



Are Crypto Stocks the Best Buys in This Dip?

Description

For a few weeks now, markets have been on edge. Despite some stocks reporting strong earnings, others have been struggling for a few separate reasons. Meanwhile, in general, the cryptocurrency industry has continued to gain popularity, and crypto stocks have been some of the best to buy.

As the pandemic has been winding down in North America, and economies have seen restrictions eases, the economic environment has been much different from last year.

This is allowing some stocks to recover, such as restaurants, but has been weighing on others, like the big e-commerce giants. In addition, other complications, such as rapid inflation and significant supply chain issues, have also been impacting companies' ability to grow their profitability.

By last Friday, though, these concerns, along with the new highly infectious coronavirus variant found in South Africa, caused a significant selloff, as investors feared there could be more shutdowns coming that could derail the global recovery.

Countries in Europe, for example, have already gone into lockdown. And because the [new variant](#) has been reported to have mutated to evade the vaccine, there is some real concern.

But how does that impact crypto stocks?

Should cryptocurrencies be selling off?

While a resurgence of the virus should have almost no effect on the cryptocurrency industry, it's not very surprising that crypto stocks have been selling off in the recent market pullback.

Crypto stocks are highly volatile and a higher-risk asset, so in a risk-off scenario, it's not surprising that investors have sold these highly volatile assets to raise cash.

With that being said, though, the pandemic has little effect on the cryptocurrency industry or its long-term potential. If anything, it actually acted as a tailwind when the pandemic first began last year.

So, with plenty of high-quality cryptocurrencies and crypto stocks selling off significantly over the last week, now looks like an excellent time for investors to buy the dip and take advantage of this incredible opportunity.

I have always consistently recommended investors take a long-term position when investing in cryptocurrencies. The primary reason for this is to help mitigate the impacts of short-term volatility.

However, in a situation like this, when assets are falling in price quite substantially, it will also help you to see the big picture and realize that a new coronavirus variant shouldn't cause high-potential cryptocurrencies or stocks to lose as much as 20% of their value.

What are the top crypto stocks to buy in this dip?

There are several Canadian crypto stocks that you can consider for the long term. My top recommendation for investors is **Galaxy Digital Holdings** ([TSX:GLXY](#)), a financial services stock serving the [cryptocurrency industry](#).

Galaxy makes the most sense for investors, because it offers exposure to so many different operations in the cryptocurrency industry. This, of course, diversifies the investment but also offers more opportunity for growth from the many different segments.

Plus, Galaxy's business has been set up to benefit both from an increase in popularity from retail investors and institutions. So, even when prices for major cryptocurrencies aren't rallying, and the number of retail investors joining the industry slows, Galaxy still has its trading business as well as its investment banking segment to help pick up the slack.

Perhaps its most exciting segment, though, is its principal investments division. Galaxy uses its principal investments segment to find extremely high-potential, up-and-coming cryptocurrency or blockchain businesses. For example, it's invested in several different NFT companies over the last few years.

Anytime there is a selloff like we saw on Friday, there's a good chance that investors can find an attractive investment. So, while high-quality crypto stocks like Galaxy Digital sell off significantly, as long as the new developments that are causing the selloff won't actually impact their potential to grow, they can be an excellent investment.

Galaxy currently trades more than 25% off its high, offering investors an excellent discount to buy the crypto stock today.

CATEGORY

1. Cryptocurrency
2. Investing

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1. TSX:GLXY (Galaxy Digital)

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