



HIVE Stock: What to Know Before You Buy

Description

If you've ever considered investing in the [cryptocurrency industry](#), you've probably heard of **HIVE Blockchain Technologies** ([TSXV:HIVE](#))(NASDAQ:HVBT). HIVE is one of the highest potential growth stocks in the cryptocurrency industry and has gained a tonne of popularity over the last year.

With the cryptocurrency revolution ongoing and continuing to offer several high-potential opportunities, now is as good a time as ever to consider an investment in the space.

And HIVE is a top choice for many investors. It's the most liquid cryptocurrency stock and was one of the first publicly listed blockchain infrastructure companies.

Furthermore, because the company has such low working capital requirements, it means that HIVE doesn't have to sell all its coins as it mines them and can look to sell them strategically when prices are rising.

Plus, its operations are located in countries with cooler climates with stable political environments and access to green energy.

So if you're considering an investment in the cryptocurrency industry, and are looking to buy a high-quality stock like HIVE, here is what you need to know before you buy.

HIVE stock follows the price movements of major crypto

The two main cryptocurrencies that HIVE stock mines are Bitcoin and Ether. So the first and most important factor investors need to know about HIVE is that its stock price will predominantly follow the direction of Bitcoin and Ether.

Any time the stock is moving rapidly in one direction or the other, there's a good chance that the cryptocurrency industry is seeing major volatility.

It's also worth noting that HIVE stock doesn't just follow the direction of Bitcoin and Ether. It's actually

leveraged to the price of these cryptocurrencies.

This can work both ways. When prices are skyrocketing, HIVE can see some massive growth. For example, in 2020, Ether prices gained 475% for the year, while HIVE stock gained a whopping 2,400%. However, when prices are falling, HIVE stock can decline rapidly as well.

So often, when the cryptocurrency industry is volatile, HIVE can see some massive price movements. This is crucial to know because the only way to mitigate this short-term risk is to make a long-term investment and take advantage of [dollar-cost averaging](#).

Cryptocurrency mining can be highly competitive

If you're going to buy a cryptocurrency mining stock like HIVE, it's crucial to understand the industry. Cryptocurrency mining is unlike anything else.

With gold or copper mining, each company owns or leases their own land to mine for the metals they are looking for. In the cryptocurrency industry, every miner is competing against one another.

This makes the industry highly competitive. However, it also means that in order for companies like HIVE to stay competitive, they need to consistently increase their computing power.

So far, HIVE has done exactly that and continues to expand its operations often, which is why it's one of the best crypto mining stocks to buy now.

HIVE is holding a tonne of coins to sell at higher prices

Like many investors who are bullish on the cryptocurrency industry, HIVE stock believes that cryptocurrency prices will continue to rally long into the future.

And because it has low-cost operations, the company doesn't need to sell all the coins it mines right away. So HIVE has decided to hold these coins waiting for higher prices, which will ultimately help shareholder value grow even faster as cryptocurrencies rally over the long run.

HIVE is a great growth stock, but there are other lower-risk ways to gain exposure to cryptocurrencies

The last thing to know before buying HIVE stock is that there are plenty of other opportunities for investors, especially if HIVE stock is too risky for you.

While HIVE is certainly one of the best cryptocurrency miners and a top growth stock in the industry, it could be too volatile for many investors.

Not to worry, though, as there are plenty of high-quality [cryptocurrency investments](#) to consider. And because the cryptocurrency industry has so much potential, these stocks all still have the ability to grow rapidly.

So if you're bullish on cryptocurrency, but HIVE stock looks like it may be too volatile for you, there are

tonnes of high-quality investments to consider today.

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