



Should You Buy the Dip in HIVE Stock?

Description

HIVE Blockchain Technologies ([TSXV:HIVE](#)) has been in a world of [pain](#) in recent weeks. Bitcoin prices recently nosedived from around 20% from US\$63,000 to US\$51,000.

The last time the [Bitcoin](#) trade went up in smoke (back in late 2017 and early 2018), HIVE stock lost around 95% of its value from peak to trough. It was curtains on the crypto trade as we knew it, and those who sold their HIVE stock too late missed out on an unprecedented rebound that nobody saw coming. This goes to show the tremendous volatility to be had in cryptocurrency miners that are levered to the price of Bitcoin, Ethereum, or any other popular digital currency.

Fast forward to today, and HIVE stock is back on the retreat following its epic +6,000% trough-to-peak pop. HIVE stock is now sitting down 46% from its February 2021 top and could be at risk of repeating the meltdown experienced three years ago, as crypto crackdown fears pick up.

Could another Bitcoin crash hit in 2021?

Strategists at **JP Morgan** recently rang the alarm bell on technical Bitcoin weakness, noting of Bitcoin futures liquidation. Just a few months prior, the folks at JP Morgan thought Bitcoin was capable of hitting US\$146,000 over on a long-term basis. Now, it seems more likely that Bitcoin could be in for a big vicious plunge.

It's virtually impossible to pinpoint where Bitcoin is headed next. The speculative asset, which has no intrinsic value, will move based on the speculative appetite of investors.

In essence, by betting on Bitcoin, HIVE stock, or any other blockchain-related product (like NFTs), you're essentially playing the game of greater fools (that's based on the greater fool theory, and no, it has nothing to do with us here at The Motley Fool!). Like with Tulips in the 1600s or sexy tech stories of the late 1990s, the price of such manic assets will be determined by the willingness of the next person to pay a higher price.

Bitcoin's embrace is accelerating, as too is the risk of a crypto crackdown

While Bitcoin has been embraced with open arms by a growing number of merchants, big-league investors, financial institutions, and all the sort, I think it's tough to formulate a sound long-term thesis, given the risk of a global cryptocurrency crackdown.

Governments like having control over their money supply, and the bigger Bitcoin grows, the greater the risks of a crackdown in the U.S., which could really cause the Bitcoin trade to sour, perhaps for good this time.

India recently drafted a bill to ban Bitcoin and cryptocurrencies. And that's caused some jitters among crypto traders. Could India's Bitcoin ban be a sign of things to come for other nations? I certainly wouldn't rule it out.

Should you buy HIVE stock on this dip?

Given the recent technical breakdown in Bitcoin and the growing risks of a crypto crackdown, I wouldn't look to buy HIVE stock or anything else crypto-related at this juncture. I'd much rather buy momentum assets on strength, not on weakness, although I wouldn't be against picking up some shares after the dust settles and volatility calms down. At this juncture, though, I see limited upside for HIVE stock and Bitcoin, given the horrific crypto crackdown headlines that I suspect could pick up traction.

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