



## Bitcoin's Wild Ride: Will a Crash Like 2018 Happen Again?

### Description

The cryptocurrency market is back in the limelight in 2021 because bitcoin is on a [wild ride](#). Loyal followers of the world's most popular digital currency are awed by the astronomical jump in price since mid-December 2020. Still, the rally stokes fear among investors. Bitcoin might sputter and crash like it did in 2018.

On January 8, 2021, bitcoin posted an all-time high of \$40,797.61. The 389% gain from a year ago is a sight to behold. However, the steam appears to be cooling off. The price suddenly sunk 13% to \$35,595.57 on January 12, 2021, which reinforces the [crypto space's reputation](#) as a highly volatile market.

A large sell-off of cryptocurrencies happened in early 2018. From January to February, bitcoin's price shed 65%. By September of the same year, it lost 80% of its value. The decline in percentage terms overshadowed the bursting of the dot.com bubble in 2002.

### Sudden pullback

With the pullback of bitcoin and other digital coins, the cryptocurrency market lost \$150 billion of its value. The sell-off indicates profit-taking by some crypto investors.

Simons Chen, Executive Director of Babel Finance, an investment and trading firm, said, "The correction we saw was expected as we believe the BTC price surge recently from under \$20,000 to \$40,000 in the past four weeks will induce sell pressure."

### Crypto stocks mirroring bitcoin's price swings

If you're thinking about riding on the bitcoin's momentum, you might be late. The recent drop could be the start of a downward trend. Crypto stocks like **Hut 8 Mining** and **HIVE Blockchain Technologies** might be the safer alternatives to bitcoin. However, danger lurks as both mirrors bitcoin's price swings.

On January 11, 2021, Hut 8 posted a 25% single-day drop. From \$8.46, the stock price fell to \$6.46. HIVE is having a good start this year too, but succumbed to the pressure. The share price dropped 17% on the same day Hut 8 fell. It's now trading at \$2.81 from \$3.71.

## Cheap dividend-payer

I would advise against crypto stocks if they continue to mirror bitcoin's price movement. Instead, I would stick to a cheap income stock that offers a high dividend. **Rogers Sugar** ([TSX:RSI](#)), a consumer-defensive stock, pays a lucrative 6.38% dividend.

While the stock is not a high flyer on the **TSX**, the sugar business is more stable than bitcoin mining operations. You can purchase Rogers Sugar today at \$5.63 per share. If you have \$6,000 free cash, use it to maximize your Tax-Free Savings Account (TFSA) limit in 2021. The money can produce \$382.80 in passive income.

In times of uncertainty, you can't gamble your money on companies that lack stability. Rogers Sugar operates in a near-monopoly and should be a high-quality company, given that sugar is a consumer staple. Interestingly, the fiscal 2020 results are impressive.

Despite the pandemic environment, net earnings were \$35.4 million versus the \$8.1 million net loss in fiscal 2019. Total revenues (combined sugar and maple syrup business) increased by 8% to \$860.8 million. Expect the sugar segment to perform better this year with the return of higher volumes.

## Speculative asset

Some cryptocurrency analysts say bitcoin's short-term correction is natural and necessary. It could also be a great entry point for long-term investors. However, it's advisable to stay on the safe side than lose money on a speculative asset.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:RSI (Rogers Sugar Inc.)

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