



Bitcoin Bump: Why Did It Increase 23.54% in the Last 20 Days?

Description

The [cryptocurrency industry](#) did not start 2022 on a solid footing. The likes of **Bitcoin** ([CRYPTO:BTC](#)) seemed to have fallen down a cliff, declining by 26.5% between January 1 and January 22 alone.

The situation has changed since its 2022 bottom on January 22, although the cryptocurrency market volatility has continued. The only difference right now is that the volatility is working in favour of cryptocurrency investors.

At writing, Bitcoin trades for US\$ 43,326.20 per unit, up by 23.54% from its January 22 levels. Today, I will take a closer look at what has happened leading up to the sudden upward swing in Bitcoin and the broader cryptocurrency market.

What happened?

The broader market has gone through an uptick in the last few weeks, including the battered [tech stocks](#) that had been volatile for the last several weeks. The rise of growth stocks and the overall market have aided the rise in cryptocurrency valuations, but other factors might have had a more meaningful impact on the speculative asset class.

A bipartisan group of representatives in the US introduced the *Virtual Currency Tax Fairness Act* in Congress. The Act, if it passes into law, would exempt any cryptocurrency transactions under US\$200 from taxes within the United States. The move could make the process of taxing smaller cryptocurrency transactions a lot simpler.

Members of Congress south of the border are also becoming increasingly bullish on cryptocurrencies in recent weeks. Senator Ted Cruz also bought Bitcoin recently. The broader trend in the U.S. could help push positive policies regarding cryptocurrencies forward, increasing the utility of the crypto ecosystem.

An increasing number of cryptocurrency users with easier utility of the new asset class could result in more significant long-term gains for the broader crypto market. Bitcoin is well-positioned to benefit from

this trend.

Foolish takeaway

The cryptocurrency market has come a long way from its nascent stages and has a multi-trillion-dollar valuation now. Lawmakers and policymakers are now paying more attention to regulating the industry with a more positive take than before. Setting up reasonable rules without becoming obstacles to the innovations taking place in the cryptocurrency industry could set things up for a stronger future.

The news continues to be bullish for cryptocurrency investors on the regulatory front. As more countries find ways to regulate and tax cryptocurrencies for greater adoption moving forward, investors might be anticipating light regulations.

However, it remains to be seen how the current bullish trend for [Bitcoin](#) and the broader cryptocurrency market will play out in the coming weeks. The volatility comes with its risks, and the positive trajectory could just as well take another turn in the next few days. It would be wise to keep an eye on the long-term trends more than the short-term price fluctuations.

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