



Why Bitcoin Fell 9.5% Last Week

Description

Last week was a bad time to be a Bitcoin holder. Starting off at \$13,826 on Sunday, it fell to \$12,504 by Sunday — a 9.5% slide. BTC's most recent one-week tumble follows a milder bear trend that has lasted through July; for the month, the world's biggest cryptocurrency shed 14.5% of its value.

The question is, why is this happening now?

BTC has always been volatile. Since its inception, 10% swings up or down have occurred on a regular basis. Between December 17 and December 22 of 2017, the coin fell 45% in just five days — not an unprecedented move in the cryptocurrency space. In the past, however, Bitcoin always recovered from its major downswings to reach new, record highs. The latest BTC “bull” seems to be struggling to reach past tops, which raises the question of whether the coin's best days are behind it.

Ultimately, it's impossible to say how high (or low) Bitcoin will go in the future. As for last week's dramatic selloff, we may be able to understand what went on. We can begin by looking at one of the most popular theories that has been circulating on the internet.

The “whale” theory

It's no secret that Bitcoin ownership is highly concentrated. According to a recent *Business Insider* report, 4% of Bitcoin wallets own about 97% of BTC — which means that large individual holders have a lot of influence over the cryptocurrency's price.

One of the popular theories about the recent Bitcoin nosedive is that it was driven by a large coinholder taking profits. It has long been speculated that the recent Bitcoin bull run was driven by “whales” bidding up the coin for an eventual “dump,” and it's possible that this past week saw one or several “whales” doing just that. It's hard to say for sure but reasonably likely given the concentration of BTC ownership.

Trump chimes in

Another factor that may have driven Bitcoin lower was Donald Trump's opining on the coin on **Twitter**. Donald Trump is arguably Twitter's biggest influencer, and Twitter is easily the world's biggest cryptocurrency news hub. Earlier this month, [Trump chimed in on BTC](#), calling it "highly volatile" and saying its value is "based on thin air." It's not clear how much clout Trump has in cryptocurrency circles, but to the extent that his comments may have signalled increased regulatory interest from the U.S. government, they could have helped send the coin lower.

Are blockchain stocks a viable alternative?

Bitcoin's latest price moves are another demonstration of what commentators have been saying for a long time: that BTC is extremely volatile and not a good pick for jittery investors. The question is whether antsy investors may be able to get "safer" blockchain exposure through stocks.

Hive Blockchain Technologies, for example, is a cryptocurrency stock whose [underlying business mines crypto for profit](#). It uses climate-controlled data centres to mine BTC and ETH at low cost, making it perhaps a safer option than investing in crypto directly. However, with a beta coefficient of 8.2, it's every bit as volatile as crypto itself, which calls into question whether it's a better bet for risk-averse buyers. If you're really looking to get some crypto exposure while staying relatively safe, maybe buy a brokerage like **TD Ameritrade** that offers crypto futures trading to its clients.

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