



Bitcoin: What Should You Do With it Today?

Description

The cryptocurrency bull market has come on strong in the opening months of 2021. Bitcoin threatened the US\$60,000 price point in late February before succumbing to turbulence in the crypto space. It slipped down as far as US\$43,000 on the final day of February. However, it has since rebounded and has again surged beyond the US\$50,000 mark. Is Bitcoin ready to rail off more records? Or should investors be wary of the top digital currency in a volatile environment? That's what I want to discuss today.

Why Bitcoin has encountered volatility in recent weeks

Bitcoin has always had its share of detractors. Warren Buffett, one of the most influential voices in the investing world, has called Bitcoin ["rat poison"](#) in past interviews. Some of these voices have sparked a dip in the top crypto in recent weeks.

Bill Gates, the founder of **Microsoft** and an influential voice in global health, recommended that regular investors stay away from Bitcoin. Janet Yellen, the former chairwoman of the Federal Reserve and current U.S. Secretary of the Treasury, went on to say that Bitcoin was "extremely inefficient." These comments appeared to spur a quick retreat that put Bitcoin in an official bear market, at least for a short time.

Here are the positive signs for crypto going forward

In late 2020, I'd discussed why Bitcoin and its peers in the crypto space were [gathering momentum](#). Cryptos put together a massive bull run back in 2017, only for it to come to a screeching halt in early 2018. This was not merely the ebbs and flows of the market. Regulators around the world took aim at the emerging crypto sector, and prices suffered because of it.

The story has changed somewhat over the past year. Instead of declaring war on crypto, many in the mainstream are embracing the asset. Brokerage platforms like WealthSimple have started to offer Bitcoin trading. Meanwhile, huge payment processors like **PayPal** are also bringing Bitcoin into the

fold. Its price soared above the US\$50,000 after **Tesla** founder Elon Musk said he made a \$1.5 billion bet on the top digital currency.

Canada has also entered the fray. It hosted the first Bitcoin-focused exchange-traded fund (ETF).

Purpose Bitcoin ETF ([TSX:BTCC.B](#)) aims to track the performance of the world's top digital currency. Shares of this ETF were up 3.7% in late-morning trading on March 9.

This regulatory push has steered many institutional and retail investors into the arms of the crypto space. It is not just Bitcoin that is benefiting. Other top cryptos like Ethereum and Monero are also achieving record price increases.

Bitcoin: Why this looks like a classic bull trap

Purpose Bitcoin ETF gives Canadians a chance to track Bitcoin's price in their ETF. Is it worth it right now?

A bull trap is a false signal that shows a decreasing trend in a stock or index has reversed and is now heading upwards. Bitcoin has always been an extremely volatile asset. In January, its spot price hit a then-record US\$40,000 and sunk to US\$30,000 in the last days of the opening month of 2021. The top crypto headed north in February. On the surface, this looked like classic bull trap. Instead, Bitcoin was on the path to new all-time highs. Purpose Bitcoin ETF fell into technically oversold territory in early March. However, it last had an RSI of 71, putting it in overbought territory in a remarkably short time.

Predicting Bitcoin's trajectory is folly. What we can say is that it has garnered more mainstream approval than at any time in its history. Investors who are willing to accept its extreme volatility may want to jump in, as it looks to have emerged from another bout of turbulence.

CATEGORY

1. Investing

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

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