



Bitcoin Mining: The Savvy Way to Bet on the Crypto Surge

Description

Bitcoin's price has skyrocketed in recent weeks, going from \$4,000 to \$5200 within the past 20 days alone. In fact, the entire cryptocurrency market has risen from the ashes, surging 26% over the same three-week period.

However, prices still remain a fraction of their 2017 peak. Bitcoin itself is still trading at one-fourth the valuation it reached a year and a half ago. The market is recovering, but hasn't fully healed yet.

This volatile boom-and-bust cycle is nothing new for experienced cryptocurrency traders and early adopters, but I believe the volatility is what makes the market unsuitable for average investors and ordinary savers. Fortunately, there now seems to be a better way to bet on the market.

Publicly-traded [bitcoin mining companies](#) like **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) offer ordinary investors as attractive gateway to this innovative and exciting new frontier. As a legitimate company listed on a regulated exchange in a developed country, these stocks are a convenient instrument for investors looking for high-growth potential without compromising security.

Vancouver-based HIVE has partnered with Icelandic mining giant Genesis Mining to create a global network of computers that can generate a wide variety of digital assets through brute computing power. Like any other mining company, HIVE's bottom line hinges on the market price of mainstream cryptocurrencies.

According to the company's latest filing, it has accumulated nearly half the digital currencies mined since its inception. As of December 2018, there was US\$6.3 million in cash and US\$10.4 million worth of cryptocurrencies on the balance sheet.

The vast majority of HIVE's digital assets are concentrated in Ether (ETH), a single unit of which was trading at US\$136 in December 2018 and is now trading at US\$171.5, which means the company's digital asset holdings are now worth a quarter more.

It seems investors have caught onto this effect and have pushed the stock price even higher. The stock has more than doubled since the start of the year.

Assuming HIVE's cash balance has remained unchanged over the past three months and the digital asset holdings are now worth roughly US\$12.5 million, the company holds \$0.057 in "financial assets" per share. Meanwhile, trailing 12-month revenue per share is \$0.11.

At its current market price, the stock trades at 7.3 times annual sales and 14 times net financial assets (cash + digital currencies). In the startup and blockchain technology world, this is a relatively low and reasonable valuation. In fact, the valuation is arguably more realistic than some marijuana or biotech stocks.

It's important to note that HIVE's operations are considerably risky, the company faces immense regulatory hurdles, and the stock is heavily exposed to the volatility of the cryptocurrency market.

However, the stock is the only pure-play cryptocurrency proxy listed on a regulated exchange and holds a combination of tangible and intangible assets spread across developed markets. At least on paper, tHIVE shares seem like a better bet than directly investing in and holding Bitcoin or other alternative cryptocurrencies.

Bottom line

In the nascent blockchain sector, volatility and unpredictability are the only things investors can be certain of. Investing in a crypto mining company with a diversified portfolio of cryptocurrencies, tangible assets like mining equipment, and hard cash on the books is an arguably better way to play this market.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSXV:HIVE (Hive Blockchain Technologies)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/07/28

Date Created

2019/04/11

Author

vraisinghani

default watermark

default watermark