



Elon Musk: Should You Buy Dogecoin Today?

Description

The cryptocurrency market volatility has seen a massive surge in the last week. On May 13, **Tesla** CEO Elon Musk [shocked](#) **Bitcoin** bulls by announcing that his electric car company is suspending vehicle purchases using Bitcoin. He cited environmental concerns on using fossil fuels for Bitcoin mining as a reason for Tesla's decision. This tweet took a big toll on crypto investors' sentiments and drove a panic sell-off in Bitcoin prices.

Bitcoin sell-off continues

Bitcoin posted its record high of near US\$65,000 about a month ago. It's trading close to US\$46,000 on Monday morning. Last week, the largest cryptocurrency (by market cap) slipped by more than 20%. It extended these losses earlier today as it posted a low below US\$43,000 before staging a minor recovery.

The latest Bitcoin losses came after Musk — while replying to a tweet on Sunday — added fuel to speculations that Tesla might have already dumped its big Bitcoin investments. When a **Twitter** user [said](#), "Bitcoiners are going to slap themselves next quarter when they find out Tesla dumped the rest of their #Bitcoin holdings. With the amount of hate @elonmusk is getting, I wouldn't blame him..." Musk replied simply by saying "Indeed" to this tweet.

To end the speculation on Monday, he [clarified](#), saying, "Tesla has not sold any Bitcoin."

Possibility of Tesla accepting Dogecoin

In the last few months, Musk has on many occasions boosted the meme-based cryptocurrency **Dogecoin** prices by praising it on **Twitter**. On May 11, he [started](#) a poll on Twitter asking, “Do you want Tesla to accept Doge?” The poll received higher than 3.9 million votes — with 78.2% of users saying yes. Later on May 14, the billionaire claimed in another [tweet](#) that he’s “...working with Dogecoin developers to improve system transaction efficiency.” In the tweet, he called Dogecoin “potentially promising.”

These latest tweets fueled speculations among crypto investors that Musk might allow his car company to accept Dogecoin as a form of payment for vehicle purchases.

Should you buy Dogecoin?

Looking at many headlines — highlighting the recent Dogecoin rally — may make you want to invest in it. However, you shouldn’t forget about the huge risks that come with cryptocurrency investments. Its extreme volatility is enough to wipe out all your invested money within a few days. That’s the reason why I would recommend small investors to avoid being lured by the cryptocurrency market.

If you’re looking for big returns on your invested money, you can consider buying some undervalued stocks for the long-term instead. Many fundamentally strong **TSX** tech stocks — including **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) — have seen a downside correction in the last few months.

Shopify stock has lost 29% in the last three months despite its outstanding financials. The **S&P/TSX Composite Index** benchmark has inched up by nearly 5% during the same period. While the overall trend in Shopify’s fundamentals remains solid, some experts predict a drop in its sales growth rate in the coming quarters. This could be one of the reasons driving its stock lower lately.

I believe Shopify may continue to beat analysts’ revenue estimates in the near term. Most small and medium businesses have now realized the importance of having a good online presence. That’s why I expect such many such new subscription-based customers who started using its platform during the pandemic phase may continue to use its services even in the post-pandemic world.

Buying such stocks could be a far better investment decision for small investors than risking their money in Dogecoin — a cryptocurrency that was created as a joke.

Foolish takeaway

The recent broader market correction — especially in tech stocks — has created many great opportunities in the market. Rather than diverting their attention to the risky cryptocurrency market, long-term investors may want to focus on buying some fundamentally strong stocks cheap right now.

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1. Investing
2. Tech Stocks

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