



Why Voyager Digital (TSX:VOYG) Stock Fell 15% Today

Description

Voyager Digital ([TSX:VOYG](#)) stock is plummeting this morning, despite the bounce back in other tech stocks. That's because the company seems to have reported earnings for the previous quarter that failed to meet expectations. Here's how the report has impacted the stock and what it could indicate for the future of this sector.

What happened?

Voyager Digital stock, one of the [best-performing crypto stocks](#) during this cycle, plummeted 15% this morning. Since then, it has recovered some of its early losses. At the time of writing, the stock is trading at \$12.14 — 6.9% lower than its opening price.

The dip seems to have been triggered by the company's latest financial report. The team announced preliminary revenue and user metrics for the fiscal 2022 first quarter ended September 30, 2021.

The numbers paint an interesting picture. Voyager Digital is still growing, but not at the pace it hoped for. Total funded accounts and total verified users were up 29% and 23%, respectively, year over year. That pace of growth would have been impressive for most companies, but not for a tiny cryptocurrency startup.

Meanwhile, revenue and net deposits actually *declined* this quarter. Revenue has dropped from \$109 million to between \$63 and \$67 million year over year. Similarly, net deposits have been slashed roughly in half from \$1.6 billion to \$827 million.

Voyager stock investors, who were expecting hyper growth, are unimpressed with this performance, which is why the stock price is plummeting.

So what?

Voyager Digital stock offered investors exposure to the nascent digital assets and decentralized

finance (DeFi) sectors. The company operates a trading platform that allows users to buy or sell over 60 cryptocurrencies and earn passive income on roughly 30 of them.

This recent quarterly report could indicate that the sector is running out of steam. If Voyager digital's growth is slowing down, it could mean that mainstream investors are less excited about cryptos like Bitcoin or Ethereum.

This lack of momentum could compel investors to lower their valuations for digital asset stocks. Bitcoin miners, cryptocurrency trading apps, and payment processing companies could see a markdown in their stocks in the near future.

Now what?

Volatility is nothing new for crypto investors. Bitcoin has lost its momentum several times over the past 12 years. The digital asset goes through boom-bust cycles frequently.

This time, investors have exposure to Bitcoin through public companies like Voyager Digital too. These stocks and their underlying businesses could be just as volatile as the digital assets they deal with. Voyager has undoubtedly seen a downtick in growth this quarter. Now, investors must watch the next few quarters to see if this is a blip or a trend.

If momentum keeps slipping, investors might want to consider limiting their exposure. However, if cryptos rebound to all-time highs, Voyager stock could have a similar run. At the time of writing, Ether and Bitcoin are racing higher — up 25% and 30% over the past seven days, respectively. This could indicate a better quarter ahead for Voyager.

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