



Could Bitcoin Be the Best Hedge Against War?

Description

[Crypto](#) is a more mainstream fragment of the global financial system now. This implies that it is inevitably part of international conflict, be it for better or worse. And with the invasion of Russian forces into Ukraine, this is on full display. For investors in **Bitcoin** ([CRYPTO:BTC](#)), this conflict has caused some price action of late.

Bitcoin and its crypto peers have traded in closer correlation to equities for some time. This has created a unique situation where Bitcoin has, for the most part, been a higher-volatility play on the market. Given the general direction of the market, this has not been a good thing. Today, we're seeing this play out, with Bitcoin [down more than 7%](#) as the market drops.

However, there have been periods of time of late where Bitcoin has diverged from the overall market in a positive way. Let's dive into whether that can continue from here and what might drive that.

Bitcoin-ruble trading volumes rose to the highest point since May

Given this ongoing conflict and the sanctions that have been brought on Russia, it's perhaps unsurprising to see an uptick in trading volumes coming out of Russia. The BTC-RUB trading pair saw its highest transaction levels since May on this news. Indeed, the key driver of this move appears to be the desire to get money out of the ruble as fast as possible.

Recently the Russian ruble hit its lowest level ever. The effect sanctions are having on the Russian economy is profound. Accordingly, investors looking at Bitcoin as a potential hedge against this war certainly have some data to back up the claim that this is what's taking place right now.

A useful asset in times of geopolitical turmoil

The outperformance of Bitcoin amid this recent volatility has reignited the bull thesis that Bitcoin may

be a market hedge. Whether true or not, this sentiment has allowed Bitcoin to outperform the market over periods of time these past few weeks. Accordingly, how Bitcoin acts moving forward will remain a focal point of many investors.

Right now, I think it's unclear to say that Bitcoin is an effective hedge against anything. This is a volatile token representing a volatile asset class. However, the potential relative stability Bitcoin can provide in these times of geopolitical uncertainty is certainly worth exploring.

Bottom line

Bitcoin remains the largest and most well-known cryptocurrency in the world. As a store of value, and a potential portfolio diversifier, there are many reasons investors own Bitcoin.

However, one of the more intriguing theses behind this token of late is that Bitcoin might provide some hedging value given this macro situation. Time will tell how true this thesis ends up being. But it's an interesting conversation to have at the very least.

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