

# Bitcoin squeezes its smaller rivals

Bitcoin is beginning to reassert its dominance over challengers to its cryptocurrency crown.

The original digital coin was assailed by thousands of new "altcoin" competitors in 2021 - from solana and polkadot to litecoin and dogecoin - raising the prospect of a rapid fragmentation of the crypto market.

Yet bitcoin has stemmed its loss of market share this month, and begun to regain ground, as rattled investors seek the relative safety of the biggest crypto player while they contend with an aggressive Fed and talk of war in Europe.

Market players caution that it's too early to call a trend, and note that while bitcoin has outperformed the industry, the entire crypto market has fallen this month. Nonetheless, some say 13-year-old bitcoin could continue to benefit versus its crypto rivals from the more cautious investment climate.

"If risk-off persists, bitcoin will suck up the liquidity in crypto markets," said Matthew Dibb, chief operating officer of Singapore-based crypto fund distributor Stack Funds.

While most cryptocurrencies still take their price cues from bitcoin, some fund managers expect a gradual divergence, or decoupling, this year that will require more discrimination.

"While many casual market observers were able to print a pretty satoshi (bitcoin investment) last year simply by watching their favorite assets go up, 2022 is likely to require a much more careful, nuanced, and active strategy," said Jeff Dorman, chief investment officer of digital asset management firm Arca.

Bitcoin's main challenger Ether, the coin of the Ethereum blockchain, is down 34%.

Cryptocurrencies which are connected to blockchains used to build decentralized finance applications have lost even more ground.

The selloff that began in December has however been less volatile and seen lower volumes transacted than bitcoin's previous rout in May 2021, when it halved in nine days.

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