



Tesla Earnings: What its Sale of Bitcoin Says for the Cryptocurrency's Future

Description

This week, **Tesla Motors** ([NASDAQ:TSLA](#)), Elon Musk's electric vehicle company, reported earnings for the first quarter of 2021. While many investors were focused primarily on the company's operations, it was notable that Tesla sold 10% of its Bitcoin holdings. Elon Musk has long been a strong supporter of cryptocurrencies, so many were surprised to see this.

Tesla only bought Bitcoin just a few months ago. So, the fact that it already was selling some of its position was alarming to many in the cryptocurrency industry.

However, Elon Musk soon clarified that the main reason why Tesla sold just 10% of its position was to prove Bitcoin's liquidity. Musk essentially was trying to show that Bitcoin was a comparable asset to cash on Tesla's balance sheet.

Why is Tesla's sale of Bitcoin so important?

Although it appeared to Bitcoin bulls that Tesla's sale was negative at first, we now see that's not the case. However, not only was it not negative, but it addresses issues that are consistently at the heart of the argument against Bitcoin and other cryptocurrencies.

One of the main issues that Bitcoin has is the ease of liquidity. That's still an issue that's not perfect and never will be. However, Tesla has proven that even a billion-dollar company can liquidate a \$100 million position.

Another issue that investors have is that Bitcoin is not a great store of value because it's volatile. While that may be the case, Bitcoin is a lot less volatile than it used to be.

Furthermore, if you're holding it as a store of value, you should be holding it long term. Therefore, a lot of that short-term volatility risk would be insignificant.

While this development with Tesla and its Bitcoin holdings may not directly impact the [cryptocurrency industry](#), I think it's a positive development.

So, if you don't already own some cryptocurrency stocks, you may want to consider adding a small position to your portfolio.

What are the top cryptocurrency stocks to buy now?

The easiest way to gain exposure to Bitcoin today is to buy a stock like **Purpose Bitcoin ETF** ([TSX:BTCC](#)). [The ETF](#) is a great choice, because the fund holds the Bitcoin for you.

The fund acts as a custodian doing all the buying and selling, which truly makes it the easiest way to gain exposure to the digital coin.

With a minimal management fee, it's one of the most cost-effective ways you can gain exposure to Bitcoin's insane long-term potential. With more companies continuing to make the move to add some Bitcoin to their balance sheets, such as Tesla, it's clearly an asset you want exposure to long term.

Plus, if you buy the investment in a registered account like a TFSA, you can keep all the potential capital gains you earn tax-free.

Another Canadian [growth stock](#) to consider if you want exposure to Bitcoin is **HIVE Blockchain Technologies** ([TSXV:HIVE](#)).

HIVE is a top choice, because it's a cryptocurrency miner, which offers investors more upside potential when prices rise. However, HIVE is also considerably more diversified than many of its peers. That helps reduce the risk substantially, which is another reason it's one of the best top cryptocurrency stocks to buy now.

Another reason HIVE has so much potential is because one of the coins it has exposure to is [Ethereum](#). The Ethereum blockchain has a tonne of potential with its technology. It's already the most widely used blockchain, and with more innovation and development, it will only continue to grow.

So, if you're looking for a top cryptocurrency stock to gain exposure to Bitcoin as well as other digital coins, HIVE is one of the best cryptocurrency stocks to buy now.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. TSX:BTCC.B (Purpose Bitcoin ETF)
3. TSXV:HIVE (Hive Blockchain Technologies)

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