



Crypto Rally: Should You Buy Bitcoin, Doge and ETH?

Description

Cryptocurrency rebounded sharply last night after Yesterday's crash. Most major coins rose overnight as investor confidence in cryptocurrency strengthened. Cryptocurrencies are still down from their all-time highs but are rising again rapidly.

In this article, I'll explore the gains observed in Bitcoin, Doge and ETH, and whether the recent spike makes these coins safe to buy.

Major cryptocurrencies bounce back

Last night, Bitcoin, Doge, and Ether all posted solid gains. At the time of this writing, the 24-hour gains were:

- Bitcoin: 15.9%.
- Dogecoin: 40%.
- Ethereum: 14.7%.

Pretty strong results for just 24 hours. However, they're not enough to bring any of these coins back from the [losses they took over the last two months](#). Virtually all major cryptocurrencies are down from the highs they set in April or May. Bitcoin, for example, is still down 46% from its April high of US\$63,500. We've seen a sharp, pronounced spike, but we clearly aren't out of the woods just yet.

Will the rally last?

This year's crypto price movements have been highly correlated with specific news that has bearing on crypto's chances of mainstream adoption. Some stories that immediately preceded selloffs this year have included:

- **Tesla** abandoning Bitcoin purchases after initially starting to accept them.
- China banning banks from accepting/processing crypto transactions.

- China signaling that it would crack down on Mining.

Each one of these developments occurred a day or two before one of the major selloffs. This suggests—but doesn't prove—that they may have caused them. The most recent steep decline, for example, was preceded by [China's mining crackdown](#). Did the crackdown cause the selloff to happen? It's hard to say for sure, but the timing makes some kind of connection at least plausible.

So, is it safe to buy crypto now?

Based on the price movements this year, it looks like crypto and publicly traded crypto investments like the **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) will move in tandem with news stories about their adoption. This is the trend we've seen over the past year. For example, Bitcoin's price movements have been correlated with stories pertaining to:

- Companies accepting or declining to accept Bitcoin.
- Countries banning Bitcoin.
- Countries (like El Salvador) accepting Bitcoin as legal tender.

So if you hold a fund like BTCC.B, your short-term price fluctuations will probably be heavily influenced by these kinds of events. A major company accepting Bitcoin will probably cause your BTCC.B to go up, while a large country banning it will cause it to go down. Again: this is not guaranteed. But it appears likely given the correlation between news coverage and Bitcoin's price this year.

Over the long run, it's harder to say what will happen. Bitcoin has no fundamentals to speak of, so analysis of it is limited to technicals and interpretation of news stories. Nobody can really say what Bitcoin is going to do in a year, five years, or 10 years from now.

What we *can* say for sure is that a Bitcoin ETF investment like BTCC.B is at least more secure than direct Bitcoin holdings. So if you *do* decide to hold Bitcoin, perhaps that's the vehicle to hold it through.

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