



Bitcoin Prices Are Skyrocketing: Is a Huge Crash Unavoidable?

Description

The world's most popular digital currency is [piping hot](#) again. Bitcoin soared as high as \$34,600 in the first week of the New Year before closing at \$33,044.65 on January 4, 2021. It's an incredible 565% rally since the price fell to a low of \$4,970.79 on March 12, 2020.

Bitcoin topped \$20,000 for the first time on December 16, 2020, and kept trending upward into 2021. The cryptocurrency world is going crazy again — reminiscent of the dramatic price surge in 2017. It was also December 16, 2017, when bitcoin nearly touched \$20,000. Will the record-breaking run sustain? Or is a huge [crash](#) unavoidable?

Flash crash

After posting a record-high of \$19,497.40, a flash crash ensued that at the start of 2018, bitcoin lost 30% of its value. By year-end 2018, the price was down to only \$3,742.70. The bubble blew up in the wake of the bitcoin craze. Some crypto investors lost huge sums of money overnight.

The fear-of-missing-out sentiment drove the price higher until it lost support. One person who lost big from the crash said the cryptocurrency has lost its meaning and that it's not the alternative currency it was meant to be. Now that bitcoin is spiking in 2021, and a frenzy is brewing, fear is also creeping among investors.

Institutional support

Cryptocurrency observers said retail investors drove the short-lived bubble in 2017. The difference today is that institutional investors and some government sectors are into bitcoin. **JPMorgan Chase** adopted cryptocurrency and is providing banking services to Coinbase and Gemini exchanges. JPMorgan's CEO, Jaime Dimon, called bitcoin a scam before.

There are signs that **PayPal**, **Square** and other institutional giants might join the bandwagon. If these companies adopt bitcoin, it will boost investors' confidence. It has happened in the past that pandemics

usually accelerate the adoption of new payment too. Thus, the COVID-19 pandemic might be a positive development for cryptocurrencies.

Better prospect than bitcoin

If I were to invest in a payment technology solution, **Nuvei Corporation** ([TSX:NVEI](#)) is the top prospect. The \$10.75 billion company just had its successful Initial Public Offering (IPO) on the TSX. Nuvei raised \$805 million in gross proceeds on its market debut, making it Canada's largest tech offering in history.

Nuvei ended 2020 at \$77.79, or 69% higher than its closing price of \$46.15 on September 18, 2020, its first trading. Had you invested \$20,000 then, your money would be worth \$33,711.81 at the start of 2021. The tech stock isn't as red-hot as bitcoin now, but there are plenty of upsides ahead.

The electronic payment processing company is based in Montreal and is Canada's largest private and non-bank payment processor. Through its one end-to-end payment technology platform, Nuvei aims to continue pioneering amazing payment experiences.

A large portion of Nuvei's customer base is the world of sports betting. However, the company can develop partnerships with online retail, banks, financial services, and digital goods & services.

Bold prediction

Garrick Hileman, research head at Blockchain.com, predicts that bitcoin could hit \$54,000 in 2021. He expects the digital currency to become a trillion-dollar asset if there's a broader adoption by institutional investors. For now, it's not advisable to participate in the mad rush. Another disaster like in 2017 might be looming.

CATEGORY

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