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Analysts Weigh in on Why Lower Bitcoin Price Good Thing

Bitcoin prices keep getting hammered.

By [James Dennin](https://www.inverse.com/user/286-james-dennin) on June 12, 2018

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It's a very different time to be a [bitcoin](https://www.inverse.com/topic/bitcoin) investor than it was last December. Last year, a season of bitcoin fomo helped drive up the price from nearly \$2,000 per coin in May to nearly [\\$20,000](#) [hyperloop-one-map-global-underground-system](https://www.inverse.com/article/hyperloop-one-map-global-underground-system)

(<https://www.inverse.com/article/44619-bitcoin-price-fran-strajnar>) per coin by December 17. Pretty much since then, speculators have learned the hard way that what the easy-money gods giveth, the easy-money gods can also take away.



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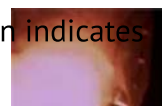
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As of Tuesday evening, bitcoin was trading at roughly \$6,500 per coin, according to [CoinMarketCap \(https://coinmarketcap.com/\)](https://coinmarketcap.com/), just barely more than a third of the price traders were paying less than six months ago.

The length of downward trend has some observers wondering whether bitcoin is entering a bear market, a period of trading where pessimism reigns supreme, enough so that the losses become self-sustaining. In other words, a bear market is what's going on when people start selling because their friend told them they're selling, driving the price down even further. [Coindesk \(https://www.coindesk.com/6k-next-bitcoin-bear-market-resumes-after-10-drop/\)](https://www.coindesk.com/6k-next-bitcoin-bear-market-resumes-after-10-drop/)'s Omkar Godbole wrote that the "bearish continuation pattern indicates that bitcoin could drop below \$6,000 in a week or two."



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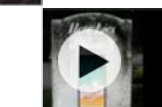
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That all sounds kind of scary, particularly if you'd purchased your bitcoin in December and had to stomach the prospect of watching its price fall even further. But Campbell Harvey, a finance professor at Duke who teaches a course on cryptocurrencies tells *Inverse* that if you zoom out to the last year, the term bear market may not apply.

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Who's smarter?



“When the students were enrolling in my course last November, the around \$7K, now we’re about the same” Harvey said. “For the people these elevated prices, they’re feeling the pain and calling it a bear market it was just unjustified how high the price got so rapidly.”

Zoom out even further, and bitcoin’s gains remain more than substantial to keep early investors happy, said Erik Finman an entrepreneur who started buying bitcoin when he was 12, told *Inverse*. Back then, bitcoin had for as little as \$12 per coin, though Finman also said the energy definitely changed since the manic holiday season.

“There was all this hype and what did the hype turn into?” Finman said. “There has to be something more interesting than bitcoin just going up and up and up.”

Why Lower Bitcoin Prices Are a Good Thing

As Finman sees it, mainstream consumers have yet to see a killer use case from the crypto world. At least in part because it got so popular so fast, one of bitcoin’s main utilities – sending money easily and cheaply and securely – went up in

smoke as transaction costs soared to more than 15% (<https://www.cnbc.com/2017/12/19/big-transactions-fees-are-a-problem-for-bitcoin.html>) in some cases. If you couldn't use bitcoin to easily send money, what was the point, really?

But the fact that bitcoin is no longer the poorly understood investment de jour is probably good for the technology in the long run. When a trend runs as hot as bitcoin did last year, scammers come sniffing around and people get in over their head.

“Prices were skewed by these bandwagon investors,” Duke’s Harvey said. “And it led to a lot of people jumping into the space that didn’t really understand the risks ... Most developers are in this for the long game. And if you go back six or seven months, there’s been no change in the price.”

In other words, the fact that bitcoin’s bubble burst is likely good in the long run, both by deterring con artists and get-rich-quick schemers and restoring the focus to what this is *really* supposed to be about, the technology. And as the technology gets hashed out, a fair price to pay for bitcoin – or any altcoin, for that matter – is going to be anyone’s guess.

Photos via Bitcoin