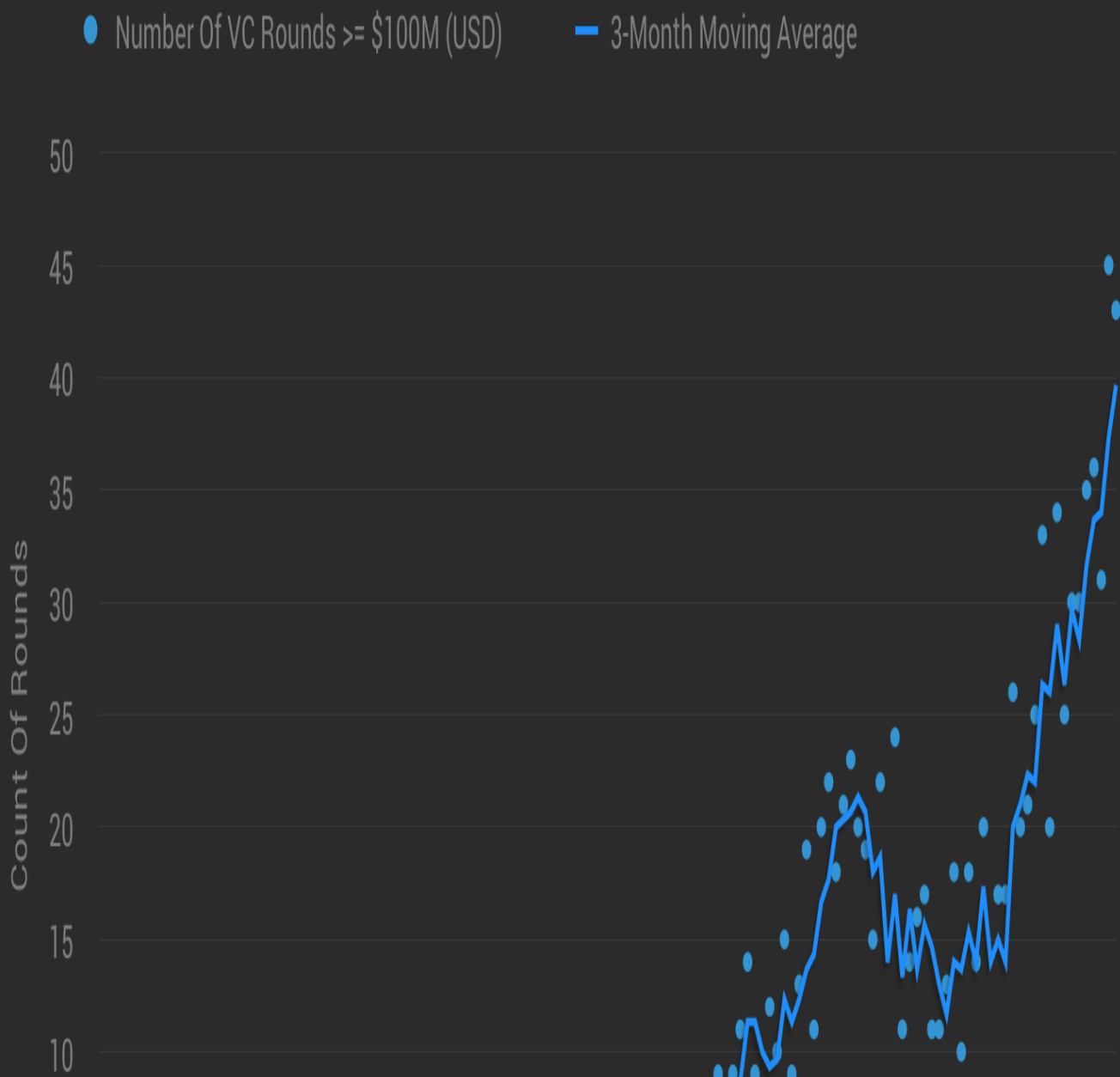


TechCrunch [recently posted](#) a fascinating chart of the monthly count of global VC deals that raised \$100 million or more since 2007. According to this chart, a new "unicorn" startup was born every four days in 2018. Unfortunately, this is even more evidence of the [tech startup bubble](#) that I have been warning about.














































Monthly Count Of VC Deals Raising \$100 Million Or More, Worldwide, Since 2007




Here's the list of ?unicorn? companies worth more than \$1 billion as of the third quarter of 2018:

Source: <https://pitchbook.com/news/articles/unicorn-class-of-2018>

Welcome To "Unicorn Club" (Q1-Q3 2018)

Company	Unicorn as of				
		 samsara	March 22	 BIRD	May 29
		 trax	July 2		
 Canva	January 8	 TEMPUS	March 23	 taxify	May 30
		 STARRY	July 3		
 美菜 meicai.cn	January 11	 INTERCOM	March 27	 TRADESHIFT	May 30
		 LinkDoc	July 4		
 曹操专车 CAOCAO	January 17	 YOUXIA	March 31	 luckin coffee 专业咖啡连锁	June 1
		 Lime	July 9		
 cabify	January 22	 Cambicon 寒武纪科技	April 4	 babytree 宝宝树	June 4
		 JUUL	July 10		
 snowflake	January 25	 有道 youdao 在线教育	April 17	 Dataminr	June 4
		 Qtoast	July 10		
 HeartFlow	February 14	 DISCORD	April 19	 outsystems	June 5
		 老虎證券 TIGER BROKERS	July 11		
 MedMen	February 14	 Revolut	April 25	 BITMAIN	June 11
		 爱回收 循环生活	July 12		
 ORCAM	February 20	 SoundHound	May 3	 COHESITY	June 11
		 PAT McGrath Labs	July 16		
 DOORDASH	March 1	 THOUGHTSPOT	May 3	 SWIGGY	June 21
		 ABOUTYOU	July 19		
		 one medical	August 22		
		 Rappi	September 1		
		 Zudaan	September 3		
		 ROBLOX	September 5		
		 pagerduty	September 6		
		 途虎养车 tuhu.cn	September 17		
		 Postmates	September 18		
		 艾佳生活	September 18		
		 GitLab	September 19		
		 walk me	September 20		

The world has gone completely startup crazy over the last several years. Spurred by soaring tech stock prices (a byproduct of the U.S. [stock market bubble](#)) and the frothy Fed-driven economic environment, countless entrepreneurs and VCs are looking to launch the next Facebook or Google. Following in the footsteps of the dot-com companies in the late-1990s, startups that actually turn a profit are the rare exceptions. **Unfortunately, today's tech startup bubble is going to end just like the dot-com bubble did: scores of startups are going to fold and founders, VCs, and investors are going to lose their shirts.**

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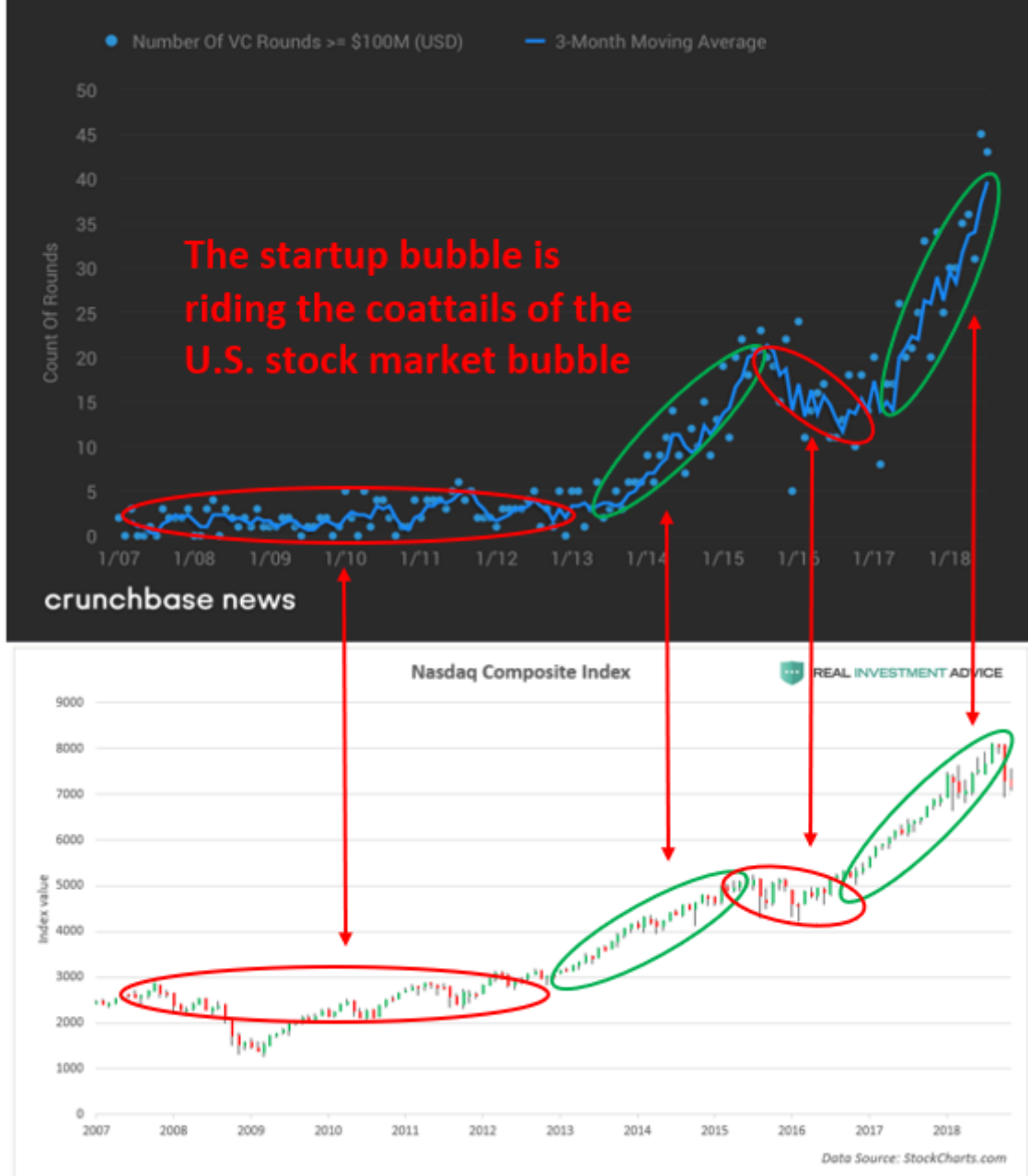
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The chart below shows the Nasdaq Composite Index and the two bubbles that formed in it in the past two decades. Lofty tech stock prices and valuations encourage the tech startup bubble because publicly traded tech companies have more buying power with which to acquire tech startups and because they allow startups to IPO at very high valuations.



In the chart below, I compared TechCrunch's monthly global VC deals chart to the Nasdaq Composite Index *and they line up perfectly*. Surges in the Nasdaq lead to surges in VC deals, while lulls or declines in the Nasdaq lead to lulls or declines in VC deals (yes, I'm aware that correlation



Please watch my

recent presentation about the U.S. stock market bubble to learn more: I believe that a very high percentage of today's startups are actually *malinvestments* that only exist due to the false signal created when the Fed and other central banks distorted the financial markets and economy with their aggressive monetary stimulus programs after the global financial crisis. See this definition of malinvestment from the [Mises Wiki](#):

Malinvestment is a mistaken investment in wrong lines of production, which inevitably lead to wasted capital and economic losses, subsequently requiring the reallocation of resources to more productive uses. ?Wrong? in this sense means incorrect or mistaken from the point of view of the real long-term needs and demands of the economy, if those needs and demands were expressed with the correct price signals in the free market. Random, isolated entrepreneurial miscalculations and mistaken investments occur in any market (resulting in standard bankruptcies and business failures) but systematic, simultaneous and widespread investment mistakes can only occur through

systematically distorted price signals, and these result in depressions or recessions. Austrians believe systemic malinvestments occur because of unnecessary and counterproductive intervention in the free market, distorting price signals and misleading investors and entrepreneurs. For Austrians, prices are an essential information channel through which market participants communicate their demands and cause resources to be allocated to satisfy those demands appropriately. If the government or banks distort, confuse or mislead investors and market participants by not permitting the price mechanism to work appropriately, unsustainable malinvestment will be the inevitable result.

Rising interest rates and the overall tightening monetary environment will lead to the popping of today's stock market bubble, which will then spill over into the tech startup bubble. **If you have any questions about anything I wrote in this piece or would like to learn how Clarity Financial can help you preserve and grow your wealth in the dangerous financial environment ahead, please contact me here.**