



Fire Sale: Should You Buy the Dip in Shiba Inu Right Now?

Description

The **Shiba Inu** ([CRYPTO:SHIB](#)) cryptocurrency underwent an explosive rally in 2021, where it gained an astonishing 44,600,000%. It means a \$100 investment in Shiba Inu at the start of 2021 would be worth close to \$45 million by December 2021.

Despite its market-thumping gains, Shiba Inu is also down close to 70% from all-time highs, valuing it at a market cap of \$15.8 billion, making the token the 14th-largest cryptocurrency in the world.

Now, investors are wondering if the meme coin can perform an encore this year, too. While past returns should not influence investors, let's see if SHIB can outpace peer cryptocurrencies in 2022.

An overview of the Shiba Inu coin

Shiba Inu was launched back in August 2020 by [someone called Ryoshi](#). The cryptocurrencies whitepaper states the launch is “an experiment in decentralized spontaneous community building.” The SHIB token is backed by a community known as the SHIB Army, which has been a key catalyst for its monumental price gain. Shiba Inu is a digital token built on the **Ethereum** blockchain and is unable to host smart contracts. It's basically a currency created by a smart contract executed on Ethereum.

While Shiba Inu does not have its own blockchain network, it cannot create an ecosystem to support DeFi products. However, you can still stake SHIB coins and earn passive income or use it as a form of payment with merchants. Further, ERC-20 tokens are compatible with the Ethereum ecosystem, which will allow users to incorporate SHIB with interest-paying lending protocols.

Investors expecting Shiba Inu to replicate its staggering gains in 2022 are likely to be disappointed, and here's why. The SHIB token is currently priced at \$0.00002891. So, if its prices touch \$0.15, the cryptocurrency will be valued at a market cap of US\$82 trillion. Comparatively, the market cap of the entire crypto market is just around US\$2 trillion right now.

The bear case for Shiba Inu

In addition to its limited uses cases, investors should also understand that the ownership of the SHIB token is concentrated. Right now, just over a million crypto wallets hold Shiba Inu, but the largest 100 wallets own more than 80% of all tokens. Further, the [top 10 wallets](#) account for 65% of SHIB tokens in circulation, which suggests they are now worth over US\$10 billion. Even if one of these wallet owners decides to liquidate their investment in Shiba Inu, the prices will fall off a cliff.

Shiba Inu lacks utility, and its heavily concentrated owner base makes it a high-risk bet for long-term investors. With over 15,000 [cryptocurrencies](#) in circulation, you can identify networks onboarding projects at a rapid pace, which, in turn, will positively impact the demand of their underlying tokens.

Despite the risks associated with Shiba Inu, I purchased \$100 worth of SHIB tokens last year, which are now worth \$400. But it remains a purely speculative bet, as the potential for significant gains is limited.

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