



Is Bitcoin Headed Back to \$20,000?

Description

For the first time since September, Bitcoin prices reached over \$7,000 on Monday. And according to analysts at **Canaccord Genuity**, they're expecting the rally to continue and don't rule out a possibility for the cryptocurrency to get back to around \$20,000.

While Canaccord believes it might take a couple of years to get back to that level, they remain bullish on the cryptocurrency and don't believe it is dead just yet. It was just a few weeks ago that the cryptocurrency was looking very steady at around \$5,000 when we saw another big, mysterious spike in its price. Back in April, we saw a similar [jump](#) in Bitcoin's value after a big purchase sent the digital currency up in price as well.

The problem with these moves is that the anonymity of the exchanges makes it nearly impossible to determine what is driving the cryptocurrency's bullishness. And although it's one of the big advantages to using Bitcoin, it makes it very difficult to predict its future movements for that same reason. It's clear that it's not happening because banks or social media websites that banned the cryptocurrency have warmed up to it.

Why investors should remain hesitant

The recent surge in price sent Bitcoin's Relative Strength Index (RSI) up to over 86 in early trading on Monday. RSI, which looks at gains and losses over the past 14 trading days, indicates that a commodity or stock is overbought when it rises above 70, and Bitcoin hit well above that mark this week. We saw RSI reach these levels when it rose in April as well. Ultimately, we didn't see much pullback then, as Bitcoin started to stabilize.

And while that might happen again now, there's no reason for us to expect the cryptocurrency to continue rising in price. Without knowing the reason for the increase in price, it becomes speculative, and that could prove to be a very dangerous guessing game given how volatile Bitcoin has been in the past.

It's one of the main reasons that **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) warned its customers

about cryptocurrencies and stopped allowing cryptocurrency to be bought on [credit cards](#). It was one of many crackdowns we saw on crypto trading, as the wild swings we saw in Bitcoin in 2017 created many fortunes and caused the reverse to happen to those that bought in at the peak towards the end of the year.

That doesn't mean that TD will never allow crypto trading, but it's going to take time before it does happen. With big losses likely incurred by its customers, it was a move that financial institutions thought was necessary to discourage high-risk Bitcoin purchases. It is, after all, in the best interest of TD and other banks that their customers are solvent enough to be able to pay the bank's bills first and foremost.

And so, while Bitcoin is picking up steam, I wouldn't be optimistic that we'll see a run-up back to its peak price. Although Canaccord might be optimistic that the cryptocurrency may return to those highs, many things have changed since then, and promoting the exchanges is much more difficult now.

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