



## Bitcoin Drops \$14,000: Buy the Dip!

### Description

The price of Bitcoin has declined by \$14,000 over the past week. It's now trading roughly 19% lower than its all-time high. Is this the end of the crypto bull market, or should investors [consider buying the dip](#)? Here's a closer look.

### Historic corrections

A 19% drop would be noteworthy if we were talking about a traditional asset class. However, Bitcoin is notoriously volatile — to the point that most early adopters are now prepared for relentless volatility every year.

This 19% drop was surpassed by a bigger drop in January alone. Bitcoin's value dropped by 28% in a few days last month. Surprisingly, Bitcoin has become less volatile as it matures. Previous corrections in Bitcoin were much more severe.

The crypto lost 38% of its value several times during the boom of 2017. In 2013, it lost a jaw-dropping 85%. However, as more people adopt the cryptocurrency and larger players get involved, Bitcoin could get less volatile in the future.

### Bitcoin adoption

A cohort of early Bitcoin adopters have committed to holding their BTC forever. They intend to never sell, regardless of the volatility. I've held onto my position since 2018 and intend to hold forever. I'm not alone.

In fact, Bitcoin's creator Satoshi Nakamoto has never moved his BTC stash. With over one million coins, Satoshi's hoard is considered the largest personal fortune in history. Billionaire adopters such as Peter Theil, Mark Cuban, and Elon Musk have also made long-term commitments to the asset.

Meanwhile, tech companies and hedge funds have also added Bitcoin exposure in recent years. Bear in mind, there can only ever be 21 million BTC. About a million is held by Satoshi and another million or so could have been permanently lost by early adopters.

As hedge funds and billionaires hoard BTC, the supply of BTC available to purchase could decline. This should eventually make it less volatile. Much the same way gold and real estate are less volatile because of their large-scale stakeholders and illiquidity.

This means investors who don't mind extreme volatility should add BTC exposure every time it dips.

## Adding Bitcoin to your portfolio

The newly listed exchange-traded fund (ETF) **Purpose Bitcoin** ([TSX:BTCC](#)) is a quick and convenient way to add exposure. North America's first Bitcoin ETF started trading this month and has already attracted hundreds of millions in investment.

The ETF represents an ownership stake in BTC that is cold stored — held on a device that is disconnected from the internet. That makes it more secure than buying and holding BTC directly.

The ETF is also eligible for tax-shielded accounts such as the Tax-Free Savings Account and Registered Retirement Savings Plan. That means your potential upside and future profits are protected from the taxman.

## Bottom line

Bitcoin's recent dip creates an opportunity for savvy investors. This could be the perfect time to add exposure, as the cryptocurrency continues to go mainstream.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:BTCC.B (Purpose Bitcoin ETF)

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