



## BTC: Down 30% From Record Highs, Is Bitcoin a Buy Right Now?

### Description

At the time of writing, **Bitcoin** is trading over 30% [below all-time highs](#). The price of one Bitcoin is US\$46,553, valuing the world's largest cryptocurrency at a market cap of US\$877 billion. Since March 2020, the BTC token has surged by more than 500% and has doubled year to date, despite the pullback in recent trading sessions.

The increase in institutional investments has been a key driver of the uptick in Bitcoin prices in the last 18 months. Let's see if Bitcoin can continue to move higher in 2022 or if investors need to brace for a bear market in the cryptocurrency space right now.

### Bitcoin is viewed as a hedge against inflation

One of the most attractive aspects of Bitcoin is that the digital asset can act as a hedge against inflation. While there is no limit to the amount of fiat currencies that can be printed by federal governments, the total number of Bitcoins that can be mined is limited to 21 million.

So, if the supply of the U.S. dollar increases, the value of the BTC token in terms of dollars should also gain momentum. We can see why companies such as **Tesla**, **Square**, and **MicroStrategy** hold millions of dollars' worth of Bitcoin on their balance sheet.

### Bitcoin enjoys a first-mover advantage

Bitcoin was the first cryptocurrency that was developed back in 2009. The market cap of the BTC token accounts for over 40% of the total crypto market and is almost twice as large as **Ethereum**, which is the world's second-largest cryptocurrency.

Bitcoin remains a top brand in this highly disruptive space, despite the emergence of more than 12,000 crypto tokens and several market crashes that were experienced in the last decade. In fact, cryptocurrency bulls view the BTC token as a store of value, making it a top long-term bet for investors.

As Bitcoin is a market leader in the cryptocurrency space, it is also the most widely accepted digital token as a form of payment by merchants. According to [data from Cryptwerk](#) close to 3,000 retailers accept Bitcoin as a form of payment. It shows that Bitcoin's rising traction among retailers should increase demand for the BTC token, which, in turn, will push prices higher over time.

## Investing in cryptocurrencies is a high-risk bet

Bitcoin prices have surged by close to 4,700% in the last five years. Despite the market-thumping gains, investors should understand that investing in cryptocurrencies carries significant risks. The sentiment across the cryptocurrency space might turn negative within a few trading sessions.

We saw how several digital tokens lost significant value in mid-2021 after China issued a blanket ban on crypto market participants. There is also the environmental impact associated with crypto mining that might lead to regulatory challenges going forward.

The BTC token has lost over 80% of its market value several times in the past, and this trend can reoccur again in the future as well. Bitcoin and [other cryptocurrencies](#) should be considered carefully and can be considered speculative bets, even by long-term investors.

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1. araghunath
2. kduncombe

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**Author**  
araghunath

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