



Forget Coinbase and Buy This High-Flying Pot Stock Instead

Description

The cryptocurrency market continues to attract investors who are looking to increase their returns at an exponential rate. The price of Bitcoin touched a record high last week but has since lost momentum and pulled back over 20% in recent trading sessions.

Bitcoin bulls remain optimistic about the widespread adoption of digital currencies that have attracted institutional investment in the past year. Billion-dollar companies including **Tesla** and **MicroStrategy** now hold bitcoin on their balance sheet which has driven the prices of the most popular digital currency higher. Earlier this month, leading cryptocurrency exchange **Coinbase** ([NASDAQ:COIN](#)) went public and expectedly garnered significant attention from investors.

Coinbase stock will remain volatile

Shares of Coinbase touched a record high of US\$429 in intra-day trading but are currently priced at just over US\$291. The price of Coinbase stock will be directly related to that of Bitcoin and here's why.

Coinbase generated around 96% of its revenue from trading fees. When Bitcoin prices climb higher, investors trade a lot more driving top-line growth for Coinbase and peers. However, in a bear market, Coinbase sales are likely to experience a massive decline.

In Q1 of 2018, the trading volume on Coinbase was around US\$56 billion. However, as Bitcoin prices fell off a cliff in subsequent months, the company's trading volume [also surged lower](#) to \$US7 billion in the first quarter of 2019.

The cryptocurrency market is unregulated, making it difficult to predict how investors will react amid a sell-off. Bitcoin prices have slumped over 90% multiple times in the past and such declines might occur in the future as well.

Further, the high trading fees associated with Coinbase will allow legacy brokerages to enter the crypto trading space impacting the company's top-line. We can see Coinbase is a high-risk high-return investment and the stock should be bought by investors with a large risk appetite and the stomach to

endure constant fluctuations.

Jushi Holdings should be on the radar of growth investors

Jushi Holdings is a cannabis company that engages in the cultivation and distribution of adult-use and medical marijuana products. Valued at a market cap of \$861 million, Jushi Holdings aims to create a portfolio of cannabis and hemp-derived assets south of the border.

In March 2021, Jushi opened its 17th retail cannabis stores. It has 11 stores in Pennsylvania which is a high-growth market for cannabis products in the U.S.

Jushi Holdings expects [to grow sales by](#) a staggering 365% to US\$40 million in Q1 of 2021. For 2021, the company has forecast sales between US\$205 million and US\$255 million. Comparatively, its sales in 2020 were around US\$80 million.

Jushi plans to open an additional 10 to 12 stores in the U.S. this year. Further, the recent wave of legalization will allow it to enter multiple markets and grow its top-line at a stellar rate going forward.

Jushi Holdings is also expected to improve its bottom line over the next year and it has a sound balance sheet with US\$180 million in cash and US\$86 million in debt. While Jushi stock is up close to 600% in the last year, it's also trading 25% below its record high, giving investors an opportunity to buy a growth stock at a lower multiple.

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