



Bitcoin Goes Bust — Again: Time to Throw in the Towel?

Description

You don't need to speculate on Bitcoin, Dogecoin, and other digital tokens that could fall to zero at the drop of a hat to punch your ticket to [sizeable gains](#) over the long run. And just because there are now a plethora of instruments to easily bet on Bitcoin and all the sort does not mean you should touch them with a barge pole.

Bitcoin's untimely plunge comes just weeks after new cryptocurrency ETFs go live on the TSX

With ETFs like the **Purpose Bitcoin ETF**, miners, exchanges, and all the sort actively trading on the **TSX Index**, most folks don't even need to go through the hassle of setting up a wallet to hold their cryptocurrencies. If you can trade securities, you can bet on Bitcoin or Ether.

There's never been an easier time to lose money in the wildly volatile cryptocurrency markets. And as I've warned on numerous occasions in the past, just because you can easily punch your ticket to the cryptocurrency boom doesn't mean you should. Bitcoin and Dogecoin have no intrinsic value, meaning that they could, in theory, be worthless.

Warren Buffett's right-hand man Charlie Munger certainly seems to think that's the case. The man once referred to the speculative asset as "worthless artificial gold."

Now that the cryptocurrency trade is starting to sour, with Bitcoin nosediving a jaw-dropping 32% on the week to around US\$30,000 before bouncing back modestly to the US\$40,000 range, Munger looks to be in a good position to say, "I told you so." However, I'm sure the man who's as humble as ever will resist.

Who took away the punch bowl?

Elon Musk had turned his back on Bitcoin, and with China warning about the possibility of a crypto

crackdown, there could be a lot more pain ahead for cryptocurrency investors who will surely be HODLing (holding on for dear life), as the asset stares down its worst decline in over three years. The crypto crackdowns in particular should come as no surprise. And if the U.S. Treasury Secretary Janet Yellen takes another jab at Bitcoin, there's a chance that it could down and not be able to get up again.

In a prior piece, I'd warned speculators to take profits in their cryptocurrencies before a [crypto crackdown](#) had a chance to induce a meltdown across the broader basket of digital tokens. I'd urged Canadian investors should steer clear of anything crypto or blockchain-related, as they seemed technically poised to surrender a majority of the gains posted over the past year.

Too many headwinds to justify buying the dip here

For investors keen on alternative assets to combat inflation, I've highlighted **Barrick Gold** and **Fortuna Majestic Silver** as top picks for those seeking alternative asset exposure. The gold and silver plays, I thought, would outshine Bitcoin going into year's end, as cash flowed out on cryptocurrencies and into the good, old-fashioned precious metals, which were a proven store of wealth for millennia.

With gold and silver picking up traction as cryptocurrencies sink, I think now would be a wise time to rotate from digital currencies into precious metals before the negative crypto catalysts really have a chance to take a toll on Bitcoin and the like.

CATEGORY

1. Investing
2. Stocks for Beginners

PARTNER-FEEDS

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

Category

1. Investing
2. Stocks for Beginners

Date

2025/07/28

Date Created

2021/05/20

Author

joefrenette

default watermark