



## Forget Bitcoin! I Think This Asset Could Be King In 2019

### Description

While Bitcoin may be viewed as an appealing asset from a turnaround perspective, the reality is that holding cash could be more attractive in 2019. The prospects for Bitcoin could be relatively downbeat, with a range of risks facing the global economy. Since the virtual currency is dependent upon investors being less risk averse in order to speculate on its future prospects, a deteriorating world economic outlook may cause its price to come under pressure.

Such conditions could present buying opportunities in the stock market. Already, a number of high-quality companies have seen their market valuations decline significantly. An investor holding cash may therefore be able to capitalise on this theme during the year.

### Bitcoin woes

Since Bitcoin lacks fundamentals, its price is dependent upon demand from investors. During a bull market such as the one which has lasted for over a decade, this is not a problem. Investors have generally been in a bullish mood, and they have been willing to gamble on the prospects for the cryptocurrency. This led to a staggering rise in the Bitcoin price, with it increasing from \$1,000 at the start of 2017 to as much as \$20,000 by the end of the year.

Now, though, it trades at around \$4,000. Investors are becoming increasingly cautious and are focusing to a greater degree on the return of capital, rather than the return on capital. This trend could continue as the world faces numerous risks at the present time. For example, there is the potential for a full-scale trade war between the US and China. The latter's economy is also facing a continued slowdown, while Brexit may impact on the prospects for the European economy over the coming months.

### Buying opportunities

The risks facing Bitcoin may also cause declines in the stock market. This has already been felt in recent months, with major global stock markets receding from record highs made in the middle part of

2018. If investors continue to adopt a cautious stance, their risk appetite may decline and cause a continuation of falling stock prices in a variety of industries.

As a result, having cash to invest could be a worthwhile move in the medium term. Certainly, with monetary policy being weak cash may offer next to no return in the short run. But it provides investors with the opportunity to capitalise on a possible market crash. Given the scale of risks currently ahead for the world economy, such a scenario would not be a major surprise to most investors.

## Fundamentals

If a market crash does take place, [buying high-quality stocks](#) could be a much better move than purchasing Bitcoin. They offer track records of performance which show repeat recoveries after bear markets, as well as fundamental information on their finances that makes it possible to understand their intrinsic value. By investing in them at low prices, it may be possible to generate exceptional returns in the long run.

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