



Forget Bitcoin! Gold Could Be Ready to Shine!

Description

Bitcoin and cryptocurrencies have been heating up again. Like back in 2017 and 2018, I don't think it will end well. Although I think Bitcoin and its miners, like **HIVE Blockchain**, are great instruments to trade, I still question cryptocurrencies as long-term investments. They have a limited track record, and I can't say I'm encouraged by their positive correlation to the stock market during times of [crisis](#). During the 2020 stock market crash, Bitcoin crumbled hand in hand with your average stock. As a speculative asset, it plunged more violently than most other steady plays on the **TSX Index**.

Bitcoin blasts off

While Elon Musk and Jack Dorsey are now aboard the Bitcoin bandwagon, I'm not yet ready to make the dive. And, apparently, neither are Warren Buffett or Charlie Munger. Both men don't seem to be ready to give their blessing to get into cryptocurrencies or Bitcoin. Given Munger's prior comments on the cryptocurrency, I think the man is not tempted in the slightest. Heck, the more the asset soars in the price, the more he'll probably hate it!

There are some pretty good arguments out there for why Bitcoin and crypto are deserving of a (small) spot in one's portfolio as a diversifier. While they could be true, I can't say that I'd be willing to recommend holding something that's capable of shedding more than half of its value overnight. Bitcoin is the asset that never sleeps. It could even plunge during the weekend or during your spring and summer vacation!

Is Bitcoin the new gold? Are things really different this time around?

In any case, I'm not yet buying that Bitcoin is the new gold, even though many may tout it as "millennial gold" or some form of modern digital gold. Charlie Munger seems to think that Bitcoin is "worthless artificial gold." And I don't think he's wrong, even though its performance through 2020 suggests that the is.

Gold has been around for millennia. It has a track record, and I believe that far too many investors are discounting the precious metal's use as a portfolio diversifier in the era of Bitcoin. Gold has been under considerable pressure in recent months, as cryptocurrencies continued to spread their wings. While neither Warren Buffett nor Charlie Munger are gold bugs, as it's also an unproductive asset like Bitcoin, I think investors should have some precious metals exposure in this kind of environment, where inflation could grow to problematic levels.

If it acts like gold, shines like gold, then it must be gold ... right?

For now, Bitcoin will act and smell like a superior version of gold to most people. Those who dump their **Barrick Gold** for HIVE Blockchain stock, I believe, will be left in tears once the next cryptocurrency crash hits. I suspect cryptocurrencies will act like gold until the next panic. All bets will be off the table when that happens, and gold could be in a spot to shine.

Now, I'm certainly not against trading Bitcoin. It just makes me a bit worried when investors start treating the asset as a replacement for gold. I suspect more young investors will follow in the footsteps of [ARK Invest's Cathie Wood](#). She's a Bitcoin bull who thinks the asset is becoming a portfolio mainstay. I have my doubts.

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