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Stock Market Investing Tips, Techniques, and Resources



Long Term Investing With Bitcoin

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Do you believe that Bitcoin is heading up again? Do you believe that it will be a store of value into the long term future? If this is the case you will want to consider long term investing with Bitcoin. One important issue with Bitcoin investing is that the price goes up and down rather dramatically. For the investor there are two things to think about Bitcoin volatility. One is to try to time the market and the other is to invest the same amount in dollars every month, quarter, or year. This is called [dollar cost averaging](#) and by using this approach you buy more tokens when the price is down and fewer when the price is up.

Invest All In with Bitcoin or as Part of a Diversified Portfolio

People have made impressive fortunes by investing in Bitcoin. They have also lost impressive sums of money. Many simply trade Bitcoin, buying low and waiting for a rally to sell high. While this can be very profitable it is difficult and often risky. Do you really believe that Bitcoin will be around forever? Do you believe that Bitcoin will steadily go up in value, and that it is a way to protect yourself from chaos in the larger financial system? If this is the case, invest steadily using the dollar cost averaging approach, ignore the valleys, and enjoy the market peaks. That is the first thing. The second thing is to invest part of your money that is far from Bitcoin as possible. There are dividend stocks that have paid dividends for decades and which have steadily increased their stock prices and their dividends. A company like Coca Cola is perhaps as far from Bitcoin as any other investment.

Keep Track of Your Reasons for Investing in Bitcoin

Successful long term investors understand their investments. They keep track of their investments over the years. They either keep investing or get out of an investment based on whether or not their original reasons for making an investment still exist. A stock that was a great investment for years was Eastman Kodak, the inventor of the film camera and leader in its field for a century. It suffered a huge blow to its business model with the invention of the digital camera in the late 1990s. If you are going to invest long term in Bitcoin you need to know why you are doing it and make sure that Bitcoin continues to provide you with those reasons.

Why Invest in Bitcoin?

If you are going to invest in Bitcoin today you need to keep a couple of things firmly in mind. This is 2023 and not 2010 when Bitcoin ended the year at 30 cents or 2011 when it ended the year at \$4.70 but peaked at \$30 in June. Be careful when you compare these prices to the current Bitcoin price of just under \$30,000 a token. Many investments grow rapidly in their first years only to level off or even retreat later on. The recent surge in Bitcoin price up from the \$16,000 range by 75% is a more likely investing scenario going forward than the thousand-fold advances of years ago. Something that Bitcoin has going for it is that the ultimate number of tokens has a strict limit as opposed to currencies like the dollar, euro, or British pound where a nation can simply print money to pay its bills. Reasons to invest in Bitcoin should not include [friends and FOMO](#), fear of

missing out.

Reasons to Avoid Bitcoin Investments Today

Many reasons that promoters gave for years for investing in Bitcoin turned out to be untrue during crypto winter. Bitcoin was supposed to be a hedge against inflation but it fell in value along with the stock market during the worst inflationary surge in forty years. It was supposed to be a store of value during difficult financial times but Bitcoin fell as the dollar surged in response to higher interest rates. That leaves us with the huge price swings of Bitcoin as a reason to invest. However, a new issue for Bitcoin, other crypto tokens, and decentralized finance businesses is coming regulation. [Bitcoin wash trading](#) is something that distorts the market. It makes investing and trading perilous. Regulations are likely to make this practice illegal just like it is for trading stocks. That may, in fact, dampen Bitcoin price swings and take away the main reason why many buy and sell Bitcoin.

Bitcoin has had a good run. What investors need to consider is if Bitcoin is like a shorter time frame version of Eastman Kodak where years of accumulated value will potentially shrink and leave investors with little or nothing.

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