



With All the Focus on Reddit, Is it Time to Buy Bitcoin?

Description

Since last October, cryptocurrencies have seen a meteoric rise in value. Bitcoin has increased as much as 265% since the start of October. Other cryptocurrencies like Ethereum have posted exceptional returns as well, rising nearly 300% over the same period. Why are these cryptocurrencies rising?

One reason could be the large influx of institutional investments into the space. In December, **MicroStrategy** announced that it had purchased [more than \\$1 billion](#) worth of Bitcoin in 2020. The company managed to do this without pumping the cryptocurrency's price by strategically placing a large number of small orders over a long period of time. Since then, retail investors have taken to the space by storm, causing its price to skyrocket.

In late January, the focus of the stock market moved from the cryptocurrency space and onto WallStreetBets, a popular Reddit forum. The page had previously gained notoriety among retail investors for the content posted in the forum. Many users would post massive gains and losses as a result of extremely speculative trading.

One user ignited a frenzy when he posted that a certain hedge fund was heavily shorting **GameStop** stock. As a result, the attention of many retail investors shifted from cryptocurrencies and onto the new trend. This caused Bitcoin and Ethereum prices to spiral downward to close out the month. As of this writing, Bitcoin trades about 17% from its recent highs. In comparison, Ethereum is about 3% from its recent highs.

Is it time to buy Bitcoin?

With that said, is it time to buy Bitcoin? The opportunity today is certainly quite attractive. Bitcoin and the companies that operate in the space are all trading at much nicer valuations. One company that investors should consider is **Galaxy Digital** ([TSX:GLXY](#)). The company offers alternative investment management services focused on the digital asset and blockchain technology industry.

Galaxy Digital is led by ex-hedge fund manager Michael Novogratz. As of its Q3 2020 earnings report,

the company reported a digital asset position worth more than \$240 million. It is certain that the number is much larger now, as that earning report occurred before the Bitcoin boom. I [first covered the company](#) in September 2020, and today Galaxy Digital is trading more than 160% higher since then. This is despite the stock falling about 25% from its recent highs.

Investors can also consider Bitcoin-mining companies like **HIVE Blockchain** ([TSXV:HIVE](#)). The company continuously produces Bitcoin and Ethereum onto the cloud. As of March 31, 2020, about 70% of the company's portfolio consisted of Ethereum. At that time, HIVE Blockchain held about a 25% portfolio weighting toward Bitcoin.

Much like Galaxy Digital, HIVE Blockchain stock is up an incredible amount since October climbing as much as 840% over that period. With retail investors moving funds from cryptocurrencies and into meme stocks like GameStop, today may be an excellent opportunity to enter the Bitcoin and Ethereum space. With many large institutions beginning to back them, both cryptocurrencies have a bright future ahead.

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