



Bitcoin Is Extremely Volatile: Should You Invest?

Description

Bitcoin (BTC) is teetering again on the edge of disaster after a surprise price surge in June. Cryptocurrency supporters said a powerful rebound of the most popular digital asset looms. But the momentum was gone in a heartbeat. BTC fell below US\$10,000 last week with a further correction from the current levels predicted.

BTC is seesawing again. The price will spike then collapse in a matter of days or sometimes hours. Would-be investors are turned off. Is there a crypto investment without [extreme volatility](#)? Mining company **HUT 8 Mining** (TSXV:HUT) is the alternative if you want to manage the ride.

HUT 8's expertise

Mining in the crypto space refers to the process of verifying cryptocurrency transactions. HUT 8 is a BTC-mining company and one of the largest BTC miners in the world. The company is partnered with the Bitfury Group, which is the largest full-service blockchain technology company in the world.

The mining activities use the Bitfury BlockBox AC data centres. There are 85 blockboxes located in Medicine Hat (56) and Drumheller (29) in Alberta. The total installed power in the two sites is 95.2 MW.

Since 83% of Hut 8's expenses are electricity costs, Alberta is the logical choice to set up the blockboxes data centres. The weather in the province is ideal because a heatwave would not hamper operations at the facilities. Hut 8 obtained a 10-year electricity supply and lease agreements in Medicine Hat.

The risks in Bitcoin

BTC is digitally mined 24/7, but a BTC can't be created randomly. The BTC system the founders designed set the maximum production at 21 million BTCs. Hence, the cryptocurrency has a limited circulation.

There are 17,834,412 BTCs currently in circulation and 3,165,587 left to be mined. BTC miners like Hut 8 earns from the block rewards. Should the limit be reached, Hut 8 will continue to derive revenue from transaction fees.

Digital heist or theft is a major concern to investors. If a BTC platform is compromised, it would be difficult to recover the investment. There are no regulations in place to help the victims. The number of stolen BTCs has reached 970,000. These coins might have been sold by the hackers and are still circulating.

Alternative to Bitcoin

Instead of buying BTC, investors can purchase Hut 8 stock to gain direct exposure in the cryptocurrency market. What is happening to BTC today could mean trouble ahead. It's still a risky play. You need to manage your expectations that the market value of BTC will increase tenfold like it did before.

Hut 8 is an interesting and safer investment. Cryptocurrency exchanges are largely unregulated and therefore are more exposed to fraud and failure. A mining company like Hut 8 that uses blockchain technology has the potential to increase in value when cryptocurrencies are institutionalized.

In the meantime, you don't want to risk losing your investment in BTC because of the high volatility. While HUT 8 is concentrated on BTC mining, [new applications of the blockchain technology](#), which the company uses, will be discovered soon.

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