



Bitcoin: JP Morgan Sees 300% Upside!

Description

Over the last year, several stocks have offered investors incredible opportunities. Month after month, we saw rallies from tech stocks to renewable energy, gold, and everything in between. Now, however, with most stock indices at record highs, it looks as though investors have turned their attention to Bitcoin.

Up until recently, Bitcoin has been highly controversial, with most investors dismissing it as purely speculative. That general attitude by markets has almost completely evaporated. Many investors now want at least a small portion of Bitcoin in their portfolios.

With so many well-known investors and major institutions now increasing their demand for the cryptocurrency, it's not surprising to see it skyrocketing at such a rapid pace.

The macro trends driving momentum

The coronavirus pandemic has caused several issues all over the globe. This has resulted in countries all over the world taking on more debt and printing more money to deal with the economic consequences.

And while you can't blame countries for doing what they need to in order to prop up their economy, it is continuously devaluing the currencies.

So going forward, with currencies that are being devalued and ultra-low interest rates, traditional assets that investors would look to don't make as much sense.

While bonds offer little upside, investors are still looking to diversify from equities, especially with stock indices at all-time highs and completely detached from the economy. That's where investors are now turning to Bitcoin.

Because there is little supply of Bitcoin, and long-term investors aren't selling, the new demand has naturally sent the price soaring. That's why **JP Morgan** sees the cryptocurrency having a potential target price of US\$146,000.

Bitcoin's potential

The investment bank said it could see Bitcoin hitting \$146,000 on the condition that private ownership of Bitcoin through investment vehicles like ETFs matched the level of gold. This means that when the point in time comes where the average investor owns as much Bitcoin in their portfolio as gold, the demand alone will send Bitcoin soaring.

JP Morgan also stressed that this is more of a long-term target, although it's not impossible that it will reach that target quickly. .

It will take a lot more mass adoption for that many investors to own Bitcoin. At the same time, though, it shows how promising of a long-term investment Bitcoin can be.

That's why investors should strongly consider putting at least a small portion of their portfolio in Bitcoin. It's highly risky, so be cautious. You could also make the argument that not diversifying and staying invested solely in equities is risky, which is why it's worth it to make a small investment.

How to invest in Bitcoin

There are a variety of ways to gain exposure to the digital currency. You can find ways to buy the actual coin through cryptocurrency exchanges. However, a better way for Canadians to consider gaining exposure, especially if you're only investing a small portion of your portfolio, is through a registered account such as a [Tax-Free Savings Account \(TFSA\)](#).

A TFSA can help you save on the major capital gains taxes over time as Bitcoin appreciates. Two of the most popular Canadian stocks that give you exposure are **Hive Blockchain Technologies Ltd.** and **The Bitcoin Fund**.

Hive is a cryptocurrency mining company. Cryptocurrency mining stocks tend to do better while prices are appreciating. However, it's a riskier option for long-term investors.

The Bitcoin Fund, on the other hand, gives investors direct exposure to owning the digital currency. Each unit gives you about 0.001 worth of Bitcoin. This is one of the best ways to invest in the cryptocurrency as the risk is limited to the performance of the digital coin alone.

Just be careful: before making any investment, it's essential to [do your full due diligence](#). This means making sure that you aren't overpaying for the Bitcoin you want exposure to.

Bottom line

Over the last year, Bitcoin has exploded in popularity. Now, with so many investors jumping on the bandwagon, especially institutional investors, the situation is different.

With so much risk in financial markets and investors' need to diversify their investments, owning at least some Bitcoin in your portfolio could play a huge role in 2021.

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