



Betting on Bitcoin? Then Buy This Stock!

Description

Bitcoin has been rallying this year, as cryptocurrencies have found themselves back in the news over the past few months. After looking like the excitement in digital currencies had faded, especially with more of a crackdown by banks and [social media sites](#), Bitcoin saw new life earlier this year and has been rallying ever since a buy [big buy](#) took place in April. On Tuesday, the cryptocurrency was at over US\$12,000, which is an increase of more than 215% since the start of the year when it was below US\$4,000.

Bitcoin returning to the highs it reached back in late 2017 might be a bit optimistic at this point, but **Facebook** announcing its new Libra coin has helped put cryptocurrencies back into the spotlight. Bitcoin's value is driven a lot by its popularity, and over the past few weeks we've seen trading volumes reach into the billions again. During its peak, volumes for the cryptocurrency rose above even 20 billion, and so it's still got a long ways to go to get back to those heights, assuming that it still can.

One stock has also been performing very well

It's not just cryptocurrencies that benefit from news around Libra and Bitcoin rallying in value, but blockchain in general. It should come as little surprise to investors that amid the Bitcoin rally, **Hive Blockchain Technologies** ([TSXV:HIVE](#)) has also been performing very well. Year to date, the stock has risen 63%. While it's nowhere near the levels that the digital currency has risen this year, it's clear that without the Bitcoin rally, Hive likely would not have seen the same level of bullishness that it has this year.

The challenge for investors is that while Hive might be a safer investment option than Bitcoin is today, it's still fairly risky buy. With revaluation gains and losses having a significant impact on the company's financials, there is going to be large exposure to the price of digital currencies. In its most recent quarterly earnings report, Hive reported a revaluation loss of US\$4.6 million. And for the trailing nine months, those losses grew to US\$13.8 million. The company also recorded impairment losses well in excess of those totals.

From a value perspective, there are lots of warning signs here for investors. And that makes Hive more of an option more for growth investors and speculators. If Bitcoin can show some stability, then there could be an opportunity for the company to also benefit from that, as it will lead to less uncertainty and variability on its financials.

Bottom line

Cryptocurrencies and blockchain stocks aren't for the faint of heart or risk-averse investors. There could be some big swings in the markets, and that could take investors of Hive and other blockchain stocks on some wild rides. However, given that cryptocurrencies might be in the mainstream to stay, especially with Facebook clearly showing an appetite to get involved in the industry, it could be a sign that Bitcoin as well may not be at risk of disappearing either. And a safe way to bet on its popularity would be to buy shares of Hive.

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