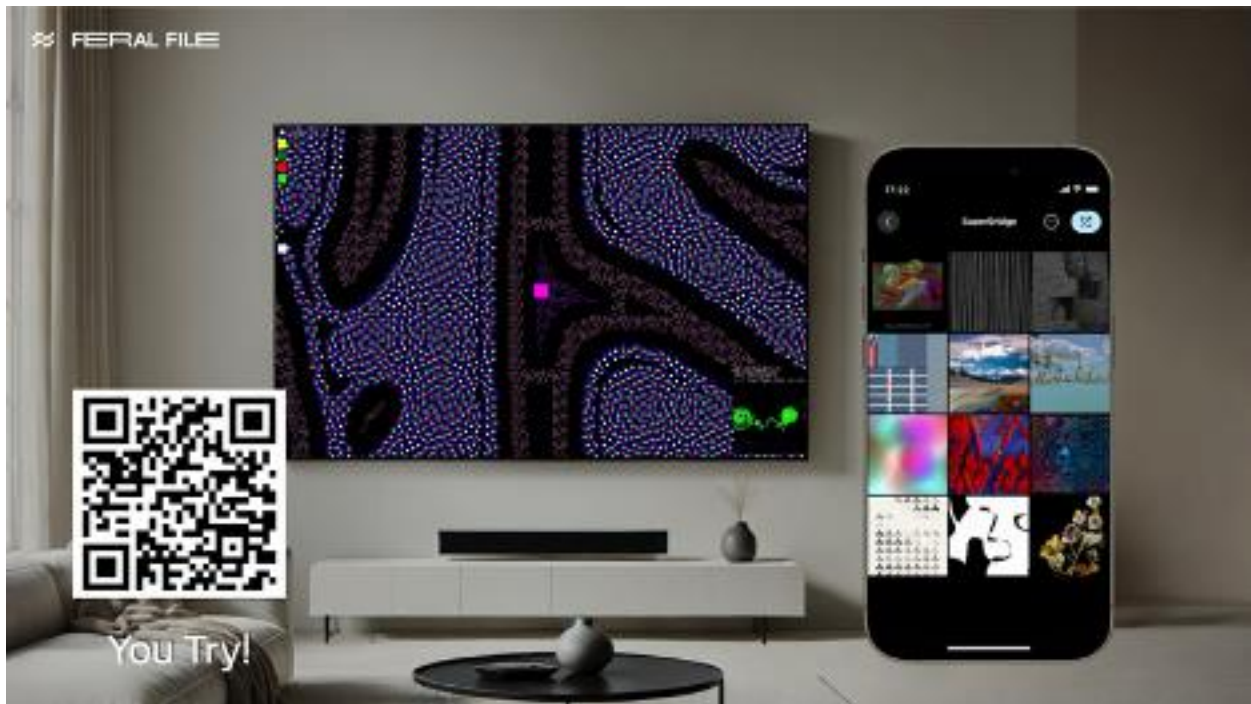


# market notes - Limitless into the Priceless – AI Art

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**Figure 1: AI Art – You Try!**



Source: Feral File.

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**10/18/24 – Marcel Kasumovich, Deputy CIO, Coinbase Asset Management**

1. Abundance—[GITEX](#) was overflowing with it. Innovation always creates abundance. A century ago, [half](#) of the workforce was employed in agriculture; today, that number is less than [5%](#). And yet, food production has skyrocketed. Where did all the jobs go? They shifted to new industries, like healthcare and financial services. It’s not the job of central planners to manage these transitions—that’s the role of the market, guiding capital and resources to where they are most effective, like the case of crypto technologies.
2. But the abundance we’re seeing today could be unprecedented. In energy, the focus is on harnessing solar, wind, and nuclear power. In AI, rote tasks are being replaced with problem-solving capabilities. In finance, crypto technologies are maturing into efficient payment tools, and new digital markets, like small business credit, are emerging. The

convergence of these advancements is driving the marginal cost of power, intelligence, and financial intermediation to zero. It's a quantum leap in the trend of abundance.

3. Yet, the transition may be a perfect storm. The resources driving this transition are scarce and fraught with tension. What if we simply replace the fossil fuel [challenge](#) with another like water scarcity? This may be secondary to those aiming for dominance in intelligence development—a power game. As new technologies advance, a new data-rich era emerges. Will crypto technologies be allowed to play their natural role and fill this gap? These were the three key innovation elements of the latest exhibition.
4. First, green energy technologies recognize the challenge of relying on scarce resources. Most of the world's cobalt, essential for power storage infrastructure, comes from a [single country](#) with questionable mining practices. Recycling technologies are emerging as a solution. And new currencies are also being developed to transform local green power into a global asset. Energy currencies, tokens that represent verifiable units of renewable energy, allow producers to trade clean energy on the blockchain.
5. Second, as green energy seeks to resolve our reliance on fossil fuels, the rise of AI presents a new challenge—its [immense](#) energy demands, which already rival the consumption of entire countries like [Germany or Brazil](#). And the rivalries are increasingly defined by national interests in securing power to dominate new AI tools. But the abundance of power, through innovations like small-scale reactors, could neutralize the geopolitical tensions, with companies like [Nvidia](#) providing open-source AI tools.
6. Finally, crypto clearly stands at the center of these converging innovations—the world's most secure way of validating property rights and value transfer in a digital era. The foundation of this transformation is data: what's real, who owns it, and how can assets be moved securely? No longer a solution in search of a problem, crypto is now the key player in building the digital era and the rising demand for native digital intermediation. Technologists now wonder why adoption is taking so long—patience is key.
7. Exhibitions like GITEX force one to dream bigger and look further ahead. What's on the other side of abundance? The answer is art, in all of its forms. Humans create scarcity—through competition, challenge, and meaning. And in doing so, we give rise to new forms of value. Take food. As it became abundant, we created scarcity by eating in less natural ways—in art-form at restaurants. It's eating as an artistic experience not for survival. At GITEX, AI art captured our imagination more than the food.
8. The next generation is drawn to AI art—it's portable, long-lasting, and low-maintenance. AI art is more than just a new medium. It represents a paradigm shift in how we create and perceive value. While traditional art depends on the artist's tactile skills and materials, AI art taps into the limitless potential of code. And it's an AI innovation—

perhaps the only one with “AI” in its title that investors seem to be ignoring. After all, code-based art appears limitless in supply.

9. AI art’s scarcity comes from the creation process, not the replication. Like digital music, its value lies in the artist’s vision and the interplay between man and machine. AI art, like traditional forms, derives its value from context, originality, and the ability to provoke (Figure 1). Coders and artists collaborate to push creative boundaries. With AI, artists can visualize abstract ideas and themes that go beyond human capability. And 3D printing can also turn these digital creations into tangible sculptures.
10. The emerging market for fractionalized ownership makes AI art particularly exciting. These pieces are innately digital. It allows collectors to buy fractions of artworks while creators can also retain ownership. This not only broadens art investment but also enables artists to reach a global audience and stay connected with their digital creations—momentum already proven by non-fungible tokens. AI art stands to add maturity, building on that momentum.
11. In a world of abundance, AI art might just be the next step in the evolution of human expression. And you may be able to pick up a few Picassos for one hundred dollars. The work speaks for itself.

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