



Can Cryptocurrencies and Blockchain Stocks Rally in 2018?

Description

This time last year the price of Bitcoin had reached above the \$2,500 mark — considered an impressive surge after starting the year below \$1,000. Investors now know just how incredible its run would turn out to be, as it would challenge the \$20,000 mark in December before the bubble finally burst in late 2017 and early 2018. In addition to its high valuations finally catching up to it and other cryptocurrencies, nations around the world began a [crackdown of cryptocurrency exchanges](#) that has hurt valuations.

Unless you are a bag holder that jumped in during its fall 2017 run, it is worth noting that its year-over-year jump is still mightily impressive. The same applies for its competitors like Ethereum, Bitcoin Cash, and Litecoin. Cryptocurrency prices have plunged this year, but initial coin offerings have soared, and companies [continue to invest](#) in blockchain technology.

The news has been especially positive in Canada. The federal government announced earlier in the year that it would dedicate resources to studying blockchain through the Bank of Canada. **TMX Group Ltd.** ([TSX:X](#)), which operates cash and derivatives markets including the TSX, announced in March that it would launch a cryptocurrency exchange. Canada has also become a hot spot for miners to migrate to due to its cheap energy costs and lack of regulatory oversight when it pertains to mining crypto. TMX Group stock has climbed 22.2% in 2018 as of close on July 11.

GoldMoney Inc. ([TSX:XAU](#)) has also sought to take advantage of the cryptocurrency wave. The Toronto-based company specializes in precious metals investment services but added a Bitcoin and Ethereum holding in the fall of 2017. Shares hit an all-time high of \$8.05 in December at the height of the cryptocurrency craze, but have since fallen off sharply. GoldMoney stock is down 52.3% in 2018 so far, although the stock is still up 12% year over year.

The price of Bitcoin has plummeted since its amazing heights in December, but investors are more aware of cryptocurrencies than ever. The Bank of Canada published a study called the BitcoinOmnibus Survey (BTCOS), which sought to identify trends that led to the dramatic price increase. The study found that Bitcoin ownership among Canadians grew from 2.9% to 5% this year, while awareness of Bitcoin rose to 85%.

Perhaps most critically, the study also found that about half of Bitcoin holders use it as an investment rather than for transactions. The price movement of Bitcoin and other cryptocurrencies have come to resemble precious metals in recent months, often plagued by volatility and periods of stagnation. Buying and holding Bitcoin and other cryptocurrencies as an investment in 2018 is just as risky, but these vehicles do not possess the longevity and reputation as a safe haven that gold and silver boast.

Investors who want exposure to this sector should dip into companies that are diversified but are also investing time in cryptocurrency and blockchain technologies. TMX Group is one such stock that has posted solid growth in 2018 so far.

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