



Bitcoin Is Hot! Should You Buy This Crypto Mining Stock?

Description

Way back in May, I wrote about a little [cryptocurrency mining company](#) called **Hive Blockchain Technologies** (TSX:HIVE). Back then, the stock was trading at around \$0.35 a share. At the time of this writing, the stock is trading at about \$1.30 a share. That is a pretty significant return in about half a year.

When I wrote about this company in May, I mentioned that it was risky. I still feel it is risky — perhaps more so now than it was earlier in the year. Sharp price rises tend to make everything less appealing. With HIVE flying upwards, is it [a good idea](#) to buy shares today?

I'm still holding at these levels

HIVE is very much reliant on Bitcoin and Ethereum's performance. At the moment, Bitcoin is hovering around its all-time high. Should the cryptocurrency rocket higher, you could be reasonably assured that the mining company will follow it upwards. If you believe that cryptocurrencies are going to continue moving upwards, this is a leveraged way to participate in further price movement.

Cryptocurrencies could potentially move significantly in the future. Institutional investors are beginning to move into the new sector. This interest could drive prices higher as more investors chase an ever-shrinking supply of Bitcoin. The market is still tiny. Even today, it is less than US\$500 billion. This means any significant increase in interest could drive up coin values considerably. HIVE is a way to participate without needing to buy cryptocurrencies.

Operations

The company currently has a fair amount of cash and crypto on hand. As of September 2020, the company had US\$5.1 million in cash and US\$9.7 million in receivables and prepaids. It also has US\$3.5 in digital currencies. I would assume that the digital currency part of its balance sheet would be considerably higher now given the fact that Bitcoin has practically doubled.

Its operations are entirely funded through the sale of mined coins. This strategy makes HIVE a solid potential money maker. The majority of its revenues come from the two top coins. Both of these coins

are having excellent runs this year, adding to the company's revenues.

Aside from its Canadian operations, HIVE also has mining units in other, cooler parts of the world. These include 100%-owned operations in Iceland and Sweden. The operations in all three jurisdictions are also powered by renewable energy sources such as hydroelectricity and geothermal power. The environmentally responsible operations negate one of the major criticisms of cryptocurrencies. Extensive power consumption is not as big an issue.

The bottom line

I am very bullish on the future of cryptocurrencies, especially Bitcoin and Ethereum. As a publicly listed company, HIVE has the potential to be a major player in the sector. Its geographically diversified locations give the company access to clean, low-cost energy.

Owning this company is one way to gain access to this sector. Crypto investments could help diversify your portfolio against excessive money-printing globally. I believe that investing in cryptocurrency efforts, in addition to gold and silver, might be the best way to profit from a significant fall in fiat currencies going forward.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSXV:HIVE (Hive Blockchain Technologies)

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