



The Result of Cryptocurrencies

Description

The good news for those holding cryptocurrencies is that the end result may not be zero in all cases. The bad news is that normalcy will return to the market, and investors who'd bought at a price above current levels will probably lose a lot of money.

In spite of this whole Bitcoin thing being very new to many, it's actually like Yogi Berra once said: "It's like déjà vu all over again." Going back to the 1999/2000 internet boom and bust, investors have a clear basis for comparison.

Although the internet boom made many millionaires almost overnight, the result that many endured was a loss of all their capital. Essentially, many internet companies that went public very quickly went to zero, as there was no actual business fundamentals or ways of making profit or revenues. Fast forward nearly 20 years, and people use the internet for many things from information gathering to buying groceries. The internet is now the norm instead of the exception.

The very clear move forward that the boom and bust offered society was the massive investment in infrastructure and awareness for everyday consumers, as *computer* and *internet* were foreign words to many in the year 2000.

Fast forward to 2018. There has been a clear explosion of cryptocurrency technology which saw many investors get very rich. Bitcoin exceeded US\$20,000 per coin only to retreat to less than US\$6,000. The price of Bitcoin is currently close to US\$8,500 as this article goes to press, but who knows what will happen in the next hour?

What is more volatile: Bitcoin or the Dow Jones?

The answer will, of course, depend on the period that we take under consideration.

Although Bitcoin may have pulled back over the past few weeks, it's worth noting that cryptocurrencies are going nowhere — they will be around for a long time and carry the risk of pulling back far beyond the US\$6,000 mark that Bitcoin traded at in the past week.

Although the internet has rebounded and is more critical to society than ever before, the reality is that it took a long time. For those who remember companies such as Fogdog Sports or the old toys.com, that's good. For those of you who do not, these were companies that minted many millionaires but no longer exist. Instead, the pillars are the ones who made it through the storm. In Canada, companies such as **Descartes Systems Group Inc.** ([TSX:DSG](#))([NASDAQ:DSGX](#)) have had the opportunity to realign themselves on a number of [occasions](#) in order to survive.

Why should cryptocurrency be any different? Who says [Bitcoin](#) will be the one to make it?

CATEGORY

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TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:DSG (The Descartes Systems Group Inc)

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