



Bitcoin: Has it Hit an Inflection Point?

Description

Crypto bulls are a worried lot in 2021, as Bitcoin underperforms versus stocks once more. Some market observers, however, say July is historically not a good time for [crypto investors](#). Despite the recent collapse, it seems cryptos have reached a critical moment, if not an inflection point. Is a significant change, positive or negative, coming to the space?

Potential inflection points

Besides its volatile nature, [actions by governments](#), like banning crypto trading and mining or introducing regulatory changes, could lead to a negative inflection point. Carsten Murawski, a finance professor at the University of Melbourne in Australia, says authorities want to control digital currencies.

Likewise, central banks view cryptocurrencies as threats to financial stability. He added they don't want parallel currencies floating around. For Tom Jessop of Fidelity, the pandemic was a catalyst for broader acceptance or adoption. He said there's an acceleration of institutions studying and evaluating the crypto universe. They could move to operationalize the digital assets soon.

Since we're still in the early stages, uncertainties persist, making BTC shaky and very risky. The alternative investments, for now, are crypto, blockchain, or [technology stocks](#). While it could mirror Bitcoin's fluctuations, TSX assets are safer.

Top Bitcoin miner

Hut 8 Mining (TSXV:HUT)([NASDAQ:HUT](#)) is perhaps the top choice, because the company engages in Bitcoin mining. The crypto stock is also cross-listed on the U.S. stock exchange. At \$6.04 per share, current investors are up 73% year to date, although the price has risen to as high as \$11.09 in mid-March 2021.

The \$860.77 company takes pride in being one of the oldest, largest, and innovative-focused digital asset mining pioneers in North America. Apart from Bitcoin mining, Hut 8's executive team has deep

experience in blockchain, software, investment banking, venture capital, and government.

Hut 8's diversified mobile production platform is in Alberta (Medicine Hat and Drumheller), with secured low-cost power contracts. Business growth is visible, given the record level quarterly revenue of \$32.5 million in Q1 2021 (quarter ended March 31, 2020), or 156% over Q1 2020.

Blockchain super growth wave

HIVE Blockchain Technologies ([TSXV:HIVE](#)) has an explosive start in 2021, like BTC. From \$2.50 on January 4, 2021, the price soared 172% to \$6.80 on February 19, 2021. Similar to real crypto, the rally did not sustain. As of July 9, 2021, HIVE trades at \$3.11 per share.

The first-mover advantage belongs to HIVE. The \$1.25 billion company is a pure-play blockchain investment. As a blockchain infrastructure company, its goal is to bridge blockchain and cryptocurrencies to traditional capital markets. Furthermore, HIVE has low working capital requirements. It can sell its mined coins strategically to maximize profit.

HIVE believes Ethereum, not BTC, will continue to be the backbone of this new financial ecosystem. Management expects to ride on the blockchain super growth wave through Ethereum. They want investors to know that this crypto has substantially more developers building on it than any other blockchain platform.

Gateway to the new technology world

Fidelity's Jessop believes Bitcoin is the gateway to the new technology world, mainly due to more use cases. It could be a new operating system for financial services. You have a way to potentially move value around the planet more efficiently and more automated. There would be certain features that are not possible in a traditional framework.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. TSX:HUT (Hut 8 Mining)
3. TSXV:HIVE (Hive Blockchain Technologies)

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