



Bitcoin Is Taking These 2 Stocks Down With It

Description

Bitcoin's price has been on the downswing lately, having fallen 48% since its peak in April. That month, BTC reached unprecedented highs, but the gains were not to last. A string of bad news such as **Tesla** dropping BTC and China clamping down on its use triggered a major selloff in the world's largest cryptocurrency. Other cryptocurrencies behaved much the same way, as did certain stocks.

With Bitcoin's losses came major losses for companies involved in buying/selling it. In this article, I'll explore two stocks that lost out big time thanks to the Bitcoin bear market.

Coinbase

Coinbase Global ([NASDAQ:COIN](#)) is a [U.S. crypto exchange](#) that went public just this year. Since going public, the stock has fallen 27%, from \$342 to \$240. Coinbase's slide correlated with the decline in the price of Bitcoin, which makes sense because Coinbase makes money off crypto transactions—mostly BTC. In its first quarter as a public company, Coinbase posted excellent results, including:

- \$1.8 billion in revenue, up from \$525 million.
- \$771 million in net income.
- \$3.08 in EPS.

Pretty solid, but the next quarter is unlikely to be as good. With Bitcoin and other cryptocurrencies sinking, COIN now has a smaller base of assets to take fees on. If there's a lot of selling happening then COIN might profit on the sheer volume, but that will only last as long as the "active" selloff. If Bitcoin simply trades sideways for a while, then COIN will earn fewer fees per transaction.

HIVE Blockchain Technologies

HIVE Blockchain Technologies ([TSXV:HIVE](#)) is another stock that was cratered due to the Bitcoin crash. At its peak this year it was trading for \$6.8, but now it's only worth \$3.74—a 45% decline.

HIVE is arguably even more vulnerable to the crypto crash than Coinbase is. The company makes money by mining and selling crypto, and mining costs money. If the price of Bitcoin goes low enough that Coinbase can't cover costs, then it's losing money. This is in contrast to Coinbase, which can always collect its fees—even if lower prices take a bite out of them.

HIVE's most recent quarter was actually pretty good, boasting the following metrics:

- Income from digital currency mining: \$13 million, up 8%.
- Gross margin of \$9.2 million (72% of mining income).
- \$9.2 million in net income.
- \$0.03 in EPS.

Those are pretty solid results. But if the prices of Bitcoin and Ether remain low, then HIVE will earn less money in the future than it did in the last quarter. Investors are selling the stock in anticipation of a weak fourth quarter.

Foolish takeaway

2021 has been a strange year for crypto. In the span of one year, we've seen [crypto rise and fall](#), get pumped and then dumped, and be accepted by vendors only to be banned again. Crypto has always been volatile, but 2021 stands out because of the bizarre mixed signals we're getting on crypto's mainstream adoption.

Is Bitcoin going to become a viable currency, or will it continue to be mainly a vehicle for speculation? It's hard to say based on the news we've gotten this year, which may be why BTC has fallen—and crypto stocks along with it.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NASDAQ:COIN (Coinbase Global)
2. TSXV:HIVE (Hive Blockchain Technologies)

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