



Will Bitcoin Bottom at US\$10,000 or US\$5,000?

Description

The world's largest cryptocurrency by market capitalization has been in the danger zone since closing below US\$20,000 on June 30, 2022. The plunge from the end of May was 37.77%. As of this writing, the price of **Bitcoin** ([CRYPTO:BTC](#)) is US\$20,382, or a year-to-date loss of 55.98%.

Somehow, BTC loyalists are encouraged by the digital asset's resiliency over the last four days. It has been trading above US\$20,000 and has breached the US\$20,500 level on mid-week before dropping to its current price. Edward Moya, a senior market analyst at OANDA, said, "Bitcoin is struggling to hold onto the US\$20,000 level."

Moya added, "If Bitcoin breaks below the recent low around US\$17,500, there isn't much support until the US\$14,500 level." Because of its extreme volatility in the current complex environment, some crypto critics think that more pain is ahead. BTC could tank to US\$10,000 or even lower.

Price of doing business

Long-time investors in the cryptocurrency market knows full well the volatile nature of BTC. While it had delivered astronomical returns and 10-fold growth, incurring huge losses is part of the game. Bitcoin lost 72.6% in 2018, then stormed back with a vengeance in 2019 and 2020, with total returns of 87.2% and 302.8%.

In 2021, Bitcoin investors didn't lose, although the yearly return was lower (+57.6%). Fast forward to July 2022, and the level of volatility in the space has gone up even higher. Apart from the tightening monetary policies by central banks, the havoc in crypto-lending platforms could worsen the situation.

Lending platforms add to volatility

Many depositors trooped to crypto lending platforms like Celsius and Voyager Digital on the promise of outrageous returns (20% annually or more). But because of plunging crypto prices, these platforms need to limit, if not suspend withdrawals altogether. Nevertheless, the affected platforms insist the

situation is temporary.

Celsius hasn't reopened its services since suspending withdrawals, swaps, and transfers on June 13, 2022. Vault, a cryptocurrency lending and exchange platform in Singapore, is also having financial difficulties amid volatile market conditions. On July 4, 2022, the company announced the immediate suspension of all deposits, withdrawals, and trading.

Undervalued crypto?

Jim Cramer, a rabid supporter of cryptocurrencies, has made a complete turnaround and is now a non-believer. He said early this week, "Crypto really does seem to be imploding. When it goes from \$3 trillion to \$1 trillion, why should it stop at \$1 trillion? The [cryptocurrency space](#) has no real value and could suffer from further losses."

Nevertheless, Bitcoin proponents maintain a positive outlook, citing its historical performance. The crypto rebounds significantly from a sustained bear market. Their investment thesis is that the first-mover status gives it a solid standing within the digital asset market.

Price predictions

While the Bitcoin's adoption isn't widespread yet, many well-known institutional investors and high net worth individuals now hold BTC in their investment portfolios. In an article published by [business2community.com](#), analysts predict the price to be US\$32,000 by year-end.

Given Bitcoin's sustained downtrend, some crypto bulls infer that it's one of the most undervalued cryptos on the market. For 2023, the potential high and potential low predictions are US\$32,000 and US\$17,000, respectively. They also predict Bitcoin to rise to US\$80,000 by 2025.

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