



Why Bitcoin Dropped 11% This Week

Description

Bitcoin ([CRYPTO:BTC](#)) dropped back another 11% over the last week, after making a recovery from March. The price of Bitcoin almost hit \$60,000, before falling back. It now trades at \$51,363 as of writing.

What happened?

The volatile situation in the market in general continues to weigh on Bitcoin lately. It's a combination of the Ukraine crisis, rising interest rates, inflation, and the potential of a recession hurting investors' need for growth.

Instead, investors are looking elsewhere, and that includes [less exposure to risk](#). We've seen this again and again during the first few months of 2022. In terms of a Bitcoin investment, the announcement of an interest rate hike looks imminent for the United States after announcing a higher-than-expected 8.5% inflation rate this month.

Right now, Bitcoin continues to look weak. Therefore, the question is, is it now a buy for long-term investors?

So what?

The recent movement from Bitcoin in the negative direction could be a good jumping-in point for risk-averse investors. If you're seeking out a long-term hold, this could be a great time, as regulation comes down.

At first, it might not seem like regulation is such a good thing. However, analysts believe that for the cryptocurrency sector to grow as a whole, and Bitcoin in turn, then regulation is needed. This will help everyone understand the sector and lead to fewer questions surrounding its volatility and risk. So, long-term investors could stand to benefit from an investment in crypto today.

Now what?

That being said, short-term investors hoping for a bounce back may want to think it through. Right now, there is a lot of risk for investing in crypto. And that could lead to a dramatic plummet in the near term. However, it's important to note that this risk is similar to the faith you put in gold or the dollar.

So, not only should investors ask themselves whether they can stand some risk, but they should also ask themselves whether they believe cryptocurrency as a sector will stick around. If it will, then Bitcoin stands to be the main beneficiary as the largest coin in the digital currency world.

As for right now, the price of Bitcoin seems to have stabilized in the [\\$50,000 to \\$60,000](#) range. Take from that what you will. Depending on how you want to invest in Bitcoin, it could be a good time to invest and take returns as it climbs back to \$60,000. But the reverse could happen as well, as the world remains in a volatile situation both geopolitically and economically.

Bottom line

Bitcoin is still seen as the best of the batch. And that's likely true. Here at Motley Fool, we tend to stick with long-term investment portfolios. Therefore, it might be a good idea to sit back and watch what happens with cryptocurrency for now. After all, with such high numbers, this isn't exactly something you can take a small stake in. But it could provide long-term holders with retirement income over the next decade and beyond.

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Date

2025/08/30

Date Created

2022/04/15

Author

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