

# Individual investors are no longer 'enthusiastic' about Bitcoin's recent price increase

In contrast to the exciting period of individual investors participating in the cryptocurrency wave in 2021, this year's cryptocurrency fever is somewhat cooler.



Cryptocurrency exchange Coinbase reported customer trading value of just \$56 billion in the first quarter of 2024, even as Bitcoin soared to a record high of nearly \$74,000.

While that represents a significant recovery with transaction value nearly double the level in the fourth quarter of 2023, it remains well below the quarterly average of \$133.75 billion during the bull run. Bitcoin's strength in 2021.

In 2021, the impact of Covid lockdowns, cheap money and personal savings pushed up meme stocks and cryptocurrency prices and fueled fear of missing out (FOMO). In contrast, this latest Bitcoin price rally is an institutional event and is largely driven by the launch of US Bitcoin spot ETFs.

'That's the million-dollar question in the cryptocurrency market – when will individual investors return?', said Michael Rinko, analyst at Delphi Digital.

In another sign of the retreat of trading activity by individual investors, Google trends data shows that search interest in the term 'Bitcoin' in March was half that compared to the peak in 2021.

Some individual investors were hit hard as the 'crypto winter' lasted more than two years, when Bitcoin prices hovered around \$20,000 - \$30,000 after falling sharply from its peak.

Billions of customer dollars were also trapped in the collapse of prominent crypto firms, including Three Arrows Capital, C Network and FTX.

Vetle Lunde, analyst at K33 Research said: 'The key force behind the decline in activity stems from the lessons learned throughout the painful year that was 2022... The spread and collapse of the majority Lending platforms for individual investors show that significant risks are hidden behind attractive yields'.

Some market participants believe that Bitcoin - which accounts for more than half of the \$2,260 billion digital asset market capitalization - will be affected for a rolling period as investors take profits from cryptocurrency and the decision to buy riskier altcoins such as the second largest cryptocurrency ether and others.

John Glover, chief investment officer of crypto lending platform Ledn said: 'Instead of just blindly jumping into crypto on whatever seems hot at the time, people are now focusing more on than where are safe and secure assets to invest in'.

Currently, Bitcoin's price drop to around \$62,800, 15% below its mid-March record high, is serving as a reminder of the extreme volatility and risks that come with the asset.

'The notion circulating in the cryptocurrency market is that the price of Bitcoin needs to reach \$100,000 for individual investors to return. Who knows if that is the magic number or not but we need to get there numbers really stimulate FOMO psychology,' said Michael Rinko, analyst at Delphi Digital.

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