



## Why Has Bitcoin Plunged 36.5% in the Past Few Months?

### Description

**Bitcoin** ([CRYPTO:BTC](#)) loyalists were ecstatic on February 8, 2021, when news came out that **Tesla** had bought US\$1.5 billion worth of the world's most popular cryptocurrency. Reports 13 days later said that Elon Musk's electric car maker made a US\$1 billion profit on its crypto investment.

Bitcoin's price jump to over US\$57,000 wasn't surprising, because the development fueled mass interest. BTC kept rising, then hit an all-time high of US\$63,503.46 on April 13, 2021. Crypto bulls were heaping praise on their precious digital asset until disaster struck. On April 23, 2021, BTC plunged below US\$50,000 at one point, and the [crypto market](#) lost over US\$200 billion in market value.

A series of ups and downs followed for months, until BTC regained solid momentum anew. On November 8, 2021, die-hard crypto fans were overjoyed by the price surge to US\$67,566.83, a new record high, and **Ethereum** likewise posted a new all-time high as a result.

However, BTC always shows its highly volatile nature whenever it soars to new highs. As of January 16, 2022, the price is down to US\$42,907.73. What ails BTC such that it has lost 36.5% in the last few months?

### Unstable commodity

Some crypto bulls said in 2021 that BTC could potentially replace gold if digital asset adoption becomes widespread globally. However, the prediction was too bold, given that BTC's price tends to be exceedingly more volatile than the world's most precious metal. People have been using gold for a long time; therefore, it's a reasonably stable commodity.

### Influence of supply and demand

Wild price fluctuation is typical with BTC. Market observers believe that supply and demand directly influence the torrid spikes and dips. Moreover, the cryptocurrency market is relatively young in that the price will continually change as part of the growing pains in the infancy stage.

As things stand today, BTC thrives on hype, and no one is sure when the price will stabilize or reach a stable point. Investors must be cautious, because the chances of losing all are greater than earning a few bucks. Government intervention or central bank regulation could hurt BTC's price in the short term.

## Dire forecast

Bitcoin's current downward trajectory is similar to the most extended continuous decline three years ago. Carol Alexander, a professor and financial expert at Sussex University, opined that cryptocurrencies, except Bitcoin, will thrive in 2022. The crypto could face a huge crisis or experience a severe [selloff](#) if the price further drops this month.

Professor Alexander believes Ether, **Polkadot** (DOT), **Cardana** (ADA), and **Solana** (SOL) will be the "currencies of the future." She refers to the coins as very good blockchains that power Web 3.0. She added that the Bitcoin blockchain is obsolete and is a mere speculative asset if it becomes useless.

## Alternative crypto investments

According to financial experts, if you were to invest in Bitcoin or cryptos in 2022, keep the amount to the minimum or money you can afford to lose. Also, don't ever put it above other financial goals.

However, Canadian investors have [safer options](#) via the stock market. **Hut 8 Mining**, **Voyager Digital**, and **Galaxy Digital Holdings** were winning investments in 2021. The total return of the three crypto-related stocks was at least 115%.

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