

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



### How Far Could Cryptocurrencies Fall?

By: [www.ProfitableInvestingTips.com](http://www.ProfitableInvestingTips.com).

When we wrote recently about the [crypto with the best profit potential](#), we noted that many old school investors think that cryptocurrencies are a huge bubble ready to pop. But, that thought applies to any investment in the midst of a bear market. The first thing different about crypto is that there is no way to determine intrinsic value. The other is that cryptocurrencies can be used to hide transactions and wealth and as such will eventually be subject to a higher degree of regulation. That appears to already be the case with the U.S. Treasury and the largest intraday drop in bitcoin for months.

### Will Bitcoins Drop Again in 2021?

The story of bitcoin and other cryptocurrencies over the last few has been rallies followed by retreats followed by rallies. We have seen an impressive rally recently and now, as news of U.S. Treasury investigations arises, a fall. *Yahoo Finance* writes about [U.S. crackdown reports](#).

*Bitcoin (BTC-USD) is experiencing a massive sell-off, shedding almost 15% in the last 24 hours, the biggest intraday drop since February. The drop appears to coincide with reports that the US Treasury is planning to tackle financial institutions for money laundering carried out through digital assets. On Sunday, the flagship crypto shed nearly \$8,000 and was trading 12% lower at \$54,900 around 12PM in London, down from a day high of \$61,293.*

More than a million bitcoin positions have been liquidated in this correction amounting to more than \$10 billion. Ethereum, which has outpaced bitcoin recently fell by 17%, double to drop in bitcoin. It remains to be seen if this is a correction or the beginning of a freefall in cryptocurrencies during 2021.

### Will Regulation Kill the Crypto Boom?

This is a major question overhanging the rally in bitcoin and other cryptocurrencies. Like with every past rally, there comes a time when FOMO, fear of missing out, drives new money into a stock, market, or cryptocurrency. In our recent article about the crypto with the best profit potential, we looked at the “minor” cryptocurrencies and suggested that they had more room to run than bitcoin. However, if the U.S. Treasury starts tracking down folks who are using cryptocurrencies for money laundering, they will be casting a wide net. As we noted in our article, [Buying Cryptocurrency 101](#), *Cryptocurrency exchanges in the USA now need to report to the IRS (IRS Form 8949, Schedule D)*. Anyone who has been buying and selling and making a nice profit from the peaks and valleys of cryptocurrency trading may end up in trouble with the IRS and having to pay back taxes and penalties. As this sort of thing comes to light, it could occasion a stampede out of cryptocurrencies. We noted in the news that the country of Turkey has just banned the use of cryptocurrencies for payment due to the difficulty in regulating them and ensuring the safety of payment systems.

## **What Will Bitcoin Be Worth in 2030?**

If you read the hype about bitcoin and other cryptocurrencies, you are told that bitcoin could rise without limits to maybe a million dollars for each digital token. Although a bull market could take bitcoin and others much higher, with each step upward, the likelihood of regulation increases. When we look back at the dot com bubble, we remember folks saying that the stock market had changed forever and would just keep going up. The same happened when the Hunt brothers tried to corner the silver market. When FOMO takes over, fresh money jumps into a market drives things up one more step before all of the old money gets out and there is no bottom to how far an asset, like bitcoin, can fall.

## **Long Term Place for Cryptocurrencies**

The original idea for bitcoin, as a medium for exchange is a good one. We expect governments to try to lead cryptocurrencies in this direction and away from being speculative assets. To do this, there will be regulation. There may be a way to tie crypto prices to something more tangible than hope of future rallies. If bitcoin is still around in 2030, we expect it to be a totally different animal than it is today. How about a medium of exchange tied to a basket of currencies and worth \$5,000 each?

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