



Bitcoin's Epic Rally May Not Yet Be Over

Description

Bitcoin and other cryptocurrencies have been skyrocketing into the stratosphere of late. Many of the folks betting on Bitcoin at these heights (BTC prices are just north of US\$51,000 at the time of writing) are undoubtedly worried about the potential for an unchecked rise in the rate of inflation as a result of all this stimulus. They're holding their Bitcoins alongside hungry traders who've jumped on the crypto bandwagon (more like a roller coaster) for a shot at making a quick buck over the near-term.

Today, the market cap for Bitcoin is just shy of the US\$1 trillion mark. That's nothing short of remarkable. With many established firms, including **Tesla** ([NASDAQ:TSLA](#)) also jumping on the Bitcoin bandwagon by embracing the wildly volatile cryptocurrency with a [sizeable investment](#), there are reasons to believe that prices could have much more room to run.

What's Bitcoin's next move?

Right now, price targets for a single Bitcoin range from US\$100,000 to as high as US\$1 million.

With many pundits pointing to US\$100,000 per Bitcoin by year's end, there's no question that the hype surrounding the cryptocurrency could be poised to take it to the next level. Of course, it's nearly impossible to predict what the crypto's next move will be, as there are far too many variables to come up with anything precise. That's just the nature of commodities, especially those riding high on an unprecedented amount of momentum.

With many people piling into Bitcoin, memories of the dot-com bust should immediately come to mind. The euphoria. The quick riches. And the appetite for going YOLO (you only live once).

Undoubtedly, Bitcoin smells like a bubble, and it could burst without a moment's notice. That said, there are firm believers in the cryptocurrency who are willing to stand by it, regardless of which way the wind is blowing. Like Tesla, which is overvalued beyond proportion depending on who you ask, if there's a cult following behind an asset, the seemingly absurd price tag can be justified, even sustained over prolonged periods.

I'm changing my tune on Bitcoin

I once thought that Bitcoin was a big, fat zero. Now, I'm not so sure. While I wouldn't bet on Bitcoin or any other cryptocurrency personally, I am not as against it, as I used to be back in late 2017, when the crypto wasn't as widely accepted.

Many of Bitcoin's biggest believers, including the likes of Didi Taihuttu of "The Bitcoin Family," have been making headlines of late for having invested their retirement and savings in Bitcoin. That's commitment and the highest vote of confidence you could have in the asset.

Didi and his family have been riding through the ups and the downs in Bitcoin, and it's believers like him that could prevent the crypto from falling to zero. There are probably many other people who firmly believe that cryptocurrencies are the way of the future. And while Bitcoin may not be backed by tangible assets, the cryptocurrency is backed by a fan base of people like Didi who are willing to stick around through good times and bad.

In many ways, the Bitcoin story rhymes with that of Tesla's. And while both investments are speculative in nature, I wouldn't be against speculating on either with a tiny portion of your disposable income. But please, only do so if you actually believe in the asset and are willing to lose over 90% of your investment in a crash.

Bitcoin probably isn't going anywhere anytime soon. But that doesn't mean it can't fade into the background again, as it did in late 2018 when BTC prices collapsed below US\$4,000. Once the next crypto crash hits, there's no telling how low it could go or how long it'll take to recover your losses.

How can Canadians bet on cryptocurrencies more easily?

North America's first Bitcoin ETF, the **Purpose Bitcoin ETF** recently landed in Canada, and the first day's demand was ridiculously strong. Nearly 10 million shares of the CAD-denominated ETF were traded on the day. The Purpose ETF, **The Bitcoin Fund** ([TSX:QBTC.U](#)) or a miner like **HIVE Blockchain Technologies** are all [great ways to play crypto](#) without having to set up a wallet.

Be mindful of the risks and don't bet the farm.

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