



Bull vs. Bear Outlook for Solana in 2022

Description

Solana ([CRYPTO:SOL](#)) was undoubtedly a big winner last year. Indeed, any [cryptocurrency](#) that appreciated more than 4,000% last year is one worth taking a look at.

For Solana, there are a number of reasons why this token has surged. Among smart-contract- enabled proof-of-stake networks, Solana is a leader. Many investors consider Solana to be an “**Ethereum** killer.” That’s a status reserved for only the most highly touted networks out there. And Solana’s current position among all tokens, as the [fifth-largest token](#) in the world, speaks to this status.

As we kick off the new year, investors may want to debate what the outlook for Solana is moving forward. Let’s look at the bull vs. bear case for this top token.

Solana: A bullish take

Solana remains one of the fastest-growing blockchains in the world. This token’s status as a top-five token is driven by two main factors. First, this network is ultra-fast, with a stated capacity of 50,000 transactions per second. Putting that into perspective, Ethereum can currently handle only approximately 30 transactions per second.

Secondly, Solana’s proof-of-stake mechanism is not only environmentally friendly but cost friendly. This allows Solana to perform transactions at rock-bottom prices (in many cases, at a fraction of a penny). For those looking to sell their NFTs or transact in small amounts, this low-fee structure is very attractive.

The Solana Foundation and a venture capital fund named Seven Seven Six has planned to invest \$100 million to develop the so-called next wave of social media on SOL. There’s reason to believe this investment will drive more development on the blockchain.

SOL: A bearish take

While the above details appear to be bullish for Solana, there are several reasons to proceed cautiously with this crypto play.

First, the pace of growth that SOL saw in 2021 cannot go on forever. Investors have loads of crypto options to choose from. Saying Solana will be the ultimate winner in the race for market share in the crypto space appears foolish.

Second, Solana's lightning-fast speeds have been slowing of late. A number of network slowdowns have poured cold water on the bull thesis for this token.

Bottom line

On the one hand, investors can look at Solana's network congestion as a good thing. Essentially, a burgeoning ecosystem built on top of the Solana network has caused disruptions. Now, whether these are simply growing pains or a signal of problems with the Solana infrastructure is a whole debate on its own.

Right now, I'm bullish on Solana. I think this token could give Ethereum a run for its money (Ethereum 2.0 or not). Accordingly, this is a token I think investors may want to take the bull side on, at least for now.

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