



Highly Speculative Hive Stock Continues to Intrigue Investors

Description

Amid strong retail investor interest, crypto plays like **Hive Blockchain Technologies** ([TSXV:HIVE](#)) continue to see impressive demand. Indeed, the [buzz](#) surrounding cryptocurrencies has favoured blockchain plays, like Hive, today.

That said, these investments aren't without risk. In fact, I think Hive and its blockchain peers remain highly speculative in nature.

Thus, risk-seeking investors may want to give companies like Hive a shot today. However, those with lower risk appetites may do best sitting on the sidelines.

That said, sitting on the sidelines is a tough place to be when you're watching cryptocurrencies appreciate as rapidly as they are. There's a fear of missing out (FOMO) taking hold in the market today. And I think the FOMO trade is a key factor behind the surge in crypto options like Hive right now.

Here 's more on what's going on with Hive right now.

Blockchain vs. Bitcoin: Where to place your bets?

Of late, Bitcoin has been making some serious headlines. After recently breaching the \$60,000 mark, a number of high-profile US\$100,000+ price targets have been set. Indeed, its potential had intrigued retail and institutional investors alike. This has come into focus more as big names like Elon Musk and Jack Dorsey have invested a whopping US\$1.5 billion and US\$170 million, respectively, into the play.

Now, with Bitcoin ETFs available for retail investors, there's another avenue for retail investors to jump aboard. Thus, I think there's likely to be a split among investors choosing the Bitcoin ETF route, and Bitcoin miners like Hive moving forward.

Crypto mining plays like Hive have appealed to many investors not wanting to go through the hassle of setting up a wallet and investing in Bitcoin directly. It's a highly liquid, publicly traded option for those seeking such exposure. Additionally, investing in Hive comes without fees, which are higher than

average for Bitcoin ETFs today.

For aggressive investors seeking the high-risk, high-reward nature of Bitcoin today, both options seem intriguing. That said, Bitcoin miners like Hive may be an even more aggressive way to play the underlying price of Bitcoin. Here's why.

Hive represents a higher-leverage play on Bitcoin

As a Bitcoin miner, Hive generates cash flows via transaction fees and Bitcoin in exchange for verifying transactions across the blockchain. Because a significant percentage of the company's revenues are derived from the underlying price of Bitcoin, and the company has relatively high fixed costs in terms of equipment to mine said Bitcoin, investors are able to get higher-leverage to the underlying price of Bitcoin by owning Hive.

Same thing goes for gold miners with respect to the price of gold.

Accordingly, investors who are extremely bullish on Bitcoin prices long-term may choose to go this route. That said, the leverage miners like Hive provide to Bitcoin prices works in reverse during bear markets.

Investors ought to be reminded of the high-risk nature of such investments today. Hive may trade at a \$1.8 billion valuation today; however, I expect its value to be very volatile, as Bitcoin prices continue to bounce around.

For those seeking Bitcoin exposure, by all means, consider Hive. However, for those with reasonable risk-tolerance levels, I'd recommend other high-growth options right now.

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1. TSXV:HIVE (Hive Blockchain Technologies)

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