



Could Bitcoin Climb to US\$500,000? Ark Investment's Cathie Wood Thinks So

Description

One of the reasons many people like Robo-investors is *because* they remove human elements and emotions out of the equation and follow numbers and patterns. An amazing example of how emotions influence investments would be the Bitcoin carnage that's going on right now.

[China's crackdown](#) on crypto transactions and Elon Musk's environmental concerns about Bitcoin mining operations might have been the triggers, but it's the general fear in crypto investors that's driving the price of Bitcoin down. The crypto has come down a long way from its US\$63,000+ peak and could continue declining to new depths now.

Retail investors might be dumping Bitcoin back in the market, but Cathie Wood, Ark Investment founder and CEO is still hopeful about Bitcoin's recovery; she believes this particular crypto would hit US\$500,000.

Bitcoin optimism

Cathie Wood of Ark Investment still believes that Bitcoin will reach the mid-six figures. Ark Investment has significant exposure (over seven million shares) to the crypto through the world's largest Bitcoin trust (Grayscale) and recently invested \$20 million in the currency (to take advantage of the slump). Wood also mentioned [Elon Musk](#), and she believes that once Bitcoin mining becomes more sustainable, Musk will come around.

The value has climbed over 17% in the last two days, and it remains to be seen whether it's the beginning of Bitcoin's recovery or simply a mid-way spike.

Alternative exposure

If you believe Bitcoin is capable of reaching new heights as well, you might consider investing in the crypto via a mining company like **Hut 8 Mining** ([TSX:HUT](#)). The share price has come down 63% from its peak in February. It's also very attractively valued right now. The stock doesn't mimic the growth

and fall patterns of the underlying crypto itself, but it follows the pattern to an extent.

Unlike Bitcoin, which rose and fell between February and April before crashing for good, Hut 8 stock has been sliding down consistently since March. But on the other hand, this imperfect correlation also gives you a magnified exposure to Bitcoin growth. The company owns and operates 94 ADA data centres with a hash rate of 1073 PH/s.

Foolish takeaway

Bitcoin goes through cyclical ups and downs. The triggers for a downward spiral might be different every time, but the crypto *does* recover every time. Even if Bitcoin might not reach the heights Cathie Wood is expecting, the chances that it will recover to its pre-crash heights and the probability that it will hit \$100,000 in its next peak are relatively high. So if you can tolerate the volatility and risk associated with Bitcoin, buying low for recovery might be a good idea.

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