



As Predicted, Bitcoin Just Hit the \$50,000 Mark! Here's What's Next

Description

On Thursday, Bitcoin crossed a psychological barrier, surpassing \$50,000 for the first time ever (Canadian dollars). This historic event was not unforeseen, and many investors have made an absolute killing on this asset class in a very short amount of time. The price of Bitcoin is now up almost 400% over the past 12 months — an incredible return compared to equity markets.

This rapid rise was easy to see

I predicted this would take place in a recent article, "[Bitcoin: Why \\$50,000 is More Likely than \\$5,000 Right Now](#)," on December 24. I wrote: "With so much momentum behind Bitcoin and cryptocurrencies in general, I think the \$50,000 mark will be surpassed soon. Bubbles are only defined after they pop, so it's entirely possible that cryptocurrencies have a lot more room to run."

The momentum trade is alive and stronger than ever. Anybody could have predicted this rise, but seeing it happen is a totally different thing. Now that we're at the \$50,000 mark, what's next?

The sky is the limit

As we've seen with the valuations of so many growth and momentum stocks, the sky appears to be the limit right now. There's simply no telling how high these asset prices could go, because fundamentals are being thrown out the window. There's absolutely no fear in markets today, and we're in extreme greed territory. I've honestly never seen anything like this in my investing career.

Some investors are now calling for a near-term price of US\$100,000 Bitcoin. This would be an approximate tripling of where we are today, an absolutely incredible advance. This would make Bitcoin worth approximately CA\$125,000 — a more than doubling from these levels.

How to invest in Bitcoin

For those looking to put some “funny money” into Bitcoin to play the speculating game, **The Bitcoin Fund** ([TSX:QBTC](#)) is one way to do so. This fund tracks the price of Bitcoin directly, buying and holding this asset long term. For those looking to take advantage of this momentum, this is probably the easiest way to do so. There is a fee of 2% investors need to be aware of. That said, in the context of the gains we’ve seen lately, that’s chump change.

The downside risks are real, so invest carefully

Bitcoin investing is gambling, pure and simple. The sort of speculation that is required to hold these assets that have questionable intrinsic value takes guts. The tides can turn at any time. Accordingly, investors looking at putting some money to work in hot sectors like cryptocurrencies ought to invest only what they can lose. Putting far too many eggs in this basket could be catastrophic if (and more likely when) the bubble bursts.

Personally, I’m staying far away from cryptocurrencies right now. That said, watching this price action is certainly very enjoyable. I simply do not have the risk tolerance to invest any money in these assets due to the aforementioned risks.

CATEGORY

1. Investing

POST TAG

1. growth
2. investing
3. market

TICKERS GLOBAL

1. TSX:QBTC (The Bitcoin Fund)

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