Bitcoin Bubble: Is Bitcoin Going To $1 Million Or Is it Going To Zero?

The price of Bitcoin continues to rise at an exponential rate, and the financial world is in a complete state of shock. Just yesterday, I marveled that the price of Bitcoin had surged past the $13,000 mark for the first time ever, but then on Thursday it actually was selling for more than $19,000 at one point. As I write this, Bitcoin is sitting at $16,877.42, but a few hours from now it could be a couple of thousand dollars higher or lower than that. Those that got in early on “the Bitcoin revolution” have made extraordinary amounts of money, and many believe that this is just the beginning.

Of course many of the most respected names in the financial world were convinced that this would never happen. For example, back in 2014 Warren Buffett encouraged investors to “stay away” because he believed that Bitcoin was a “mirage”. And not too long ago JPMorgan Chase CEO Jamie Dimon said that “if you’re stupid enough to buy it, you’ll pay the price for it one day”.

But for now, it is Bitcoin investors that are having the last laugh. If you would have gotten into Bitcoin back at the beginning of this year, your investment would be worth 16 times as much today. The following comes from CNN...

Bitcoin cracked $1,000 on the first day of 2017. By this week, it was up to $12,000, and then it really took off: The price topped $16,000 on some exchanges Thursday, and $18,000 on at least one. Other cryptocurrencies have seen similar spikes, though they trade for much less than bitcoin.

There’s a long list of factors people may point to in an attempt to explain this. Regulators have taken a hands-off approach to bitcoin in certain markets. Dozens of new hedge funds have launched this year to trade cryptocurrencies like bitcoin. The Nasdaq and Chicago Mercantile Exchange plan to let investors trade bitcoin futures, which may attract more professional investors.

At this point, Bitcoin has a market cap of approximately 280 billion dollars, and that means that if it was a stock it would “rank among the 20 largest stocks in the S&P 500”.

To put this another way, Bitcoin’s market cap is now greater than the GDP of the entire nation of Greece.

Earlier today, Zero Hedge posted a chart that showed how meteoric Bitcoin’s rise has been...

- $0000 – $1000: 1789 days
- $1000- $2000: 1271 days
- $2000- $3000: 23 days
- $3000- $4000: 62 days
- $4000- $5000: 61 days
- $5000- $6000: 8 days
- $6000- $7000: 13 days
- $7000- $8000: 14 days
- $8000- $9000: 9 days
- $ 9000-$ 10000: 2 days
- $ 10000-$ 11000: 1 day
- $ 11000-$ 12000: 6 days
- $ 12000-$ 13000: 17 hours
- $ 13000-$ 14000: 4 hours
- $ 14000-$ 15000: 10 hours
- $ 15000-$ 16000: 5 hours
- $ 16000-$ 17000: 2 hours
- $ 17000-$ 18000: 10 minutes
- $ 18000-$ 19000: 3 minutes

So where is Bitcoin headed next?

Whenever we see anything go up this fast, it is inevitable that there will be a pullback, and that is precisely what we are witnessing at the moment. After soaring past the $ 19,000 mark, Bitcoin dropped back to under $ 17,000. But this pullback could just be temporary, and there are some that are absolutely convinced that Bitcoin will blow well past the $ 20,000 mark by the end of December.

In the long-term, experts such as John McAfee and James Altucher believe that the price of Bitcoin will reach one million dollars. But there are others that believe that Bitcoin is one of the biggest financial bubbles in history and that it will eventually end in an absolutely horrible crash.

So who is correct?

Well, it is entirely possible that both sides are correct.

Bitcoin could theoretically continue to skyrocket for the next few years if the economy remains somewhat stable. And it is also true that given a long enough time frame, virtually every financial investment goes to zero.

Just like every other financial investment, the key is to get in at the right time and to get out at the right time.
For now, Bitcoin has sparked a worldwide craze that is absolutely unprecedented. The following comes from the Washington Post...

Such warnings have not stopped the craze surrounding the currency as the sharp rise in value creates ever more demand. In South Korea, people are pouring their life savings into bitcoin and other digital currencies. In Venezuela, after observing the rise of bitcoin, the government announced it would launch its own virtual currency called the “Petro” to get around U.S. sanctions.

And of course Bitcoin has spawned a whole host of competitors. At this point there are more than 1,000 virtual currencies in existence, and that number is constantly growing.

To me, this whole phenomenon is absolutely amazing. Bitcoin and other cryptocurrencies are digital creations, and they don’t have any real intrinsic value.

But something doesn’t have to have intrinsic value in order to be extremely expensive. For example, a single painting by Pablo Picasso once sold for more than 100 million dollars. You and I may consider it to be just a silly painting, but because there are people out there that are willing to pay more than 100 million dollars for it, that is how much it is worth.

The same thing is true with cryptocurrencies. At this moment there are people willing to pay more than $16,000 for a single Bitcoin, and therefore that is what it is selling for.

Someday if this craze fades or global governments really start cracking down on cryptocurrencies, things could change very, very rapidly. So anyone that is considering investing should be aware of the risks.
But for the moment Bitcoin is on a wild ride, and it has been fun to watch. And since Bitcoin and other cryptocurrencies are not controlled by the authorities, it is easy to root for them to be successful.

However, now that they are getting so much attention it is inevitable that the heavy hand of government will come down hard at some point. In the end, government usually ends up ruining just about everything, and I have a feeling that cryptocurrencies will be no exception.

**Michael Snyder** is a Republican candidate for Congress in Idaho’s First Congressional District, and you can learn how you can get involved in the campaign on his [official website](https://michaelsnyder.id/). His new book entitled “*Living A Life That Really Matters*” is available in paperback and for the Kindle on [Amazon.com](https://www.amazon.com).