



Bitcoin: Should You Buy the Dip or Stay Away?

Description

The spot price of Bitcoin was trading just above US\$61,000 at the time of this writing. The world's top digital currency has retreated from its all-time high of US\$66,000 that it reached earlier this month. Today, I want to discuss whether investors should look to buy into the quick dip that it has suffered. Is this a temporary setback, or has Bitcoin's momentum already dried up?

Why Bitcoin gained momentum this month

Last week, I'd looked at what was behind Bitcoin's [recent surge](#). The launch of the very first United States futures Bitcoin-linked exchange-traded fund (ETF) attracted major investor interest in October. **ProShares Bitcoin Strategy ETF** does not invest directly in the top crypto. It has also suffered from a loss of momentum since its opening last week.

This ETF has attracted some skepticism due to its relatively high annual expense ratio of 0.95%. That rate is high in comparison to other ETFs and mutual funds. Investors on the hunt for exposure to Bitcoin and crypto already have a tonne of options, many of them cheaper than this new ETF. However, this fund may be attracted to investors focused on the near term or those worried about risk.

Will the party continue for crypto this fall?

Bitcoin's momentum has given way to its smaller peers in the [crypto space](#) in late October. Ethereum, the second-largest digital currency by market cap, has climbed to new all-time highs this week. It has outperformed its peers in this space as it prepares to unveil a network upgrade. Meanwhile, other cryptos like Ripple, Cardano, and Dogecoin have all gained momentum.

Investors should be used to volatility in this space by now. Digital currencies offer the opportunity for huge gains in the near term, but investors can also get burned in a big way. This is the reason I've been more apt to [target crypto stocks](#) like **HIVE Blockchain Technologies** instead. The crypto market has well and truly broken into the mainstream, and crypto miners like HIVE are set to benefit for the long term. This allows investors to jump into this market without relying completely on the fluctuations

of individual coins.

What should investors do right now?

Canadians have already had the option to track Bitcoin in a registered account in 2021. Back in February, Canada launched the first ever Bitcoin-focused ETF, **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)). This ETF offers shareholders the opportunity to hold actual Bitcoin in their portfolios. However, it also possesses a relatively high management fee of 1%. These products are responding to demand and looking to capitalize off investors who are very eager for exposure to the crypto space.

Shares of the Purpose Bitcoin ETF have shot up 43% month over month as of early afternoon trading on October 28. Markets are still flooded with liquidity at this stage, which can fuel the rise of Bitcoin and its peers in the near term. As usual, investors need to educate themselves about the risk of exposure to this highly volatile market.

CATEGORY

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Date

2025/08/20

Date Created

2021/10/28

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