



Will Bitcoin Hit \$100K in 2022?

Description

Bitcoin's ([CRYPTO:BTC](#)) all-time high was US\$69,044, or CA\$88,105. That means it was within striking distance of six figures for the first time last year. Alas, the world's most popular digital currency didn't reach that level. Now, investors are wondering if it could break the \$100,000 barrier in 2022.

There's no way to predict Bitcoin's price with any certainty, but there are some signs that the value of each token could keep growing. Here are the top three reasons I remain optimistic about BTC hitting \$100,000 in the new year.

Growing adoption

Bitcoin has been through multiple boom-bust cycles since its inception. We could be at the end of another cycle now. But every cycle brings a fresh wave of new adopters. The growing user base is one of the key reasons for Bitcoin's steadily appreciating value. Network effects mean each new user adds incremental value to the whole system.

In 2021, adoption grew deeper than ever. Family offices, hedge funds, and institutional investors added Bitcoin to their portfolios for the first time. In fact, a country even declared it legal tender and started accumulating it with government reserves. Famous celebrities like Elon Musk, Tim Cook, Jay Z, and Tom Brady also publicly acknowledged their crypto holdings for the first time.

All this adoption creates a floor on Bitcoin's price. Utility and network effects make the platform, and each token, steadily more valuable.

Stock-to-flow model

Another reason for optimism is the stock-to-flow model's prediction. The model is traditionally used to predict the price of commodities. It measures the value of the existing supply (stock) to the generation or mining of new supply (flow). It's helpful for gold and oil traders, but, recently, banks have adopted the model for BTC, too.

According to the model, BTC should have hit US\$100,000 by 2021. Yes, [it failed](#). But time will tell if this is a temporary lapse or a critical failure of the model. If the model is experiencing a temporary blip, BTC should surge to six figures relatively quickly.

Digital gold

At the time of writing, each BTC is worth US\$46,460, or CA\$59,250. The cumulative value of all 18 million BTC is CA\$1.1 trillion. Meanwhile, the value of all the gold in the world is US\$12.75 trillion. In other words, if BTC lives up to its potential as "digital gold," it has plenty of room to run.

Reaching the value of physical gold would push BTC to roughly US\$755,000. That's far above the six-figure barrier we're expecting in 2022.

Bottom line

Bitcoin had a spectacular run in the first half of last year. Since then, the excitement has dissipated. However, the digital asset still has a broad network of users and plenty of room to grow to displace gold. With that in mind, hitting the six-figure barrier in 2022 cannot be ruled out.

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