

# Bitcoin's renewed euphoria as price keeps rising

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Bitcoin is forecast to keep on rising after hitting fresh two-year highs above \$50,000 on Thursday, leaving analysts to wonder whether

investors have moved on from recent cryptocurrency setbacks, including scandals.

The world's biggest cryptocurrency reached \$52,749, a high since December 2021. Its [market capitalization](#) also went back above \$1 trillion this week, according to cryptocurrency data platform CoinGecko.

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While it has yet to return to near its historic record of November 2021, at nearly \$69,000, the cryptocurrency has largely recovered since a price collapse at the end of 2022.

Bankruptcies of several sector giants, especially the cryptocurrency exchange platform FTX, previously undermined investor confidence and caused [bitcoin](#)'s price to collapse over a year ago.

Its recovery comes largely thanks to US regulators allowing the creation of exchange-traded funds (ETFs) that track bitcoin's price and let the public invest in the digital currency without directly purchasing it.

Once the greenlight was given, making investing in bitcoin more widely available, its value dropped on profit-taking.

But investment is pouring in again, helping bitcoin rally once more.

"Outflows having dried up... bitcoin is back to trading on (market) fundamentals" such as supply, said James Harte, analyst at brokers Tickmill.

Prior to this, and anxious to recover their stake when bitcoin's price dropped, some investors made massive withdrawals from the Grayscale

Bitcoin Trust EFT, which had accumulated more than \$28 billion in assets.

In order to meet redemption requests, Grayscale had to sell part of its bitcoin holdings.

## **'Fear of missing out'**

Charlie Morris, of crypto analyst group ByteTree, said the second main factor in bitcoin's rise is the runup to "halving"—or the dividing in two of reward for the token's miners.

The event, which occurs about every four years, is next due in April.

It is expected to slow the speed at which new bitcoins enter the market, reducing the cryptocurrency's potential availability for purchase, which should boost its value.

The digital currency has a finite number of units. Bitcoin's creator Satoshi Nakamoto has limited the maximum number of bitcoins to 21 million.

Bitcoin is created—or "mined"—as a reward when powerful computers solve complex problems to validate transactions made on the blockchain.

"It is worth noting that in addition to the fundamental factors driving the [cryptocurrency market](#), feelings of FOMO (Fear Of Missing Out) also appear to be at play," noted Walid Koudmani, analyst at XTB trading group.

"The fear of missing out on potential gains has historically driven retail and [institutional investors](#) to enter the cryptocurrency market during periods of significant price appreciation," he told AFP.

The attraction is reinforced by the prospects of rate cuts from major [central banks](#), especially the US Federal Reserve, close to the second half of the year, which has increased appetite for riskier bets across markets.

Such risk can lead to big losses, however, as well as sizeable gains, especially when trading in bitcoin.

"While market sentiment remains extremely positive, it is essential to recognize the volatility and regulatory uncertainties that accompany the cryptocurrency industry," cautioned Koudmani, as governments and central banks themselves urge caution in bitcoin trading.

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