



Better Buy: Bitcoin or Bitcoin Miners?

Description

What is a better investment: **Bitcoin** ([CRYPTO:BTC](#)) or Bitcoin miners? Well, that's certainly an interesting question to consider.

As an investment, both Bitcoin and companies mining this token have been very volatile of late. When Bitcoin prices surge or plunge, miners tend to follow suit. How amplified the moves are for these respective groups is typically what grabs most investors' attention.

Let's dive into what investors may want to consider with these two potential investments right now.

The case for Bitcoin miners

Let's take a look at Bitcoin miners first.

In comparison to other forms of exposure (both direct and indirect) to the planet's biggest crypto, Bitcoin miners make a "compelling investment alternative," as per investment bank Cowen. Publicly traded miners look well placed at increasing their market share of the Bitcoin network's hash rate to around 36% by the end of 2022. As a reference, their market share was 13%, as of Jan. 6 of this year.

That said, Bitcoin miners tend to be much more volatile than the underlying cryptocurrency for various reasons. Relatively high fixed costs denominated in dollars, and revenue in Bitcoin, is one key reason. When the price of Bitcoin increases, this fundamentally changes the valuation for these miners.

Thus, Bitcoin miners are often viewed as higher-leverage ways to play Bitcoin. Much like gold miners, these stocks tend to fluctuate to a greater degree than the underlying commodity itself. Thus, for those taking a bullish or bearish stance, these stocks can provide excellent trading tools.

Now, a look into Bitcoin

Besides becoming the most valuable crypto by market cap, Bitcoin has somewhat become a gauge for

the remaining cryptocurrency market. This implies that when its price increases or plummets, it usually takes many other coins along with it for the ride.

This is an indication of how influential Bitcoin has become. However, it's definitely not the only reason why investors should own it. Actually, many individuals view this crypto as a store of value, just like gold.

Store-of-value investments refer to those items that maintain their value over time, and this mainly includes precious metals. A few days back, **Goldman Sachs** forecasted that BTC boasts around 20% of the total store-of-value market, and this percentage will probably rise in the upcoming years.

Bottom line

Well, BTC can be a compelling investment. It keeps on gaining acceptance from financial institutions and banks. Major banks and corporate buyers are now stepping into Bitcoin. The store of value argument is one that makes sense, and it's one investors can get behind.

For crypto miners, this higher-leverage bet on Bitcoin could make sense from time to time. However, the heightened risk profiles of these miners make this an investment reserved for the most aggressive investors.

Personally, my take is that owning Bitcoin probably makes the most sense for those bullish on this token. Bitcoin mining is a sector that carries a number of other risks, including geopolitical regulatory risks, that Bitcoin has safely avoided for over a decade.

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chrismacdonald

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