Bitcoin Plummets after Surpassing $ 34,000 per Unit



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One day after **surpassing $ 34,000** per unit and hitting a new all-time high, **Bitcoin (BTC)** had its biggest daily drop since last March. This Monday, the cryptocurrency registered **a 17% crash,** reaching a price below 30 thousand dollars.

In the early hours of January 3, Bitcoin reached a price of **$ 34,544.94** , according to CoinDesk . However, it could not stay there for long.

In the early hours of Monday, January 4, around 4:30 a.m. (GMT-6), Bitcoin fell to around **$ 28,700** per unit, according to data from CoinMarketCap .

Fortunately, the same volatility that brought her down in a matter of hours also helped her rebound. **Just 5 hours later,** the cryptocurrency was trading at around **$ 32,100 again.** Since then and until now, the price of BTC has remained fluctuating. While it hasn't returned to $ 34,000, it hasn't dropped below $ 30,000 either.

Faced with these variations, the official Bitcoin account on Twitter published a message to reassure investors.

"It is not a race. It is not a bubble. It is a Bitcoin chain reaction that spreads like a fire in cyberspace, " reads a tweet next to a short video of a Bitcoin symbol in flames.

> *"It's not a rally. It's not a bubble. It's [#Bitcoin] chain reaction spreading like a fire in cyberspace." pic.twitter.com/fwRrYrKBOo*
>
> *— Bitcoin (@Bitcoin) January 4, 2021*

At the beginning of 2020, Bitcoin had an average price of **$ 7,300** and closed the year at **more than $ 29,000.** That means an approximate growth of 300% in the last 12 months. As of early December alone, the cryptocurrency was worth about **$ 19,000,** representing a **53% increase in one month.** Then, in the early days of 2021, it skyrocketed above $ 30,000 and within hours it surpassed $ 32,000 .

According to **Adrian Lowcock, director of personal investments at Willis Owen Ltd.** , Monday's losses are *"a reminder that this is a relatively new, highly volatile asset that has not yet found its place in the market," he* said. for Bloomberg. The expert says that bitcoin has yet to overcome *"many* major hurdles" to become *"a useful primary asset."*

The potential of this cryptocurrency has led to **quick profits,** while the expectations that it will become a conventional payment method have made it an object of desire for large

investors.

Will Bitcoin keep rising?

According to the most recent report by Glassnode , a company that analyzes the behavior of cryptocurrencies, **Bitcoin** has a promising future thanks to the **few units available in the market.**

Only **22% of the Bitcoins in existence** would actually be part of the market. Meanwhile, a larger number of large investors acquire the cryptocurrency as a store of value, the firm notes. In his calculations, those constantly moving BTCs are just 4.8 of the more than 18.5 million in existence.

The researchers identified that the amount of Bitcoins in motion has been decreasing in recent months. There are fewer and fewer entities willing to sell their Bitcoins. *"This indicates that the current bull market is driven by the staggering amount of illiquidity,"* the report notes.

Therefore, the research concludes that the shortage of BTC in the market augurs a future upward in the price of the cryptocurrency. In other words, the **lower the supply of units circulating, the more expensive it is to obtain them.**

Now it only remains to carefully follow the fluctuations of Bitcoin to know if it will continue to be a good investment.

https://www.entrepreneur.com/article/362689