



## Bitcoin Prices: \$146,000 in 2021?

### Description

2017 was one of the worst years for Bitcoin. That's when the bubble first burst and the cryptocurrency lost almost 82% of its value during the next year, and investors lost quite a bit of money. That said, 2020 has been explosive for Bitcoin. Its value cratered with the stock market in March, but after that, it went berserk. From its lowest value in March to its current price of US\$37,000, the digital currency grew by 600%.

And the frenzy [around the crypto](#) grew with the start of 2021, and predictions were made that Bitcoin might grow beyond US\$100,000 in a matter of months, but the momentum took a wrong turn a few days ago. Within four days, the value of the stock went down 16%. Whenever a sudden drop like this happens in the Bitcoin price, investors started worrying about another bubble burst.

### Bitcoin 2021 outlook

Bitcoin's value has now stabilized, but it's too soon to say whether it's going to stay that way or the momentum will restart in the upward direction. Investors would be more cautious now, and if the fear of a bubble bursting starts spreading as quickly as COVID did, the value might come crashing down, and more and more people will try to realize gains they have accumulated so far.

But there is also a chance that it won't happen. One JP Morgan strategist said that the Bitcoin could reach \$146,000 in the long term. It's attracting investors as a hedge against the shaky stock market (like gold). If the digital currency manages to attract more institutional investors, the estimate doesn't seem too far off the mark.

Since it has no fundamental value (only what the market gives it), we can't say that it's overvalued, but the recent momentum has overshot its value quite a bit. So even if you are thinking of buying Bitcoin, it might not be the ideal time.

### The *other* currency

On the other side of the spectrum, there is the good old fiat currency and institutions like the **Toronto-Dominion** ([TSX:TD](#))([NYSE:TD](#)) that manages it. TD is the second-largest banking institution in the country, an established (and generous) [Dividend Aristocrat](#) with a sizeable international presence. It's as unlike Bitcoin as an asset can be.

First of all, it's tangible. It has hundreds of branches in multiple countries. It is also ancient. Its parent institutions were founded in 1855 and 1869. It's also a very stable asset, as it has proven after the March crash. No asset is perfectly safe in the long-run, but businesses like TD are about as close as you can get, and it's one of the assets that you can buy and forget about for decades.

## Foolish takeaway

Bitcoin might reach \$146,000 by the end of 2021, or we might see the bubble burst in a few months, plunging the digital currency down to four digits. Either way, its volatility might make it a good short-term investment, but only if you are thoroughly familiar with the cryptocurrency market and can execute trades at the right moments. But if you like playing it safe, it might be better to stick with relatively more stable assets.

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