



Forget Dogecoin: Add This Stock Instead

Description

The cryptocurrency bull market captured the imagination of investors since the middle of 2020. Precious metals had put together a strong run in the face of the COVID-19 pandemic. However, this momentum dissipated and made way for the rise of digital currencies. Bitcoin and its peers rattled off record runs in late 2020 and the first half of 2021. That has come to a screeching halt in the late spring and early summer. Today, I want to discuss why investors should forget about cryptos like Dogecoin and zero-in on a crypto-focused stock instead.

Why Dogecoin and cryptos sank in the spring

Back in May, I'd [discussed](#) why cryptocurrencies were running into trouble. Coming into the spring, cryptos had benefited from institutional and influential individual endorsements. **PayPal** announced that it would embrace Bitcoin on its platform in the latter half of 2020. Elon Musk, the co-founder and CEO of **Tesla**, announced in early 2021 that his company had invested in Bitcoin and would accept the digital currency for its products.

These endorsements saw Bitcoin soar above the US\$60,000 price point. Dogecoin, a crypto that was originally launched as a joke in 2013, also climbed to an all-time high in the spring. This would come to an end by the middle of May. Elon Musk, who had given Dogecoin a boost at times through social media, appeared on *Saturday Night Live* and called the crypto a “hustle” in a scripted segment. This triggered a sharp selloff that saw its price crater by the middle of June.

Elon Musk was not done ruffling the feathers of crypto enthusiasts. [Later in May](#), Tesla announced that it would distance itself from Bitcoin over climate concerns.

Here's why I'm still targeting this stock

The crypto market has taken its lumps since the middle of April, but that does not mean investors should ignore it entirely. Digital currencies have grabbed a foothold in the mainstream, and that is unlikely to turn this decade. Investors should look to pursue stocks that are positioned to gain in this

new environment.

Hut 8 Mining ([TSX:HUT](#))([NASDAQ:HUT](#)) is a Toronto-based company that operates cryptocurrency mining. Its shares have climbed 68% in 2021 as of early afternoon trading on July 6. The stock has soared 490% year over year. However, the stock has more than halved from its all-time high of \$15.98.

The company unveiled its first-quarter 2021 results on May 13. It delivered record quarterly revenue of \$32.5 million — up from \$12.7 million in the prior year. Bitcoin's price is still up significantly in the year-over-year period, which powered Hut 8's bottom line. The gain on digital assets held in custody and digital asset loan receivables reached \$111 million in 2021. Net income climbed to \$35.5 million compared to a \$10.2 million loss in the first quarter of 2020. Moreover, adjusted EBITDA jumped to \$16 million over a \$0.6 million loss in the previous year.

Dogecoin's decline does not dim the future for Hut 8 and other crypto miners. This stock still boasts a favourable price-to-earnings ratio of 11. Its positive value combined with its incredible earnings growth make it a promising long-term target.

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