



Crypto Crash Erases US\$1.3 Trillion of Wealth: Avoid Like the Plague?

Description

Cryptocurrency investors have seen several ups and downs over the years, usually followed by higher (relatively) stable prices when the dust settles. However, cryptocurrencies are seeing a new kind of stage this year, as the decentralized digital assets continue to plunge after a strong start.

Collapsing cryptocurrencies across the board wiped out over US\$1 trillion in value since the asset class peaked in May 2021.

Bitcoin is the most popular cryptocurrency, and investors became rattled as it fell below the US\$30,000 mark. While the cryptocurrency is trading for around US\$34,800 at writing, it is trading for an over 40% discount from its May 2021 peak.

Cryptocurrency holders have experienced volatility in the past, but people who bought the assets this year might find these losses too much for them to bear. The impact of the sudden decline in valuations could seep into several tech stocks as well.

I will discuss the assets you might want to avoid amid the developing situation and an asset that you could add to your portfolio as a [better alternative to cryptocurrencies](#).

Companies affected by Bitcoin prices

Several tech companies have made investments in cryptocurrencies. Many others rely heavily on the performance of cryptocurrencies to deliver shareholder returns. Here are some of the most prominent companies making money off of cryptocurrencies or that have invested in the asset class.

- **HIVE Blockchain Technologies**
- **Square**
- **Coinbase**
- **Tesla**

Square, Coinbase, and HIVE Blockchain Technologies are all heavily invested in cryptocurrencies.

Square is a payments company, Coinbase is a cryptocurrency exchange, and HIVE is a cryptocurrency mining company. All three companies rely heavily on cryptocurrency prices to derive value.

Tesla also has exposure to cryptocurrencies. The company holds crypto as an investment, but it has the least exposure to cryptocurrencies of all the companies mentioned above. Tesla is a major player in the burgeoning electric vehicle (EV) sector that could still profit, despite declining cryptocurrency prices.

Canadian EV play to consider

Magna International ([TSX:MG](#))([NYSE:MGA](#)) is an excellent asset to consider adding to your portfolio if you are considering gaining exposure to the EV industry. With the rise in fuel prices and an increasing focus on shifting to green energy, electric vehicle demand is rapidly rising. As the demand continues to rise, EV industry players could be well positioned to make significant profits over the long run.

Magna is an EV manufacturer leading the charge in the industry for Canada. The company is considered to be a leading candidate to supply the highly anticipated **Apple Car**. If the move materializes, it could lead to a tremendous boost for the company's valuation in the near term.

Even if the move does not happen, the company is well positioned to take advantage of the growing EV demand. Magna has been increasing its focus on EV production to meet the rising demand. The company's share price has shot higher over the last 12 months due to these expectations.

Foolish takeaway

Cryptocurrencies are the most volatile asset class in the market. Even the likes of Bitcoin can crash without any warning and at any time. Unfortunately, many companies have invested in cryptocurrencies, and equity markets are affected by cryptocurrency prices. The more companies invest in Bitcoin and its peers, the more public equity markets stand to lose when cryptocurrencies go down.

Investing in an asset that does not rely on rising and falling Bitcoin prices could be a far better way to [grow your wealth](#) without worrying about volatility. Magna International could be an ideal stock to consider for this purpose.

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Author

adamohtman

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