



Should You Buy the Dip in Bitcoin Right Now?

Description

Most cryptocurrencies lost momentum over the weekend, as the world wrestled with news of a new COVID-19 variant that was detected in South Africa. While **Bitcoin** lost close to 7% on Friday, it has recovered a portion of these losses, as the digital asset has risen by 5% in the last 24 hours. The world's largest cryptocurrency is now down 17% from all-time highs, allowing investors to buy the dip and benefit from dollar-cost averaging.

Despite the recent pullback, Bitcoin prices have more than tripled in the last year and are up a stellar 7,700% since November 2016, easily outpacing the broader markets. In the last 18 months, the widespread adoption of Bitcoin and peers have meant that cryptocurrencies are now viewed as an alternative asset class.

But investors should note that historical returns do not guarantee future gains. Let's see if Bitcoin can make a strong comeback in the last month of 2021 and beyond.

Top Wall Street executives are bullish on Bitcoin

Since the start of 2020, several companies, including **PayPal**, **Square**, **MicroStrategy**, and **Tesla** have purchased Bitcoin and now hold it on their balance sheets. The CEO of Square and **Twitter**, Jack Dorsey has backed cryptocurrency adoption for a few years. During Square's recent earnings call, Dorsey disclosed the company [launched a Bitcoin mining system](#) as well as a hardware wallet for users to accelerate the adoption of cryptocurrencies further. Dorsey explained, "Our focus is on helping Bitcoin to become the native currency for the internet. And so we have a number of initiatives toward that goal."

Earlier this month, Dorsey also revealed that Twitter users can now tip content creators via Bitcoin, as the digital asset offers certain advantages compared to fiat currencies. For example, you don't have to depend on any financial intermediary such as banks for crypto transactions, reducing transaction fees and payment-processing times significantly.

The Bitcoin network is now viewed as a robust and valuable digital payment with widening real-world

value and use cases. Last month, **Visa** ([NYSE:V](#)) CEO Al Kelly underlined the expansion of the cryptocurrency ecosystem that has allowed the payment processor to forge new collaborations. Kelly confirmed Visa has onboarded 60 crypto platform partners and has captured US\$3.5 billion of payment volume from these allies in fiscal 2021. Comparatively, total transactions processed by Visa in fiscal 2021 stood at US\$165 billion.

Visa is well poised to benefit from the growth opportunities surrounding the cryptocurrency space. As expected, a majority of Visa's crypto payments are tied to the international markets, where it's meeting the demand for inexpensive international money transfers.

Investors need to be aware of risks associated with cryptocurrencies

While Bitcoin has derived staggering gains to long-term investors, the digital asset also carries significant risks, compared to equities or index funds. The cryptocurrency space is unregulated and highly volatile, which means you can easily lose a significant portion of your investments in a few trading sessions. Bitcoin, in fact, lost close to 60% in market value between May and June 2021.

Alternatively, it's advisable to allocate a small portion of your investments towards Bitcoin and other cryptocurrencies if you are looking to gain exposure to this highly disruptive asset class.

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