



## Bitcoin Jumped 24%: Is the Bull Market Back?

### Description

Bitcoin surged past US\$40,000 (CA\$48,000) over the weekend. That's a 24% jump in just a few days. Bitcoin-related stocks have had a similar experience. Investors are now bracing for a resumption of the digital asset's [multi-year bull market](#). But is that too optimistic? Here's a closer look.

### Why did Bitcoin jump?

Price action in the crypto industry is notoriously opaque. No one can say for sure why Bitcoin's price fluctuates the way it does. However, there are two theories for the move this weekend.

First, there was a rumour that e-commerce juggernaut **Amazon** was looking to add crypto payments to its platform and launch its own digital currency. These rumours were triggered by a job posting uncovered by a major publication. However, Amazon's management team have since issued a statement dispelling the rumours.

Another theory is that the price action was triggered by investors fleeing Tether. The industry's most popular stablecoin faces legal challenges that were amplified over the weekend. Some experts believe that Tether's stablecoin (USDT) is riskier than it seems, which is why investors may have been selling their USDT to buy BTC as a safe haven.

### Where could BTC go?

The road ahead is much less certain. Tether is a real systemic risk for Bitcoin. Meanwhile, Amazon has clearly denied that it will integrate crypto onto its platform. There are no major upgrades to the network in the near future either. The digital asset could be range bound for several years, as it was between 2018 and 2020.

Nevertheless, some experts believe BTC should be over US\$100,000 before the end of the year. Their predictions are based on the stock-to-flow or Puell Ratio models. These models seem to predict past performance well. But there's no guarantee they can accurately predict future returns.

If the models deliver what they promise, the asset could double in value before the end of the year. That means this is the perfect time to add some long-term investments in the digital assets space.

## Long-term investments

A crypto services company like **Banxa Holdings** ([TSXV:BNXA](#)) could be an ideal bet if you believe Bitcoin is undervalued. Banxa is a payment processor that helps major corporations accept cryptocurrencies. The network helps users convert their fiat currencies into digital tokens. That means growing adoption and higher market values for BTC should unlock value.

Banxa stock is currently trading 62% below its all-time high from earlier this year. That means it has underperformed Bitcoin, which has only lost 40% of its value over the same period. A rebound in BTC should trigger a stronger rebound in Banxa stock in the near future.

## Bottom line

Bitcoin's recent rebound doesn't necessarily mean it's in a bull market again. The triggers seem temporary. However, if the digital asset can sustain its momentum Banxa stock should be one of the primary beneficiaries. Keep an eye on this stock.

### CATEGORY

1. Investing
2. Tech Stocks

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1. TSXV:BNXA (Banxa Holdings Inc.)

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