



## Could Bitcoin Hit All-Time Highs Again in 2022?

### Description

The largest [cryptocurrency](#) by market cap, **Bitcoin** ([CRYPTO:BTC](#)) had a rough start to 2022. In the face of high inflation, the threat of pending Fed interest rate hikes, and a tech stock market selloff, Bitcoin has fallen over 20% YTD.

Currently trading at a price of around US\$37,800, well below its 52-week high of over \$68,000, Bitcoin has since been trading rangebound, bouncing off its \$30,000 support level numerous times.

Extreme fear due to the recent Russian invasion of Ukraine has done little to reassure investors, who shed risky assets amid a general flight to quality over the last few weeks.

### To the moon?

The recent surge in market volatility due to geopolitical turmoil has caused all but the most ardent of Bitcoin bulls to shed their predictions of \$100,000 per coin — a lofty price target that was widely endorsed in 2021.

Over the weekend of February 27, Bitcoin failed to break the \$40,000 resistance yet again and failed to avoid its fourth straight month of losses for the first time since the 2018 bear market.

February saw a bottom reached at \$34,000 versus \$32,800 in January, leading many traders to re-establish positions in anticipation of a future bullish movement.

### The current outlook

However, recent events added further uncertainty to the environment, including announcements that Russia would be cut off from the SWIFT payment system, a mention of Russian's nuclear capabilities by President Vladimir Putin and the negotiations between him and Ukrainian president Volodymyr Zelensky at the Belarusian border on Sunday.

Despite this, the price movements over the weekend were relatively subdued and muted, with minor losses and volatility. However, the situation is apt to change, with many traders ready to risk-off at a moment's notice. The current political climate can cause sentiment and momentum to change rapidly, so investors should be cautious.

A return to the 52-week high of around \$68,000 within the year would require a near 100% price increase. The chances of this occurring in the near future are extremely slim due to the level of uncertainty and fear right now. However, the current slump could represent an excellent opportunity for accumulation.

## The Foolish takeaway

Bitcoin has failed to prove its value as a store of value during volatile times like this year to date. Despite being compared to gold, the price Bitcoin has fluctuated wildly, often overreacting to both U.S. monetary policy, the movements of the stock market, and global geopolitical crisis.

With the negative correlation previously enjoyed by Bitcoin fading, its diversification benefits are significantly weakened, especially when considering its volatility. Investors looking for a more defensive cryptocurrency play should consider exchange tokens, which have an actual claim to revenues, cash flows, and assets.

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