



## Ethereum Is About to Surge as Supply Is Cut!

### Description

[Bitcoin](#) has had an incredible run over the past year. However, the second-most popular cryptocurrency Ethereum has actually outperformed it. ETH is up 811% compared to BTC's 560% return over the past 12 months. Now, a culmination of two factors could help Ethereum sustain its outperformance.

### Ethereum market potential

The collective value of all the Bitcoin in the world recently surpassed US\$1 trillion (CA\$1.27 trillion). Experts believe the market value could surge 10 times higher, as BTC siphons off market share from gold.

Unlike BTC, Ethereum is not digital gold or a store of value. Instead, it's a token used for decentralized applications. Think of it as the fuel for a global virtual computer. That means Ethereum is akin to digital oil, rather than digital gold.

And the applications built on the Ethereum network have multiplied rapidly. Over the past few years, developers have replicated the traditional financial sector on this network. Users can now generate a fixed return on their savings, offer loans, and borrow money on the Ethereum blockchain.

The most popular application on Ethereum is the Non-Fungible Token (NFT). Users have been using this application to buy and sell digital art. The National Basketball Association (NBA) recently used this technology to sell collectible videos, game highlights, and stats on its NBA Top Shot marketplace.

As the utility of the network grows, Ethereum should become more valuable. However, the creators of Ethereum are close to updating the network to limit supply and make each unit even more valuable this year.

### Supply shock

An upcoming update to the Ethereum network (called EIP 1559) will burn or destroy a set amount of ETH tokens. This should reduce the number of outstanding ETH over time, making each ETH more

valuable as a consequence.

Growing demand from expanding applications coupled with this update that eliminates supply could make Ethereum skyrocket in 2021.

## How to buy Ethereum

Canadian investors can buy and hold Ethereum directly on certain platforms such as Wealthsimple. However, these direct holdings do not qualify for the Tax-Free Savings Account (TFSA). Canadian investors may also be uncomfortable with the risk of holding digital assets directly.

Instead, you could bet on a proxy. Most crypto mining stocks, such as **HIVE Blockchain**, have Ethereum reserves on their balance sheet. There's also a close-ended fund that tracks the price of ETH directly — **The Ether Fund**. Over the three months, these proxies have delivered 61% and 210%, respectively.

Adding these to your TFSA could be a great way to add some hyper-growth potential with no tax consequences.

## Bottom line

There's growing evidence that blockchain technology does have useful applications. Bitcoin is being used as digital gold. Meanwhile, Ethereum is being used as fuel for digital applications. While adoption grows, Ether developers are set to implement an upgrade that could cut supply. The price could skyrocket by the end of 2021.

Consider adding a small portion of your portfolio to this arguably speculative asset to avoid missing out.

### CATEGORY

1. Investing
2. Tech Stocks

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Investing
2. Tech Stocks

**Date**

2025/08/25

**Date Created**

2021/03/09

**Author**

vraisinghani

default watermark

default watermark