



The Elon Musk Sentiment Metre Isn't Good in the Bitcoin World Right Now

Description

Bitcoin's performance this year has been pretty incredible. Until mid-April, investors holding Bitcoin had doubled their money on a year-to-date basis. However, in a few short weeks, the price of Bitcoin plummeted back down to Earth. On May 23, the price of Bitcoin roughly halved from its peak approximately one month prior.

Why all the volatility?

Well, there are numerous factors at play here. However, one of the key proponents of Bitcoin has become much less bullish on the topic of late. **Tesla** ([NASDAQ:TSLA](#)) CEO Elon Musk has been a not-so-quiet cheerleader of everything speculative of late. That has included Bitcoin, Dogecoin, and really anything else meme-like.

However, Mr. Musk has recently been changing his tone on digital currencies. Let's dive into why this could be the biggest headwind for crypto investors right now.

Energy usage the crux of the issue for investors like Musk

As CEO of Tesla, a company looking to make the world a greener and better place through innovation in the EV space, Elon Musk has appeared to have recognized the hypocrisy of his investment in Bitcoin.

Indeed, those wanting to make the world a greener place may want to consider the ramifications Bitcoin mining has on the environment. As I've pointed out in [recent pieces](#), the energy usage with Bitcoin mining is absolutely tremendous. The aggregate impact of these activities accounts for more pollution than that of small countries. With so much of the world's electricity still generated via "dirty" means, this is obviously contrary to the goals of the [ESG-oriented investor](#).

Of course, Musk's recognition of the ESG-related issues around Bitcoin is great. However, it appears Musk's pocketbook took quite the hit following his tweets on the subject. Musk quickly backtracked from his previous position, working with the CEOs of various Bitcoin miners to set up an unofficial

mining council. In so doing, it appears Musk is hoping he can save his Bitcoin investment, while also virtue signaling to his followers that he's about as woke an environmentalist as investors initially thought.

Bottom line

Generally speaking, I think Musk's motives with Bitcoin have absolutely nothing to do with the environment and everything to do with virtue-signaling and posturing.

This whole ordeal is one that would have simply been avoided if Mr. Musk didn't say anything, which seems to be hard for him to do.

Bitcoin is already a volatile enough asset, but with cheerleaders like Musk layering on more volatility of late, I can't see how this is a viable long-term investment.

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