



1 Stock That Could Convert \$1,000 Into \$5,000 in the Next Crypto Boom

Description

Bitcoin created hype towards the end of 2020, as hedge funds and many millionaires started showing interest in crypto. This bubble began in October 2020 and is now closer to its end. In this bubble, Bitcoin's price surged over 450% and has now more than halved from its November 2021 high of \$80,000. This dip was expected, as crypto has not yet entered the mainstream currency. Moreover, liquidity is drying, as inflation and interest rates are rising. But a lot has changed since the 2017-18 bubble.

Investing in the crypto revolution

Bitcoin has become a digital commodity instead of a trend of GenX. Many companies recognize crypto as a means of exchange. The only thing holding up the crypto revolution is a robust ecosystem and energy-efficient crypto mining. In the last five years, many startups have sprung up and are working on building a crypto ecosystem. Tech giants like **Microsoft** and **Tesla** are working with several crypto-related startups. Elon Musk [stated](#) that Tesla could start accepting Bitcoin once crypto mining becomes more eco-friendly.

There are two ways of doing that.

Crypto companies can either develop [cryptocurrencies](#) with energy-efficient mining techniques compared to Bitcoin's proof-of-work model, which requires significant computing power, or power Bitcoin mining with renewable energy. While there are many new energy-efficient cryptocurrencies, none could replace or come close to Bitcoin. Hence, most crypto mining companies mine Bitcoin or **Ethereum**, as they have a wider acceptance in the crypto world.

Hive Blockchain Technologies ([TSXV:HIVE](#))(NASDAQ:HVBV) is one of the oldest crypto mining companies that powers all its mining activities from renewable energy.

Why am I bullish on Hive in the crypto revolution?

Looking at the crypto revolution, I expect a time in the future when crypto becomes a widely used currency. At that time, it will trade like a commodity. Commodities are cyclical stocks, as market demand and supply determine their price. Producers or miners have no control over the price. Hence, they compete on cost. After every rotation of the up-and-down cycle, the high-cost producers/miners leave the market (acquisition, bankruptcy, etc.), and only the most efficient stay. This is how the market becomes more efficient with time.

Bitcoin mining keeps getting complex and expensive, as more miners join in. Unlike aluminum or copper, Bitcoin mining is not limited to geographic location. Hence, competition is high. Hive has a low cost of production, and it is expanding its computing capacity to mine as many Bitcoin and Ethereum as possible. Being an early miner, it has a cost edge over other Bitcoin miners.

Other than production cost, environmental concerns can immediately pause crypto mining. The world is grappling with global warming, and climate change is impacting economies. The need of the hour is to reduce CO2 emissions. The use of fossil fuel electricity for crypto mining has raised many eyebrows. Hive addresses this issue by using 100% renewable energy across all its facilities. Any environmental policy changes won't affect Hive's operations.

Hive has exposure to BTC and ETH prices and attracts ESG (environment, social, and governance) investors. Hive also has invested in startups that are exploring various applications of blockchain.

Hive does reverse split to allocate shareholder capital efficiently

Shareholders benefit when the company's shares are not too diluted. Hive did a reverse split at the ratio of one to five, which means every five shares of Hive combine to become one share. This split reduced the number of outstanding shares from 411.2 million to 82.24 million and increased Hive's share price above \$5 per share.

What crypto needs at the moment is institutional investments, as that will help capture a wider investor base. Hive has strong fundamentals and a \$415 million market cap. It did this share consolidation to attract institutional investors, especially mutual funds, which have policies that state they cannot invest in stocks below a minimum share price.

My take on Hive

Hive is moving in the right direction to improve and expand operations and protect shareholders' interests. Give the stock time. It can not only thrive until the next crypto uptrend but also grow over 400% as BTC and ETH prices surge. It could convert \$1,000 into \$5,000 in the next crypto boom.

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