



Bitcoin Crashes 20%: What's Next for Canadian Investors?

Description

Bitcoin grabbed all the headlines this morning when it tanked by over 20% in the last 24 hours on the **Coinbase** exchange. The price fell below US\$37,000, its lowest level since early February. Despite this fall, though, Bitcoin is still up roughly 25% year to date.

Whenever an asset falls 20% in 24 hours, it's a significant event. However, with Bitcoin, while it's noteworthy, it's hardly that shocking.

Investors have known for a while that Bitcoin and the entire cryptocurrency industry are extremely volatile. This is one of the first and biggest risks to consider when investing in the space.

It's one of the reasons why trading cryptocurrencies or buying for short-term gains is so difficult. Therefore, it's also one of the reasons why whenever I recommend a [crypto stock](#) to investors, I remind them that it's a long-term investment.

Cryptocurrencies are a long-term investment

The idea that a cryptocurrency investment is a long-term play might be difficult to grasp at first. These stocks are known for their insane rallies and rapid crashes.

As mentioned, Bitcoin may be down 20% in the last 24 hours, but it's still up roughly 25% year to date. That's still more than double the performance of the **TSX** and **S&P 500 Composite Index** year to date.

Furthermore, since the start of 2020, it's up roughly 400% after just over 16 months of investing, which is nowhere near a long-term investment.

Investors have to remember that cryptocurrency is undergoing a revolution. That doesn't mean there won't be bubbles in the space, however. It also doesn't mean that there won't be ups and downs in the prices.

The important thing to remember is why you are making the investment. It can be tempting to see

major gains in coins with no value and want to speculate on those high-risk trades.

However, investors should stick to the cryptocurrencies they believe in for the long run. Top cryptocurrencies such as Bitcoin and Ether each have their own reasons to be bullish.

So as long as you stick to these high-potential cryptocurrencies and avoid speculating, you don't have to worry about rapid drops in price.

Buy the Bitcoin dip

If you're bullish on the industry long-term as I am, these massive price drops are often a welcome sign. It's a great opportunity for investors to make an investment in the space if you haven't already or increase your position at this massive discount.

There are several reasons to buy Bitcoin, which has fallen excessively in price recently. However, my personal preference in the space is Ether, which is why I'll be looking to add to my position in **The Ether Fund** (TSX:QETH.U).

The Ether Fund is one of the best ways to gain exposure to Ether for Canadian investors. For investors, your exposure is the same as buying the actual cryptocurrency. However, the [ETF](#) does all the hard work for you and charges a minimal fee.

This includes the complicated and expensive process of buying the Ether, as well as storing it for unitholders.

While Bitcoin has been the digital coin making the headlines, Ether has sold off right alongside it. So this is the perfect opportunity to take a long-term position in the fund.

These cryptocurrencies offer massive growth potential over the coming years. Therefore, whenever there is a significant drop in the price, I'd be looking to buy the dip.

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