



Will HIVE Blockchain (TSX:HIVE) Stock Ever Recover?

Description

At the time of writing, Bitcoin has dropped below US\$30,000. The cryptocurrency has effectively wiped out all its 2021 gains. That's bad news for BTC miners like **Hive Blockchain Technologies** ([TSX:HIVE](#)). Unsurprisingly, HIVE stock is down 64% from its all-time high in February. Investors who caught the crypto ride late are now sitting on serious losses.

Will HIVE Blockchain and Bitcoin ever recover? Here's a closer look.

Bitcoin cycles

Bitcoin has been around for 12 years now, which means its cyclicity is well-known. The token is prone to multi-year boom-bust cycles. Every boom takes the price of each token to new highs, but every bust is shallower than the previous one. In fact, Bitcoin sets a new floor in every cycle.

From 2016 to 2017, the price of each BTC rose from roughly US\$1,000 to US\$19,000. When the bubble burst, Bitcoin dropped precipitously and stayed range-bound for several years. However, it never dropped below US\$3,000. A higher floor had been set.

In this recent cycle, the price of each token reached a peak of US\$63,000 earlier this year. It has lost over half its value since then. However, most veteran investors and industry experts don't believe the price will ever reach close to US\$3,000 again. That's because a new batch of permanent holders has been added to the network over the past year. A higher floor has been set.

Mainstream adoption

Signs of mainstream adoption are everywhere. Exchange-traded funds (ETFs) in Canada, such as **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)), have attracted hundreds of billions of dollars in investor capital. Several ETFs are pending approval in the United States, which could prove to be even popular.

Hedge fund billionaires such as George Soros and Steven Cohen have recently entered the market too. They've been approved to buy or trade cryptocurrencies, alongside other institutional investors.

In short, investors with very deep pockets and extremely long time horizons have now entered the market for Bitcoin, putting a floor on the price and supporting the business model of BTC mining.

HIVE stock

While Bitcoin's popularity and growing adoption are great for [HIVE Blockchain in the](#) long run, the company also has several positive catalysts in the near term. China's clampdown on Bitcoin miners has effectively eliminated more than half the industry's competition.

Mining Bitcoin is now easier and much more profitable than it was just a few months ago. HIVE could be set for a record quarter, despite the lower market value of BTC.

Long-term investors should keep an eye on Bitcoin's growing adoption and mainstream usage. The next boom cycle could push the value of this cryptocurrency much higher. By then, HIVE stock may have fully recovered.

Bottom line

Bitcoin's price is cyclical, which means it could recover over the long term. Meanwhile, HIVE Blockchain faces less competition and greater profitability in the near term. This could be an opportunity to add the growth stock to your portfolio.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:BTCC.B (Purpose Bitcoin ETF)
2. TSXV:HIVE (Hive Blockchain Technologies)

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