



Why This Canadian Crypto Stock Popped 11% on Wednesday

Description

What happened?

The shares of **Hut 8 Mining** ([TSX:HUT](#))([NASDAQ:HUT](#)) staged a sharp recovery on Wednesday, erasing all their week-to-date losses. The Canadian [cryptocurrency](#) mining share price jumped by nearly 11% for the day to settle at \$7.24 per share. Despite its recent recovery, HUT stock is still down by more than 30% on a year-to-date basis against slightly more than 1% advances in the **TSX Composite Index**.

So what?

Yesterday, Hut 8 Mining informed investors that it intends to release its Q4 2021 results next week on March 17. While investors' high expectations from its upcoming earnings event could be one of the reasons for its rally, it might not be the only reason driving HUT stock higher.

A sudden jump in the value of large cryptocurrencies, including **Bitcoin** and **Ethereum**, could be another key reason for its recent rally. Notably, Bitcoin prices jumped by nearly 10% during Wednesday's intraday trading to above US\$40,000 per BTC. This sharp crypto market rally came after the White House [said](#) that U.S. president Joe Biden "will sign an Executive Order outlining the first ever, whole-of-government approach to addressing the risks and harnessing the potential benefits of digital assets and their underlying technology." This news came as a big relief for the crypto investors who have lately been concerned about the possibilities of stricter regulatory action against cryptocurrencies in the U.S. market.

Appreciating Bitcoin value could lead to higher profitability and enhance the financial growth outlook of cryptocurrency miners. This could be the primary reason why Hut 8 Mining stock rallied sharply on March 9.

Now what?

As of December 31, Hut 8 Mining held a 5,518 Bitcoin balance in its reserve, showcasing a 97% year-over-year rise. During the year, its installed operating capacity rose by 125% to around two exahash per second. As a result of this solid operational growth, analysts expect Hut 8 Mining's revenue to be around \$63.5 million against \$13 million in Q4 2020. Hut 8's consistently increasing operational capacity could help the company post strong financial growth in the coming years and keep this crypto stock soaring.

CATEGORY

1. Cryptocurrency
2. Investing

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jparashar

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