Why Bitcoin Has Nowhere to Go but Down

## Description

Central bankers have noted that today's cryptocurrencies could face a "complete loss of their value."

Last December, I warned investors that Bitcoin (and other "worthless" digital tokens) would stand to lose about 99% of their value before such a decentralized digital currency would ever become "the norm" in our day-to-day financial transactions.



Sure, the technology is promising, but it's way ahead of its time. There are just too many practical flaws in cryptocurrencies currently, and like high-flying tech stocks during the dot.com bust, most (if not all) of today's cryptocurrencies will go belly up within the next decade.

Simply put, cryptocurrencies are more trouble than they're worth and if the crypto market doesn't continue to fade away, regulators will simply step in and pop the bubble itself. I believe this limits profound long-term upside for those who truly believe in cryptocurrencies and their longer-term aspirations.

I don't think U.S. regulators will need to pop the bubble themselves, however, as the cryptocurrency bubble is continuing to deflate on its own.

**Next stop $0?**

There are a countless number of legitimate reasons for why cryptocurrencies will gradually hit the $0 price target over the next few years. Most notably, its use as a means for facilitating illicit transactions and its susceptibility to price manipulation.

When Bitcoin skyrocketed into the atmosphere, many speculators exhibited the FOMO (fear of missing out) mentality and piled into what the illusion of what many thought was a "game-changing opportunity of a lifetime."

This year's crypto bubble pop should come as no surprise to most, however, as Warren Buffett, Charlie Munger and many of the smartest minds on Wall Street have referred to cryptocurrencies and Bitcoin everything from "worthless artificial gold" to "rat poison squared."

I'm sure you remember the historic 2017 rally that saw Bitcoin flirt with the US$20,000 levels before falling back to earth. Researchers at the University of Texas released a study that claimed Bitcoin's 2017 surge, which caused a systematic rally across the broader basket of cryptocurrencies, was artificially inflated through another cryptocurrency called Tether.

With apparent evidence of fraud and manipulation in the crypto markets, one ought to think that the hype and the sense of urgency surrounding the "opportunity" has all but dried up.

With Bitcoin and the like going bust in 2018, you may be wondering if it's still worthwhile to short-sell cryptocurrency miners like **HIVE Blockchain Technologies Ltd.** (TSXV:HIVE).

As cryptocurrency values continue to tank, so too will the miners as the profitability window gradually closes. I recommended HIVE Blockchain as a compelling short opportunity for aggressive traders at the beginning of the year, and since my various warnings, shares of HIVE have plummeted by over 70%.

At the time of writing, HIVE trades at $0.87 and remains one of the best ways to play the downfall of the cryptocurrency market. But investors ought to proceed with caution, as another price manipulation could send everything crypto-related flying into the atmosphere. For the average investor, shorting HIVE is a profoundly riskier endeavour at these levels.



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