



BTC Price: Can Bitcoin Add to its 11% Gains in the Past Week?

Description

The price of **Bitcoin** ([CRYPTO:BTC](#)) is currently trading at US\$51,500 at the time of writing, valuing the world's largest [cryptocurrency](#) at a market cap of US\$973 million. The BTC digital token has now surged 75% in 2021 and is up over 5,000% in the last five years.

Bitcoin's market-thumping gains can be attributed to the widespread adoption of the digital asset. In fact, several companies, including **Tesla**, **Block**, and **MicroStrategy** now hold Bitcoin on their balance sheet. Block, formerly known as Square, changed its name to emphasize its long-term focus on the blockchain space.

Despite the [recent uptick in BTC prices](#), the crypto token is also down close to 25% from all-time highs, allowing you to buy the dip. Let's see if Bitcoin can continue to gain momentum in 2022 or if it will underperform the broader indices in the next year.

Bitcoin is expanding network capabilities

Bitcoin was the initial blockchain network in the world, allowing it to enjoy a first-mover advantage. However, unlike **Ethereum**, the Bitcoin network was unable to execute smart contracts on its blockchain. Until now, Bitcoin was largely viewed as a store of value and a payment network.

Its also identified as digital gold and a hedge against inflation, given the total number of Bitcoins in circulation is limited to 21 million.

Alternatively, a recent network upgrade called Taproot provided Bitcoin with enhanced DeFi or decentralized finance capabilities. Activated in November 2021, Taproot also provides enhanced privacy for transactions executed on the Bitcoin network.

Block [CEO Jack Dorsey](#) has been a long-term supporter of Bitcoin and expects the BTC token to become the native currency of the internet. Moreover, MicroStrategy CEO Michael Saylor predicts that similar to the euro, multiple fiat currencies could consolidate towards Bitcoin in the upcoming decade. Earlier this year, Bitcoin was already recognized by El Salvador as legal tender.

Noted hedge fund manager Bill Miller also explained, "There are 10,000 various tokens and stuff floating out there. The chances of more than a handful of them being worthwhile is very, very small. Bitcoin, Ethereum, and a few others are probably going to be around for a while."

According to a Fundera report, over 15,000 small businesses all around the world accept Bitcoin as a form of payment, at the end of 2020, and this number should rise significantly this year.

What's next for the BTC token?

The demand for Bitcoin is estimated to remain robust in the upcoming decade. As of November 2020, institutional investors held 3.6% of Bitcoin, and this number touched 7% in recent months. Another report from Fidelity outlined 71% of institutional investors plan to buy cryptocurrencies in the future, up from 59% in 2020.

Fund manager Cathie Wood is bullish on the long-term prospects of Bitcoin. Wood expects institutions to allocate 5% of funds towards cryptocurrencies, which will increase BTC prices to US\$500,000 by 2026.

Despite the enticing prospects of stellar gains, investors should tread with caution and allocate just a small portion of their savings in the cryptocurrency space.

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