



Why Hut 8 Mining (TSX:HUT) Plunged 10% on Thursday

Description

- Cryptocurrency miner **Hut 8 Mining** ([TSX:HUT](#))([NASDAQ:HUT](#)) stock dropped 10% after a production report.
- The crypto stock, around since 2018, fell further after suffering during the crypto correction
- The production report hopes to bring down costs in the future for its investors.

Hut 8 Mining shares dropped 10% on Dec. 2 after releasing a production update for the cryptocurrency mining company that fell short for [investors](#).

What happened

Hut stock dropped after a production reported stated the company's cryptocurrency production fell 23% month over month. The crypto stock mined 265 **Bitcoin**, leading to an average production rate of 8.83 Bitcoin per day.

By comparison, Hut stock mined 343 Bitcoin in October and 305 Bitcoin in September. Production has now seen a total of 3,105 Bitcoins produced in 2021 alone.

The drop adds to the correction in the stock market, that includes the [cryptocurrency](#) sector. Shares of Hut stock rose 138% in 2021 alone but have fallen 32% since 52-week highs.

So what

It's unclear whether part of the problem was the deployment of its **NVIDIA** chips system for Hut stock during November. The development contributed revenue of about \$140,000 per day, according to the report. This would lead to a cost per Bitcoin produced of about \$3,000, bringing down the cost from these low-power-intensity chips.

The new chips allow the company to expand beyond Bitcoin and mine **Ethereum** via its Luxor pool. However, when fully deployed, it should add an additional 1.8 to two Bitcoin per day. That could bring it

up to around 11 Bitcoin per day, as of this latest report.

Now what

This recent production problem could simply be growing pains, but it's going to take another month for investors to wait and see. Hut stock has been doing quite well otherwise, reporting a strong earnings report recently with \$50.3 million in revenue. It also surpassed its 5,000 self-mined Bitcoin target for the year, now at 5,242 as of writing.

Hut stock also reported \$23.4 million in net income, compared to the loss of \$900,000 last year. Adjusted EBITDA increased almost substantially to \$30.7 million from a loss of \$2.5 million last year.

If you're into crypto stocks, it looks like Hut stock is setting up to reduce costs long term. This last month may just be a fly in the ointment that will be resolved. But if you're wanting to be cautious in this volatile market, I don't blame you. Perhaps wait until December numbers are released before [buying](#) up the crypto stock.

CATEGORY

1. Cryptocurrency
2. Investing

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