



This 5-Year Prediction of Hive (TSX:HIVE) Stock Might Surprise You

Description

What does the future hold? At most, you can predict by looking at the history and current industry and macro environment. At present, the environment is uncertain for crypto. Given the nascent stage of the crypto revolution, there is little historical data to make predictions backed by previous cycles. And the current regulatory environment is divided on the adoption of Bitcoin and Dogecoin.

Here I dare to make a five-year prediction, not for crypto prices but **Hive Blockchain Technologies** ([TSXV:HIVE](#)), a crypto mining firm.

The basis of my prediction for Hive

Hive stock price is directly proportional to prices of Bitcoin, Ethereum, and Ethereum Classic. Now, I can't predict the price of these coins as they are determined by many factors such as demand and supply, regulation, and mass acceptance. But Hive's future is easier to predict as it operates as a company.

What does Hive do? It runs data farms in Canada, Sweden, and Iceland. It uses green energy (hydro and geothermal) to mine BTC and ETH. As crypto-mining becomes more demanding on the computing front, it keeps upgrading its graphic card and accelerators for energy-efficient high-performance computing. Its products are BTC and ETH. It earns revenue and profit by selling them in the market. It also earns revenue from hosting services, wherein it lends some of its computing capacity to miners.

Consider Hive a cyclical commodity stock whose prices, revenue, and profits fluctuate depending on BTC and ETH prices. Like all commodity stocks, Hive strives to reduce the cost of mining to minimize its losses when crypto prices fall. As the crypto market matures, you could also see consolidation, and Hive would be at the forefront, given its size.

My five-year prediction for Hive stock

Hive is one of the oldest publicly listed blockchain infrastructure companies. It has been mining BTC for a decade, giving it a first-mover advantage as BTC was easier to mine back then. Now the debate is will BTC achieve the legal status of digital gold. El Salvador has declared BTC a legal tender, while

China has banned all types of crypto trading. Even India is considering a similar approach.

There are bulls holding Bitcoin and Dogecoin for the long term because they believe crypto is the future global currency. They have adopted the passive investing strategy and could one day become the Warren Buffett of the crypto-verse. And then some bears believe the crypto bubble has burst to never return.

If you directly buy BTC or ETH, you will stand to lose from a crypto ban in your country. Even Hive will sell some of its BTC and ETH inventory at an undesirable price to mitigate downside risk.

But Hive is a company that has other assets like data centre farms and a large capacity for high-performance graphic computing. It can divert its capacity to uses other than crypto mining. The company's [earnings](#) state that it is "...investigating other high-efficiency computing applications, such as artificial intelligence and graphic rendering as well as private blockchain computing." During crypto downcycles, Hive can use its capacity for AI and graphic rendering.

After several cycles, if BTC and ETH succeed in revolutionizing the digital currency, Hive will prove to be the next billionaire maker. And if the crypto revolution fails to materialize, Hive will still benefit from AI and blockchain revolution.

Warren Buffett is [not a fan](#) of BTC, but even he admits the potential of blockchain technology.

Investor takeaway

Irrespective of your bullish or bearish stance on crypto, Hive is a stock to buy and hold for the long term. Even after the 53% dip from its May high, Hive stock is up 26% year to date and 800% in the last 12 months. Investing delays are expensive in the blockchain. At \$3.16/share at writing, Hive deserves a spot in your wealth creation portfolio.

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Author

pujatayal

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