



## Bitcoin Is up 60% in 1 Month: This Stock Is a Winner

### Description

Bitcoin, the most popular cryptocurrency on the planet, has been on a bull run over the past few weeks. The price of a single digital coin is up from roughly \$5,000 on April 14 to slightly above \$8,000 today — a surge of over 60% in 30 days.

Wild swings like these are not uncommon for the leading cryptocurrency; however, the complexity of buying on the open market, the lack of clear regulations, and the confusion surrounding the tax treatment of digital assets make direct investments in Bitcoin difficult for the average investor.

Instead, I believe investors are better off betting on regulated securities that act as proxies for the digital currency. One such proxy, listed on the Toronto Venture Exchange, is **HIVE Blockchain Technologies** ([TSXV:HIVE](#)).

Vancouver-based HIVE is a cryptocurrency mining operation with facilities in Sweden and Iceland. The company's two so-called mines are basically server farms that mint new Bitcoins and other cryptocurrencies. The servers solve complex mathematical problems to secure the Bitcoin network and are rewarded with new coins for their effort.

As with any traditional mining company, the higher the price of the commodity, the more profitable the operation. HIVE's sunk costs (servers, rent) and variable costs (electricity) are denominated in stable fiat currencies (dollars or Swedish kronas), while its revenue is denominated in crypto (BTC, ETH, etc). As these digital currencies appreciate in value, the business model becomes more lucrative.

However, the key to HIVE's appeal as an investment is the fact that it doesn't convert all the cryptocurrency it mines. Although a portion of its revenue has been deployed in doubling mining capacity this year, the company holds a significant portion of cryptocurrency in reserve.

Back in February, HIVE's stored assets were mostly denominated in Ether (ETH) and [were worth \\$3.75 million](#). Since then, the value of a single ETH has more than doubled, which means HIVE has more than \$7.5 million in reserves. This immense and expanding reserve makes the stock an ideal proxy for the wider blockchain market.

If the price of Bitcoin, Ethereum, and other cryptocurrencies continues to rise in 2019, it's safe to assume HIVE will magnify its reserves and profits substantially throughout the year.

It's worth noting that the last time Bitcoin was on a bull run in 2017, the price of a single coin skyrocketed from \$1,000 to \$20,000 within 12 months. Ether's value, meanwhile, went from \$8 to \$1,300 over the same period.

HIVE stands to gain from a bull run even if it converts a significant portion of its mined tokens into fiat currencies such as the dollar or Swedish krona. Selling crypto at higher valuations will also help the company invest more in its operational expansion.

## Bottom line

After a year-long slump, cryptocurrency prices finally seem to be moving upward. The last time the market had a bull run, investments quickly multiplied. HIVE Blockchain Technologies has been mining these currencies for the past few years and currently holds some in reserve. As a regulated security listed on a Canadian exchange, HIVE offers retail investors a convenient proxy for a similar bull run this year.

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