



Bitcoin and Weed: Have the 2 Hottest Stories of the Past Decade Fizzled Out?

Description

The investment world had two hottest stories in the last decade. There was too much hype surrounding cryptocurrencies and cannabis stocks. Investors were hungry for massive gains, thinking that the assets can live up to promise.

Rather than filling their pockets, many investors lost vast sums of money in both. My particular focus is on the rise and fall of Bitcoin (BTC) and **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB). The former is the top digital currency, while the latter is the largest cannabis producer.

Speculators' choice

Many speculators, as well as thieves, made a fortune out of Bitcoin. The most prominent digital token featured a wild technology that raised investor enthusiasm. Based on data from Bloomberg, Bitcoin posted gains of nine million percent since July 2010.

Bitcoin was a virtual unknown until its launching in 2008 by a mysterious person by the name of Satoshi Nakamoto. The method of exchange between users was electronic, but the network lacks centralized control. Only computers keep track of transactions on the blockchain ledger.

The first transaction happened two years after its launching. Bitcoin's value doubled several times. Investors saw a way to get-rich-quick despite warnings from financial institutions and several noted investors. Over the past 10 years, its run-up was huge until the mega-crash happened.

Investors' insanity over Bitcoin was unprecedented. The peak price was \$20,000 in late 2017 before crashing sharply to \$3,000 by the end of 2018. Bitcoin's problem is acceptance, adoption, and recognition as a new medium of exchange.

As it enters a new phase of growth, proponents are still hopeful that a large-scale embrace is forthcoming.

Up in smoke

The marijuana craze reached a fever-pitch a few months before Canada legalized recreational marijuana on October 17, 2018. Aurora Cannabis was in a position to be the industry leader because of its potential annual production capacity of 625,000 kilograms.

ACB was trading at \$9.28 in early July 2018 before peaking to \$15.07 on October 15, 2018. After the legalization, the price started to drop and sank as low as \$6.68 on January 9, 2019. As of this writing, Aurora Cannabis is trading at \$2.60.

A series of unfortunate events occurred in the cannabis sector. The industry-wide sell-off began in April 2019. Instead of a marijuana boom, 2019 became [a brutal year](#) for weed stocks.

Unlike other industry rivals, Aurora Cannabis has no big-name backer to this day. Only strategic advisor Nelson Peltz is helping the company strike partnerships. This weed stock is already trading at a deep discount and could not afford to fall further.

Its net debt of \$618 million as of September 30, 2019, is almost double the company's annualized sales. Some analysts see the need to hire a new CEO to [bolster its credibility](#). The danger is that Aurora Cannabis might not have sufficient funds to get through 2020.

Bleak outlook

The hottest stories of the decade ended in tragedies both for the industry and investors. Investing in cryptocurrencies like Bitcoin is very risky, while no one dares touch weed stocks like Aurora Cannabis with a 10-foot pole.

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