



## Is the Time Right for New Investors to Take Bitcoin Seriously?

### Description

The talk of [Bitcoin as a bubble](#) is grabbing the headlines every day, but words of caution have failed to stop this digital currency's upward journey.

Amid this confusion, new investors are wondering whether the right time for them to jump on the bandwagon or if they should avoid this asset class when its future is unknown.

Bitcoin has all the classic characteristics of a bubble. For example, the value at which Bitcoin trades today is all about the future expectations. Nobody has a credible explanation of what lies ahead for this digital gold, or how the regulators will react when Bitcoin trade will be big enough to challenge traditional modes of payment.

### Big win

The Bitcoin rise has, so far, defied many doomsday predictions. One of the biggest wins for Bitcoin proponents came on December 1, when the news media reported that **CME Group Inc.** and **Cboe Global Markets Inc.** will offer Bitcoin futures contracts, paving the way for mainstream investors to bet on this asset class.

U.S. regulators allowed CME, the world's biggest exchange owner, and Cboe, known for its VIX volatility tools, to offer the products after the exchanges pledged that these assets would comply with the law. CME said its contract will begin trading December 18.

According to the *Bloomberg* news, the moves are a turning point for Bitcoins, as Wall Street professionals — including institutional investors and high-speed traders — will be able to bet on cryptocurrencies and their wild swings.

Bitcoin trading at the world's option exchanges will also spur federal regulation, as the contracts are subject to oversight by the Commodity Futures Trading Commission. All three exchanges promised to help the agency watch the underlying Bitcoin market.

## Bitcoin for long-term investors

When I [last wrote](#) about Bitcoin, it was trading at \$5,700. Today, its value has more than doubled to \$10,370. Do these gains justify Bitcoin as an asset class for long-term and serious investors?

I do not think so. And the reason is simple: you should not buy an asset when you do not have the tools to value that asset, and when it is hard to quantify the risk you are taking. For me, Bitcoin is either worth \$10,370, or it is worth zero.

Of course, it is tough to find an alternative to Bitcoin when investors are doubling their money in weeks. But for the mature investor class, there are a plenty of opportunities that can provide both income and capital gains.

I think investors are better off by picking some great growth stocks, such as **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Dollarama Inc.** ([TSX:DOL](#)), or great income producers, such as **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)).

I think Bitcoin is still a highly speculative play for investors who trade with logic.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DOL (Dollarama Inc.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:SHOP (Shopify Inc.)

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