



Here's Why Ethereum Is a Top Cryptocurrency Bet Despite Touching Record Highs!

Description

The price of one Ether token has increased by 3% in the last 24 hours and is up close to 10% in the past seven days. Ether is the token that enables transactions on the Ethereum blockchain. At the time of writing, the market cap of Ethereum stands at US\$563 billion, making it the second-largest [cryptocurrency](#) in the world after Bitcoin. The market cap of a cryptocurrency is basically the price of the token multiplied by the number of tokens in circulation.

Ethereum has gained traction at an astonishing pace after the blockchain network was launched back in August 2015. In just over six years, the price of one ether token has surged by 677,900%. It suggests \$500 invested in Ether tokens back in August 2015 would be worth close to \$3.50 million today.

The widespread adoption of cryptocurrencies in the last 18 months has allowed these digital assets to surge to record highs, valuing the entire asset class at a market cap of more than US\$3 trillion right now.

Why I remain bullish on the long-term prospects of Ethereum

Ethereum has successfully built a blockchain network that supports other cryptocurrencies, enabling the creation of a robust ecosystem of “dapps” or decentralized applications. Ethereum is, in fact, well poised to benefit in the future, as it continues to onboard cryptocurrencies on its network and the open-source characteristics of dapps, which, in turn, will create a network effect over time.

The Ethereum blockchain platform is extremely popular if you are looking to create smart contracts that can be executed flawlessly over the network. The [smart contracts](#) executed on the Ethereum blockchain have the potential to disrupt multiple legacy industries that include banking and real estate.

The rising popularity of the Ethereum blockchain should increase the utility and value of the Ether token, making it one of the top cryptocurrencies right now.

Ethereum enjoys certain competitive advantages

One of the most attractive features of the Ethereum blockchain is its ability to host a wide array of applications that include non-fungible tokens, or NFTs, as well as decentralized finance, or DeFi, in addition to smart contracts.

Further, while Ethereum and Bitcoin have come under the scanner due to the high mining fees associated with this space, the former is now transitioning to a proof-of-stake protocol from a proof-of-work protocol. So, the Ether mining process will no longer require solving complex computational problems and should enable gas fees to reduce by more than 99%, making mining Ethereum extremely environment friendly.

The bottom line

Investors should understand that cryptocurrencies remain a high-risk investment. These digital assets have existed for more than a decade but are subject to high volatility and widespread speculation.

If you aim to invest in Ethereum, you need to have a higher risk tolerance compared to the traditional investor. You also need to invest an amount you can afford to lose and focus on portfolio diversification.

It makes sense to allocate less than 5% of your capital to this highly disruptive asset class and benefit from exponential gains in the upcoming decade.

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