



4 Reasons to NOT Buy Bitcoin

Description

Bitcoin is no doubt a hot commodity these days. People will jump at anything that can bring instant wealth. Unfortunately, the catastrophic collapse in May 2021 was a [shocker](#). It sends a clear warning to be extra cautious about crypto investing.

Jerry Brito, executive director of non-profit research and advocacy group CoinCenter, said, "You shouldn't invest in [stuff you don't understand](#)." The lure of earning big bucks is hard to resist. However, there are reasons not to buy Bitcoin if you can't afford to lose your money.

1. Price volatility

The number one issue against Bitcoin is price volatility. Its recent downfall recreated the great crypto crash in 2018, when the price dropped below US\$4,000, or more than 81% from its US\$20,000 peak in late 2017. As of June 28, 2021, Bitcoin trades at US\$34,434.34, which is 46% lower than its peak of US\$63,506.36 on April 13, 2021.

2. No basis for making an informed decision

Unlike stock trading, there are no financial statements, balance sheets, or business performance to study or analyze. You can only hope that someone will buy your Bitcoin for more than you paid for it. Otherwise, prepare to hold the digital coin through several price cycles and sell at an opportune time.

3. Security concerns

It's easy to lose your investment, because hackers lurk in exchanges to steal cryptos. Crypto security experts advise not to keep any digital currency holdings on digital currency exchanges.

Some investors misplace their security codes saved on smartphones or written on paper. Because blockchain technology is a secure system, it's highly improbable and impossible to recover your

investment once you lose your private key.

4. No investor protection

The beef of governments and central banks against Bitcoin is the decentralized structure and lack of investor protection. In the U.S., the Treasury Department worries about the absence of investor protection and tax-evasion risk. Thus, expect tighter regulations, including reporting transactions US\$10,000 and above to the IRS.

Aside from halting mining operations, China has banned financial institutions from providing crypto-related services. The crackdown by governments is likely to bring down Bitcoin's price some more.

Top mining stock

The recent meltdown only confirms that Bitcoin remains a speculative asset, not digital gold. You can find safer and profitable investments on the stock market. **Capstone Mining** ([TSX:CS](#)), for example, is an attractive option. The mining stock is one of TSX's high flyers in 2021.

Besides the 117.65% year-to-date gain, Capstone's trailing one-year price return is 572.73%. Had you invested \$5,000 on year-end 2020, your money would be worth \$10,882.35 today. Market analysts forecast the price to climb 49%, from \$5.18 to \$7.74, in the next 12 months.

The \$2.12 billion company has operating mines in Arizona, Chile, and Mexico. Capstone's most recent quarterly results were its strongest ever since commencing operations 15 years ago. In Q1 2021 (quarter ended March 31, 2021), operating cash flow reached \$95 million — a new record.

Along with the propensity to generate strong operating cash flow, Capstone maintains a robust balance sheet. Moreover, the company is debt-free and well positioned to advance multiple high-return projects.

Wait for regulations

The crackdown on Bitcoin is a serious threat, but only in the short term, according to market observers. Crypto investors should welcome government regulations, because they will give legitimacy to digital assets. Until then, regular investors must stay clear of the world's most popular cryptocurrency.

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