



Stocks vs Crypto: Which Is Better?

Description

Stocks and cryptocurrency have been two of the best-performing asset classes of the past decade. In a decade, stocks have risen 280%, while some cryptocurrencies have risen millions of percentage points. Investors have done well holding both asset classes. But it looks like crypto—at least large-cap crypto like Bitcoin and Ether—is the clear winner. Bitcoin is up millions of percentage points since inception, while stocks have only tripled.

Yet there is a case to be made for choosing stocks over crypto. By giving you part ownership in a company, stocks provide the potential for more stable and predictable returns. In this article I'll outline a case for investing in both stocks and crypto, so you can decide which is best for you.

The case for stocks

The case for investing in stocks rests on fundamentals. Because stocks are ownership stakes in businesses, they have much more data that you can use to make decisions based on, compared to crypto. When you research a stock like **Shopify**, you can look at all kinds of data such as:

- Quarterly earnings.
- SEC filings.
- Annual reports.

These documents provide thousands of individual data points (revenue, earnings, cash flow, assets, and more), which let you conduct a truly robust analysis. With crypto, you're [pretty much limited to technical analysis](#) and some basic supply and demand factors like how many coins can be mined. So, there are more grounds for making informed investment decisions with stocks than with crypto.

The case for crypto

The case for crypto, compared to stocks, is based on two main factors:

- Historical returns (and technical factors in general).
- Limited supply.

While past returns don't tell you what future returns will be, there's no denying that crypto has had a great run. Bitcoin is up more than a million percent since inception. Nobody can say for sure whether this run will continue. But new cryptocurrencies do indeed have the potential to deliver massive returns. If a coin has an ICO with an initial market cap of \$1,000, then a run-up to an \$11,000 market cap is a ten-bagger. Much like penny stocks, crypto holds the potential to rise exponentially, just by virtue of how small some of the "alt coins" are.

Another point arguing for investing in crypto over stocks is a limited supply. Some cryptos, like Bitcoin, have limited coins in circulation. In BTC's case, the cap is 21 million—more than that can never be mined. Stocks, on the other hand, can increase in quantity indefinitely, much like fiat currency. So, Bitcoin has the advantage that it can't be diluted.

Why not both?

A final consideration when it comes to investing in stocks and crypto:

You can always invest in both.

By buying stocks like **HIVE Blockchain Technologies** ([TSXV:HIVE](#))(NASDAQ:HVBV), you get a piece of a publicly-traded business built on crypto. HIVE [makes money by mining and selling crypto](#), so the higher Bitcoin and other cryptos go, the more money HIVE is likely to make. So, the stock is an indirect play on crypto. But it's so much more.

By maximizing operational efficiencies, HIVE can make more money than would be predicted by sheer mining output and crypto prices alone. So mining stocks like HIVE are very much worth watching. They may be even more interesting than crypto itself!

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