



## Will Bitcoin Touch \$100,000 in 2022?

### Description

The [cryptocurrency](#) market has cooled off after touching record highs recently. The global cryptocurrency market was valued at more than US\$3 trillion, as it continued to attract capital from retail and institutional investors. **Bitcoin**, which is the world's largest digital asset, touched an all-time high of US\$68,789, according to data from CoinMarketCap. It's currently trading at US\$56,425, at the time of writing, valuing the cryptocurrency at a market cap of US\$1.06 trillion.

Despite the recent pullback, Bitcoin has returned over 200% in the last year and is up more than 7,500% in the last five years. Let's see if the crypto heavyweight can continue to move higher and breach the US\$100,000 barrier in the next year.

### Bitcoin will benefit from widespread adoption

Bitcoin is more than valuable than the [combined market cap](#) of the next 40 cryptocurrencies. If we compare it with equities, it will be among the top five publicly traded companies in the United States. The popular digital asset is widely regarded as the industry standard, and several companies are now converting a portion of their cash reserves into Bitcoin. Further, the increase in institutional investments in this space and the launch of several Bitcoin-related exchange-traded funds have contributed to the price gain in the last 18 months.

With a fixed supply of 21 million coins, Bitcoin is also considered [a hedge against inflation](#), as new coins cannot be minted, unlike fiat currencies that have no such limit. We can see why Bitcoin is now viewed as an alternative investment class.

Some people remain bullish on the long-term prospects of Bitcoin. In fact, this June, **MicroStrategy** borrowed \$400 million to purchase Bitcoin, and the company now owns over 5,000 Bitcoin on its balance sheet.

According to Rachel Lin, Founder of SynFutures, "With the rising adoption and active user number (Metamask 21 million, Coinbase 73 million), there is no more argument around whether to invest in cryptocurrencies. It is only a matter of when. A short answer is 'any time is a good time,' though the

recent technical retreat (BTC below \$60k, ETH around \$4k) has offered a good buying opportunity.”

Lin added, “Overall correlations among different cryptocurrencies remain high. Therefore, a relatively safe approach for newcomers in this market is to start with majors such as BTC and ETH. For a relatively long-term allocation, investors shall also consider diversifying in DeFi assets with good liquidity, especially in those ‘star’ sectors such as derivatives and the metaverse.”

## Investing in cryptocurrencies carries certain risks

While there are multiple drivers that should positively impact Bitcoin prices in the future, investors should understand that cryptocurrencies are extremely volatile. The prices of Bitcoin peaked in April 2021, before falling over 50% over the next two months. It then wiped off these losses to regain its all-time highs.

Bitcoin is not an investment for the weak-hearted, despite the market-thumping gains it has generated in the past decade. There is a good chance that Bitcoin can surpass the US\$100,000 mark in the next 12 months. But there is also a possibility for it to lose significant momentum to end lower in 2022.

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