



Avoid the Dogecoin Trap! Buy This 1 Bitcoin Stock Right Now Instead

Description

Dogecoin has become one of the hottest cryptocurrencies in the last few months. Its rising popularity has attracted many stock investors' attention. The two software engineers founded Dogecoin nearly eight years ago to make fun of the wild speculation in the crypto market.

Let's discuss why you should avoid investing your hard-earned money in highly volatile digital assets like Dogecoin.

Avoid the Dogecoin trap

Dogecoin's logo has an image of the Shiba Inu dog breed that gained popularity several years ago due to the Doge internet meme. At the time of writing, Dogecoin had a market cap of over US\$65 billion. Interestingly, it was significantly higher than the market cap of most Canadian publicly listed companies, including **TC Energy**, **Canadian Imperial Bank of Commerce**, and **BCE**.

I don't consider this meme-based cryptocurrency worth investing in, as its high market volatility is enough to wipe out small investors' portfolios within a few days.

Invest in this Bitcoin stock instead

I find blockchain technology really interesting and promising. However, Dogecoin might not be the right way to gain from it. While cryptocurrencies like Bitcoin and Ethereum could be a much better alternative to Dogecoin, their extreme volatility makes them unsuitable for small investors.

Investing in [cryptocurrency mining stocks](#) like **Hut 8 Mining** ([TSX:HUT](#)) could be another great way to get exposure to the surging cryptocurrency market.

Hut 8 Mining

Hut 8 Mining is one of the oldest and largest cryptocurrency mining companies in the world. It has its headquarters in Toronto, with its primary focus on developing blockchain infrastructure and Bitcoin mining data centres.

Hut 8 mined about 2,798 Bitcoin in 2020 — about 68% lower than the 8,618 Bitcoin in 2019. This [resulted](#) in a 50.4% drop in its revenue for the year to \$40.7 million. In May 2020, the Bitcoin halving event took place that reduced the block reward to half around. This factor, along with a sharp decline in Bitcoin prices in early 2020, affected Hut 8's Bitcoin mining.

On the positive side, analysts expect its revenue to rise by nearly 368% in 2021 to more than \$190 million. Similarly, its adjusted net profit is expected to rise by about 460% this year to about \$33 million with a solid bottom-line margin of 17.3%.

Buy its stock now

After posting a record high of near US\$64,895, the Bitcoin prices have seen a correction in the last month. That's one of the reasons why the shares of Hut 8 Mining have declined by 35% in the last 30 days. Bitcoin's price could start soaring again in the coming months due to its rising utility across the world that could trigger a rally in Hut 8 stock. The company will announce its Q1 2021 results on Thursday.

Foolish takeaway

Despite its recent weakness, Hut 8 stock is currently trading with 61% year-to-date gains after posting solid 226% gains in 2020.

Its better-than-expected Q1 earnings and revenue could help its stock turn positive again. That's why investors with a medium- to high-risk appetite may want to add its stock to their portfolio right now. Buying its stock for the long term seems to be a much safer option than directly buying meme-based cryptocurrencies like Dogecoin.

CATEGORY

1. Investing
2. Tech Stocks

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Author

jparashar

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