



Is US\$100K Bitcoin Inevitable?

Description

Bitcoin is up sharply this week, as regulators in the United States get one step closer to approving a BTC futures contract. Some early investors are now wondering if the digital asset could breach the psychologically crucial barrier of US\$100,000.

Predicting the future price of this volatile asset is nearly impossible, but I believe US\$100,000 could be within reach shortly. Here's why.

Prediction models

Sophisticated commodity investors have used a financial model called "stock-to-flow" to predict the future prices of precious metals. The model measures the current stock of a physical commodity against the annual increase in supply from mining to arrive at a rough prediction.

This model has been helpful for traders betting on gold or palladium futures. Now, some are applying this model to Bitcoin, too. According to the model, the price of each BTC should have crossed US\$100,000 weeks ago. That's convinced some investors that BTC's rise through six figures is inevitable.

Growing adoption

Millions of retail investors have adopted cryptocurrencies for the first time over the past year. Bitcoin was, unarguably, on the top of their list.

However, bigger players have been getting involved, too. Several hedge funds have added BTC to their portfolio, while major tech firms have added it to their balance sheet. El Salvador even made it legal tender, which opens the door for other countries to do the same.

This week, Russia's president Vladimir Putin said cryptocurrencies had some "value," and that Russia was keen on alternatives to the U.S. dollar for global oil trade. That's yet another sign that the demand

for BTC is immense, while the supply is capped at 21 million. This wave of new demand could also push Bitcoin's price beyond US\$100,000.

Digital gold

Most investors now consider Bitcoin the digital version of gold. Whether Bitcoin is a safe haven during economic upheaval or inflation remains to be seen. But if the digital asset really disrupts gold, it could be worth as much as US\$10 trillion. That implies a valuation of roughly US\$475,000 for each unit of BTC.

Even if BTC never fully replaces gold, US\$100,000 seems within reach.

How to invest in Bitcoin

The best way to buy Bitcoin in Canada is an exchange-traded fund like **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)). Purpose buys and holds a fixed number of BTC per unit, which means it tracks the market performance of this digital asset. At the moment, each unit of BTCC represents 0.00016606 Bitcoin.

The management fee is capped at 1%, and the fund has over \$1.6 billion in assets under management.

The reason this is the best way to [buy Bitcoin](#) is because it's eligible for registered tax accounts. In other words, you can hold BTCC in your Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan. If Bitcoin ever crosses the US\$100,000 milestone, holding this ETF in a TFSA will help you mitigate capital gains taxes.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:BTCC.B (Purpose Bitcoin ETF)

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