



## Bitcoin 2022: Buy or Sell?

### Description

We are less than a month into 2022, and **Bitcoin** ([CRYPTO:BTC](#)) has already fallen over 29% since the beginning of the year. Currently, it's trading at around US\$33,300, and it's just a little off from reaching the lowest point during the mid-2021 dip. We can consider that the "litmus" test for the recent crash.

If the crypto starts stabilizing at or around that price point, it will most likely begin its recovery journey as well, and if history repeats itself, it will *at least* double the capital invested in it now. But if it keeps sliding down and below US\$30,000, then we can't be sure of the new bottom. It might bottom out at US\$30,000 or go down further. A four-digit valuation is a relatively tall order but an exciting opportunity as well.

### The case for selling

Should you sell [your Bitcoin](#) in 2022? The answer to this question relies upon several factors. Most important of which is when and for how much you bought the crypto for. Investors that bought it at or around the last peak most likely stand to lose money if they panic-sell now. However, if you bought Bitcoin anytime before 2020, you will still be in profit if you sell, though it's getting slimmer very rapidly.

The main reason for selling Bitcoin now is if you believe it's not going to recover. And it might be true if you are thinking short-term. But if you can hold on to the crypto for a few years, you are highly likely to come out on top of the current slump.

However, selling at some time in 2022 might be the right move. Even if the stock repeats the last year's pattern, it will reach near US\$70,000 when it starts rising again. And the best-case scenario, if it reaches US\$100,000, you can sell a sizeable portion of your stake to generate capital for other investments or use the profits another way.

### The case for buying

If you think Bitcoin is likely to grow to US\$100,000 within 2022, then even buying now would make a lot of sense. You can easily grow your money three-fold within the year. But a much better time to buy would be when the stock bottoms out. Exactly when that happens is difficult to predict, and you may have to keep track of several macro factors as well to identify the right time to buy.

The problem with crypto [like Bitcoin](#) is that the upward trend can be quite rapid, and if you wait too long to ensure whether the upward trend is set or just a temporary spike, you may lose the dip advantage.

To gain the tax benefit from an RRSP and TFSA, you may consider investing in the **Bitcoin Fund** ([TSX:QBTC.U](#)) instead of Bitcoin directly. For now, the crypto fund hasn't faithfully followed the slump of its underlying asset, and it's only down 18.8% so far in 2022. The case was the same with the growth spurts in 2021, although the difference was not too high, especially considering the tax advantages.

## Foolish takeaway

Cryptocurrencies are currently facing a lot of regulatory challenges, and major economies like China are putting their weight against cryptocurrencies. But Bitcoin is unlikely to go away, and the chances of it rewarding its investors and "HODLers" in the long run are much higher than of it losing all their capital. So if you *can* look past the inherent volatility of the sector, you may consider investing in crypto assets or the relevant [tech stocks](#).

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