



As Bitcoin Plunges, Is Now the Time to Get In?

Description

Cryptocurrency investing generally isn't for me. These happen to be highly-volatile assets, and remain highly-speculative in nature as well. Accordingly, any such stock with the potential for double-digit swings on a daily basis is one I want to avoid right now.

That said, this market remains a highly speculative one today. Many stocks trade with higher volatility levels right now. The argument could be made that Bitcoin and its crypto peers are simply reflecting the broad sentiment of investors today.

Let's dive into what's been going on with [Bitcoin](#) of late, as it loses momentum in recent days.

Bitcoin's volatile moves

Today, Bitcoin prices are up more than 6%, at the time of writing.

That pretty much sums up my volatility argument from before. However, investors should also remember this cryptocurrency is also down more than 10% from its all-time high of around US\$65,000 per token.

Generally-speaking, Bitcoin has been moving in an upward trajectory over the long-term. Cryptocurrencies have boomed and crashed, but until now, have always recovered. Accordingly, long-term investors may be enticed to buy the dip with these volatile options right now.

That said, it wasn't that long ago that Bitcoin was headed toward its worst run in a few months. This slip started after increased capital gains taxes were announced by the Biden Administration in the U.S. A broad-based asset selloff ensued.

Accordingly, a 20% collapse in a few days was seen by investors. Some of this loss has been recovered since then. However, I'd like to reiterate that investing in any asset that can have these sorts of short-term moves shouldn't be considered by those with low risk tolerance preferences.

Bottom line

Despite its recent pullback, Bitcoin has still managed to advance 70% this year. It has provided 550% year-over-year gains and roughly 800% returns over the past two years. So, investors who decide to sell Bitcoin after holding it for a year or more have to face the brunt of the new capital gains tax if introduced.

Thus, there could be some long-term support for Bitcoin at these levels. Time will tell.

Other ETFs such as the **Purpose Bitcoin ETF** ([TSX:BTCC](#)) could also see some additional inflows over time. As retail investors have more options to invest in crypto, we could see a surge in investment interest over the short-term.

That said, on Bitcoin and its cryptocurrency peers, I'm out. I think these investments are far less stable than many investors think today. Accordingly, those looking to invest should do so prudently. Rather than going YOLO on this trade, putting a small percentage of one's portfolio in such speculative assets won't hurt. Ensuring that one can take a complete loss and be okay with that is important with such plays.

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