



Bitcoin vs. Weed Stocks: Which Is the Better Buy?

Description

Bitcoin is [going ballistic yet again](#).

After a temporary reversal of this year's BTC bull, the world's largest crypto started rallying again yesterday, reaching as high as US\$13,800. At current prices, Bitcoin is getting incredibly close to hitting its [all-time high of US\\$20,000](#). In Canadian dollar terms, those figures are even more staggering, which goes to show how far crypto has come since it first started trading for mere pennies.

In many ways, Bitcoin's run is reminiscent of another market development: marijuana stocks.

Weed stocks like **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) and **Canopy Growth** have risen thousands of percentage points since they first started trading on small-cap exchanges. Today, they have market caps in the billions. Although no one marijuana stock is worth as much as Bitcoin, collectively, they're not too far off, which goes to show how far they've come in a few short years.

Because Bitcoin and weed stocks appeal to similar types of investors (i.e., risk-tolerant, young retail investors) it's worth exploring which has more upside. We can start by looking at their year-to-date returns.

Year-to-date returns

Bitcoin started 2019 trading at US\$3,689 and was worth US\$12,869 as of this writing — a 248% return. No marijuana stock has risen as much in the same period. Aurora, one of the biggest gainers in the weed sector, is up 35%, while others like **Tilray** are actually down for the year. If you're looking for a bullish trend to ride out, Bitcoin appears to be the better bet than marijuana. However, there are other factors that need to be taken into account.

Ability to analyze

Every investor needs reasons for doing what they do. If you just pick investments randomly, your

results will be a product of luck rather than skill. So, if an investment naturally lends itself to analysis, then that's an advantage.

In this area, marijuana stocks have an edge over Bitcoin. With Bitcoin, you're pretty much limited to using technical analysis to make momentum-based plays. With a weed stock like Aurora, you can use both technical and fundamental analysis to come up with a multi-variate analysis. For example, using Aurora's earnings trend, you could make an educated guess at whether its stock price trend will continue after its next earnings release. With Bitcoin, you're limited to studying the price trend alone.

The "hype" factor

A final factor to consider when it comes to Bitcoin and weed stocks is "hype." Both of these classes of assets have been driven up by media attention and social media "pumping" and attract mainly retail investors. So, whichever one of them gets the most hype and publicity going forward will likely have the better returns.

In this respect, Bitcoin seems like the clear winner. A quick search in Google's keyword planner shows that Bitcoin gets one million to 10 million searches a month, while Aurora and Canopy Growth both get 100,000 to a million. This means that Bitcoin gets about 10 times the search interest that either of the largest cannabis stocks get. In speculative markets driven largely by social media hype, this may be the most important factor in determining future price moves.

Ultimately, if you're an extremely fundamentals-oriented investor, you'd be better off researching Aurora or any other weed stock than Bitcoin. For all other investors, though, it should be said that Bitcoin probably has more upside.

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