



Warren Buffett: Bitcoin Has No Value

Description

The world is changing quite rapidly. New technologies and new business opportunities are coming online almost every day, but not all of them are rainbows with gold pots at the other end. And if you take the word of [Warren Buffett](#), Bitcoin is definitely not a good business opportunity or a viable investment asset.

It's important to note that despite an illustrious investment career and an unrivaled eye for the market movements, Buffett is not above making mistakes. His recent airline exit is one of his most recent moves. It means that Buffett might be wrong about Bitcoin as well. Still, before you decide whether to emulate him and abstain from Bitcoin or invest in this volatile asset, it would be prudent to analyze Buffett's reasoning behind Bitcoin aversion.

Bitcoin: An asset with no underlying value

Buffett is a value investor who prefers to invest in good businesses. He prefers buying good companies when they are trading around or below their fair price. But he doesn't go after every undervalued business. It shows that he doesn't chase opportunities. This is perhaps the chief reason Buffett has claimed that he'd never own Bitcoin.

Unlike other businesses and companies that are backed by assets and have some inherent value, Bitcoin doesn't have intrinsic value. A highly speculative market decides what Bitcoin's price is. This makes it highly volatile and even unpredictable. Buffett doesn't even like gold that much (especially as a long-term investment), because gold doesn't have a lot of utility, even though it has an intrinsic value that holds steady universally.

Right now, Bitcoin is trading at above US\$34,000. While not its [all-time high](#), this still represents over 10,000% growth in five years. It can be a highly profitable investment if you buy and sell at the right time *and* if you are willing to risk investing in something that can go up in smokes as soon as investor attention and trust in Bitcoin ends.

A tangible investment

Buffett practically detests Bitcoin, but he admits that the underlying technology — i.e., blockchain — shows potential. If you think that blockchain might have a brighter and more dependable future than Bitcoin, you might want to keep an eye on **Dmg Blockchain Solutions** ([TSXV:DMGI](#)). This Vancouver-based company with a market capitalization of \$177 million was founded just 10 years ago in 2011.

The company has three major technologies under its umbrella: a cryptocurrency and blockchain platform, a supply chain platform, and an anti-money-laundering system. It started trading on the junior platform in 2018, and initially, the stock only went downhill for about two years. But in 2020, the stock began to show some life and catapulted in 2021. In less than two weeks, the stock has grown over 280%.

Foolish takeaway

Currently, the blockchain stock is too volatile and quite overpriced. But the company shows promise, and if its platforms start seeing rapid adaption, the stock might soar even further. Apart from its tangible value, another benefit of investing in this company is its share price. For the price of one TSXV:DMG, you can buy about 21,000 shares of the company.

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