



Bitcoin, Ethereum, and Dogecoin Crash: Now What?

Description

Bitcoin, Ethereum, and Dogecoin prices just crashed. Now that the cryptocurrency bubble has finally popped, investors who made some money on the crypto boom want to know where they should put their money.

Cryptocurrency prices tank

Investors just got a blunt reminder that trading cryptocurrencies carries significant risks.

At the time of writing, Bitcoin is down 30%, Ethereum is off 40%, Dogecoin is off 40%, Litecoin is down 45%, and Bitcoin cash has fallen 50%, all over a mere 24-hour period. From the 2021 highs, the pain is even worse, hammering investors who got in near the peak hoping to catch the next leg up.

The rout threatens to wipe out the value of portfolios that were overweight cryptocurrencies. A rebound of some magnitude is likely. Whether or not the cryptocurrencies will recover as sharply as they have fallen in the past few weeks is anyone's guess. Buying at current levels could deliver quick rewards or simply deliver more pain. This could be a case of trying to catch a falling knife.

Which stocks could benefit from the crypto crash?

Investors who managed to book some crypto profits before the crash might want to take advantage of the pullback in the stock market to pick up some deals and look for stocks that could benefit from a rotation of funds out of Bitcoin, Ethereum, and other cryptocurrencies.

Why gold stocks look more attractive than Bitcoin

Gold sold off during the cryptocurrency rally and has picked up a new tailwind in recent weeks. A stabilization in 10-treasury yields and additional weakness in the U.S. dollar are also at play, but pundits think money that moved out of gold to bet on the crypto boom could return.

Gold miners already appear [undervalued](#) and deserve to be on your radar. The cryptocurrency rout could simply add extra power to the tailwind.

Newmont ([TSX:NGT](#))([NYSE:NEM](#)) is the world's largest gold mining company and produces copper, silver, zinc, and lead. The firm bought Goldcorp for US\$10 billion two years ago and just closed its purchase of GT Gold. Additional deals could be on the way, as the gold sector consolidates.

Newmont reported solid [Q1 2021 results](#). Adjusted net income came in at US\$594 million in the quarter compared to US\$326 million in the same period last year. All-in sustaining costs were US\$1,039 per ounce.

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is down 25% from the 2020 high. The company has zero net debt and is generating significant free cash flow at the current gold price near US\$1,870 per ounce. Barrick Gold's all-in sustaining costs are about US\$1,000 per ounce, so the margins are attractive.

The company operates five of the top 10 gold mines on the planet and also has copper production. Copper trades near record highs and should remain strong for the next few years, as global stimulus measures boost investments in wind turbines, solar panels, and electric vehicles, which all use copper in their production.

The bottom line on Bitcoin and the crypto rout

The brutal sell-off in cryptocurrencies could trigger renewed interest in gold and gold stocks. If you have some cash to put to work, Newmont and Barrick might be good stocks to buy right now.

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Date

2025/09/02

Date Created

2021/05/20

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