



Bitcoin vs Dividend Stocks: Why I Think A Passive Income Wins Every Time

Description

Bitcoin has proven to be a popular asset among private investors over recent years. Its surge from \$1,000 to almost \$20,000 in 2017 caused it to dominate news headline, while its slump since then has also made it a talked-about asset within the investment community.

Although there have been recent signs of a recovery, the idea of buying Bitcoin seems to be flawed in my opinion. Its value is based on little more than potential, as well as investor sentiment. While stock prices are also built on speculation and sentiment, facts and figures play a key part in stock market valuations.

For that reason, the risk/reward opportunity among dividend stocks could be significantly more favourable than that offered by Bitcoin. As such, now could be a good time to seek a [passive income](#).

Speculative investment

The Bitcoin price may be determined by a variety of factors but, ultimately, there are no facts and figures used to decide whether it should be higher or lower today than it was in previous trading sessions. For example, there are no earnings to report, while its future prospects are exceptionally difficult to determine. Although blockchain technology appears to have a future in a variety of industries, the potential for Bitcoin to become widely used seems to be somewhat limited as a result of regulatory factors and its limited size.

As such, buying Bitcoin is a step into the unknown for investors. It could surge past its previous high of almost \$20,000 in the coming years. Or, it could be worth very little due to its positive correlation to investor sentiment, as well as its lack of real-world usage potential. Essentially, buying Bitcoin does not appear to fit in with investment principles such as valuation and assessing its risk, since it is not possible to accurately estimate either of these factors.

Fundamental focus

In contrast, seeking to generate a passive income through dividend stocks allows an investor to build an accurate picture of the risks and potential rewards that may be available. For example, they are able to access historic annual reports which highlight the strategies pursued by the business, as well as its financial position. Forecasts on earnings and dividend growth rates are also available, while making an assessment of the intrinsic value of a stock is also possible.

Together, this information tells an investor whether now is a good time to buy the company in question. This could help them to find the most appealing assets to purchase at a given time.

Furthermore, with the stock market including a variety of companies that pay relatively high dividends, it is possible to generate a diverse income stream. In contrast, Bitcoin has no income return, while it represents a highly concentrated investment. Therefore, the risk/reward opportunities that come with seeking to generate a passive income seem to be more enticing than buying the virtual currency.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/26

Date Created

2019/04/13

Author

peterstephens

default watermark

default watermark