



## Can the Bitcoin Rebound Be Sustained?

### Description

Bitcoin and the rest of the cryptocurrency sector is in a bear market. The entire sector has shed hundreds of billions in market value over the past few months. Bitcoin is down 35% from its all-time high in November, while smaller cryptocurrencies have lost even more!

However, there seems to be a turnaround in recent weeks. Market prices are soaring by double digits. Is this a temporary blip or is can the rebound be sustained? Here's a closer look.

### Bitcoin's rebound

Since late January, the cryptocurrency sector has staged a comeback. Bitcoin's price is up 24% against the U.S. dollar. In technical terms, any rally greater than 20% is considered a bull market. However, the threshold for cryptocurrencies could be much higher, given their volatility.

Nevertheless, Bitcoin has recouped some of its losses. This is because of some positive catalysts that have emerged in recent weeks.

### Growth drivers

Market sentiment could be shifting, as it becomes clear that Bitcoin's mainstream adoption is still underway. Recently, accounting giant KPMG announced that it was adding Bitcoin and Ethereum to its balance sheet. I believe that's the first non-tech company to add digital assets to its balance sheet. The fact that it is a tax advisory and financial consulting business makes this signal even more important.

Meanwhile, regulations in other parts of the world seem to be turning a corner, too. This month, regulators in India took a small step towards legitimizing cryptocurrencies. Indian taxpayers now have to declare income from crypto for tax purposes. While the tax on cryptocurrency transactions is high (30%) it's a positive step for a country that was rumoured to be considering an outright ban.

Russia has also taken similar steps. The Russian finance minister said his team was looking into

whether banks should be allowed to offer crypto trading. Meanwhile, President Vladimir Putin said the country had natural advantages as a hub for crypto mining.

The culmination of these factors is noticeably changing market sentiment. For long-term growth investors, this could be an opportunity.

## Betting on miners

Bitcoin's price is unpredictable. The ongoing rally could intensify, or it could be over by the time I finish writing this article. Who knows? What we do know is that Bitcoin miners have a breakeven price of generating Bitcoin. As long as the market price stays *above* that breakeven level, they're profitable.

According to some estimates, the average cost to mine a single BTC is somewhere between US\$7,000 and US\$11,000. That's significantly lower than the current market price of BTC. As long as that margin is sustained, Bitcoin mining stocks could be an ideal opportunity.

## Bottom line

There's a rebound in the cryptocurrency market. Bitcoin is trading 24% higher than just a few weeks ago. This rally could be sustained. But a safer bet would be BTC miners who are profitable, even if the price drops significantly.

### CATEGORY

1. Cryptocurrency
2. Investing

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

### PP NOTIFY USER

1. kduncombe
2. vraisinghani

### Category

1. Cryptocurrency
2. Investing

### Date

---

2025/08/26

**Date Created**

2022/02/08

**Author**

vraisinghani

default watermark

default watermark