



Should I Buy Bitcoin Today After Its 175% Surge?

Description

Bitcoin has experienced a resurgence in 2019. Its price has risen by around 175% since the start of the year, with investors becoming increasingly bullish about its prospects.

While this could continue in the near term, significant risks remain in play for the virtual currency. They may hold back its performance, and produce a volatile shareholder experience.

As such, buying a diverse range of stocks could be a better idea than adding the virtual currency to your portfolio.

Potential risks

While the price of Bitcoin may have surged higher in recent months, its prospects continue to be highly uncertain. Its price level is determined by supply and demand among investors, which makes it impossible to know whether it offers good value for money at the present time.

Looking ahead, the risks facing the world economy could lead to a challenging period for Bitcoin. Threats such as a global trade war and weakness in the European economy may cause investors to adopt an increasingly cautious stance. This may mean that their appetite for riskier assets, such as Bitcoin, recedes to some degree over the coming months.

Furthermore, there has recently been a focus on value stocks among many investors. They have been favoured over growth stocks to an increasing degree as investors search for margins of safety following a decade-long bull market. This may mean that assets which have risen in value, such as Bitcoin, become less popular among increasingly value-focused investors.

Growth outlook

Of course, virtual currencies could eventually replace traditional currencies. In an increasingly digital world, it appears to be a natural progression. In addition, the security which blockchain technology

provides could make virtual currencies increasingly appealing, and hasten consumers' shift towards them.

Despite this, regulatory risks and a lack of infrastructure may hold back the progress of Bitcoin to some degree. Alongside this, competition from other virtual currencies may mean that Bitcoin's long-term prospects are somewhat limited.

Investment prospects

As such, the investment appeal of the stock market appears to be higher than it is for Bitcoin. Certainly, there are risks facing the world economy at present. They could lead to a period of uncertainty that ultimately produces paper losses for investors.

However, with the stock market likely to recover from any future downturn that it experiences, it offers a clearer path to capital growth than Bitcoin. In other words, Bitcoin may prove to be a successful investment. But, there is a relatively high chance that it will encounter challenges which it is unable to successfully overcome.

While growth is never a given when it comes to the stock market, history shows that buying a diverse range of stocks at fair prices generally produces impressive returns in the long run. Therefore, at what could prove to be a worthwhile time to invest due to investor uncertainty, the stock market appears to offer a [superior risk/reward ratio](#) than Bitcoin.

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