



Bitcoin Prices Are Going Insane: 3 Reasons Why You Should Avoid it

Description

Insane is the word to describe Bitcoin's [red-hot streak](#) to begin the new year. Crypto followers are celebrating because the world's most popular digital currency is on a tear. From a COVID low of \$4,970.79 on March 12, 2020, Bitcoin finished 2020 at \$29,001.72, or a fantastic climb of 483%.

The momentum is not stopping, as Bitcoin is trading higher at \$32,368.61 as of January 4, 2021. While many are ecstatic over the latest developments, some investors recall the disaster that befell them. Bitcoin shot up to nearly \$20,000 in late 2017 until the bubble finally burst and sent the digital currency crashing.

The plummet of Bitcoin and altcoins wiped out almost \$100 billion from the market capitalization in less than two weeks. Thus, it might be better to avoid Bitcoin in 2021 and not join the party.

Highly volatile market

The cryptocurrency market is well known for its high volatility. As compared with traditional markets, there are fewer players and less liquidity. Volatile moments are frequent, as Bitcoin's value can move up or down in a short space of time.

Utilization also adds to the volatility. If fewer people use Bitcoin, it will hurt or impact the price. Remember that the value hinges on the number of traders or businesses willing to transact and accept Bitcoin.

Security risks

Digital currency is prone to theft by hackers. If a hacker successfully steals your Bitcoin, it's impossible to get your coins back. Your digital wallet will also be compromised if you send Bitcoin to the wrong person. In both cases, your Bitcoin network or service provider will not reimburse your investment.

Needs wider adoption

What is lacking in Bitcoin is mainstream acceptance and wider adoption. If more institutional giants adopt the digital currency, it will raise investors' confidence and give the cryptocurrency market a big lift. **JPMorgan Chase**, **Square**, and People's Bank of China are the top names that entered the crypto universe. **PayPal** might also adopt Bitcoin soon.

Crypto stock on the rise

With Bitcoin gaining traction and setting new price records, [crypto stocks are advancing](#). On the stock market, **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) and **Hut 8 Mining** ended 2020 on a high note. The former rewarded investors with a 2,416% gain, while the latter's total return for the year was 226%.

HIVE owns the distinction of being the first publicly listed blockchain infrastructure company. It's based in Vancouver and has a market capitalization of \$826.15 million. The company operates data centres that build blocks of blockchain infrastructure.

Since Bitcoin is a digital currency, it uses blockchain technology. Blockchain also powers other digital currencies, and its uses are not limited to financial services. HIVE aims to bridge blockchain and cryptocurrencies to traditional capital markets. This crypto stock is for investors that want a pure-play blockchain investment.

HIVE's home base is in Canada, although it operates in Iceland and Sweden, too. In Quebec, the energy capacity of the mining operations is 30 MW. The combined energy capacity of the blockchain infrastructure facilities in the two countries is 21 MW.

Risky investments

Bitcoin needs a broader adoption by institutional investors. HIVE can capitalize on its first-mover advantage and become the crypto mining leader. But whether it's Bitcoin (the digital currency) or HIVE (the crypto miner), you must be willing to take risks.

CATEGORY

1. Investing
2. Tech Stocks

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