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Stock Market Investing Tips, Techniques, and Resources



What Is the Next Bitcoin Price Target?

By: www.ProfitableInvestingTips.com

After a healthy runup in price, Bitcoin fell back below \$30,000. For the time being just short of \$30,000 seems to be the current Bitcoin price plateau. What is likely to drive the Bitcoin price going forward? Is the increasing possibility of a recession making risk-on assets like Bitcoin less popular? Is Bitcoin simply going to follow the Nasdaq again? Has the banking crisis sufficiently settled down so that crypto does not look like the best alternative for savings? What is the next Bitcoin price target and how do you make that assessment?

Did Fed Liquidity Due to the Banking Crisis Cause the Bitcoin Rise?

One explanation going around has to do with when SVB (Silicon Valley Bank) collapsed. The FDIC and Fed bailed out depositors in excess of the legal \$250,000 limit. This amounted to an injection of liquidity into the monetary system. This happened at the same time that some began to question the safety of the entire banking system when compared to cryptocurrencies. If that was the case, then it makes a bit of sense that Bitcoin would fall back as the overall banking system remains intact. If you buy this argument then you will probably not set your Bitcoin price target much higher than the \$30,000 range where it is today.

What Should We Expect from Bitcoin Halving?

Bitcoin halving has to do with the reward or payment for mining new Bitcoin. It is something built into the Bitcoin system about every four years or every 210,000 blocks. At these times the reward or payment for including mined Bitcoin into a block is cut in half. This last happened May 11, 2020 and Bitcoin more than tripled in value by the end of the year. The previous halving happened on July 9, 2016 and Bitcoin rose by 50% by the end of the year. The next halving will take place sometime in 2024. Bitcoin enthusiasts are predicting another price increase to around \$50,000 caused by the halving. The stated rationale is that halving makes Bitcoin less profitable to mine and drives scarcity. However, prices are driven by supply and demand. While supply may suffer due to halving, we have yet to see if demand will increase significantly after the shock of **crypto winter**.

What Drives Crypto Prices?

The crypto market, just like the stock market, is driven by two things. These are market sentiment over the short term and fundamental factors over the longer term. As Bitcoin and other crypto prices went up people invested to make money. Despite the extreme volatility, it seemed to many that Bitcoin and the rest would always go up. Then prices fell and market sentiment turned negative driving prices lower and lower. As Bitcoin and the rest rose in value over the years from pennies to dollars to tens of thousands of dollars, a mantra evolved. Crypto as a whole and Bitcoin especially were safe havens for when financial chaos reigned. Bitcoin was a hedge against inflation. Crypto was safe from the manipulation of third parties and middlemen. As 2022 ground on, it became apparent that Bitcoin fell in price during the worst inflation in forty years. Bitcoin prices rose and fell in tandem with the Nasdaq stock market. And crypto leaders like Sam Bankman-Fried was a

[modern day robber baron](#) and as bad as any middleman that crypto was supposedly designed to prevent.

To make a long story short, positive market sentiment sent Bitcoin up and then down. Bitcoin does respond to the same fundamentals that drive the stock market namely interest rates, fear of recession, excitement when a bull market is expected. It is not a magic investment guaranteed to go up forever. And it is very prone to hype and manipulation. This, especially, makes setting a price target for Bitcoin risky. What Bitcoin has going for it is that its eventual maximum supply is set, unlike dollars, euros, and other fiat currencies. Eventual prices in crypto will be driven more by the practical uses of the various tokens. This makes Ethereum and the Ether token a better bet over the long haul than Bitcoin due to Ether's use in DeFi, blockchain gaming, etc.

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