



What Does Elon Musk Think About Bitcoin Right Now?

Description

The cryptocurrency market was thrown into major turbulence on Wednesday, May 19. Volatility had picked up over the weekend of May 15-16. Elon Musk has proven to be one of the top market influencers in recent years. His endorsement of Bitcoin in February 2021 pushed the top digital currency to an all-time high. However, the cryptocurrency market was hit by huge turbulence over the past week. What was the catalyst? Moreover, can investors expect more volatility from Bitcoin in the weeks and months ahead?

What caused cryptos to tank last weekend?

Cryptos started to encounter turbulence by the middle of April after a blackout in a major crypto mining region in China. Meanwhile, investors were spooked by rumours of a coming crackdown on the young sector. Last month, I'd [discussed](#) whether or not the Bitcoin bull run was over.

The price of Bitcoin was trading just below the US\$40,000 mark in early afternoon trading on May 20. The top digital currency has gone from a high above US\$51,000 earlier this week to a low of US\$35,000. What Elon Musk giveth, he also taketh away. Comments that he has made in public appearances and through social media have gravely impacted the crypto market in May.

Is Elon Musk moving away from Bitcoin?

Crypto enthusiasts had already grown somewhat bitter after Elon Musk's participation in a *Saturday Night Live* sketch wherein he referred to [Dogecoin](#) as a "hustle." On Sunday, May 16, Musk hinted that **Tesla** may have already shed its Bitcoin holdings. Moreover, the company said it would move away from allowing customers to buy its vehicles using the digital asset. It was critical of Bitcoin's burning of fossil fuels to power its mining. This shocked the crypto market and led to a sharp drop in the sector's top assets. Musk appeared to backpedal later in the week, which led to a rebound for Bitcoin and its peers.

The market's vulnerability to Musk's comments further illustrate its inherent volatility. It has enjoyed

mainstream support, but investors need to take extreme care if they are looking for exposure to crypto.

How should investors respond?

Canada launched the first-ever Bitcoin-focused exchange-traded fund (ETF) in February. **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) has plunged 30% since its debut. Investors who jumped in when Tesla bet on Bitcoin have been punished if they have held into May. The same questions are sprouting up after this sharp drop. Should investors look to buy the dip in Bitcoin and its peers?

Veterans in the crypto market have looked to do damage control over the past week. They have pointed out that the banking and gold mining sectors use significantly more energy than crypto miners. Bulls have referenced Bitcoin's impressive trajectory over the past decade to justify buying the dip in May.

The crypto market continues to fascinate and justifiably so. However, I'm not content to jump on Bitcoin's price right now. Its price is worth monitoring as we move into the warmer months. Canadians who are intent on adding Bitcoin should consider the Purpose Bitcoin ETF. That way, they can take advantage of any future gains in a Tax-Free Savings Account (TFSA).

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