

The Reason Why is Bitcoin Still Popular

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/EINPresswire.com/ -- Despite facing repeated criticisms and being declared obsolete or fraudulent numerous times since its creation, Bitcoin continues to captivate the financial world and maintain its popularity.

In January 2014, when Bitcoin's value hovered around \$825, it was labeled a bubble by Nobel Laureate economist Robert Shiller. Similar sentiments were echoed by Mark Cuban in 2017 when Bitcoin's value approached \$3,000. The cryptocurrency's value fluctuations, particularly the dramatic rise in 2017 followed by a sharp decline to about \$3,000 in 2018, led to numerous declarations of its demise. Yet, Bitcoin defied skeptics by reaching new heights in 2021, with its value hitting \$10,000, \$30,000, and even \$60,000, before experiencing another significant drop to around \$17,000 in 2022.



However, by January 2024, Bitcoin had made an impressive recovery, surging by approximately 160% over the previous year and trading at over \$45,000. This resurgence can be partly attributed to the U.S. Securities and Exchange Commission's (SEC) approval of a spot Bitcoin Exchange-Traded Fund (ETF) in January 2024, a move that facilitated major asset managers like Fidelity and BlackRock to provide Bitcoin exposure to their clients, thereby simplifying the process of holding Bitcoin in various investment accounts.

The recent surge in Bitcoin's value is likely influenced by multiple factors. One such factor is the "Bitcoin halving" event that occurs every four years, which reduces the reward for mining new bitcoins by half. The last halving in 2020 decreased the mining reward from 12.5 to 6.25 bitcoins, and the next halving in 2024 will reduce it further to 3.125 bitcoins. This reduction in new Bitcoin

supply could potentially lead to increased scarcity and drive up its price, prompting current investor speculation.

Moreover, the spike in interest rates in 2022, which adversely affected growth stocks, may have similarly impacted Bitcoin, as investors generally seek stability in uncertain times. However, with potential interest rate cuts on the horizon in 2024, there might be a renewed interest in riskier assets like Bitcoin.

Additionally, Bitcoin purists argue that assessing Bitcoin through the prism of traditional fiat currencies like the U.S. dollar or the British pound fails to capture its essence as a revolutionary monetary system.

Despite its unpredictability, one thing about Bitcoin seems certain: it will continue to experience volatility. In the short term, both proponents and critics of Bitcoin may find their predictions validated as its value oscillates. Nonetheless, for now, the momentum appears to favor the optimists in the Bitcoin community.

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