



## Solana: Should Investors Buy the Massive Dip in Cryptocurrencies Right Now?

### Description

Over the last two years, the [cryptocurrency industry](#) has earned investors exceptional returns. However, even though the total value of the industry grew by almost 200% in 2021, it ended the year with a considerable selloff. And now, to start 2022, the selloff has even accelerated, resulting in some of the best cryptocurrencies, such as **Solana** ([CRYPTO:SOL](#)), trading ultra-cheap. So, you may be wondering if it's time to panic or an excellent opportunity to buy the dip.

Just two years ago, cryptocurrencies were generally seen by many as highly speculative assets that solved problems that weren't necessarily important. However, fast forward two years, and it hasn't just been the prices of cryptocurrencies that have been rising, but also the interest and belief from the market.

Several retail investors, institutional investors, and even large corporations have all been looking for ways to gain exposure, which is part of the reason why the industry has grown so quickly. However, it's also a positive sign that this isn't some short-term fad. Instead, it looks like it's a major shift to a new type of technology that has already created new innovations that many could have never imagined just a decade ago.

[NFTs](#) are an excellent example, and when you fully understand the power of NFTs, which go far beyond artwork, it's clear how much potential the blockchain and cryptocurrency industry has.

So, if you're wondering whether to buy the dip in a high-potential cryptocurrency such as Solana today and why cryptocurrencies have been selling off, here's what to consider.

### Buying high-quality cryptocurrencies looks appealing at these prices

Part of the reason that cryptocurrencies have been selling off, especially recently, is that they are still somewhat correlated with the stock market, specifically tech stocks.

And as investors know, lately, [tech stocks](#) have been some of the worst performers. Any high-growth stock is being impacted right now due to the expectation that there will be several interest rate hikes this year.

And though there are some cryptocurrencies that have been seeing a tailwind from low interest rates and higher inflation, such as **Bitcoin** ([CRYPTO:BTC](#)), the majority of cryptocurrency investments should hardly be affected by interest rates at all.

In addition, because cryptocurrencies are viewed as riskier investments due to their [volatility](#), they've been selling off, as investors lower their exposure to riskier investments.

However, mitigating volatility can be easy to do, especially if you're buying cryptocurrencies with a long-term mindset and willing to [dollar cost average](#) over time.

So, if you're bullish on the long-term potential of cryptocurrencies such as Solana, now looks like an excellent time to buy the dip.

## How cheap is Solana today?

Solana is one of the [highest-potential blockchains](#) you can invest in, which is why it's been a top performer in the past and is currently the sixth most valuable cryptocurrency.

However, investors can still buy Solana at a significant discount today. For example, right now, SOL trades for roughly US\$140 a coin. Its all-time high, though, is approximately US\$260 per coin. Right now, investors can gain exposure to Solana at an almost 50% discount.

In addition, Solana's market cap-to-[total-value-locked](#) ratio, one of the best valuation metrics for cryptocurrencies, is 4.5 times. That's slightly on the higher side but still offers tonnes of potential.

And as more projects are built on Solana and more capital is locked up, that metric should fall, making Solana a lot more appealing.

So, if you're looking to gain exposure to high-quality cryptocurrencies that you can hold for years, I'd look to buy the dip now and take advantage of this incredible opportunity.

### CATEGORY

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