



Bitcoin Is Getting Popped! After Plunging Over 30% in a Few Days, Is the Next Stop \$1,000?

Description

It looks like the Bitcoin bubble is starting to burst with the cryptocurrency dropping below US\$13,000 on Thursday night, approximately 30% lower than its all-time high just shy of US\$20,000.

The crypto-hype has gotten out of hand at this point, and things aren't making any sense whatsoever. For example, consider **Long Island Iced Tea Corp.**, a beverage maker, which recently changed its name to **Long Blockchain**, and its shares skyrocketed ~289%, which goes to show that crypto speculators don't know or care for what they're getting into as long as the right keywords are in the name of a security. These are the types of gamblers that you'd be investing alongside with cryptocurrencies.

Could this be the much-anticipated downfall of the crypto-craze?

It very well could be. Many fellow Fool contributors have published pieces on Bitcoin over the past few months, and the consensus is that it's a bubble that'll inevitably be popped. I've mentioned [countless times](#) that Bitcoin, other cryptocurrencies, cryptocurrency mining firms like **HIVE Blockchain Technologies Ltd.** ([TSXV:HIVE](#)), and firms indirectly benefiting from the crypto-craze, like **Square Inc.** (NYSE:SQ), are going to be completely obliterated. It's not a matter of if; it's a matter of when. It looks like the downfall has already begun, as crypto speculators head for the exits.

If you're thinking about buying this recent dip, don't think about it. I believe the asset will lose a majority of its value in time, and while I thought a Bitcoin crash would be in 2018, it looks like the asset may stand to lose a majority of its value before the conclusion of 2017, even though there's just over a week left in the year.

A tonne of wealth is going to be wiped out in a very short amount of time, as many pundits, analysts, and writers have predicted numerous times all year. This is not a buy-the-dip asset; in fact, I don't even believe it's an "asset," nor is it a currency. It's much too volatile to be a currency, as many experts, including Warren Buffett and Kevin O'Leary, have emphasized.

While Bitcoin may seem like an intriguing alternative to gold upon first glance, I noted many reasons why swapping gold for Bitcoin was a [disturbing trend](#) that would end up being a disaster for misinformed investors who bought into the hype.

Does Bitcoin have a future?

Cryptocurrencies and blockchain are promising technologies; however, the hype is overblown beyond proportion at this point. It's an asset whose value has inflated so much that it's easily one of the biggest market bubbles in history, right up there with Tulip Mania. While cryptocurrencies may have a future, I believe Bitcoin will lose ~99% of its value before cryptocurrency becomes "the norm" in day-to-day transactions.

While there are pros to cryptocurrencies, I believe the cons heavily outweigh them, at least for now. Not only is cryptocurrency a compelling solution for conducting illegal transactions, but it's also causing harm to the environment through the electricity consumption involved with Bitcoin mining.

Bitcoin's environmental footprint is absolutely ridiculous compared to traditional payment methods. As we head towards a greener planet, there's no room for this complexity and inefficiency. Even if Bitcoin were to continue running, I think the government would eventually step in and pop the bubble itself.

Bottom line

The Bitcoin bubble is coming to an end, and I think investors shouldn't be surprised if it hits \$1,000 before year-end. Bitcoin has shed US\$700 in value since I first began writing this piece, and by the time you're reading it, the cryptocurrency will probably be substantially lower than the US\$13,151 that it's at right now.

In short, Bitcoin is a worthless asset, and many speculators are going to lose their shirts. If you've had the discipline to stay away and put your money on [cannabis stocks](#) like **Canopy Growth Corp.** ([TSX:WEED](#)) instead, you're probably breathing a huge sigh of relief right now.

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Author

joefrenette

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