



Is Now the Time to Buy Bitcoin?

Description

The world's largest cryptocurrency has been sliding again in recent days and fell below US\$40,000 for the first time since March 15, 2022. Still, **Bitcoin** ([CRYPTO:BTC](#)) bulls are unfazed by the 16% year-to-date loss. **Ethereum**, the second-largest crypto, mirrors BTC's price movement.

Nearly all altcoins started weak on April 18, 2022. The [second-liners](#), such as **Cardano**, **Ripple**, **Terra**, **Dogecoin**, and **Shiba Inu**, are heading downwards. Investors are assessing the impact of rising inflation on the cryptocurrency market. A potential economic recession due to the ongoing Russia-Ukraine war could also heighten volatility.

If you're asking if now is the right time to Bitcoin, the answer is, not yet. The crypto failed to breach the support level of US\$48,000 in February and March. At US\$39,045.17, it seems unlikely that BTC will climb out of its stupor in April. The usual advice of financial experts to regular investors interested in Bitcoin is to invest money you can afford to lose.

Zero fundamentals

Bitcoin posted an all-time high of US\$67,566.83 on November 8, 2021. However, the current price is 42% lower than its peak. A flash crash happened in early December before the crypto regained momentum and climbed above US\$50,000 before Christmas Day.

The problem with Bitcoin and other cryptos is the lack of fundamentals until now. You'd be blindly investing, because they have no corresponding assets. Rabid supporters boasted last year that Bitcoin is the new digital gold and the future of payments. Standard Chartered Bank even predicted the [price hitting US\\$100,000](#) by year-end 2021.

How can Bitcoin be a better store of value than gold or a payment instrument if it can't maintain a stable value? While it's the largest and most popular crypto today, cryptocurrency alternatives are emerging, and Bitcoin might yield its dominant position eventually.

Institutional adoption

Fortunately for Bitcoin, it's a [growth investment](#) for institutional investors like **MicroStrategy**, **Square**, and **Tesla**. Last week, Michael Saylor, MicroStrategy's CEO, said, "Adopting Bitcoin as our primary treasury reserve asset set us apart from conventional competitors and elevated our brand." He added that the nearly two-year-old strategy complements the firm's analytics business.

Nexon, a Korean video game developer, invested US\$100 million in Bitcoin last year, only to write off US\$40 million of its crypto investment. The cryptocurrency market remains fragmented in Canada, although Alberta-based **Hut 8 Mining** is North America's top crypto mining company. As of March 31, 2022, the BTC balance held in reserve is 6,460.

Directionless trading

Some investors depend only on the Crypto Fear and Greed Index hosted by Alternative.me before investing in Bitcoin. The index is a sentiment indicator with only two readings: extreme fear and greed. A number between one and 100 is a sell signal (extreme fear), while a 100 reading recommends a buy (greed).

Paul Robinson, a strategist at DailyFX, and other crypto analysts expect more choppy price action from BTC in the coming months. Robinson said, "Bitcoin sold off hard during Q4, but then during the first frame of 2022, it underwent a period of relatively directionless trading." He added that volatility is likely to ramp up again heading into mid-2022. Thus, invest at your own risk

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