Bitcoin rises above a crucial threshold following a rise in US inflation

Nithya Venkatakrishnan
January 15, 2022

The most valuable digital asset increased as high as 3.3 percent to $44,085 on Wednesday.
Bitcoin surpassed $44,000 for the first time in a week, as the highest level of inflation in the United States in four decades reignites the argument over whether the cryptocurrency is a hedge against growing consumer costs.

Following the release of the consumer price index, which rose 7% in 2021, the largest digital asset by market value rose as much as 3.3 percent to $44,085 on Wednesday. Inflation in the United States has already reached its highest level since 1982. Some market players expected the increase to be bigger, causing other so-called risk assets, such as stocks, to rise as well.

"Inflation today was in line and maybe the Fed doesn’t need to accelerate its tightening, which means that the outlook for cryptocurrencies may be at the margin just a little bit better," Glenmede's vice president of investment strategy, Michael Reynolds, remarked. "As it becomes, on a relative basis, more attractive to hold assets in cash as the Fed raises rates, we would expect that it may take some of the wind out of the sales of the crypto assets."
Because Bitcoin and other digital assets are an idiosyncratic asset class, proponents have long maintained that they can operate as hedges against volatility in other parts of the financial market. Under the computer system that oversees issuance, only 21 million Bitcoins will be issued, though that number isn’t likely to be reached for decades.

Following the data release, other cryptocurrencies surged as well on Wednesday. As of 1:12 p.m. in New York, Ether was up 4.5 percent to $3,375, while the Bloomberg Galaxy Crypto Index was up 3.5 percent.

“What we’re seeing today is not ‘yay, inflation hedge’ and all that, it’s risk assets are in again,” Noelle Acheson, chief of market analysis at Genesis Global Trading Inc., echoed this sentiment. That is “because we don’t think that Powell is going to raise rates as much as the market has been discounting because inflation was in line with expectations and not worse.”

To be clear, whether Bitcoin or any other cryptocurrency can be used as an inflation hedge is still up for debate, despite the fact that prominent analysts and investors advocate for it. Some believe that Bitcoin hasn’t been around long enough to earn its reputation as an inflation hedge, while Cam Harvey, a Duke University professor and Research Affiliates partner, has long argued that it behaves too much like a speculative asset and is prone to repeated crashes.
“The jury still seems out on Bitcoin being an inflation hedge and only time will tell,” by phone from Memphis, Austin Vincent, vice president at Gullane Capital, stated.

Nonetheless, Wednesday’s gain was a pleasant relief for many who had been seeing prices fall in recent weeks as the Federal Reserve became more hawkish. According to a Blockforce Capital research based on Glassnode data, new retail investors haven’t been flocking to Bitcoin since the early-December meltdown. Worse, the majority of short-term market investors — who have mostly entered the market in recent months — are currently underwater on their investments. According to Blockforce’s Brett Munster, the average price they paid on Tuesday was greater than the price of a single Bitcoin.

There’s a lot of resistance around $52,000, “and we may continue to see volatility in the short term until we break above it and hold,” Munster added. “However, if we break above it and hold it, sell pressure will dissipate, making it more possible for new participants to re-enter the market.” This could result in the price hike we’ve all been anticipating.”

Nithya Venkatakrishnan
Bitcoin rises above a crucial threshold following a rise in US inflation - Investor Welcome

PREVIOUS POST

Building collapses in Chongqing, China, killing 16 people Gas leak
January 8, 2022

BUSINESS

Tata Steel UK, a new kiln investment improves supply chain efficiency
January 15, 2022

Recent Posts

Metaverse: The Benefits of Social Networking in Virtual Worlds
Digital Coin Price Predicts Doge Coin Future

Tata Steel UK, a new kiln investment improves supply chain efficiency

Bitcoin rises above a crucial threshold following a rise in US inflation

Building collapses in Chongqing, China, killing 16 people Gas leak

Categories

Business
Crypto
Insights
Market
Metaverse
News
Technology

Featured Posts
1. **Metaverse: The Benefits of Social Networking in Virtual Worlds**

   January 17, 2022

2. **Digital Coin Price Predicts Doge Coin Future**

   January 17, 2022

3. **Tata Steel UK, a new kiln investment improves supply chain efficiency**

   January 15, 2022

4. **Bitcoin rises above a crucial threshold following a rise in US inflation**

   January 15, 2022

5. **Building collapses in Chongqing, China, killing 16 people Gas leak**

   January 8, 2022

---

**Recent Posts**
Pfizer Vaccine Prevents Serious Corona Pediatric Complications = CDC

January 8, 2022
Japanese Prime Minister Fumio Kishida said that he has no plans to attend the Beijing Winter Olympics.

December 16, 2021
JPMorgan Chase raises China's GDP growth forecast for the fourth quarter and 2022

December 16, 2021

Categories

Business