



This Is the Biggest Threat to Bitcoin's Value in 2018

Description

It seems there is nothing that can stop Bitcoin from hitting new highs. Despite talk of a [bubble and questions about its value](#), the cryptocurrency has topped \$12,000 mark at the time of writing.

Investors are wondering what is fueling this eye-popping rally and what lies ahead for this asset class, which has left many critics bewildered after its 10-fold gains this year.

As I mentioned in [my recent article](#), the latest trigger for Bitcoin lovers came from the U.S. derivatives regulator, which announced last week that it would allow **CME Group Inc.** and **CBOE Global Markets** to list Bitcoin futures contracts.

Many investors read this development as a first step by the U.S. regulatory regime to let Bitcoin become a mainstream asset through futures and derivative trading.

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. The contracts will begin trading from December 18.

What's in store for 2018?

The biggest catalyst I see emerging in 2018 for investors in cryptocurrencies is more oversight by regulators as trading volumes surge and governments are forced to act. But the increasing involvement by regulators could also impede or sputter the ongoing rally in Bitcoin.

The acceptance of Bitcoin as a legitimate asset for the futures trading in the world's biggest market is, of course, a very positive development. But could there be a crackdown on tax evasion and money laundering?

The U.K. government, for example, is seriously considering updating its anti-money laundering regulations to include Bitcoin and other virtual currencies, according to the U.K. Treasury. The move is part of a broader update to the E.U. rules, which are under negotiation; the E.U. might not allow traders to operate anonymously.

So far, all of these speculations and fears have failed to stop new money entering the Bitcoin market. The news coverage about the people who became millionaires by trading this digital gold has a very powerful appeal for short-term investors.

But I am not sure if this momentum will continue in 2018 once new regulations are in place to stop tax evasion and money laundering.

How investors can benefit from Bitcoin mania?

For long-term Canadian investors, I think there are better options available to achieve higher growth in their capital. **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) has provided triple-digit gains this year and is still my favourite for growth investors.

For high-risk takers, however, there is a smart way to play Bitcoin trade if you find direct investing too risky. Canada's TSX Venture Exchange has many companies that have a direct stake in the cryptocurrency market.

Hive Blockchain Technologies Ltd. ([TSXV:HIVE](#)), for example, is a cryptocurrency miner. It owns a data centre in Iceland with options to acquire more facilities in other cold countries, which keep computer-cooling costs down. Trading at \$3.06 at the time of writing, its shares have surged about 138% this year, giving it a market value of \$725 million.

I think this is a much smarter way to test the waters until we have more clarity on how different jurisdictions will handle this new asset class.

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Author

hanwar

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