



Crypto Crash: Are We Out of the Woods Yet?

Description

Cryptocurrency prices appear to be stabilizing following the rout they took a week ago. As of this writing, Bitcoin was at \$42,700, up 2.6% over the same date last week. It looks like we've got some slight positive momentum going here. Still, most major cryptocurrencies are way down from their highs for the year.

In this article, I'll explore the recent crypto crash and whether we are truly getting over it—or just experiencing the calm before another storm.

Crypto recovers somewhat over the weekend

Cryptocurrencies spent much of the weekend rising. On Saturday, BTC hit a Canadian dollar low of \$37,421. It has risen 14.5% since then. It's not immediately clear while Bitcoin rebounded so sharply. The last big news item before BTC started recovering was that Mexican billionaire Ricardo Salinas Pliego [urged his fans to buy Bitcoin on the dip](#).

Prior to that, a major corporate investor bought \$500 million worth—that was a few weeks earlier though. In the immediate sense, there hasn't been a lot of news that could account for Bitcoin's weekend rally. However, there have been some tangentially related stories that may have increased interest in BTC.

Some modestly bullish news items

There were a number of developments over the weekend that may have [increased interest in Bitcoin](#), chief among them:

- Elon Musk and Jack Dorsey agreeing to meet to discuss Bitcoin at a July event.
- El Salvador's president saying he'll give all of his citizens free Bitcoin.
- **Andreesen Horowitz** launching a \$2.2 billion crypto fund.

None of these stories was directly, massively bullish for Bitcoin. In fact, the single biggest crypto story over the weekend—the U.K. banning **Binance**—was pretty bearish. But all of these stories together helped keep Bitcoin a top story in the financial media, which may have contributed to its rise.

Foolish takeaway

2021 has been one of the wildest years for crypto yet. After soaring to brand-new highs, the world's largest cryptos came tumbling down, taking companies like **Coinbase** and funds like the **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) down with them.

For those who were late to the party, it has been a bitter pill to swallow. The purpose Bitcoin ETF is down 36% since its inception earlier this year. Crypto stocks like Coinbase are in the same boat. If the losses keep mounting, then a lot of investors are going to find themselves in a lot of pain.

The question is whether they actually will. Already we're seeing signs of a recovery in major cryptocurrencies. Bitcoin has risen 14.5% since its weekend low, and Dogecoin is positively soaring. Nobody can really say for certain whether this momentum will last.

Ultimately, cryptocurrencies are extremely volatile assets with little to speak of in terms of fundamentals. Extreme price swings are guaranteed. If you aren't prepared for them, then perhaps it's best to leave crypto alone.

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