ETH: Why Ethereum Could Turn $1,000 Into $10,000 by 2025!

Description

The cryptocurrency market has been on an absolute tear this year. Despite slumping by 50% in mid-2021, several cryptocurrencies have roared back to life in recent days, valuing the space at a market cap of around US$3 trillion. We can see why investors are lining up to get a piece of a rapidly expanding pie, given that these digital assets have successfully delivered exponential gains within a few years.

However, there are more than 12,000 cryptocurrencies right now, which makes it difficult to identify winning bets. Unlike stocks that can be valued on the basis of various fundamentals, you need to look at the utilities of cryptocurrencies and the ability to attract projects on their platforms.

Let's see why I remain bullish on Ethereum and why you need to keep this digital asset on your watchlist

Ethereum has a market cap of US$558 million

The Ethereum blockchain network was launched back in 2015 and features its own cryptocurrency called Ether. It's now the second-largest cryptocurrency in the world with a market cap of US$558 million and has gained a staggering 673,000% since August 2015. So, a $100 invested in ETH six years back would be worth a monumental $673,000 today.

But past returns don't matter much to investors, and we need to analyze why Ethereum remains a solid long-term bet.

The major difference between Bitcoin and Ethereum is that the latter's blockchain network is programmable. So, you can integrate smart contracts, which are basically self-executing computer programs, into the Ethereum network. These automated contracts or programs have the potential to reduce costs across several industries including real estate and finance.

We have already seen that smart contracts are the basis of multiple DeFi (decentralized finance) projects that enable people to lend, borrow or even earn interest on the digital assets. These contracts are defined by a set of computer codes, and the transactions are automatically executed, which eliminates the need for market participants such as banks.

Additionally, smart contracts also form the basis of dApps, or decentralized applications, that require computing power. Users need to pay a transaction fee to gain access to smart contracts by purchasing cryptocurrencies that power transactions on their networks. As these products gain popularity, the demand for ETH tokens should rise, driving prices higher in the process.

A major development on the cards

The Ethereum blockchain is built to handle just 30 transactions per second, which is significantly lower compared to networks such as Solana. In order to accelerate the mainstream adoption of smart contracts, the Ethereum blockchain needs to be scalable and inexpensive.

A network upgrade has been planned for 2022, which will allow Ethereum to transition from a PoW (proof-of-work) mechanism to a PoS (proof-of-stake) mechanism. The PoW mechanism is cost-intensive requiring a significant amount of energy. Alternatively, the PoS mechanism aims to resolve these issues by distributing mining power on the basis of cryptocurrency ownership.

Ethereum developers will be adding additional blockchains to the network, which will spread the compute load and allow the network to process 100,000 transactions each second. There are over 3,000 dApps that run on the Ethereum platform, and this number should rise significantly higher by the end of 2022.

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