



Bitcoin Falls 50% From the Top: Buy or Sell?

Description

When Bitcoin (BTC) soared 96% to US\$57,539.95 on February 21, 2021, from the beginning of the year, cryptocurrency investors said it's no longer hype. The rally gave the impression the world's most popular digital currency is past the area of vulnerability.

Crypto bulls were ecstatic, because the digital asset is marching towards broader acceptance. Among the institutional giants that embraced Bitcoin were payment giants **PayPal** and **Square**. Even **Tesla's** chief executive Elon Musk bought US\$1.5 billion worth of Bitcoin in February 2021 and pledged the carmaker would start taking Bitcoin as payment.

The festive mood, however, quickly changed to gloom when the [chink in the armour](#) resurfaced. BTC tanked to US\$31,227.34 at one point during trading on May 23, 2021, or 50.8% from its peak of US\$63,503.46 on April 13, 2021. As of May 25, 2021, the digital asset trades at US\$38,402.22.

Lingering volatility

Bitcoin's image of extreme volatility remains after the May 2021 collapse wiped off billions of dollars from its value. Musk said Tesla would no longer accept BTC as payment for cars. Jim Bullard, president and CEO of the Federal Reserve Bank of St. Louis, U.S.A., warned investors to be aware of the inherent risks in cryptocurrency investing.

While the St. Louis Fed president admits that digital currencies can facilitate transactions that conventional currencies can't, he said most cryptos are worthless. Bullard's primary concern with Bitcoin is price volatility.

Inferior store of value

Bitcoin supporters describe their beloved token as digital gold. However, **Barrick Gold's** CEO Mark Bristow said cryptocurrencies' store of value is inferior to gold. The harshest criticism came from **Berkshire Hathaway's** vice-chairman Charlie Munger. Warren Buffett's deputy called Bitcoin

disgusting and bad for civilization.

Investors who bought Bitcoin at a higher price would incur massive losses if they were to sell their digital coins today. No one knows where the cryptocurrency market will head from here on. Still, some market observers insist that another cathartic decline would be an excellent buying opportunity. *CNBC's* Jim Cramer said buyers who missed buying Bitcoin at lower levels would come back to ride on the eventual recovery.

Building a comprehensive digital wallet

Canadian investors should forget about Bitcoin. **Mogo** ([TSX:MOGO](#))([NASDAQ:MOGO](#)) is a better alternative than cryptocurrency if you're chasing superior returns. The \$612.34 million financial technology company has [fantastic growth potential](#).

The current share price is \$9.45, and market analysts have a bullish sentiment on the tech stock. They recommend a buy rating and forecast the price to soar 69.3% to \$16 in the next 12 months. Mogo's trailing one-year price return is an astronomical 644.09%.

The Vancouver-based fintech company has strong tailwinds to propel its shares in 2021 and beyond. Mogo's founder and CEO David Feller said the company is building the most comprehensive digital wallet to address the needs of Canadian consumers. In April 2021, Mogo acquired a 19.99% ownership stake in Coinsquare, Canada's leading digital asset trading platform.

Besides MogoCrypto, the company offers a digital spending account (MogoSpend) and access to personal (MogoMoney) and mortgage (MogoMortgage) loans. According to Feller, Mogo's objective is to fill the wealth gap and educate its clients on financial health.

Volatile nature

Bitcoin's rally in 2021 did not sustain. The wild price swings confirm the volatile nature of the digital asset. Your chances of losing money are far greater than getting rich quickly.

CATEGORY

1. Investing
2. Tech Stocks

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