

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



What Will Be the Washout Price of Bitcoin?

By: www.ProfitableInvestingTips.com

As Bitcoin falls in value to lower and lower [price plateaus](#), we are forced to think about whether or not it has an eventual bottom. [Crypto winter](#) persists amid sequential bankruptcies ([Voyager Digital](#), [Celsius](#), [FTX](#)). And it appears that each time something bad happens in the crypto realm, the price of Bitcoin goes down another notch even when it is not the cause of or directly involved in the bad news. A term from the commodity business comes to mind, [washout](#). The washout price is the price paid for a shipment of spoiled grain or other commodity that no longer has value based on its original purpose (like being a food that can be eaten). The term is also applied when a producer or trader cannot make delivery of a commodity so their delivery does not happen and is of no value. So, if worse comes to worst, what will be the washout price of Bitcoin?

Market Value vs Fundamental Value of Bitcoin

In general, the value of something is determined by what folks are willing to pay for it. That is how markets work. [Market sentiment](#) for Bitcoin carried it higher in successive surges many times but most-impressively in 2017, 2019, and twice in 2021 when it last topped out above \$60,000 per BTC. While this was happening traditional investors in stocks, bonds, and real estate said Bitcoin and all of cryptocurrency was a house of cards waiting to fall down. Bitcoin supporters countered by saying that cryptocurrencies in general and Bitcoin in particular were safe havens for wealth in times of social, financial, and economic turmoil. Cryptocurrencies would hold their values during times of severe inflation when traditional currencies like the dollar, euro, yen, and pound sterling shriveled. Supporters said that Bitcoin's basic fundamental value rested on these attributes and on the fact that there is a firm limit for how many Bitcoin will ever be mined (created). This definition of [fundamental value](#) is not the same as for other assets like stocks which typically rely on assessment of [intrinsic value](#) for long term investing. In other words, how secure is this investment and what is the expected monetary return on this investment based on cash flow going forward?

Will Bitcoin Disappointment Turn into a Bitcoin Demise?

Bitcoin is new to the world having only been invented during the Financial Crisis. This is a temptation among its detractors to say that it will simply shrivel up and go away. We do not think that will be the case. Rather Bitcoin and the rest of the crypto crew will likely settle into value consistent with their usefulness as ways to make and save money and [carry out financial transactions](#), which was the original point of Bitcoin before it sort of [lost its way](#) in a wave of (very profitable for some) speculation. We took a look at what *Bitcoin Magazine* said about [intrinsic value](#) in general and as it applies to Bitcoin. The short version of their opinion is that the concept of intrinsic value is a bunch of bunk and if those who use Bitcoin and assign a value to it are OK with Bitcoin then that is all that is necessary.

The problem as we see it is that an awful lot of what passed for faith in Bitcoin and the rest had to do with its value going higher and higher. All of the explaining was really just rationalizing a good thing so that it seemed to have a solid and permanent foundation. Now that the perpetual Bitcoin bull market is at least on hold, if not done for good, we are seeing long term [Bitcoin holders bailing out](#). Steadfast crypto believers may see this as a loss of faith. We rather see it as investors who recognized and got in on a good thing (like Eastman Kodak in its heyday) and then got out (like when digital cameras were invented and took away Kodak's business model) when the investment started to sour.

In our opinion, the only thing that would truly diminish Bitcoin value to washout prices would be a "run on the bank" caused by [overzealous regulation](#) or something like Putin having his back to the wall in the war in Ukraine and using tactical nukes thus sending the world economy into a tailspin. Otherwise, Bitcoin will likely lose a bit more ground and settle into a trading range for those who are still active in this niche.

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

Educational Resources

**Click the links below to get your
FREE training materials.**

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.