



Shiba Inu: 3 Major Reasons to Avoid the Digital Coin

Description

Throughout 2021, several unlikely assets have seen massive gains. It all started with the meme stocks in January. And since then, several highly speculative cryptocurrencies have seen huge rallies, most recently Shiba Inu.

Shiba Inu was created in August of 2020, so it's a relatively new coin. The dog breed Shiba Inu is the same breed that appears on the Dogecoin symbol, which is precisely why so many investors who own Dogecoin are now speculating on Shiba Inu.

While the [cryptocurrency](#) was created over a year ago, it didn't get mainstream attention until about a month ago. And since then, the coin is up an incredible 800%.

Even with this gain, though, the token is still extremely cheap. Currently, you can buy one million tokens for less than \$100. This extremely low price is likely one of the main reasons why it's been so speculative. It also leads us to the first reason investors should avoid Shiba Inu at all costs.

The target price of Shiba Inu

One of the most worrisome factors of the Shiba Inu rally is how high many investors think the price can go. Currently, one Shib costs US\$0.00007. Meanwhile, at this price, it's the ninth most valuable cryptocurrency with a market cap of US\$38 billion.

So when I see investors on Twitter or Reddit talk about how Shib could potentially rally to \$1, or in some cases more, it's concerning. If Shiba Inu were to reach \$1 per token, it would have a [market cap](#) that's more than twice the total amount of wealth in the world.

So clearly, while Shiba Inu could continue to rally as a result of speculation, it will probably never reach \$1.

Another particularly concerning factor I've noticed when it comes to Shiba Inu is the generally small positions investors are initiating. This is concerning because investors are spending hundreds of

dollars on gas to buy Shiba Inu just to hold a position of similar size.

For example, if I want to buy Shiba Inu right now, it will at least cost me \$150 for the transaction and will likely cost me more, depending on what time of the day I choose.

So as Shiba Inu continues to gain in price, naturally, due to the large transaction costs, it will become less appealing for next investors to buy in and help keep the rally on track.

The token can move significantly from tweets

Another sign that Shiba Inu is a highly speculative investment is when an Elon Musk tweet can move the price. We saw this with Dogecoin on several occasions, and Dogecoin turned out to be a speculative bust. In fact, Dogecoin's all-time high came just hours before Elon Musk's appearance on "Saturday Night Live."

So last month, when an investor tweeted at Musk to ask how much Shiba Inu he was holding, his answer of "none" caused a massive, almost instantaneous selloff. And although Shib has recovered since then, this is still a major red flag.

The coin has no unique use cases

The argument about cryptos being a bubble has gone on forever. The one way to counteract that is by showing the high-quality potential of a cryptocurrency's technology or its many use cases.

Unfortunately for Shiba Inu, this is another quality it lacks and one of the major reasons you can't be confident owning it long-term.

Instead, you'd be better off buying a Bitcoin or Ether ETF in your Tax-Free Savings Account (TFSA), such as the **CI Galaxy Ethereum ETF**, which you can hold long-term. Also, because it's in your TFSA, you won't have to pay taxes on the massive gains.

It's easy to buy, the coins are stored offline in a cold wallet, and you can sell them anytime for almost no transaction fees. I mentioned how expensive it would be to buy Shiba Inu on an exchange, and Ether is no different. To buy Ether right now would cost me at least \$100 in gas.

So rather than speculate on highly volatile tokens with little intrinsic value, I'd focus on a top cryptocurrency you can own long-term. And by utilizing your TFSA, you set yourself up for years of tax-free gains.

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