



Bitcoin Is Going Insane: Should You Buy These 2 Crypto Stocks?

Description

Bitcoin is making headlines again following its climb to nearly \$20,000 on November 30, 2020. Naturally, crypto experts are jubilant, because the world's most popular digital currency is rocketing. As of December 8, 2020, one Bitcoin is worth US\$18,814.50, and the year-to-date gain is 162%.

Meanwhile, crypto stocks are buzzing too, but it's not clear if it has something to do with Bitcoin going insane amid the pandemic. **Hut 8 Mining** ([TSX:HUT](#)) and **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) are gaining steam in 2020.

Experiment no more

The present surge of Bitcoin is reminiscent of 2017, when the price rose close to \$20,000 before [crashing](#) in December. It was downhill from there, and Bitcoin lost 65% of its value in 2018. Bitcoin advocates, however, express renewed optimism.

According to Peter Smith, CEO and co-founder of crypto exchange Blockchain.com, the digital token was a grand experiment from 2011 to 2014. Some even believed it would take over traditional currencies. In the next three years, Smith and his team recognized that Bitcoin could work.

Paolo Ardoio, CTO at crypto exchange Bitfinex, "No amount of cynicism, disbelief or even fantastical thinking can obscure the compelling case for Bitcoin." Despite Bitcoin's price doubling in value in a couple of months, you can't help but recall the 2017 debacle. The price could easily fall just as fast again.

Ambitious goal

Hut 8, a \$151.87 million cryptocurrency miner, isn't doing bad either in 2020. Its year-to-date gain is 47%. The company envisions becoming the biggest cryptocurrency miner. Hut 8 mines Bitcoin using conventional data centre infrastructure. The vehicle is its BlockBox AC, which was manufactured in partnership with Bitfury.

Currently, Hut 8 operates 73 BlockBox data centres, which includes 56 BlockBoxes. The facility is located in CMH, Alberta. The capacity of each BlockBox is 1.2 MW, which translates into a maximum operating power capacity of 67.2 MW.

Overall, the Bitcoin miner from Canada has a total maximum operating power capacity of 85.9 MW. In nine months ended September 30, 2020, Hut 8 reported a net loss of \$8.3 million versus a \$15.5 million net income in the same period in 2019.

Bridge to traditional capital markets

HIVE is doing exceedingly better than Hut 8. The blockchain stock is on a rampage with its 1,353% gain year to date. The company has a market capitalization of \$477 million. Its facilities in Canada, Ireland, and Sweden mine and sell digital currencies, including Bitcoin and Ethereum.

As a growth-oriented company, management hopes to build a bridge from the blockchain sector to traditional capital markets. HIVE's GPU-based digital currency mining facilities are state of the art and can produce newly minted digital currencies such as Ethereum. Its cloud-based ASIC-based capacity can make newly minted bitcoins.

HIVE intends to provide its shareholders with exposure to the operating margins of digital currency mining. Its cryptocurrency portfolio is also growing. Global integration in the near term could benefit blockchain technology. The risk to HIVE and Hut 8 is if the value of Bitcoin and other cryptocurrencies goes down.

Alternatives to Bitcoin

If Bitcoin is too risky for you, Hut 8 and HIVE are the alternatives to cryptocurrencies. However, the risks are high also. Likewise, understand the business first before you commit.

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1. Investing
2. Tech Stocks

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