



WARNING: 2 Reasons to Avoid Bitcoin in 2020

Description

We are entering the final weeks of 2019, and it looks like Bitcoin and the cryptocurrency market at large will conclude on a sour note. Bitcoin and other cryptos have wrestled with many headwinds since digital currencies peaked in late 2017. Earlier this month, I'd explained why I was much more confident in the [promise of gold stocks over Bitcoin](#) or any other crypto going forward.

Back in the spring, Bitcoin was on an [encouraging run](#). Stocks that were connected to the fate of crypto enjoyed a significant bump. **HIVE Blockchain Technologies** ([TSXV:HIVE](#)), which provides infrastructure solutions to the crypto and blockchain industry, saw its stock jump to a 52-week high in early April. This momentum would not last, as Bitcoin began its steady decline.

Shares of HIVE Blockchain have plunged 74% over the past three months as of close on December 17. In the second quarter, the company reported a net loss of \$11.5 million. The stock generated some interest from analysts earlier this year, but it has since fallen out of favour. It has even been stripped of coverage at PI Financial.

HIVE Blockchain is highly volatile and a stock to avoid as we look ahead to the new year. Today, I want to look at two other reasons investors would be wise to steer clear of Bitcoin, as we move into the next decade.

Scandals and more regulations

When the crypto market began its sharp plunge in early 2018, several huge scandals came into the light. There was Bitconnect, a cryptocurrency that purported to allow users to lend the value of the asset in return for interest payments. Platform administrators closed the earning platform in January 2018, and investors were burned by the sharp collapse of the coin currency. Suspicions arose that these investors were victims of a possible Ponzi scheme.

PlusToken is the latest in a string of suspected scams that have burned investors in the crypto market. It also pulled in investors with the promise of high returns. Recent reports estimate that scammers have sought to liquidate up to \$2 billion worth of cryptocurrency belonging to PlusToken.

Not only do these scams injure confidence in the crypto market, but it will also invite more regulatory oversight. Increased regulations on the international front have been bearish for Bitcoin in its short history.

One stock to bet on in 2020

Looking for an alternative to Bitcoin and the crypto market? Be conventional before 2020 and look to **TMX Group** ([TSX:X](#)), a Toronto-based multi-asset class exchange group. Shares of TMX Group have climbed 64% in 2019 as of close on December 17.

The stock has achieved average annual returns of 15% over the past 10 years. Over the past decade, we have seen huge growth in the financialization of the economy. Investors should expect this trend to continue into 2020 and beyond, and TMX Group offers a diversified portfolio of exchanges. TMX Group has jumped out of the crypto market, as it recently terminated its deal with Paycase to create cryptocurrency-related products and services.

Shares of TMX Group are trading at a premium right now as it is near a 52-week high. Value investors may want to wait for a better entry point. However, TMX Group also offers a quarterly dividend of \$0.66 per share, representing a 2.3% yield.

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1. Investing
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2. TSXV:HIVE (Hive Blockchain Technologies)

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