



## Is Coinbase Stock Worth a Speculative Buy?

### Description

**Coinbase** ([NASDAQ:COIN](#)) went public last year, giving investors an opportunity to invest in the world of [cryptocurrencies](#) indirectly. Almost immediately after its IPO, Coinbase saw its stock shoot significantly higher. However, since hitting a peak of just under \$370 per share, COIN stock has traded at the \$40 level recently.

That said, this stock is coming back, now trading around the \$90 level. For those looking for a speculative buy, let's discuss whether Coinbase makes the cut.

### Coinbase stock tied to crypto valuations closely

As the leading centralized crypto exchange in the U.S., trading volumes matter for Coinbase. In particular, retail trading volumes are where Coinbase earns its bread. Thus, when retail investors (you and me) stop buying or selling on Coinbase, the company loses.

Trading volumes have generally been tied to price momentum in this sector. Accordingly, with the recent downturn in crypto, Coinbase stock has felt the pain even more than many cryptocurrencies. Thus, there's the prevalent view that COIN stock represents a more leveraged play on the crypto sector.

Accordingly, for those who think the market is forming a bottom here, COIN stock could start to look attractive. However, should this macro environment continue, more downside could be ahead. With volatility comes upside potential, though momentum does work in both directions.

### Is Coinbase a buy or not?

Personally, I think Coinbase stock is too risky a proposition to hold right here for the reason I just mentioned. The higher-beta nature of Coinbase relative to the crypto market should provide pause for those cautious on this growth sector. For those looking for crypto exposure, buying a mega-cap token may be the way to go.

That said, I can see the argument staunch bulls make as to why Coinbase could be the best way to gain exposure to this sector. It's highly levered to transaction volumes, and if crypto is the future, why not go all in? I'm just not so sure now is the time to be making bold bets, particularly in this market.

## CATEGORY

1. Cryptocurrency
2. Cryptocurrency

## TICKERS GLOBAL

1. NASDAQ:COIN (Coinbase Global)

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