



DOGE: Down 68% From Record Highs. Should You Buy Dogecoin Today?

Description

One of the most popular cryptocurrencies in the world, **Dogecoin**, has lost significant momentum in the second half of 2021. After touching a record high of \$0.7376 in May 2021, the price of one DOGE token is currently trading at \$0.24, at the time of writing. Despite the recent pullback, Dogecoin is the 10th-largest cryptocurrency in the world with a market cap of \$31.62 billion.

Let's see if it's time to add this [cryptocurrency](#) to your portfolio right now.

The bull case for Dogecoin

Dogecoin was launched in 2013, which means it predates other digital assets, including **Ethereum**, **Cardano**, and **Solana**. Though initially launched as a joke, Dogecoin is accepted by 1,900 merchants all over the world, which is not too bad given its limited utility. In fact, Dogecoin's first-mover advantage and brand recognition allowed the cryptocurrency to gain an astonishing 28,000% between October 2020 and May 2021.

Dogecoin's rising popularity has enabled the cryptocurrency to establish a strong community — an extremely important criterion for meme coins that thrive on hype and not on fundamentals. While [Bitcoin is followed by](#) 2.7 million people on Coinmarketcap, Dogecoin has 1.3 million followers. Further, Dogecoin has been regularly endorsed by celebrities including Elon Musk, Mark Cuban, and Snoop Dogg.

There have been questions raised about Dogecoin's inflationary status, as there is no limit on the amount of DOGE tokens that can be mined. As its supply is uncapped, the demand for Dogecoin needs to exceed its inflation rate. However, the number of DOGE tokens that can be created is limited to five billion each year. Currently, there are 131.5 billion DOGE tokens in circulation, which suggests the inflation rate is less than 4% for 2021. This rate should decrease in the future, as the denominator continues to move higher.

The bear case for Dogecoin

Dogecoin has been extremely volatile in the last 12 months, which makes it a highly speculative asset. Due to rampant price fluctuations, merchants might be hesitant to accept the token as a form of payment instead of fiat currencies. Stablecoins such as **Tether**, which is pegged to the U.S. dollar, is a much safer bet for business owners compared to Dogecoin.

Further, Dogecoin is a standalone blockchain, unlike **Shiba Inu**, which runs on the Ethereum network. So, transactions are validated via a PoW (proof-of-work) mechanism, which is cost intensive, as it requires users to solve complex computational problems in order to mint additional coins. The Dogecoin blockchain has no utility and does not allow users to create autonomous programs known as dApps, or decentralized applications, on its network.

The verdict

Similar to most other cryptocurrencies, investing in Dogecoin carries significant risks. But if Dogecoin can reclaim record highs, investors could derive triple-digit gains in the future. You can purchase a small stake in DOGE and add utility-based tokens such as Ethereum or Solana to create a diversified cryptocurrency portfolio.

Dogecoin's risk profile remains elevated but may also be a top speculative bet for investors with a large risk appetite.

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