



Bitcoin Dropped Below US\$30,000: Good Time to Buy?

Description

Do you still have investments in cryptos? If yes, the [cryptocurrency market](#) could be in trouble this month, as **Bitcoin** ([CRYPTO:BTC](#)) dropped below US\$30,000 on May 11, 2022. As of this writing, the world's most popular crypto is losing by 35.6% year to date, and the price is down to US\$29,812.97.

Bernard Hickey, editor of the K?k? newsletter, said, "This has really thrown the whole industry back by about a trillion dollars in value." Rebecca Stevenson, a business commentator, echoes the same sentiment. She said that it's been really devastating for a lot of crypto investors.

Crypto bulls are in a dilemma, because a [complete crash](#) of the crypto market is possible. But for prospective investors, would it be a buying opportunity if BTC and other cryptos dive further?

Psychological level

Bitcoin bounced back above US\$30,000 on May 14, 2022, although the price fell sharply again on the following day. Sylvia Jablonski, CEO and CIO of Defiance ETFs, said, "We have a lot of near-term chaos, this has been just the year of fear, panic and a lot of investors sitting on their hands."

TSX's [technology sector](#) is also on a slump, but unlike BTC, tech stocks led the index's broad-based rally on May 13, 2022. According to Yuya Hasegawa, a crypto market analyst at Japanese Bitcoin exchange Bitbank, US\$30,000 is the psychological level.

Technical analysts see BTC falling further if it can't hold US\$30,000. **Coinbase**, the largest cryptocurrency exchange also tanked in value a result of the meltdown in the crypto space. The horror of 2018 is back when the top crypto plunged 80%. Some market observers believe the collapse this year is long overdue.

Severe plunge versus the stock market

The broad collapse of cryptocurrencies, particularly Bitcoin, is more severe if compared with the TSX.

Canada's primary stock exchange index is down 5.29% but displays more resiliency. On May 13, 2022, the index closed 2.03% higher, while all 11 primary sectors advanced.

Bitcoin typically rebounds from steep losses, but also took several years to reach new heights in some instances. Meanwhile, **Luna** is the latest destabilizer. Its price sunk to nearly US\$0 last week. **Tether**, the world's largest stablecoin, fell below US\$1.

Demonstration of the risks

The U.S. Treasury Department has taken notice of panic-stricken crypto investors. Secretary Janet Yellen said, "We really need a regulatory framework. In the last couple of days, we've had a real-life demonstration of the risks ... Stablecoins present the same kinds of risks that we have known for centuries in connection with bank runs."

Ed Moya, a crypto analyst at the trading firm OANDA, said, "I never thought things would get ugly this fast," However, some analysts think the panic is overblown. A Mizuho study showed that the average Bitcoin investor on Coinbase would not lose money until its price drops below US\$21,000.

Shooting for the moon

The predictions that Bitcoin could hit US\$100,000 in 2022 is shooting for the moon. Now, people see the risks or dangers of investing in virtual currencies. Your gains in Bitcoin, **Ethereum**, and other cryptos could vanish overnight. With the extreme volatility today, the death spiral could be near.

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