

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



## When to Buy and When to Sell Bitcoin

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Bitcoin is on its way back up again. Again we are hearing the old refrain. It is a store of value, a hedge against inflation, and will keep going up virtually forever. Anyone who believes this hype and invests in Bitcoin accordingly deserves whatever they get. That is not to say that there are no profits to be made in Bitcoin. Anyone who had the foresight to buy at the end of 2022 has seen their investment nearly triple in value in a year. Investment advisors use the word **outperform** to describe how Bitcoin and altcoins Solana and Cardano have been doing. This is a way of saying that an investment is doing well while withholding judgment as to why, how, or any future performance. It does give any in terms of when to buy and when to sell Bitcoin.

## The Lure Of ETF-Generated Bitcoin Profits

A year ago it was the prospect of the US Federal Reserve stopping their back to back interest rate increases. There has even been the hope that the Fed will quit rate hikes altogether and start lowering rates. However, the engine that seems to be driving Bitcoin in recent months is the hope that the Securities and Exchange Commission will approve at least one of the many applications it has for spot Bitcoin ETFs. These vehicles would allow investors and speculators who have no interest in learning how to use the blockchain or have a crypto wallet and still profit from Bitcoin. The problem that we see with this investment strategy is that it is based on hope.

## Will Spot Bitcoin ETFs Lure More Capital Into Bitcoin?

Investment businesses like Blackrock are betting that they can find lots of folks interested in buying and selling Bitcoin like shares of stock. That is how an ETF or exchange traded fund works. We noted a while back that there already is a spot Bitcoin ETF available on the Euronext market. The **Euronext spot Bitcoin ETF** has been around for several months and has not generated all that much excitement. The rationale is that using cryptocurrencies to make money is too foreign and too much of a bother for most investors. Thus, the argument goes that by making it easy to buy shares of a Bitcoin ETF folks who are used to ETFs will flock to the opportunity. For folks like Blackrock which runs hundreds of ETFs this is not a big risk. For the individual investor it might be.

## What Will Drive the Price of Bitcoin in 2024?

The Federal Reserve is pretty much done raising interest rates. But they are in no hurry to lower them either. The mere fact that Bitcoin is going up again is enough for some people to jump back into the fray. Our concern about trading of Bitcoin leading up to a possible approval of spot Bitcoin ETFs is that the old adage **buy on the rumor and sell on the news** may apply.

## Why Are the Altcoins Going Up?

We have long been of the opinion that over the long haul the value in cryptocurrencies will be in their practical value as means of exchange, the backbone of decentralized finance. The two altcoins, Solana and Cardano are competing with Ethereum in this practical crypto use niche. They have nothing to do with spot Bitcoin ETFs and the rise of Bitcoin. One concern that comes to mind is that all of the cryptocurrencies are susceptible to market manipulation like Bitcoin is with [wash trading](#) and hype-driven pump and dump efforts. This brings us to consider what is the best way to profit from Bitcoin.

## Should You Think Like a Day Trader When Buying and Selling Bitcoin?

Day traders of stocks, commodity futures, foreign currencies and cryptocurrencies seek to profit from the short term fluctuations in the market. To the extent that there is a trend up or down, their trades reflect that. The day trader does not get personally invested in the long term value of what they are trading. They assess the market, watch the news, use technical indicators, and take repeated small profits no matter which way the market is heading. Using this approach one would take the current Bitcoin rally at face value and profit from short term positions. And using this approach a trader would not simply assume that spot Bitcoin ETFs will catapult Bitcoin back to its late 2021 highs. If they do believe this they then also need to remember that Bitcoin has the capacity to go down just as dramatically as it goes up.

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