



Bitcoin: Could it Actually Hit US\$100,000 in 2021?

Description

Insane growth is a term that isn't associated with stocks very often, and even when it is used to describe the rise of a stock, it's relatively tame. But it's a very apt term to be used for Bitcoin's growth. In the last 12 months, the value of Bitcoin has grown by over 1,000%. It has grown from mid-four digits to mid-five digits and might reach six digits within the year.

Currently, Bitcoin is valued at over US\$60,000 per unit, and the total market cap has risen to US\$1.1 trillion. Several factors have fueled this insane growth, including Elon Musk's interest and announcement to buy US\$1.5 billion worth of Bitcoin. The cryptocurrency is also attracting institutional investors interested in its ability to grow untethered to the stock market.

Will Bitcoin reach US\$100,000?

It's difficult to say, but the probability of it reaching US\$100,000 within 2021 is relatively high. Despite speculations and warnings, even from Bill Gates, that Bitcoin is bad for the environment, the industry around mining and trading Bitcoin is growing just as fast as the crypto itself.

But is it a hot investment right now? That's a different question. Even though Bitcoin's probability of [reaching new heights](#) with US\$100,000 sounds quite interesting, but it would be insanely profitable for people who invested in it *before* the hype. If you buy now, you'll see somewhere between 60% and 70% growth once the crypto reaches the expected price tag. That's decent growth, but it comes with a lot of risks as well.

Bitcoin is volatile *because* it belongs to a speculative market, and it's not tethered by many tangible assets. If the hype around it dies down, Bitcoin might fall faster and deeper than a stock would in a similar situation. And if you are looking to hold this crypto long term, wait for it to dip before adding it to your portfolio.

Another growth monster

Another overpriced growth bet, albeit with significantly more “tangibility,” is **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)). While there is little overlap between investing in this e-commerce company and Bitcoin, they do share some characteristics. [Lightspeed has grown](#) quite a bit in the last 12 months as well (over 400%), it’s overpriced, it’s riding the wave created by positive investor sentiment (for the tech sector), and it can grow to insane heights (like **Shopify**).

Still, Lightspeed might prove to be a more profitable long-term bet, especially if you can buy it at a dip and hold on to it for a few years. The e-commerce industry will most likely keep growing for a few years before maturing and becoming relatively stagnant. Till then, the stock is likely to keep growing at a steady pace.

The fundamentals of the company are strong, and its income is keeping pace with the stock growth as well.

Foolish takeaway

Both Bitcoin and Lightspeed are lucrative investments but come with different future implications. Bitcoin is a game-changing investment, and the market it’s in (cryptocurrencies) is still quite volatile. Lightspeed, however, is providing services and equipment to a growing industry, and the chances of its steady growth in the future are relatively better for the long run.

CATEGORY

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2. Tech Stocks

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Date

2025/08/02

Date Created

2021/03/20

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