

Elon Musk and Tesla have a change of Heart about Bitcoin



Regular readers may remember that I was somewhat bemused at the news in February, that Elon Musk's Tesla had invested some US\$1.5Billion in Bitcoin, given Tesla's green credentials, and the huge amount of often dirty energy required to 'mine' a Bitcoin.

<https://www.strategic-expat.com/post/the-new-coal-fired-tesla-capitalising-on-digital-trends>

Tesla also decided in March to accept Bitcoin in payment for their cars.

I nearly choked on my morning coffee as I read in a news article a few days ago, (and only 2 months on from his Bitcoin purchase), that Mr. Musk has decided Bitcoin is now wasteful and dirty;

Tesla has stopped accepting Bitcoin as payment for its cars, because of worries about its carbon emissions, Elon Musk has said.

Musk said that the company had stopped vehicle purchases with the virtual currency due to 'rapidly increasing use of fossil fuels for Bitcoin mining'.

Bitcoin immediately fell by around 4% against the US\$ following the [Twitter statement](#).

Until the Twitter statement, Musk had been probably the most high-profile supporter of Bitcoin and was proud to announce Tesla's investment in early February.

Tesla only started accepting the cryptocurrency as payment in March, but has already reverted to traditional currencies.



The statement read;

“Tesla has suspended vehicle purchases using Bitcoin.”

“We are concerned about rapidly increasing use of fossil fuels for Bitcoin mining and transactions, especially coal, which has the worst emissions of any fuel”.

“Cryptocurrency is a good idea on many levels and we believe it has a promising future, but this cannot come at great cost to the environment.”

“Tesla will not be selling any Bitcoin and we intend to use it for transactions as soon as mining transitions to more sustainable energy. We are also looking at other cryptocurrencies that use [less than 1pc] of Bitcoin’s energy [per] transaction.”

However, despite Mr. Musk’s assertion that Tesla had no plans to sell any of its \$1.5bn holding of Bitcoin, some news outlets suggested the company sold about \$300million of it. If this is the case, the speculative purchase, and subsequent sale made Tesla a decent return.

Bitcoin has been widely criticised globally for its energy usage, which is now more than the total electricity consumption of Sweden and Argentina, according to the [University of Cambridge’s Centre for Alternative Finance](#).

Addendum 17th May 2021

From Marketwatch.

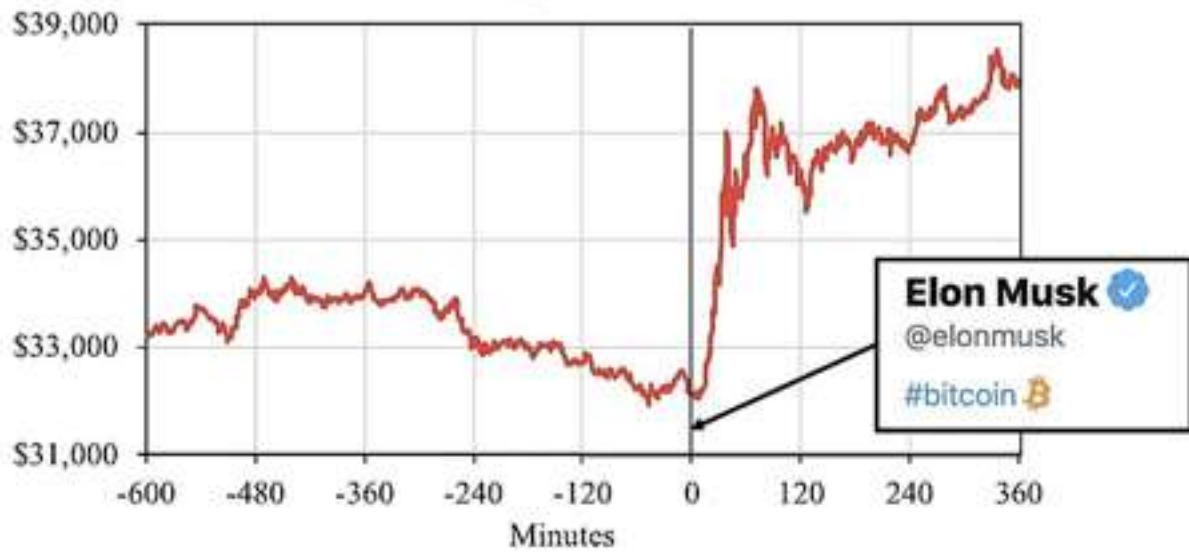
‘Bitcoin prices are down 28% from a peak at \$64,829.14 in mid-April, and Sunday’s trade was choppy for the world’s most prominent crypto after a tweet from digital-asset bull and Tesla Inc. [TSLA, +3.16%](#) CEO Elon Musk was interpreted as [a threat to unload the \\$1.5 billion investment in bitcoin](#) that the electric-vehicle company [announced back in February](#).’

The mid-April move up was, in part, attributed to the Tesla purchase in early February, and this Sunday’s price drop of 8% on the day is probably a result of Musks Tweet.

This extreme price movement, based on a Tweet, really emphasises the view I expressed in my article in February.

Ethical, environmentally aware viewpoints aside, some assets can be extremely volatile, with prices fluctuating on the whim of one well-known personality, and it is important to assess whether you are investing, speculating, or gambling.

The Bitcoin price before and after Elon Musk's Twitter bio change to #bitcoin



Tabloid headlines [suggesting that bitcoin will hit \\$1 million](#) and warnings by regulators in the UK that investors “[should be prepared to lose all their money](#)” on crypto investments really need to be taken seriously, and in context.