



Could Bitcoin Hit \$100,000 This Year?

Description

Bitcoin hit an all-time high today, breaching past US\$50,000 or C\$62,000. While it seemed impossible just a few years ago, this digital asset could soon breach the six-figure mark. If you hold BTC or are looking to add some exposure this year, here's what you need to know.

How high can Bitcoin go?

After nearly 12 years of its existence, investors and developers in this space have finally come to the conclusion that Bitcoin's best use is as a store of value. In other words, it's the digital equivalent of gold. Like gold, it is unattached to any government or corporation and retains value independently. Unlike gold, it's easy to store, send and verify.

With this comparison in mind, investors can estimate Bitcoin's long-term potential. Over time, we believe, the digital version could cannibalize the yellow metal's market share. This means the combined value of all the gold in the world, roughly US\$9 trillion, is up for grabs. The combined value of all BTC is currently \$910 billion.

To sum up, BTC could have another nine-fold upside from here, putting the \$100,000 per unit within reach.

Ways to invest in Bitcoin

You could certainly buy and hold Bitcoin directly. Crypto currencies are now compatible with even the most mainstream payment services such as **PayPal** and **Apple Pay**. In fact, crypto aficionados would encourage you to control your crypto wealth independently.

However, holding BTC directly may seem too risky or technical for some users. In this case, you could invest in a Bitcoin mining stock or an exchange-traded fund (ETF). The upcoming **Purpose Bitcoin ETF** will become North America's first crypto ETF this week. Each unit represents a fixed amount of BTC, which means the ETF tracks the market value of the cryptocurrency.

BTC mining company **HIVE Blockchain** serves the same purpose. The company owns and operates server farms that solve mathematical equations to secure the BTC network. It is rewarded with freshly minted BTC for this effort, which makes the stock a proxy for the market value of Bitcoin.

Both the ETF and mining stock can be held in your tax-free savings account (TFSA) or Registered Retirement Savings Plan (RRSP), which means your potential crypto profits could be shielded from the taxman.

Bottom line

Bitcoin's meteoric rise has been driven by unprecedented institutional adoption this year. Tech giants, family offices and hedge funds have added the cryptocurrency to their portfolio and integrated it with their payment platforms. This wave of smart money has pushed the digital asset to a new all-time high of \$62,000.

However, the combined value of all BTC is less than 10% of gold. If it continues to capture market share from the yellow metal, each token could surge past \$100,000. Fortunately for Canadian investors, there's plenty of ways to add exposure to the crypto before it climbs higher. Consider adding the ETF or mining stocks to your long-term portfolio.

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