



## Bitcoin Is Crashing! Here's How to Benefit From the Drop

### Description

Bitcoin has dropped 19% over the past month and is now in a bona fide correction. This could be because of growing concerns about a tax clamp down in the U.S. or a spillover from the ongoing correction in the rest of the tech sector. Whatever the reason, the cryptocurrency has clearly lost its momentum.

If you're an investor or a skeptic, here's what you can do.

### Brace for a prolonged slowdown

Bitcoin is prone to a prolonged boom-bust cycle. In the previous cycle, the value of Bitcoin climbed throughout 2017 and early-2018. However, Bitcoin's value kept declining from 2018 to 2020. We could be facing another slowdown now.

If the price of Bitcoin keeps dropping, long-term investors may want to brace for further value erosion. However, if this correction is temporary and Bitcoin rebounds quickly, you may want to consider buying the dip.

### Buy the dip

In the boom cycle of 2017, Bitcoin had several severe corrections along the way upward. The value of each BTC declined by 30% or more several times in 2017 alone. However, the market quickly recovered each time. By December 2017, each token was trading for roughly US\$20,000 (C\$25,000).

If you believe this dip is temporary, it could be an excellent time to buy the dip and expand your exposure. Several experts in the field, including Michael Novogratz, believe BTC could be worth over US\$100,000 by the end of the year. They could be wrong, but if you agree with them this dip creates a bargain opportunity.

## Bet against Bitcoin

Until recently, Bitcoin skeptics could only watch from the sidelines and offer their price predictions. This year they can *actually* [bet against it](#). The recently listed **Horizons BetaPro Inverse Bitcoin ETF** (TSX:BITI) offers investors an easy and safe way to bet on Bitcoin's potential collapse.

The exchange traded fund offers a negative correlation to the market price of Bitcoin. So for every 1% rise in BTC's value, this ETF drops 1% and vice versa. Over the past month, the ETF is up roughly 20%. Skeptical investors who bet on this inverse ETF have already reaped the benefits of their wager.

The fact this is an ETF also lowers the risk. The maximum you can lose is 100% of what you invest in the ETF. So if Bitcoin rebounds and keeps climbing throughout 2021, your losses are capped. However, if you shorted Bitcoin directly your losses could have been potentially unlimited.

## Bottom line

Bitcoin is in a correction. The value has dropped 20% over the past month. If the U.S. cracks down on the cryptocurrency sector with new taxes or investors lose their optimism, the market could deflate further. However, Bitcoin could also rebound as it has in the past.

Fortunately, you can now bet on and bet against BTC easily. Personally, I'm holding onto my stake and looking to add more if the correction deepens. Good luck!

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:BITI (BetaPro Inverse Bitcoin ETF)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Investing

### Date

2025/07/23

### Date Created

---

2021/04/23

**Author**

vraisinghani

default watermark

default watermark