



If You Really Believe in Bitcoin, You'll Want to Load Up on This Stock

Description

Bitcoin has captured the imagination of millions of investors around the world, and it's easy to see why.

These investors, who are usually quite comfortable with technology, see a future where capital can circulate the globe without being tracked. You don't have to be up to no good to see the obvious advantages to such a system. Bitcoin also offers a finite supply, very low transaction fees to move large amounts of money, and you don't need to worry about banker's hours when moving Bitcoin around. As long as the internet is working, so will the Bitcoin ecosystem.

Unfortunately, there's one major downfall: Bitcoin is extremely volatile. The cryptocurrency sees its value rise or drop by 10-20% on a daily basis at times, as investors crowd in and out of the product. Currencies are supposed to be stable, and Bitcoin is the exact opposite of that. These crazy moves are exactly what keeps many investors out of it.

Simply put, any investment in Bitcoin today is nothing short of a speculation. The cryptocurrency could go much higher over the coming years. Or it could crash, just like it did in 2018. Nobody really knows what it will do over the short term. This is why investing in a [Bitcoin-focused security](#) may end up being a bad idea. These companies might not be able to weather the inevitable downturns.

If you're a long-term bull, perhaps investing in Bitcoin's infrastructure might be the better play. As the old saying goes, it's better to sell shovels during a gold rush. Here's how even risk-adverse investors can do exactly that.

The best place to mine

Many Bitcoin mining operations are setting up shop in Alberta, enticed by cheap power prices.

There are a few reasons why Alberta consistently has some of the nation's lowest power prices. There's a little oversupply in the power-generation market, thanks to the general decline of the oil and gas market. The province still gets much of its energy from coal-fired power, which is cheap to produce. And even as Alberta transitions to natural gas to fuel this fleet, expectations are that natural

gas prices will stay low for a long time.

In short, these Bitcoin miners see Alberta's low energy prices continuing for a while. That's good news for an operation that uses incredible amounts of energy. According to a recent study, total Bitcoin infrastructure around the world uses an estimated 64 TWh of energy each year, or about the same consumption as Switzerland.

If it makes sense for Bitcoin miners to use Alberta power, then it makes sense for long-term Bitcoin bulls to own Alberta power assets as an investment. But rather than invest in the power plants themselves, I'd much rather own the infrastructure. **Canadian Utilities** ([TSX:CU](#)) is the way to do just that.

Canadian Utilities boasts more than 250,000 households as customers in Alberta, which largely represents more rural areas of the province. It's no coincidence that Bitcoin mining operations are popping up in communities like Medicine Hat and Drumheller, which are both served by Canadian Utilities infrastructure. Electricity is cheap and there's enough people in these places to work at these facilities.

And if Bitcoin mining doesn't work out, it's still likely a Canadian Utilities investment will turn out to be a winner. The company has been able to grow its annual dividend for an impressive 47 consecutive years, which is the [longest streak of dividend growth](#) for any publicly traded Canadian company. Investors are also getting a 4.6% yield.

Utilities aren't the sexiest investments, but they generate gobs of consistent cash flow.

I would encourage Bitcoin bulls to make more indirect investments in the cryptocurrency, just in case it doesn't work out quite as well as hoped. Canadian Utilities is one way to do that. In fact, it's likely to be a successful investment even if Bitcoin mining doesn't take off in Alberta.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Energy Stocks

3. Investing

Date

2025/08/26

Date Created

2019/07/11

Author

nelsonpsmith

default watermark

default watermark