



## Elon Musk Invests \$1.5 Billion in Bitcoin—\$100,000 Incoming?

### Description

Elon Musk just threw \$1.5 billion into Bitcoin. And now the world's biggest cryptocurrency is the closest it's ever been to the \$100,000 price target many of its most ardent fans have had in mind for years.

Yesterday it was revealed that **Tesla** ([NASDAQ:TSLA](#)) bought worth of \$1.5 billion on Elon Musk's orders. The buy represented 10% of Tesla's total cash reserves, and ignited a massive rally in BTC. As of this writing, Bitcoin was C\$59,000, or US\$46,000. Nearly halfway to the famous US\$100,000 price target, the asset is in an undeniably bullish trend.

### Why Musk invested \$1.5 billion

In an [SEC filing](#), Tesla said that it bought BTC for two reasons:

1. To get better returns on capital.
2. To diversify into new asset classes.

The company has also said that it would accept BTC as a payment, subject to local laws and on a limited basis. That would also represent a sort of "investment" in Bitcoin, although it appears unrelated to the recent [\\$1.5 billion lump sum purchase](#).

### How high can it go?

At this point, a lot of investors are getting interested in Bitcoin. After setting multiple new highs this year, Bitcoin is looking promising. Certainly, institutional adoption is increasing. Elon Musk's \$1.5 billion investment is part of a larger trend that has seen ETFs and hedge funds pile into BTC. But that leaves us the question of *how high* Bitcoin can go.

That's a difficult question to answer. Unlike stocks, which can be valued by a number of underlying metrics, Bitcoin's "intrinsic" value is harder to determine. Apart from speculation, Bitcoin is used as a currency—traditionally in dark web markets, but increasingly in mainstream businesses as well. The

amount of Bitcoin trading stemming from transactions could be considered one of Bitcoin's "fundamentals."

Another is the limited supply of the coin, which will max out at 21,000,000. These two factors could be used to do something approaching a "fundamental analysis" of BTC. Apart from them, though, analysis of BTC is limited to technical signals.

## Two ways to get exposure

If you're looking to get some Bitcoin in your portfolio, there are many ways to get exposure.

The first is to buy Bitcoin itself. You can buy BTC pretty easily these days. The Canadian brokerage firm *Wealthsimple* now offers online crypto trading, so you don't need to worry about shady crypto exchanges that could go belly up.

Another option is to buy blockchain stocks like **HIVE Blockchain Technologies** ([TSXV:HIVE](#)).

Crypto stocks generally make money by mining and selling crypto. In HIVE's case, the business model is to mine Bitcoin and Ethereum in "cold climate" areas like Sweden and Iceland. Mining crypto uses a lot of energy and generates a lot of heat. The colder the "natural" climate is near your data center, the less money you have to spend on cooling the facility. This should theoretically result in lower costs and higher profit margins for HIVE.

You can't argue with HIVE's recent results. In its most recent quarter, it posted \$13 million in revenue (up 8% year over year), had \$9.2 million in net income (up from a \$-11 million loss) and had \$10.2 million in net cash inflows from operations. These are all solid figures. So it should come as no surprise that HIVE is rallying.

Over the last 52 weeks, the stock has risen 675%. If Bitcoin keeps going up, then you can expect that momentum to continue. Overall, it's an interesting alternative way to get exposure to Bitcoin.

### CATEGORY

1. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. TSXV:HIVE (Hive Blockchain Technologies)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
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