



Bitcoin Investors: Is There Any Hope of a Rally for the Cryptocurrency?

Description

The Bitcoin craze has started to fade, and the cryptocurrency has declined nearly 40% in just the past three months. After reaching nearly US\$20,000 back in December, Bitcoin has fallen to under US\$8,000 this past week. While the cryptocurrency has seen some rallies this year, it has not been able to get anywhere near the highs that it reached in 2017.

The big question for investors is whether or not the cryptocurrency can sustain a rally and go back on the ascent.

Earlier this year, we saw a big decline among Bitcoin and other speculative investments like marijuana, as investors looked to get out of high-risk positions. The TSX has also struggled this year, and it has erased all of last year's gains and is struggling to even stay above \$15,000.

HIVE Blockchain Technologies Ltd. ([TSXV:HIVE](#)) has been Canada's most popular blockchain stock, and it too has suffered this year. In just the first three months of the year, HIVE's share price has declined by a whopping 60%, and it could end up becoming a penny stock before the year is over.

Measuring Bitcoin's hype

The problem with assessing Bitcoin's value is that the cryptocurrency is mainly fueled by hype, and that can be difficult to measure. It's not like looking up a company's financial statements and looking at ratios; trying to gauge the popularity of Bitcoin is just not that simple.

One way to assess its popularity is by looking at its trading volumes, and there's been a noticeable drop off this year. At its peak in December, the cryptocurrency's trading volume was two to three times higher than where it has been the past couple of weeks.

Another way to measure hype is by looking at Google Trends, which measures the popularity of a search term. Here too, we see a similar story, with the cryptocurrency peaking in December when it reached all-time highs. As of the end of March, Bitcoin-related searches had fallen to lows not seen since October, when the price was frequently under US\$6,000.

Could we see the hype come back?

This is really the big question, and I just don't see it happening. We've seen many social media sites recently announce that ads related to cryptocurrencies would be [banned](#), with **Twitter Inc.** being the most recent to do so. Banks have also [taken steps](#) to discourage buying Bitcoin by disallowing cryptocurrency purchases via credit card.

The big problem for cryptocurrencies is that these restrictions will make it harder to spread the word to prospective investors, and that means it's going to be more difficult to generate the craze needed for Bitcoin to return to its once sky-high value.

Bottom line

Unfortunately for those that are holding Bitcoin, there's not much reason to expect that the cryptocurrency's value will rise much more from where it is at now. Crackdowns on trading Bitcoin and fewer places to advertise will make for a smaller pool of potential investors, which will result in downward pressure on price, as those looking to sell won't have as many buyers to choose from.

CATEGORY

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