



## Is Crypto a Good Investment in a Market Pullback?

### Description

Global markets were throttled to close out the previous week after the reported emergence of the Omicron COVID-19 variant. Bitcoin and other [cryptocurrencies](#) were not spared from the bloodbath. Fortunately, markets have bounced back to kick off the week as of late-morning trading on November 29. Today, I want to discuss whether cryptos are a good hold in a potentially volatile environment. Let's dive in.

### How did cryptocurrencies perform during the 2020 market pullback?

Bitcoin and its peers were not spared from the market carnage when the seriousness of the COVID-19 pandemic became apparent in the late winter. However, Bitcoin's slip at the time seems quaint when we consider its price point at the time of this writing. It plunged from over US\$8,000 to below the US\$5,000 mark during the March 2020 market pullback.

The crypto space would thrive in the year that followed. There has been no shortage of liquidity, as central banks have pursued highly accommodative policy in order to mitigate the impact of pandemic-related disruptions. Oddsmakers now project that central banks will be spurred to move on several rate hikes in 2022 in order to combat runaway inflation.

### Are Bitcoin and its peers the new safe haven?

Earlier this month, I'd [discussed](#) whether crypto or gold was the better bet ahead of the New Year. Gold soared to record levels of US\$2,000/ounce in the first half of 2020, as investors were eager to flock to a safe haven in the early weeks of the pandemic. However, the yellow metal has since retreated below the US\$1,800 mark at the time of this writing.

Cryptos have continued to outperform gold in this inflationary environment. The emergence of the Omicron variant may make it difficult for policymakers to pull the trigger on rate hikes in 2022,

especially if its spread proves as disruptive as previous waves. Investors should look to target crypto assets in this environment.

## Here are some crypto assets to consider in the months ahead

Canada launched the very first Bitcoin-focused exchange-traded fund in February 2021. **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) has climbed 64% over the past six months at the time of this writing. However, its shares have dropped 4.5% in the month-over-month period. This allows Canadian investors to [seek exposure](#) to Bitcoin in a registered account.

**Hut 8 Mining** ([TSX:HUT](#))([NASDAQ:HUT](#)) is a Toronto-based cryptocurrency mining company. Shares of this crypto miner have soared 317% in 2021 as of early afternoon trading on November 29. The stock has shot up 747% in the year-over-year period. Meanwhile, it has expanded its Bitcoin held in reserve.

It unveiled its third-quarter 2021 earnings on November 11. The company held a total Bitcoin balance of 4,729 as of September 30, 2021. Hut 8 delivered its third straight quarter of record revenue at \$50.3 million. Meanwhile, net income rose to \$23.3 million over a loss of \$900,000 in the third quarter of 2020. Adjusted EBITDA was reported at \$30.7 million — up from \$2.53 million in the previous year.

This crypto stock last had a favourable price-to-earnings ratio of 29. It may be worth jumping on the slight dip it has suffered since early November.

### CATEGORY

1. Cryptocurrency
2. Investing

### TICKERS GLOBAL

1. NASDAQ:HUT (Hut 8 Mining)
2. TSX:BTCC.B (Purpose Bitcoin ETF)
3. TSX:HUT (Hut 8 Mining)

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