



3 Reasons to Buy Bitcoin Today

Description

The spot price of **Bitcoin** ([CRYPTO:BTC](#)) was trading just below the US\$38,000 mark before North American markets opened on the morning of February 4. This is down from the all-time high Bitcoin reached in November 2021, rising to nearly US\$69,000. Today, I want to explore three reasons Bitcoin is worth snatching up on the dip. Let's jump in.

Bitcoin took a hit, but interest in cryptocurrencies is soaring

Bitcoin and its top peers in the [cryptocurrency space](#) put together an incredible run in 2021. This has drawn major interest from investors of all stripes. The [mainstreaming of Bitcoin](#) and other cryptocurrencies is bullish for the long-term health of this space.

Last year, a CNBC Millionaire Survey revealed that 83% of millennial respondents said that they owned at least one cryptocurrency. That said, this survey only included responses from those with investible assets of at least \$1 million. Meanwhile, 53% of millennial respondents have at least 50% of their wealth in cryptocurrencies. Moreover, just under a third have at least 75% of their wealth in Bitcoin, **Ethereum**, and other crypto types. In comparison, only 4% of baby boomers hold cryptocurrencies.

This generational divide should continue to drive interest in Bitcoin and its peers going forward. That should give the crypto space staying power, as millennials and Generation Z grant digital assets legitimacy.

The top digital asset has consistently bounced back from previous dips

We have been down this road with Bitcoin before. The top cryptocurrency and its peers suffered from a sharp dip in the late spring and early summer of 2021. Indeed, the spot price of Bitcoin dropped below the US\$30,000 mark. Fortunately, it was able to bounce back quickly in the late summer and the fall

season.

Investors interested in buying-the-dip in Bitcoin may want to look at an exchange-traded fund (ETF) that is focused on the top digital asset. **Purpose Bitcoin ETF (TSX:BTCC.B)** is a Canadian ETF that was launched in February 2021. Shares of this ETF have dropped 21% in 2022 as of close on February 3.

This ETF had an RSI of 32 at the time of this writing. That puts it just outside technically oversold territory. If you are ready to bet on Bitcoin in February, this ETF is well worth considering.

The “appropriateness” of rate hikes is yet to be determined

In late January, I'd looked at [three reasons to stay away](#) from Bitcoin. One of the reasons I was skeptical about Bitcoin and its peers in the crypto space was the potential impact of rate hikes. Indeed, crypto investors have been able to feast on liquidity in the COVID-19 era much like their peers in equity markets. The threat of a tightening cycle from central banks could put a stop to the party.

Investors should expect the Bank of Canada (BoC) and the U.S. Federal Reserve to move on rate hikes in March 2022. However, this upward move will be gradual and likely go at clips of 25 basis points at a time. If the market reacts violently, central banks have been known to retreat from their previous tightening paths.

CATEGORY

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