



Bitcoin Crashed Again! Avoid or Buy Low?

Description

Just about a week ago, I wrote about the [resurgence of Bitcoin \(BTC\)](#) in late May. The price of the most popular cryptocurrency was nearing \$10,000, and it made the crypto bears jump with joy. With BTC springing back to life, the year-long wait for a trend change has finally arrived.

However, instead of moving up, BTC nosedived below the \$8,000 mark. Many believed the big move was long overdue and a strong bullish breakout is at hand. If you're thinking that this could be a buying opportunity, you should think again. This is another superficial move by the leading cryptocurrency by market value.

Enthusiasm is over

The excitement started in early April when BTC climbed by \$1,000 to \$5,080 in one hour. To the bears, it signaled a transition from a bearish to a bullish market. That was a surprise because a month before, BTC's average daily trading range sunk to two-year lows. There was a sudden increase in buying pressure.

In 2016, there was a mining reward halving. This halving is a scheduled, programmatic reduction in the amount of new Bitcoin paid to miners. This became a protocol in cryptocurrency mining. The said protocol automatically reduces new issuance after a certain number of blocks are processed,

The next mining reward halving will be in May 2020, and since BTC is due to undergo one, the process tends to put a bid on the digital asset a year in advance. Bitcoin traders usually react to an incoming mining reward halving. It can be a potential catalyst. According to a crypto expert, this caused the price surge.

Another reason could be the market misdeeds. **Reuters** reported that a single algorithmically managed order resonated across several major exchanges. The order was worth \$100 million. That must have created upward pressure on the BTC price and prompted the unexpected rally.

Risks to investing in BTC

Bitcoin is the most successful currency by far, and proponents are certain that virtual currency is the future of monetary exchange. Nonetheless, [serious risks](#) abound. Investors are warned about investing in the cryptocurrency space.

The BTC price is constantly fluctuating back and forth. With the unpredictable behaviour, you're not sure if you will realize a return on investment. In order to avoid massive losses, you might as well avoid investing altogether.

Hacking is the most serious risk in the crypto market. Don't be swayed by the protection offered by the smart wallet. Technology-based investments are prone to cyber-attacks. Once you're victimized, you can never recover the stolen or lost Bitcoins. Keep that in mind.

Invest in a blockchain stock

Investors who are enamoured with digital assets like Bitcoin are better off investing in blockchain stocks instead. **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) owns several mining farms and is directly involved in cryptocurrency investing.

Now that the use of blockchain technology is becoming widespread, long-term investment opportunities are opening up for companies operating in the industry. You might as well invest in HIVE during its early stages before it gets expensive.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSXV:HIVE (Hive Blockchain Technologies)

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