



Bitcoin to \$10,000 or \$100,000 in 2021?

Description

The world's most popular cryptocurrency is having a furious, if not a never-before-seen rally in 2021. Zealous crypto investors believe the mammoth bull run is only the beginning. MicroStrategy's CEO Michael Saylor said bitcoin's price could soar even more. His price target is US\$100 by year-end.

Saylor adds that the digital currency will flip gold and subsume the negative-yielding sovereign debt and other monetary indexes. Its market value could balloon to \$100 trillion. However, investors should be careful. The trend could reverse, and the price could drop to US\$10 given the [super volatility nature](#) of bitcoin.

What's moving the needle

The entry of more institutional investors is driving bitcoin's phenomenal surge. In 2020, **PayPal** and **Square**, along with well-known investors Stanley Druckenmiller and Paul Tudor Jones, acquired or made moves into the cryptocurrency space.

This year, Elon Musk's **Tesla** purchased US\$1.5 billion worth of bitcoin. The electric car company said it gives them the flexibility to diversify further and maximize returns on cash. Tesla will start accepting bitcoin as payments for its products, subject to applicable laws and on a limited basis.

Institutional investors and publicly-listed companies lead the charge in 2021, not retail investors anymore as witnessed in 2017. Likewise, support from big corporate names will determine how far the bitcoin boom will go. Bitcoin's price finished at an all-time high of US\$57,539.95 on February 21, 2021.

Faster selloff

The **Purpose Bitcoin ETF** made a successful debut on the **TSX** on February 18, 2020. Since the launch, inflows to the fund are coming from retail and institutional investors worldwide and pushing the assets under management higher. The ETF's fund manager said people now have an indirect way to gain exposure to bitcoin.

However, after Tesla purchased bitcoin, Elon Musk tweeted the price "appears to be high." The tweet cost him US\$15 billion of his net worth because bitcoin dropped nearly 10%. As of this writing, bitcoin is on a four-day losing streak. The price is down 18.8% from its record high. Even Grayscale Bitcoin Trust, the world's largest bitcoin fund, plunged 20% on February 24, 2021 to close 0.7% below its underlying holdings.

TSX's superstar

Some market analysts say the bitcoin surge could impact the tech sector and sink stock prices. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), the TSX's top-performer in 2020, has dropped 10.4% since the launch of [North America's first bitcoin ETF](#). The share price is down to C\$1,572.49 as of February 26, 2020. Still, the price is 153.5% higher than it was a year ago.

In 2020, Shopify rewarded investors with a 178.4% total return, notwithstanding the health crisis. The market capitalization of the C\$192.87 billion e-commerce is higher than the **Royal Bank of Canada**, making it the largest publicly-listed company in Canada.

Shopify's slide opens a buying opportunity for growth investors. The software company has visible growth potentials after posting stellar results in 2020. Merchant solutions revenue grew 116% versus 2019. Likewise, subscription revenue climbed 41%, while gross merchandise volume, or the value of all goods sold on the Shopify platform, soared by a whopping 96%.

Unregulated asset

Bitcoin's price is bouncing like crazy, but the crypto is slowly creeping into the modern financial landscape. However, many investors remain wary because the highly appreciating asset is unregulated. A top-performing stock like Shopify is still a better alternative if you're looking for massive growth potentials.

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1. Investing
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