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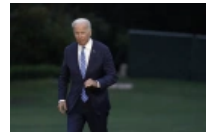
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PepsiCo CFO: No way we'd park cash in Bitcoin

BY SHAWN TULLY

October 6, 2021 8:00 PM EDT



DOON FOR THE MAVERICK CEOs WHO'VE WAGERED ON THE DIGITAL COINS. BUT IT ALSO reminds mainstream managers of the big risks they'd be taking with funds set aside for new plants, share buybacks, a rainy day emergency, or an acquisition opportunity that just popped up.



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For now, Bitcoin's spike has delivered a paper windfall for the two CEOs who've wagered most heavily on Bitcoin, Tesla's Elon Musk and MicroStrategy's Michael Saylor. After languishing at just over \$40,000 the week following China's new **X** crackdown on trading, Bitcoin went on a moonshot, waxing 36% in seven days to \$54,600 at mid-afternoon on October 6, its highest mark since May 12. The value of Tesla's 42,000 coins mushroomed by \$630 million; it's now sitting on gains of \$830 million, over 85% of what it garnered in pre-tax earnings in the first two quarters of 2021. The unrealized profits on MicroStrategy's portfolio of 109,000 Bitcoin swelled by \$1.5 billion to a total of around \$3.1 billion. This for a mobile software provider that *lost* \$409 million pre-tax in the first six months of this year.

Indeed, Bitcoin flops on both counts. Its see-sawing price renders it extremely unsafe. Bitcoin trading volumes are extremely low at around \$100 million a day. As a result, big trades move prices dramatically. That makes turning Bitcoin into dollars extremely expensive. A recent study from [Bank of America](#) estimated that posting a quote for a large purchase can push prices out by 1%. That 1% is equivalent to paying a commission that size on the trade. By contrast, the cost of trading stocks, bonds and gold is a tiny fraction of that amount.

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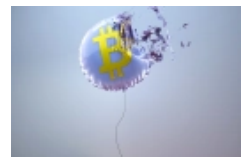
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