



2 Phenomenal Growth Stocks Down 30-60% That Could Rally in the Next Bull Market

Description

The stock market was pretty [volatile](#) last year, as the supply chain disruption, rising interest rates, and decade-high inflation stressed financial markets. Interest rates hurt growth stocks, as high-interest rates reduce the present value of cash. While all tech stocks fell, we will talk about two stocks with phenomenal growth potential in the next [bull market](#). These stocks have the potential to grow when consumer demand revives and people have more money to spend.

Two phenomenal growth stocks down 30-60% in a year

The U.S. Fed increased interest rates to curb inflation. It started hiking the interest rate in March 2022, growing it by 4.25% in 11 months. When interest rates rise, it becomes expensive to borrow money. Investing in fixed deposits and bonds becomes attractive. When investors are getting more than a 4% return with the least risk, they tend to move in that direction. Moreover, companies feel the pinch of rising expenses due to inflation and growing interest expenses from the higher interest rate.

Interest rate hikes takes six months to a year to start impacting inflation. Until that time, growth stocks feel the pressure. **Hive Blockchain Technologies** ([TSXV:HIVE](#)) and **BlackBerry** ([TSX:BB](#)) stocks have fallen 30-60% in the last 12 months, as more investors withdrew money.

Hive stock is down 62.5%

As a blockchain company, Hive primarily earns money by mining **Bitcoin** and **Ethereum** and validating transactions. It has graphic processing unit (GPU) data centres that use green energy to do high-performance computing tasks. [Crypto](#) mining through proof-of-work was compute-intensive and helped Hive mine several BTC and ETH and store them in inventory. Hence, its stock price moves in sync with BTC and ETH prices.

The year 2022 came as a big blow for Hive, as the stock fell 62% in a year. First came the crypto bubble burst, as rising interest rates pulled out the excess money from the fiscal stimulus that had

inflated crypto prices. Then came the Ethereum [merge](#) in September 2022, which took away Ethereum mining from Hive.

But Hive has risen slightly in 2023, surging 116% year to date. The company shifted the GPUs dedicated to ETH mining to BTC and boosted its Bitcoin mining hash rate by 700%. Unlike crypto exchanges, Hive's profit doesn't depend on investors cashing out their crypto coins. It uses the HODLing (hold on for dear life) strategy.

Hence, when the market bull awakens and boosts BTC prices, it could also take Hive stock up. The stock has slipped almost 18% this month. You could buy a small number of Hive shares through your Tax-Free Savings Account (TFSA) and book a five- to seven-fold capital gain in the next crypto mania event.

BlackBerry stock is down 31.6%

Another mid-cap tech stock that took a beating is BlackBerry, which offers cybersecurity, automotive, and Internet of Things (IoT) systems. In 2022, BlackBerry's revenue fell, as companies delayed cybersecurity purchases due to a weak business environment. Moreover, supply issues in the automotive sector, its core vertical for QNX software, delayed automotive production. However, the company continued to secure new design wins that helped it earn design revenue.

But BlackBerry stock can jump more than 50% once this bearishness subsides and automotive production revives. It has \$560 million in unrealized royalty revenue (three times its annual IoT revenue) from car production. It expects to close several pending cybersecurity deals and renewals in the second half. And the ace card is the sale of its licensing business.

Several acquisitions are falling through due to tight money supply. But BlackBerry's management hinted in the last earnings call that it secured two buyers with funding. A deal could inject another \$600 million into BlackBerry's \$505 million cash reserves. A bull market could clear BlackBerry's roadblocks, making the stock a buy while it trades 34% below its average bull market price of \$8.5.

Bottom line

The above two growth stocks are volatile. It means your investment could fall in the near term after you buy these stocks. But they have a legit shot at doubling your money in a bull market.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:BB (BlackBerry)
2. TSXV:HIVE (Hive Blockchain Technologies)

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