



Will Walmart's (NYSE:WMT) Interest in Digital Coins Send Bitcoin Soaring?

Description

In 2018, we saw Bitcoin [crash](#) heavily, as companies looked to distance themselves from cryptocurrencies. This year, however, we've seen a bit of a [revival](#) with Bitcoin's price once again reaching more than US\$10,000 and showing signs of life.

With news earlier this year that **Facebook** was looking into developing its own digital currency, it helped to get people talking about blockchain again. However, even before that happened, Bitcoin had already been rallying.

And now, we've got news of another big company looking to get involved in digital currencies: **Walmart** ([NYSE:WMT](#)). The big-box retailer has recently applied to patent a way to tie a fiat currency to a digital coin — the main benefits being that it would be more cost effective to process, and transactions would also be faster.

By tying a digital currency to a real one, it would help take out a lot of the risks involved with trading a currency that could move sharply and without warning. Volatility has been one of the biggest negatives surrounding Bitcoin and other cryptocurrencies, as wild swings in price could create a lot of instability and lead people to potentially lose a lot of their money in a short amount of time. It's one of the reasons that companies wanted to discourage consumers from using cryptocurrencies.

However, with Walmart and Facebook taking another look at digital currencies, there's certainly ample reason for investors to re-consider them. But it is important to note that while Walmart is looking to patent a process related to crypto, that doesn't mean that it plans to use it just yet. No word has been given as to if or when Walmart would even introduce a digital currency, and this could just be the first move in what could prove to be a very long-term strategy for the company.

Is this reason enough for investors to invest in Bitcoin and blockchain stocks?

Facebook getting involved in cryptocurrencies definitely helped raised the interest and price of Bitcoin,

as has the recent news surrounding Walmart.

However, investors need to be careful when considering an investment into Bitcoin or a stock like **Hive Blockchain Technologies** ([TSXV:HIVE](#)). The danger is that if Facebook and Walmart cool their interest in crypto and decide that it's simply still too risky to get involved, we could see another collapse in Bitcoin's price.

And that could be disastrous for a stock like Hive; although it spiked in price along with the rise in Bitcoin, it is still only up around 35% this year. That's nowhere what Bitcoin has achieved, with the digital currency tripling in value during the same period.

While Hive may be impacted by the popularity of Bitcoin, there are other factors investors consider as well, and that's likely what's prevented the stock from achieving the same returns. If Bitcoin struggles, we could see a significant fall in the price of Hive's stock as well, perhaps even a more amplified one. Investing in Hive might offer some of the benefits related to a rising Bitcoin valuation, but investors shouldn't expect to see a strong correlation.

Either way you look at it, whether you're investing in Bitcoin or blockchain stocks, there's still a lot of hesitation and uncertainty in the markets. These are investments that would be best suited for high-risk investors, as there is simply too much speculation surrounding them that could impact their performances.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:WMT (Wal-Mart Stores Inc.)
2. TSXV:HIVE (Hive Blockchain Technologies)

PARTNER-FEEDS

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

Category

1. Investing

Date

2025/06/29

Date Created

2019/08/12

Author

djagielski

default watermark