



## Coinbase: Why Is Everyone Talking About This Crypto Platform?

### Description

Cryptocurrencies, especially Bitcoin, have been a hot topic since last year. It has risen at an incredible reach and is reaching new heights, now getting the attention of several institutional investors as well. The rise of Bitcoin hasn't just empowered other cryptocurrencies but crypto platforms and associated businesses (like mining or blockchain companies) as well.

Naturally, some of the largest names in the industry have become more commonly know, and **Coinbase** ([NASDAQ:COIN](#)) is one of them.

### Coinbase — what's the hype?

Coinbase is not one of the early birds of the cryptocurrency exchanges, but it is [one of the giants](#), especially when it comes to trading volume in the U.S. The platform is fast, easy, supports a small selection of some of the most widely traded cryptocurrencies, and offers competitive fees. But the main reason why everyone is talking about Coinbase is that the company recently went public.

Coinbase is one of the first major regulated cryptocurrency exchanges to have gone public and in a very spectacular way. The valuation almost reached US\$100 billion at its peak, which is comparable to **Facebook's Initial Public Offering** (IPO) valuation and **AirBnB's** current valuation. Unfortunately, the explosive IPO couldn't sustain its valuation, and the stock is steadily going down.

The major reason for this downward movement is probably Bitcoin's own decline. The world's premier cryptocurrency has fallen about 11% in the last eight days. Since Bitcoin trading dominates the platform and, thanks to its price, probably makes up most of Coinbase's revenue, it's understandable that a decline in Bitcoin might impact Coinbase too, even though it might be less exposed to the Bitcoin as an asset, than, for example, a company focused on mining.

### A Canadian crypto stock

**Hut 8 Mining** ([TSX:HUT](#)), the Toronto-based [Bitcoin mining company](#) with a market capitalization of

about \$1 billion, has fallen about 18.8% in the last eight days. It's slightly harsher than the crypto itself because not only does Hut 8 holds over 3,000 Bitcoin, the company is *built* around Bitcoin mining. It has one of the most extensive mining capacities in the world.

The company has 94 data centres, a power consumption rating of 109 MW, and computational power of 1,073 PH/s. So the company is significantly more exposed to Bitcoin than a company like Coinbase, which has a diversified focus on less stake tied to the Bitcoin itself.

The bright side is that when Bitcoin grows, Hut 8 tends to grow disproportionately as well.

## Foolish takeaway

The volatility of Bitcoin and stocks exposed to (or associated with) Bitcoin is both the major attraction and weakness of this particular asset class. With Bitcoin stocks, you have the chance to outpace broad market gains by a significant margin, but if you don't realize your gains at the right time, the chances of these stocks cratering to new depths are just as high.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:COIN (Coinbase Global)
2. TSX:HUT (Hut 8 Mining)

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