



## Bitcoin: A Bubble or a Long-Term, Unstoppable Growth Investment?

### Description

Despite various significant [crashes](#) in the price of Bitcoin in the past, this cryptocurrency appears to have sustained momentum right now. Prices continue higher, driving retail investors toward Bitcoin ETFs and [Bitcoin-mining companies](#) such as **Hive Blockchain Technologies** ([TSXV:HIVE](#)).

But can the bubble ever pop? Or is Bitcoin even in a bubble right now?

These are the questions driving investors mad today. For investors considering whether to get in on the mania, it's an intriguing dilemma.

Accordingly, let's discuss the risks and rewards of cryptocurrency investing today.

### The key catalysts at play in crypto's surge

Cryptocurrencies are undoubtedly some of the most volatile bets investors can make today. In this way, cryptocurrencies are often looked at as speculative tools for short-term returns. However, many retail investors think that their risk-adjusted returns are actually decent from an investment standpoint.

This year was a historic one for cryptocurrencies such as Bitcoin. In March, it recorded an all-time high of approximately US\$62,000. Currently, Bitcoin trades not far off from its high at around US\$58,000 at the time of writing.

As prices continue to surge, analysts debate whether these price increases are simply the result of extremely bullish retail investor sentiment. That said, it's impossible to ignore major catalysts at play driving exponential Bitcoin demand.

For example, cash inflows courtesy of various governments and central banks is a key driver. Large private sector backers with a tremendous amount of influence among retail investors plays another role. Of these companies, **Tesla** comes to mind as a key supporter of Bitcoin of late.

## Winter is coming?!

Despite these catalysts, could another [massive correction](#) be in the cards?

That's the question that's really on the mind of many sitting on the sidelines right now. After all, a massive correction wouldn't be the first.

If we look at the historical returns of Bitcoin in 2013 and 2017, some investors may notice an interesting pattern. A large move higher creating a massive peak has been followed by a significant downward move. These corrections have been extraordinary, and investors who bought at the top and sold at the bottom may never want to get into crypto again.

However, those who held through the volatility and never sold did quite well. Bitcoin has always more than recovered from its previous crashes, forming new all-time highs.

When Bitcoin corrects, it corrects hard. However, investors who may not want to have to hold through a drop of as much as 90% may want to steer clear of these assets for obvious reasons.

Volatility can be great on the upside. But many investors forget the feeling of a true crash.

For this reason, I'm going to remain on the sidelines for now.

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### TICKERS GLOBAL

1. TSXV:HIVE (Hive Blockchain Technologies)

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