



Bet on Bitcoin's Surge Without Buying Bitcoin

Description

As I predicted last week, [Bitcoin is about to surge past its all-time high](#). The world's most famous cryptocurrency has staged a resurgence this year. The value of each digital token is up 208% from mid-March this year. It's now worth \$25,206 (in Canadian dollars) each.

There are several factors that could drive the price even higher. Here's why we could be in for another boom in Bitcoin and how you can make money on this frenzy without buying the cryptocurrency directly.

Why Bitcoin is surging

Two key factors are driving Bitcoin higher: currency risk and institutional involvement.

The first factor is something every investor should be aware of. Governments across the world have borrowed (or printed) more money than ever before to tackle the crisis this year. Canada alone has blown its budget this year. The debt-to-gross domestic product (GDP) ratio expanded 75% this year!

This mammoth debt burden cannot be tackled with economic growth and higher taxes alone. Governments will have to devalue their currencies to reduce the debt burden over time. That means non-government currencies, like Bitcoin, should surge in value.

Institutional investors understand this and have been getting involved. This year, hedge fund legends Stanley Druckenmiller and Paul Tudor Jones got involved in Bitcoin. Meanwhile, **PayPal** and **Square** added it to their platforms, too. Bitcoin's price is surging higher as mainstream adoption becomes apparent.

How to bet on it

These factors convinced me to buy some Bitcoin. In fact, Bitcoin (and Ether) now account for roughly 5% of my portfolio. However, I can appreciate the fact that not everyone is comfortable buying and holding Bitcoin directly.

A publicly listed stock is more convenient and probably more secure for most investors. This is why a Bitcoin mining stock such as **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) is a good bet.

HIVE stock is up 1,133% year to date. It's up 14.4% today alone, as I write this. The company owns and manages server farms that produce new Bitcoin. These servers solve complex math puzzles all day to mint new Bitcoin that is added to circulation (a process called mining).

HIVE has generated BTC and Ethereum worth millions of dollars over the past few years. The company sells a portion of these to fund operations, but holds the rest in reserve. As of September, this reserve of digital currency was worth \$18 million. That reserve is probably worth much more now, since Bitcoin has climbed 80% since then.

For investors looking for cryptocurrency exposure along with the security of Canadian regulations and stock exchange rules, Hive Blockchain is an ideal bet. The stock could surge much higher if Bitcoin and Ethereum continue to see traction.

Bottom line

Over the years, I've missed out on several boom-and-bust cycles in this market. However, over time the value of Bitcoin has consistently increased. I've added this exotic instrument to my portfolio for fear of missing out. But investors can add a Bitcoin mining stock like Hive Blockchain for similar exposure.

Good luck!

CATEGORY

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1. TSXV:HIVE (Hive Blockchain Technologies)

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Author

vraisinghani

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