



Should You Buy Galaxy Digital Stock Right Now?

Description

A company operating in the [cryptocurrency](#) space, **Galaxy Digital Holdings (TSX:GLXY)** is valued at a [market cap](#) of \$3 billion. Similar to other crypto-related stocks, Galaxy Digital is also trading significantly lower compared to all-time highs.

At the time of writing, GLXY stock is down 87% from record highs. But the rebound in crypto prices in 2023 has allowed GLXY to surge 48% year to date.

Galaxy Digital Holdings offers a wide suite of solutions to its customers that include the following:

Trading: Its sell-side trading desk offers spot and derivative over-the-counter (OTC) trading, lending, and other structured products.

Asset management: It offers institutional-grade fund offerings to active and passive investors.

Galaxy Ventures: This segment focuses on investments in early-stage startups as well as late-stage ventures in the crypto and Web3 space.

Investment Banking: It provides solutions ranging from full lifecycle financing to strategic advisory.

Bitcoin Mining: It owns a proprietary **Bitcoin** mining business and provides bespoke financing to other miners.

Is Galaxy Digital stock a buy or a sell?

Galaxy Digital Holdings remains optimistic about the long-term prospects in the cryptocurrency, blockchain, and Web3 segments, given that US\$26 billion of venture capital funds were poured into this industry.

The number of global crypto users grew to 295 million in 2022, up from 221 million in July 2021. Moreover, around 12% of all adults in the United States have exposure to this emerging but highly

volatile asset class.

According to Galaxy Digital, the increasing utility of blockchains for financial services will drive corporate and retail adoption. An improvement in global market liquidity and innovations in decentralized finance protocols, and the rapid growth of non-fungible tokens as a prominent form of tokenization should also act as catalysts for crypto prices.

Several publicly listed companies, such as **Tesla**, **PayPal**, and **Block**, already hold Bitcoin on their balance sheets, and this trend is likely to gain pace in the upcoming decade.

The total addressable market for cryptocurrencies is massive given global money supply is close to US\$144 trillion. Right now, the cumulative market cap of cryptocurrencies is just about US\$1 trillion.

Galaxy Digital Holdings ended the third quarter (Q3) with US\$2 billion in assets under management. It has partnered with 880 institutional trading counterparties and also has 229 portfolio companies.

What's next for GLXY stock and investors?

In Q3 of 2022, Galaxy Digital Holdings reported a net loss of \$68.1 million compared to a net income of \$518 million in the year-ago period. The losses were driven by reduced valuations on investments due to the current environment as well as unrealized losses in the Principal Investments business.

The company is also impacted by an increase in operating expenses for the mining business and impairments of mining assets, which was offset by profitability in the trading business.

Galaxy Digital explained, "Within the quarter, the Partnership's Trading business line was profitable largely due to realized and unrealized gains on digital assets, contributing \$52.8 million to net comprehensive income in the quarter."

Investing in stocks such as Galaxy Digital carries significant risks. The stock prices of these companies are closely tied to the performance of cryptocurrencies. So, if you expect cryptocurrencies to go mainstream in the next 10 years, it makes sense to invest in GLXY stock right now.

CATEGORY

1. Cryptocurrency
2. Investing

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1. TSX:GLXY (Galaxy Digital)

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