



## Is the Run in 2017 Just the Beginning for Bitcoin and Other Cryptocurrencies?

### Description

The price of one unit of Bitcoin continued to surge over the weekend and into Cyber Monday on November 27. The cryptocurrency has climbed 800% since January and appears poised to pass the \$10,000 mark very soon. As of this writing, it is priced at \$9,702.

In late October, I'd discussed whether or not cryptocurrencies had [surpassed precious metals](#) as an alternative haven. Shares of **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) have declined 2.9% month over month as of close on November 27. **Goldcorp Inc.** (TSX:G)(NYSE:GG) stock has been relatively flat, moving up 0.42% in the same period.

Meanwhile, Bitcoin has climbed from a \$7,000 valuation to nearly \$10,000 in the same time span. It has more than doubled in the months since **JPMorgan Chase & Co.** CEO Jamie Dimon labelled the cryptocurrency a "fraud" that was in a significant bubble. Ethereum, another popular cryptocurrency, also reached all-time highs on November 27.

In late August, I'd covered cryptocurrencies and [explained](#) why it is far from a fad.

Large financial institutions have started to make significant investments in blockchain technology — the kind of decentralized network that enables cryptocurrencies like Bitcoin. **Royal Bank of Canada** ([TSX:RY](#))(NYSE:RY) announced in September that it was using blockchain to move payments between its U.S. and Canadian banks. The decentralized network allows for faster transactions and lower fees due to the elimination of third-party intermediaries. It is, in a very real sense, a revolutionary technology for the world of finance.

But what about cryptocurrencies? Can Bitcoin keep up its torrid pace in 2018 as both a digital currency and an alternative to gold and silver?

Former hedge fund manager Michael Novogratz said on November 27 that Bitcoin could reach \$40,000 by the end of 2018. Over 100,000 people opened Coinbase accounts before the U.S. Thanksgiving weekend, bringing the total number of accounts on the platform to over 13 million. The market capitalization of all digital coins on CoinMarketCap reached \$304 billion on Cyber Monday. In late October, there were more than 120 hedge funds now invested in Bitcoin.

The rise of Bitcoin and other cryptocurrencies continues to draw tremendous excitement, but regular investors should exercise extreme caution if they choose to enter the market. Jamie Dimon predicted that the arm of regulators would eventually pop the Bitcoin bubble. Bitcoin unit prices experienced turbulence when the Chinese government announced a ban on cryptocurrency exchanges.

There are legitimate fears among regulators that the volatile market could end up causing severe pain both for individual retail investors as well as larger companies that are starting to dip into the technology. Some, like Guy Corem, CEO of the cryptocurrency start-up DAG Labs, believe that Bitcoin may have climbed too fast in 2017 and drawn the eyes of government officials who may seek to stifle its rapid growth.

Bitcoin and other cryptocurrencies have carved into the mainstream in a way that can only be described as revolutionary. Although regulators will no doubt continue to murmur, it does appear that Bitcoin has a lot of room to run in 2018.

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