



Forget Bitcoin: HIVE Stock Is up 2,700% Since March 2020

Description

Bitcoin and cryptocurrency investors have made money hand over fist in the last year. The price of one Bitcoin is up 900% since March 13, 2020, easily outpacing other asset classes. Bitcoin's stellar rise has been supported by widespread adoption among institutional investors.

Over the last few months, companies such as **Tesla**, **MicroStrategy**, and **Square** have held Bitcoin on their balance sheet. Several analysts from top investment banks such as **J.P. Morgan** are also bullish on the long-term prospects of digital currencies.

HIVE Blockchain: An overview

However, there is one Canadian stock that has easily crushed the returns of Bitcoin in the past year. **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) operates data centres that are essential for building a robust blockchain infrastructure. These data centres are located in North America and Europe and have access to 50 megawatts of power.

HIVE is one of the largest and diversified cryptocurrency miners. It mines Bitcoin and Ethereum on the cloud and aims to mitigate the environmental impact related to crypto mining, as HIVE has access to low-cost renewable energy.

HIVE states its deployments provide shareholders with exposure to the operating margins of crypto mining as well as a portfolio of digital coins.

So, it's safe to assume that the price of HIVE Blockchain is closely associated with that of Bitcoin. In the last year, HIVE stock is up a staggering 2,700%. So, a \$500 investment in the stock 12 months back would now be worth over \$14,000.

HIVE shares were, in fact, trading at \$0.05 back in March 2013. During the Bitcoin bull run of 2017, HIVE stock surged to \$4.71 before losing significant value to trade at \$0.11 in December 2019.

A high-risk investment

It's quite evident that HIVE stock is a high-risk investment. For example, if you invested \$500 in the company in March 2013, your investment would be worth an astounding \$51,000 today. Alternatively, HIVE stock also lost 98% in market value between November 2017 and December 2019.

The crypto space remains volatile, which means you should expect significant fluctuations in HIVE stock as well. However, the digital currency space is highly disruptive and is attracting significant investments from enterprises.

Binance, which is the world's largest cryptocurrency exchange (in terms of trading volume) recently led a \$2 million funding round in [crypto exchange aggregator OpenOcean](#). The other investors included Multicoïn Capital, CMS, LD Capital, and Kenetic.

The net proceeds of this investment will be used to expand OpenOcean's aggregation ecosystem as it plans to add derivatives, margin products, yield products, insurance, and wealth management services.

The Foolish takeaway

We know that HIVE is considered a proxy for Bitcoin. The company sells a portion of its Bitcoin that it mines to finance operational growth and holds the rest in reserves. The company is valued at a market cap of \$1.84 billion, and its BTC reserves are worth \$15 million.

Further, the company's [annualized sales](#) will be between \$55 million and \$100 million in 2021. This suggests its trading at a forward multiple of between 18.4 and 33.5, which is steep. HIVE stock is overvalued and might due for a correction. It has lost 26% in market value in less than a month. Alternatively, if you are bullish on Bitcoin, it would make sense to hold this stock and benefit from outsized gains in 2021.

CATEGORY

1. Investing
2. Tech Stocks

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1. TSXV:HIVE (Hive Blockchain Technologies)

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