



Why Hut 8 Mining (TSX:HUT) Stock Surged 35% This Week

Description

Hut 8 Mining ([TSX:HUT](#)) stock has been on a tear this week. The stock is up 35% over the past five days, most of which was on Thursday, when the stock jumped 18%. Here's why this Bitcoin mining stock is riding high.

Major developments

This week was full of major developments, not just for the Bitcoin community but also for Hut 8 mining itself. Firstly, [El Salvador declared BTC legal tender](#). This move is seen as a game changer for the industry. It changes the way the rest of the world treats digital assets. Unsurprisingly, it pushed BTC's price up, which had a positive impact on Hut 8's operations.

Meanwhile, China made moves to clamp down on its domestic mining sector. That means Hut 8's competition is effectively being eliminated. Hut 8's operations are based in countries where the majority of electricity is generated via renewable sources. That puts the company in a favourable position to dominate.

Finally on Thursday, the company announced that it would be listing its stock on the NASDAQ. This dual listing in America opens up a fresh pool of capital that should push Hut 8's stock valuation much higher. This is the key reason for investors' excitement this week.

Hut 8's mining edge

Given the volatility around Bitcoin, Hut 8 mining is turning out to be an ideal pick for gaining exposure in the industry. As one of the largest and oldest Canadian cryptocurrency mining companies, Hut 8 Mining has posted impressive gains, including an astonishing 226% return in 2020.

Similarly, the company has impressive fundamental numbers to back the hype. It reported record quarterly revenues of \$32.5 million in the first quarter. Nearly triple revenues of \$12.7 million were reported in the same period last year.

As a cryptocurrency mining pioneer, the company boasts of one of the highest capacity rates. Likewise, it is well positioned to generate significant revenues on higher Bitcoin prices. Thus, it is not surprising that [analysts expect](#) the company's revenues to increase by more than 300% in 2021. The company's net profit is also expected to rise by about 400% to about \$33 million.

Hut 8 Mining's prospects

While the stock has pulled lower significantly, the same is down to Bitcoin correcting by more than 40% from record highs of \$64,000. Bitcoin's price soaring again would be the catalyst to take Hut 8 Mining stock back to all-time highs.

After the recent slide, Hut 8 Mining is trading at a discount going by a price-to-book multiple of 1.8 and price-to-sales multiple of 9.71. This might be the best time to buy the stock at a discount as it is poised to soar on Bitcoin price correcting higher.

Bottom line

Hut 8 stock is skyrocketing, because Bitcoin is legal tender in El Salvador. China is eliminating the company's competition, and the company is listing shares on the NASDAQ. Keep an eye on this one, as BTC moves higher.

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