



Bitcoin: Will it Go Big or Go Bust?

Description

The world's most popular cryptocurrency is enjoying a monumental run in 2021 after being quiet in the last couple of years. Devoted cryptocurrency investors believe that Bitcoin's massive run is only beginning. Many Bitcoin devotees are convinced that the cryptocurrency's price could soar even more.

At writing, a single Bitcoin is worth \$54,924. Bitcoin's volatile but largely bullish run is inspiring a lot of investors who would typically stay away from this asset class to dip their feet. However, the bullish trend could reverse, and the price could drop significantly, as it has in the past.

Let's take a closer look at this [volatile asset class](#) and whether it could be worth adding to your investment portfolio.

What is moving the cryptocurrency's valuation?

A significant reason for Bitcoin's recent rally has been the entry of institutional investors in the space. **PayPal** and **Square** became a part of the crypto world, along with Paul Tudor Jones and Stanley Druckenmiller, in 2020. To make things even more interesting, Elon Musk's **Tesla** also decided to invest US\$1.5 billion into acquiring Bitcoin.

The electric car manufacturing company's massive splurge boosted the cryptocurrency's rally. Elon Musk said that Tesla invested in Bitcoin to diversify into a new asset class and maximize its returns on the investment. The company is also planning to start accepting Bitcoin as payment for its products.

The recent rally for Bitcoin is different from the one in 2017. Retail investors led the charge for its increasing valuation the last time this cryptocurrency started making headlines. This time, institutional investors and publicly listed companies are leading the way.

Rapid sell-off

Investors interested in exposure to the cryptocurrency can consider investing in the world's first Bitcoin

ETF called **Purpose Bitcoin ETF**. The ETF made a successful debut on the TSX last month. Since its launch, the fund has already seen millions in cash flow coming from retail and institutional investors worldwide. The ETF's fund manager has said that people have an indirect way to gain exposure to the cryptocurrency.

Elon Musk's tweet after Tesla purchased the cryptocurrency saying that the price "appears to be high" led to a staggering loss of US\$15 billion for Elon Musk, because Bitcoin dropped almost 10% after his tweet. The cryptocurrency's valuation is below its all-time high at writing, but it is on an upward trajectory again.

A top TSX stock or Bitcoin?

The tech industry has also enjoyed a terrific year during 2020 due to the pandemic's fallout enacting several changes. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is one of the top performers that took advantage of the massive migration to online shopping. The Canadian tech giant rewarded its investors with 178.4% returns in 2020, and it became the largest publicly traded company in Canada after it surpassed **Royal Bank of Canada**.

Shopify is currently on a downward trend, declining almost 23% between February 10 and March 9, 2021. Some market analysts say that the Bitcoin surge could be impacting the tech sector and stock prices. Whether Bitcoin's surge is to blame for Shopify's decline, the high-growth tech company undoubtedly looks like an attractive investment to consider.

The stock is still up 131% from its share price a year ago. It is not [a cheap stock](#) to consider at \$1,431.06 per share, but it could be a more worthwhile investment than Bitcoin.

Foolish takeaway

Bitcoin's valuation continues to remain volatile. With nothing tangible backing the cryptocurrency's value, there is no telling whether the world's most popular cryptocurrency will hit the fabled US\$100,000 mark or if it will sink to the bottom. Investing in Shopify could at least provide you with some measure of safety in terms of returns on your investment.

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