



Should You Really Be Investing in Crypto Right Now?

Description

The cryptocurrency market had a banner year in 2021. Digital currencies experienced a massive price uptick. These assets also rose to prominence on the back of celebrity endorsements and an aggressive advertising campaign. Unfortunately, many investors who entered the fray over the past year and a half are now paying for that optimism. Today, I want to discuss whether it is even worth investing in the crypto space at this stage. Let's jump in.

Top cryptos like Bitcoin and its peers are reeling in 2022

Bitcoin ([CRYPTO:BTC](#)), the largest [cryptocurrency](#) by market cap, has seen its value crushed so far this year. It fell to a 52-week low of US\$17,601 in the first month of the summer. **Ethereum** ([CRYPTO:ETH](#)), another top digital currency, has also seen its value drop precipitously in recent months. Indeed, the broader crypto market has shed \$2 trillion in value since the height of the rally in 2021. That is a historic loss of wealth.

Canada saw the launch of the very first Bitcoin-focused exchange-traded fund (ETF) in February 2021. The **Purpose Bitcoin ETF** ([TSX:BTCC.B](#)) has plunged 54% in 2022 as of mid-afternoon trading on July 15. Its shares are down 32% year over year.

Cryptocurrencies have reacted negatively to a tightening interest rate environment. This has also throttled alternative assets like gold and silver, though not to the extent that Bitcoin and its peers have been hit. The threat of a coming recession is a troubling development for the crypto space. Can digital currency miners make up ground in this environment?

Are there any reasons to snatch up crypto miners and other related stocks?

Hut 8 Mining ([TSX:HUT](#))([NASDAQ:HUT](#)) is a Toronto-based cryptocurrency mining company. Shares of this crypto stock have plummeted 80% in 2022. That has pushed the stock well into negative

territory in the year-over-year period. This stock reached an all-time high of \$20.61 in late 2021. It is now priced at \$2.00/share.

Investors can expect to see Hut's next batch of results in the first half of August. It delivered revenue growth of 67% to \$53.3 million. Meanwhile, it reported adjusted EBITDA of \$27.1 million — up from \$16.1 million in the previous year.

HIVE Blockchain ([TSXV:HIVE](#))(NASDAQ:HVBV) is a Vancouver-based crypto miner with locations in Canada, Sweden, and Iceland. This stock has plunged 74% so far in 2022. Its shares are down 68% from the same period in 2021.

Like Hut 8 Mining, HIVE Blockchain delivered strong results on the back of surging digital currency prices in 2021. However, its earnings will undoubtedly be under pressure in this bear market.

These digital currency miners are worth monitoring in this environment, but the broader market is highly volatile at the time of this writing. I'm not eager to buy the dip in either at this stage.

Why I'm staying away from this sector for the rest of the year

The cryptocurrency space has not responded well to central bank policy shifts. Policymakers have made it clear that they will continue to pursue rate hikes in order to combat inflation. That means the accommodative environment that saw cryptos thrive is unlikely to return in the near term. I'm avoiding the crypto space in the summer of 2022.

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)
4. TSXV:HIVE (Hive Blockchain Technologies)

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