



2018 New Year's Resolution: Avoid All Things Cryptocurrency Like the Plague

Description

Bitcoin is a mania that we probably haven't seen since the 17th century Tulip bulb fever. Cryptocurrencies and blockchain are really incredible technologies that have many benefits, but today, they're not practical for everyday use, especially not as a currency.

Cryptocurrencies and blockchain are likely the future, but there are too many difficult problems that still need to be solved if these technologies are going to become mainstream. Many illegal operations are going on in the world of Bitcoin, and the process of Bitcoin mining is way too environmentally unfriendly to have a sustainable future.

In addition, Bitcoin isn't even a currency with its daily double-digit percentage fluctuations, since nobody wants to take on that amount of risk in a day-to-day financial transaction. The physical security of Bitcoin is also a huge problem. Your life savings could vanish if you misplaced the hard drive it was stored on, as we've heard in many stories over the past several months.

There are many more issues with Bitcoin, but let's leave it at that for now.

The tech boom relived

Mainstream cryptocurrency usage may be at least a decade away. Think back to the tech bubble: a tonne of internet companies were surging, but most of them lost all of their value when the bubble finally popped.

It's the same story, all over again.

I suspect [cryptocurrency is the way of the future](#), but I don't think the future will be with Bitcoin, Litecoin, Dash, Ripple, or Dogecoin. As hundreds of new coin offerings arise, a new cryptocurrency that hasn't been invented yet will likely be the one that the world will use in the future. This cryptocurrency will have addressed the major problems that today's cryptocurrencies have, and it's likely that the currency will be controlled and regulated by a large government institution.

For now, Bitcoin and the cryptocurrencies you've heard of have first-mover advantages, which inflated

the crypto-bubbles, but they really won't mean much when the house of coins finally comes crashing down.

What exactly is this new coin that'll be the future?

Nobody knows. But I wouldn't advise investors to throw money at new ICOs with the hopes of getting in early on the cryptocurrency of the future. Most of these new coin offerings will go bust, like the internet start-ups during the tech boom. I suspect many of these ICOs are simply pump-and-dumps, which, unfortunately, many investors will fall victim to.

Bitcoin isn't the cryptocurrency of the future, and all the ones you've heard of probably aren't either. Unless you're a gambler, I'd stay far away from all cryptocurrencies and miners, since you're pretty much guaranteed to lose your shirt over the long term.

Avoid "anything blockchain"

Do yourself a favour and stay away from "something blockchain" companies as well, since many gamblers have been pouring cash into these stocks out of pure greed. Firms like **HIVE Blockchain Technologies Ltd.** ([TSXV:HIVE](#)) will be major casualties once the crypto-craze comes to an end, as we find something more interesting to speculate on.

Disturbingly, it's become ridiculously easy for an individual investor to obtain exposure to the crypto-craze. While HIVE Blockchain may seem like a "diversified" play on crypto, it's not; all coins will come crashing down when the hype ends. I suspect most cryptocurrencies will lose a majority of their value over the next year, and that means the miners will follow in their footsteps, and investors will get wiped out.

Bottom line

Warren Buffett called Bitcoin a "pure FOMO [fear of missing out]," and his right-hand man Charlie Munger thinks you should avoid cryptocurrencies like the plague at these levels. They're both right on the money, and you'd be wise to avoid all instruments with exposure to cryptocurrency before the [bubble finally pops](#).

Stay hungry. Stay Foolish.

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