



Why I'd Never buy NFTs

Description

Non-Fungible Tokens (NFTs) are all the rage these days.

Getting endless mentions on **Twitter** and other social platforms, they have taken the world by storm.

For the uninitiated:

NFTs are the latest product of the blockchain universe. They are digital assets bought and sold on blockchains just like cryptocurrencies. They signify ownership in digital assets like images and Tweets. Ownership of an NFT doesn't give you exclusive access to the asset the NFT signifies ownership of. However, it *does* give you a unique claim on the asset's digital signature that nobody else in the world has.

Over the past year, we have seen NFTs sell for some extreme prices. Jack Dorsey's NFT of his first-ever Tweet sold for \$2.5 million; since then, other million-dollar NFTs have been sold, including one that [went for \\$69.3 million](#).

These extreme prices being paid for NFTs have predictably set off a speculative frenzy. People on Twitter and other social platforms are creating and selling NFTs at a furious pace, trying to net one of the big million-dollar paydays. Some are also buying up NFTs trying to sell them to others at higher prices. It's an interesting idea, but I'd never personally buy into this trend. Here's why.

NFTs are illiquid

The big problem with NFTs is that they aren't liquid. You can't just go on **Coinbase** and click "sell" and expect your NFT to sell. You have to actually find another individual who wants to buy it. Sure, there are platforms like **OpenSea** that allow you to buy and sell NFTs. But you have to hope that your auction goes well in order to turn a profit on an NFT. If nobody wants to buy it, your NFT will net you no profit.

Most big sales are from people with clout

Another problem with NFTs is that you realistically need a large social media following to make big money selling them. Most NFTs that fetched huge sums of money have been associated with famous people like:

- Jack Dorsey
- Grimes.
- CryptoPunks
- Mike “Beepel” Winklemann.

All of these individuals and organizations are very well known with large social media followings. So it shouldn't come as a surprise that they were able to sell NFTs for millions. They have audiences of millions to sell to, and some of the richest among their audience members are billionaires. This isn't an advantage that just anybody has. If you aren't a celebrity yourself, it would be unreasonable to think that you can replicate it.

What about crypto?

Having established that I would never invest in NFTs, it's time to talk about the closest asset that I *would* invest in:

Cryptocurrency.

I don't own any crypto, but I'm [not opposed to owning it in principle](#). If you look at the uses crypto is seeing in real- world businesses, in countries experiencing severe inflation, and elsewhere, it's pretty clear that crypto is legit. So I'd probably buy some if I didn't have stocks I was more interested in.

Another investment to consider is crypto mining stocks like **HIVE Blockchain Technologies** ([TSXV:HIVE](#))(NASDAQ:HVBT). These are stocks that let you play crypto on the stock market. They mine and sell crypto for profit, rendering them effectively crypto pure-plays. In HIVE's case, the currencies it mines are BTC and ETH, so its stock is like a bet on those coins. HIVE reportedly uses cold-climate data centres to reduce the cost of mining crypto.

Normally, crypto uses a lot of electricity. Part of that electricity cost is the cost of cooling the physical servers crypto is mined on. By housing its servers in places like Iceland and Sweden, HIVE aims to keep those costs to a minimum. Perhaps it's one stock market play that crypto aficionados could consider if they wanted something more novel than crypto that's less of a longshot than NFTs.

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