



Tesla Buys Bitcoin! Is Dogecoin Next for Elon Musk?

Description

On Monday, the popular American electric carmaker **Tesla** ([NASDAQ:TSLA](#)) [surprised](#) everyone by revealing in a regulatory filing that it recently invested US\$1.5 billion in Bitcoin. The news came out as Elon Musk-led company filed its 10-K annual report for 2020 with the Securities and Exchange Commission in the United States earlier today.

At the time of writing, Bitcoin was trading at US\$43,500 — up 12% for the day. Earlier in the morning, it posted its all-time high of US\$45,899.

Tesla buys Bitcoin worth US\$1.5 billion

In the filing, Tesla said that the company changed its investment policy in January 2021 to diversify its investments and maximize its returns. The company's large Bitcoin investment came under this updated policy. Justifying its investment in the cryptocurrency, Tesla noted that it "may acquire and hold digital assets from time to time or long-term."

It also plans to start accepting Bitcoin as a payment method for its cars.

Elon Musk fuels Dogecoin rally

In the last few days, Dogecoin — a seven-year-old cryptocurrency — sped ahead of Bitcoin in popularity. After ending 2020 at around US\$0.00473, the Doge meme-based cryptocurrency has been skyrocketing this year — especially in February. At the time of writing, it was trading at US\$0.07481. That means it has seen an extraordinary 1,482% year-to-date jump against the U.S. dollar this year so far. To give you a rough idea of how enormous these gains are, Bitcoin's value has only increased by about 50% in 2021 so far, while the **S&P/TSX Composite Index** has gone up by only 4%.

Is Dogecoin next for Tesla?

Most of the recent gains in Dogecoin can be attributed to a recent series of tweets by some celebrities — including Musk. On February 4, he started sharing Dogecoin-related memes with his over 45 billion followers on **Twitter**. He termed it “the people’s crypto” in his tweet. A couple of days later, Musk started a poll on his Twitter profile. Over 2.4 million people have expressed their opinion in the poll so far. And about 71% of them voted for “Dogecoin to the Mooonn” over “all other crypto combined” as “the future currency of Earth.”

So, I wouldn’t be surprised if Tesla soon reveals that it has decided to invest in Dogecoin.

But does it make cryptos safe?

Musk — who’s now the richest person on the planet — is well known for being incredibly active on Twitter. Tesla’s Bitcoin investments likely showcase how Musk looks at Bitcoin (and probably at other cryptocurrencies) as an investment option.

While I have been strongly positive about Tesla as a business for years, I don’t think its investment in Bitcoin makes the cryptocurrency market [any safer](#). From a small investor’s perspective, I still wouldn’t want to get stuck in cryptocurrencies’ extremely high volatility and lose my hard-earned money.

Follow Musk’s other investments instead

Instead, I would want to follow Musk’s idea of investing in the future of renewable energy and mobility. While Tesla stock may already look overvalued right now, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) could be a great stock to give me exposure to fast growing electric vehicle (EV) market.

The demand for EVs continued to surge in 2020, despite the global pandemic. It drove Tesla’s revenue higher and took its stock to new heights last year, as it yielded solid 743% returns. BlackBerry has become a key player in the auto industry in the last few years. Most large automakers across the world widely use its QNX real-time operating system in their vehicles.

A couple of months ago, BlackBerry started working on an integrated vehicle data platform. The platform would allow auto companies to access and utilize data from the vehicle sensors, which are widely used in electric and autonomous cars.

BlackBerry is also expanding its business presence in China — the world’s largest car market. These factors make BlackBerry stock a much better investment option in 2021 than any cryptocurrency.

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