



Bitcoin Is Skyrocketing, But Warren Buffett and I Won't Bet on it Ever

Description

Bitcoin just set another record high by crossing the US\$40,000 mark for the first time on Thursday. It has skyrocketed in the last few months — setting records after record. But its long-term prospects remain uncertain — just like the future of other cryptocurrencies.

It could be a big trap to lure you into investing in an extremely risky asset. By trading Bitcoin, you may lose all your life savings within a few hours — thanks to its extremely high volatility. If it's hard to believe, you must look at what triggered Bitcoin crash a couple of years ago. In 2018, Bitcoin lost 80% in value from its peak. This crash could be blamed for ruining many crypto traders' entire life's savings across the world.

Bitcoin is at its all-time high, but...

While most stock investors watch Bitcoin and its peer cryptocurrencies with awe right now, the world's most renowned and smartest investors — including Warren Buffett — prefer to stay away from this bubble. In 2018, Buffett [told](#) CNBC that “in terms of cryptocurrencies, generally, I can say with almost certainty that they will come to a bad ending.”

During the interview, Buffett said that he “will never have position in” cryptocurrencies.

The Bitcoin bubble and trap

Buffett and his investment partner Charlie Munger are well known for their smart investment moves and have decades of experience making a fortune in the stock market. But both of them are critical of Bitcoin and other cryptos.

Munger believes that Bitcoin is a bubble and agrees with Buffett that it will end badly. He also warns in times like these — when Bitcoin is at its all-time high — investors tend to get trapped in the Bitcoin bubble. People “are excited because things are going up at the moment and it sounds vaguely modern ... But I’m not excited,” Munger [said](#) in an interview a couple of years ago.

I’m buying growth stocks instead

If you’re aware of cryptocurrencies’ high dependence on consistent tech advancements, extreme volatility, unclear government regulations, among other risks, then you may not want to trade cryptos ever. Given all these risks, I agree with Buffett’s and Munger’s views on Bitcoin and never wish to bet on it.

Instead, cheap growth stocks like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) are on the top of my watch list right now as they could very well beat Bitcoin in the long term. It’s a Montreal-based tech firm that provides omni-channel commerce-enabling services to businesses. Most of its customers include small- and medium-sized businesses.

Why stocks are better than Bitcoin

While COVID-19 related measures increased Lightspeed’s costs in the last couple of quarters, it significantly boosted its gross margin. The pandemic forced many small and medium businesses to avail Lightspeed’s services to improve their online presence. I expect most of its recently acquired customers to continue using its services even after the coronavirus crisis subsides in the coming quarters. It would give a [big boost](#) to Lightspeed’s financials and further accelerate its profits growth rate.

These factors are likely to trigger a rally in its stocks in 2021. That’s why such cheap growth stocks are much better and far less risky options to invest in than Bitcoin for the long term — especially when they’re still cheap, despite their recent gains.

Lightspeed POS stock surged more than 110% in the fourth quarter, and it could continue to yield such solid returns in the coming quarters as well.

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Date

2025/08/06

Date Created

2021/01/08

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