On the surface, it can be tricky to determine the main differences since the main difference is philosophical with some minor technical and cultural ones.

What is the chief purpose of Stellar (what problem is it solving)?

Stellar is making it more efficient, low-cost and secure to make interbank global transfers in less than 5 seconds. The Stellar Development Foundation is also working to increase financial services access to unbanked parts of the world.

What is Your Brief Opinion On the Long-Term Strategy of Stellar?

I think Stellar’s long-term strategy is favorable as it has many use cases and has already begun eating away at Ripple’s first mover advantage as the go-to crypto for banks.

What is the chief purpose of Stellar (what problem is it solving)?

Stellar is making it more efficient, low-cost and secure to make interbank global transfers in less than 5 seconds. The Stellar Development Foundation is also working to increase financial services access to unbanked parts of the world.

What do you think Stellar is trying to achieve?

I think Stellar’s long-term strategy is favorable as it has many use cases and has already begun eating away at Ripple’s first mover advantage as the go-to crypto for banks.

What are the cons (negative attributes of) Stellar?

The biggest disadvantage of Stellar is that the founding team owns a large percentage of the cryptocurrency. Furthermore, the Stellar network does not have a mining-based currency, whereas most with most other large cryptos the inverse is true.

What is Stellar? This is similar to Step 4, with much more detail on the background of Stellar.

Stellar is a decentralized protocol for sending and receiving money in any pair of currencies. In simpler terms, this means users can send a transaction from their USD balance and have it converted to Euros, GBP, or even Bitcoin upon arrival. Stellar aims to support many types of transactions: merchant payments, remittances back home, or even splitting bills with a roommate, etc. Like Ripple, Stellar also comes with its own built-in digital currency, referred to as XLM. The currency’s primary function is to provide a conversion path between other currencies and allow people to build applications on top of Stellar to help bridge the gap between digital and traditional currencies. The Stellar cryptocurrency is often referred to as Stellar Lumens.

Does the team have a track record of success?

Stellar’s team includes experienced technologists and cryptographers. Their board is filled with 3 top-notch technology leaders: Keith Rabois who was part of the PayPal mafia and COO of Square, Shawn Silvers who was the CEO of InVenture, and Greg Brockman who was the former CEO of Stripe. In addition, Stellar has some rock star advisors, namely Sam Altman, Naval Ravikant, Matt Mullenweg, and a few more. Stellar also has some of the top investors in tech and blockchain like Plug and Play, Innovating Capital, and the CEO of Stripe, Patrick Collison.
### STEPS 25-26: Stellar Security & Differentiation Versus the Competition

**STEP 25:** Please comment on the strength of the security of Stellar when compared to other cryptocurrencies.

Stellar’s security is designed to use a base account and an issuing account so that intermediary pools are separate from the base account’s credentials which should be kept offline to prevent compromisation.

**STEP 26:** How is Stellar different from other cryptocurrencies (in addition to differences in security protocols if applicable)?

Stellar is unique in that the supply of Lumens increases by 1% every year and Lumens that are collected as fees are pumped back into the network. Stellar’s biggest competitor, Ripple, on the other hand, destroys fees causing the total number of Ripples in existence to slowly diminish as time goes on.

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### STEPS 27-28: Wallets and Exchanges that Support Stellar

**STEP 27:** Of the 6 exchanges discussed in this course, can you transact in Stellar on all 6 of these exchanges: GDAX, POLONIEX, KRAKEN, BITTREX, GEMINI, and BINANCE? If not, which of the 6 aforementioned exchanges do not currently accept Stellar?

Of the 6 exchanges discussed in the course, the only two that do not support Stellar are Gemini and GDAX.

**STEP 28:** Of the 8 wallets discussed in this course, can you use Stellar with all 8 of these wallets: QR CODE PAPER BASED WALLET, TREZOR, LEDGER NANO S, DIGITALBITBOX, KEEPKEY, COINBASE, ELECTRUM AND BLOCKCHAIN? If not, which of the 8 aforementioned wallets do not currently accept Stellar?

Of the 8 wallets discussed in the course, the only ones compatible with Stellar are paper based wallets and the Ledger Nano S.

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### STEPS 29-30: Current and Maximum Supply # and Date of Maximum Supply of Stellar

**STEP 29:** What is the current supply of shares of Stellar available today?

~18.5 billion

**STEP 30:** What will be the maximum supply of shares of Stellar available AND what approximate year will the maximum supply be at (ie 2040)?

There is no current max supply for Stellar Lumens, instead the supply of Lumens is increased by 1% every year.

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### STEPS 31-33: Country, Accounting and Bug Risks of Investing in Stellar

**STEP 31:** If applicable, who is the auditor of Stellar and are they reputable/well known in their country of origin or country of incorporation?

N/A

**STEP 32:** Are there any notable country or regulatory risks when it comes to Stellar that might hurt the ability of Stellar to be successful in the long-run when compared to other cryptocurrencies?

For information concerning Stellar’s compliance and regulation standards, check out the following link: https://www.stellar.org/how-it-works/stellar-basics/

**STEP 33:** Are there any code bugs for Stellar that are a concern for investors?

Stellar runs a bug bounty program to proactively find and fix bugs before they become problematic. Having the bug bounty program in place helps alleviate concerns for investors since the company moves out of a passive role into a proactive role in securing the network.

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### STEPS 34-35: What would make you MUCH MORE or MUCH LESS positive on Stellar?

**STEP 34:** What would make you MUCH MORE positive on Stellar (meaning what news development, contract, etc would make you much more positive)?

I would be much more positive on Stellar if it surpassed Ripple in market share and continued to close partnerships with large, name-brand companies like their new technology partnership with IBM. In addition, it would be even better if Stellar Lumens had increased availability through more exchanges.

**STEP 35:** What would make you MUCH LESS positive on Stellar (meaning what news development, contract, etc would make you much less positive)?

I would be much less positive on Stellar if it continued to maintain its reputation of having low liquidity and could not successfully engage with developing economies as that is one if it’s main strategies in building awareness / user base.
Analyze Stellar

Please Framework.

STEP 39: This is meant as a guideline for one way we can think about quantifying a target price. Please read the 6 facts below before answering the questions; thanks:

One economic incentive for validators is gaining access to the Stellar network which provides "stellar" infrastructure for their applications.

**Fact #1: Stock Market Combined Value:** The value of all of the stocks added up (meaning the combined global market cap of stocks) is in US $: $759,000,000,000.

**Fact #2: The World's Largest Stock Value:** The value of the largest company in the world on the stock market (which is Apple) is: $705,000,000,000.

**Fact #3: % of the Stock Market Value in the Largest Stock:** The % value of the largest stock as a % of the world's market cap is about: 9%

**Fact #4: The Value of the World's Money Supply:** The total of all of the money supply added up in the world is: $500,000,000,000.

**Fact #5: According to www.CoinMarketCap.com, the market cap of all cryptocurrencies is: $73,000,000,000.

**Fact #6: The percent of the market cap of all cryptocurrencies as a percent of all money supply in the world is:** 0.47%

Please note, the target price (below this box) is just a sample, please watch the video associated with this called (A) Using My Investment Framework to Analyze Stellar for more details.

You can update your version of the target price in the upcoming lecture, called: (A) An Exercise on Creating YOUR Version of the Stellar Investment Framework. For more details, please watch (A) An Exercise on Creating YOUR Version of the Stellar Investment Framework. Thanks

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**STEP 41:** What percent of the ENTIRE cryptocurrency market do you think Stellar will have in cryptocurrencies in 20 years? Use the grey up and down arrows on the right to select your answer in the green box...or just type your answer in the grey box.

Based on your answer of 10%, this implies that your 20 year estimate of the value of the market cap of Stellar will be $900,000,000,000 US dollars.

Please note that $900,000,000,000 US dollars in Canadian dollars is 1,158,100,000,000 using an exchange rate of 1.28678 per $1 US dollar (you can change this rate by clicking on me or by clicking on the settings button).

**STEP 42:** What do you think the supply of coins for Stellar will be in 20 years? Use the grey up and down arrows on the right to select your answer in the orange box...or just type your answer in the orange box. You can use the answers in Steps 29 and 30 if you want to:

Based on your answer of 20 million coins, this implies that your 20 year estimate of the value of the price of Stellar will be $45,000.

Please note that the source of the data for the size of markets used in the facts below are at this website (click me to go there): money.visualcapitalist.com/worlds-money-markets-one-visualization-2017/
**STEPS 44-49: Technical Analysis for Stellar:**

**Step 44: Average 3 Month Volume Data:**

- **Average 3 Month Daily Volume for Stellar:** 4.54M
- **Avg. 3 Month Daily Volume for Stellar in US $:** $1M US Dollars
- **3 Month Daily Volume for Stellar in Canadian Dollars:** 2M Canadian dollars

Please look at the average 3 month volume of Stellar in the data for Step 44. Is this cryptocurrency liquid enough for you to easily buy or sell in 2 trading days? Please enter your comment below.

In most cases, the cryptocurrency volume is high enough for us to be able to get in or out of within 1 day if needed. I want to put this concept on your radar screen now so that you can better assess the volume characteristic if you ever transact in less liquid cryptocurrencies as illiquid investments own us in a bad market (rather than vice versa).

**Step 45: 52 Week High Data:**

- **52 Week High:** .92
- **$ Change from 52 Week High:** -.09
- **% Change from 52 Week High:** -64%

Please look at the price of the 52 week high for Stellar in the data for Step 45 and comment on the data below.

Stellar is 64.41% below the 52 week high price of .92. Most of the time, the price will be below the 52 week high. If the % below the 52 week high is material, then this could indicate that sentiment is negative given a negative news item or negative sentiment on the entire crypto market or another reason.

**Step 46: 52 Week Low Data:**

- **52 Week Low:** .01
- **$ Change from 52 Week Low:** .29
- **% Change from 52 Week Low:** 3174%

Please look at the price of the 52 week low for Stellar in the data for Step 46 and comment on the data below.

Stellar is 371.5% above the 52 week low price of .01. Most of the time, the price will be above the 52 week low if the % above the 52 week low is material, then this could indicate that sentiment is positive given a positive news item or positive sentiment on the entire crypto market or another reason.

**Step 47: 50 Day Moving Average Data:**

- **50 Day Moving Average:** .3
- **$ Change from 50 Day:** .02
- **% Change from 50 Day:** 133.00%

Please look at the price of the 50 day moving average for Stellar in the data for Step 47 and comment on the data below.

Stellar is 1535.% above the 50 day moving average of .3, which indicates that sentiment may be positive on Stellar. (If the % above the 50 and 200 day moving averages are positive, then, this means that sentiment could be very positive and vice versa.)

**Step 48: 200 Day Moving Average Data:**

- **200 Day Moving Average:** .29
- **$ Change from 200 Day:** .04
- **% Change from 200 Day:** 717.50%

Please look at the price of the 200 day moving average for Stellar in the data for Step 48 and comment on the data below.

Stellar is 717.5% above the 200 day moving average of .29, which indicates that sentiment may be positive on Stellar. (If the % above the 50 and 200 day moving averages are positive, then, this means that sentiment could be very positive and vice versa.)

**Step 49: Relative Strength Index (RSI):**

**What is the RSI and How Should I Consider Using the RSI Data?**

If you want, please watch the lesson mentioned in the yellow shaded column on the left before starting before reading the rest of Step 49. The Relative Strength Index (RSI) can indicate if too many people have been buying or selling and a technical mean reversion chart movement could occur (I generally love buying when everyone else is selling and vice versa as long as I love the underlying long term fundamentals on the underlying cryptocurrency).

**Potential Buy Indication Using the RSI:**

- An RSI close to 20, indicates that the cryptocurrency may be oversold, which is a great buy signal if you love the long term fundamentals.

**Potential Sell Indication Using the RSI:**

- If the RSI is close to 80, then this could indicate that you might want sell and book a little bit of profit and hopefully buy the cryptocurrency back at a lower level (when it is no longer overbought). There is nothing wrong with looking a little bit of profit by trading every now and then...but we are more focused on being long-term investors.

Click any cryptocurrency button below to see its RSI chart. If you don’t see RSI at the bottom of the chart after clicking on one of the buttons below, then click on INDICATOR in the top left hand corner after you click the button and add the RSI. Make sure you are using the most recent dates on the chart. If you get an error message in your browser, go to finance.yahoo.com and create the chart for whatever crypto you are using. Thank you.

If you want, please enter your thoughts on the RSI chart that you looked at in the space below:

Here is an example on how to complete this RSI comment: "oversold now at an RSI near 20 (means a buy indication ONLY if you are long term positive on the fundamentals of this cryptocurrency based on your research in the many many steps completed above me on this report) ...or... "overbought now at an RSI near 80 (means I might consider taking a bit of profit if I own this cryptocurrency and buy that small amount back at a lower RSI....or if you want to start a position, then it might not be the right time given how overbought the RSI indicator suggests."

(Please review the contents of the yellow box below thanks.)