



Should Investors Buy Into the NFT Hype Today?

Description

The market for non-fungible tokens (NFTs) remains hot. However, it appears this market has cooled down a bit since its February/March red-hot state.

There's been a lot of chatter about what NFTs could fetch over the long haul. If recent sales are any indication, expectations are rather incredible right now. The sale of Beeple's digital artwork, *"Everydays: The First 5,000 days,"* for an incredible US\$69.3 million highlights this.

However, questions remain about just [what NFTs are](#), and whether they're a decent investment right now. Buying into an acronym one doesn't understand isn't a good thing. So, let's dive into what these are and how investors can potentially invest in this growth sector.

The ABCs of NFTs

A non-fungible token is essentially a unique token created on the blockchain. Users on the Ethereum blockchain can turn any image, video, or digital file into an NFT. These one-of-a-kind assets that can be bought and sold readily like any piece of physical property that is believed to have value.

The uniqueness of these assets separates NFTs from Bitcoin or other popular cryptocurrencies that are fungible in nature. Fungible means each Bitcoin is identical in nature. Trading one for another won't have any value discrepancy. Non-fungible denotes the uniqueness of these digital tokens representing a moment in time, or a specific file that there is only one of.

One popular example of how NFTs are being used is to convert tweets into NFTs. Perhaps the best example of this is the recent charity sale of Jack Dorsey's first tweet for nearly \$3 million. Needless to say, the value of NFT exists because of their scarce nature. That said, the value these NFTs hold is also directly proportional to the supply and demand of NFTs in general. Accordingly, this makes NFTs a highly speculative bet, similar in many ways to the ultra-high-end art market.

So, how do you invest in NFT?

For sophisticated investors with the know-how to invest in NFTs directly, holding these in a digital wallet is the primary means of investing in NFTs today.

However, there are other options.

Investors looking to invest in the broader NFT trade have targeted companies in the NFT space. One Canadian company listed on the venture exchange that has become increasingly popular is **CurrencyWorks** (TSXV:CWRK).

This financial tech blockchain company has been a key player in this domain of late. Indeed, CurrencyWorks's stock price has more than doubled since the beginning of the year, as NFTs have taken off. That said, investors can now pick up shares of CWRK for a more than 50% discount to this year's peak just a couple months ago.

Bottom line

NFTs are an extremely nascent investment right now. Accordingly, this is a highly speculative place to invest, and is not one I'd recommend conservative investors broach today.

However, very long-term investors looking to invest a small amount of capital in a company with lottery-ticket-like returns like CurrencyWorks may indeed want to do so. Where this sector will ultimately go is anyone's guess. However, the NFT space is certainly an intriguing one today.

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chrismacdonald

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