Bitcoin Could Plunge Lower: 2 Canadian Growth Stocks to Buy Instead

Description

Bitcoin has been under considerable pressure of late, plunging as low as US$30,000 before bouncing back and fluctuating violently at around US$35,000.

The cryptocurrency mining crackdown has begun. India and China have expressed their distaste for digital currencies because of the environmental impact of mining and because central authorities stand to lose more control the more successful Bitcoin and all the sort become. The higher Bitcoin climbs, the higher the stakes, and the more likely the U.S. government will be inclined to pull the plug on the crypto trade as we know it.

Bitcoin's pains could accelerate over the coming weeks

The U.S. government wants the IRS to keep tabs on Bitcoin transactions over US$10,000. Treasury Secretary Janet Yellen is no fan of Bitcoin and the risks it poses. As such, I think she'll continue to keep a close watch on the broader basket of cryptocurrencies and put forth measures as risks arise.

In a prior piece, I'd strongly discouraged investors from buying the dip in Bitcoin, noting that the technicals seemed too ominous, as were the risks of further government crackdowns. Instead of chasing the asset, which I have compared numerous times to the red-hot tulip bulb mania of the 1600s, investors looking for a shot at quick gains, I believe, would be better served by opting for sold-off Canadian growth stocks instead.

Score Media and Gaming (TSX:SCR)(NASDAQ:SCR) and **Dye & Durham** (TSX:DND) are two of my favourite high-upside bets that I'd look to buy on the dip over Bitcoin or any other cryptocurrency, which is not guaranteed to be around in a decade from now.

Score Media and Gaming

Score Media, a firm known for its theScore Bet gambling app, has been a volatile ride of late. The stock climbed nearly 1,400% from its 2020 trough to its 2021 peak before shedding nearly 70% of its value on the back of the broader high-growth tech selloff. I guess you could say Score stock was a gamble that caused many fortunes to be made and lost.

With the hype surrounding the passing of Bill C-218, a bill that aims to lift the ban of betting single sports events, now fading, I think now is a great time to jump in. At this juncture, it's looking like the odds of C-218 being passed are just north of 50-50. With better odds than a coin toss of having potential multi-bagger upside, I'd put Score stock in the speculative buy zone at this juncture.

At 20 times book and 56 times sales, the stakes are still ridiculously high. But if you've got the stomach and are willing to buy more on the way down, though, Score stock probably makes more sense to buy than a plunging cryptocurrency like Bitcoin, which is backed by absolutely nothing.

Dye & Durham

Dye & Durham is a steady grower as far as Canadian cloud-based Software-as-a-Service plays (SaaS) are concerned. The company is a leader in providing productivity solutions for legal and business professionals.

Dye had a quiet but profoundly successful IPO last July. Since then, shares have been red hot, more than tripling before consolidating between $40 and $50. As the stock takes a breather over the broader souring of growth stocks, I'd look to get in as the firm's best growth days are likely still ahead.

The stock fresh off a solid quarter that saw 300% in top-line growth. The impressive results failed to move the needle, and with shares trading at 20 times sales, I'd argue that Dye is one of the closest things to a bargain in the high-flying world of cloud-harnessing SaaS.

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Date
2025/07/19
Date Created
2021/05/31
Author
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