



Tesla vs. Bitcoin: How Have They Performed Since 2010?

Description

When it comes to generating exponential returns, few have managed to beat **Tesla** ([NASDAQ:TSLA](#)) or Bitcoin. While the former has disrupted the automobile space, the latter is looking to replace fiat currencies all around the world.

Tesla stock was trading at US\$3.84 back in July 2010 and is currently priced at US\$700. This means it has returned 18,100% in just over a decade. So, a \$1,000 investment in Tesla stock soon after its IPO would have ballooned to \$182,000 today.

If you think these returns are staggering, wait until you compare them with Bitcoin. The world's most popular digital currency was trading at US\$0.08. Today, it has jumped to US\$50,000 per coin, increasing 625,000 times in this period. A \$1,000 investment in Bitcoin back in 2010 would have been worth an earth-shattering \$625 million today.

However, past returns don't matter much to future investors. We need to analyze if these assets can continue to crush the broader market going forward.

The case for Bitcoin

Bitcoin is currently trading at a market cap of US\$975 billion, which means it is valued higher than **Facebook** and even Tesla. While the cryptocurrency space has come under fire from several financial stalwarts, including Warren Buffett, it has also experienced widespread adoption and institutional interest in the last year.

Industry experts believe Bitcoin to be a hedge against inflation and is similar to gold. However, it might store value more effectively than gold over the long term. In case the price of Bitcoin stabilizes in the upcoming decade, it can very well become a medium of transaction.

According to a report from [bitcointreasuries.org](#), about 38 companies have invested US\$66.5 billion in Bitcoin, and this figure is expected to move higher. These organizations [include Tesla](#), **MicroStrategy**, and **Square**.

Digital payments platform **PayPal** is also supporting cryptocurrencies, while Skrill, which is owned by PaySafe, has extended its crypto offering by allowing people to onboard themselves via the Skrill wallet.

Another [report from Cointelegraph](#) states the total estimated crypto users worldwide rose to 106 million in January, up from just 73 million in June 2020.

The case for Tesla

Tesla is a market leader in the electric vehicle space and shipped close to 500,000 automobiles in 2020. It has reported profits in each of the last six quarters and is now the most valuable automotive company in the world.

Tesla has a huge market opportunity ahead given the global shift towards clean energy. While the EV space might get heated and attract competition, Tesla's leadership position combined with a visionary CEO in Elon Musk and rising profit margins make it a top stock to buy right now.

Tesla stock is trading at a market cap of US\$700 billion. It has lost momentum in the recent past and is trading 23% below its record high. The recent pullback provides investors an opportunity to buy a quality growth stock at a lower multiple.

The Foolish takeaway

While Tesla and Bitcoin have been solid wealth creators in the past decade, the latter's volatility and the lack of regulation make it a riskier bet. However, with high risk comes high rewards.

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