



Bitcoin (CRYPTO:BTC): Could it Crash to \$10,000 in 2022?

Description

The trading volume of **Bitcoin** ([CRYPTO:BTC](#)) in the last two trading days was more than double compared to April 23, 2022. Its price zoomed past US\$40,000 once more, although some crypto analysts remain cautious about a possible correction.

In mid-April 2022, Antoni Trenchev predicted that BTC could hit US\$100,000 in 12 months. However, the CEO of crypto lending firm Nexo acknowledged that the [short-term prospects](#) aren't good. He said the world's top cryptocurrency may fall along with traditional financial markets, as the massive monetary stimulus programs ends.

As of this writing, the crypto is down 12.2% year to date. Also, the price is 39.8% lower than its all-time high of US\$67,566.83 posted on November 8, 2021. Because Bitcoin is notoriously volatile, could it sink to US\$10,000 this year in a worst-case scenario?

Vulnerable to a market crash

The global phenomenon that is cryptocurrency is still in its evolving state, so it's natural for investors to expect sharp drops after spikes. Daniel Khoo, a research analyst at Nansen, said, "Recent volatility has been driven by factors such as inflation, the Ukraine crisis as well as contractionary monetary policies ... This has affected not only the stock market but also the crypto market, which seems to follow in tandem recently."

The **S&P/TSX Composite Index** remains in record territory, despite the recent pullback, while the crypto market lost in 2.13% to start the week. According to coinmarketcap, the total market value went down to US\$1.81 trillion.

On April 25, 2022, the prices of nearly all altcoins plummeted. **Ripple** (-3.98%), **Solana** (-3.67%), and **Ethereum** (-2.99%) were among those that suffered the most percentage declines. It seems that the cryptocurrencies are more vulnerable to a [market crash](#) than stocks.

Risk-off investment

Khoo warned that if people go risk-off on volatile assets soon, the short-term negative sentiment could cause Bitcoin's price to fall. Whalemap believes the current correction isn't over in that a "generational bottom" is on the horizon. However, the on-chain data firm said its chart shows that buying on these events tend to be very profitable for investors.

For **Goldman Sachs** analysts, the actions of the U.S. Federal Reserve will have a strong effect on cryptos. They said, "These assets will not be immune to macroeconomic forces, including central bank monetary tightening." Some critics even liken BTC to [technology stocks](#). Its price action also suggests that it's not an inflation-fighting store of value.

Coindesk's George Kaloudis argued, "While Bitcoin's hard money properties make it a risk-off asset for its supporters, investors see a risk-on asset because of its volatility and technology-like asymmetric price upside." He added that investors cutting risk will sell stocks together with BTC.

Kaloudis thinks that Bitcoin isn't a risk-off or risk-on asset yet. He'd like to call the crypto "risk everything" instead. For now, take the cue from Fed Chairman Jerome Powell. His stance is that if inflation remains elevated and the Russia-Ukraine war doesn't end soon, 2022 could be a shaky year for risky assets like Bitcoin.

Significant plunge

If a crypto market crash is inevitable, Bitcoin needs to plunge 75.4% to hit US\$10,000. However, it looks improbable, as the last time the crypto traded at that level was on October 8, 2020. If you don't want to lose money, just avoid BTC.

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