



Dogefather Sends Dogecoin to the Moon: Is Crypto Worth the Risk?

Description

Elon Musk is known by many names. He's the "techno king" of **Tesla**. Most recently, he bestowed upon himself the title of "Dogefather." I am sure this "Dogecoin to the Moon" frenzy will become a popular documentary 10 years from now. Just like 2009 is known for the Financial crisis, and 2020 is known for the pandemic crisis, 2021 will be known for the Dogecoin bubble or trouble.

Many people are buying Dogecoin for fear of missing out (FOMO). That is not a healthy way of investing. I am not a supporter of Dogecoin but would like to keep a neutral stance. The Dogecoin frenzy could either be one of the biggest economic revolutions or the biggest bubble that left thousands penniless. This 50:50 probability is what makes Dogecoin highly volatile and risky.

What is driving Dogecoin to the moon?

Is a Doge crypto investment worth the risk? To find an answer to this question, you first have to understand why Doge is rising to astronomical levels. I spoke to a cryptocurrency expert at [Express.co.uk](https://www.express.co.uk) who said that Dogecoin is riding on trading fundamentals. What I learned from the expert's comments is that crypto trading is evoked by popularity, celebrity endorsements, the backing of the market whales (the top brass), and universal acceptance.

Dogecoin has the backing of the second-richest man Elon Musk. And on **Twitter**, there is no bigger celebrity than the Shiba Inu dog and his new master Musk. What happens to such promotions? Either they become epics like *Star Wars* and *Avengers*, or they become a bubble.

One thing I can say is, crypto coins are not going anywhere, but they won't replace the traditional currency either. When digital transactions came in the late 1990s, they went through several regulations and acceptance issues. But because they addressed the need for globalization, they became the new normal after 20 years.

Now, the biggest roadblock for crypto is acceptance. Many crypto exchanges like Binance and **Coinbase** are adding Dogecoin to their platform. Doge is also energy-efficient than Bitcoin (TRG data shows Dogecoin consumes 0.12 kilowatt-hours per transaction while Bitcoin consumes 707 KWh). Moreover, Elon Musk is helping Doge developers improve system transaction efficiency.

Is investing in Doge worth the risk?

Dogecoin is growing under Dogefather's care. But is this enough? Some Dogecoin fans say that the coin can cross the US\$1 mark if it gets the backing of the world's richest man Jeff Bezos. They have even posted a petition seeking to get **Amazon** to accept Dogecoin for payments.

Amazon is an e-commerce marketplace. An Amazon acceptance could make Dogecoin come closer to an exchange currency. Having Bezos and Musk raise a Dogecoin could build trust and acceptance.

But all this bubble could burst if Elon Musk backs off and no other market whale supports the coin. That is a risk that can convert your millions to mere hundreds.

How to balance the risk of a Doge bubble burst

If Dogecoin is a bubble that will burst when you least expect it, you better have a plan B. Also, don't forget, Dogecoin gains come under the Canada Revenue Agency (CRA) [tax purview](#), as you can't buy them through the Tax-Free Savings Account (TFSA). So, invest with caution.

Don't put all your money in a highly volatile meme coin. Diversify your portfolio in a way that not more than 5% of your investment is in a speculative instrument like crypto. Invest a significant portion, more than 15%, in a stock like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) as your backup. The stock has a 26-year history of paying regular, incremental dividends. It has an average dividend yield of 6% and has the potential to grow its dividend per share at an average rate of 5% in the coming years.

The crypto bubble may burst because of crypto's limited utility, but oil and natural gas will always be in demand for their usability. Natural gas meets 30% of Ontario's energy needs. Moreover, it is becoming increasingly difficult to build pipelines, making Enbridge's existing pipeline infrastructure more valuable. Even if the worst crypto risks materialize, you will have Enbridge's dividends to fall back on.

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