



Can Ethereum Recover From its Early 2022 Beatdown?

Description

Ethereum ([CRYPTO:ETH](#)) is one of the most prominent picks among [cryptocurrency](#) investors worldwide. It is the [second-largest crypto](#) in terms of market cap with the largest network in terms of the DeFi ecosystem.

However, the beginning of 2022 hasn't been smooth for cryptocurrencies, especially Ethereum, which has slumped over 30% in the last few days. It has dropped 12% further in the morning trading of January 24.

Now, the question arises: can Ethereum recover from this slump? Let's find out in detail.

Ethereum 2.0 upgrade in the pipeline

Crypto investors have experienced that the transactions on Ethereum have been slower and costlier as compared to other cryptocurrencies. The network's current validation mechanism has caused much congestion on its network leading to slower transactions.

Naturally, many investors have been looking for other options that offer faster and comparatively less costly transactions.

However, Ethereum has decided to address this issue. This cryptocurrency is planning to shift to Ethereum 2.0 through a series of updates. This is, indeed, a big deal. These major updates will enable Ethereum to become a proof-of-stake blockchain network with the ability to carry out more transactions at a comparatively lower cost.

Investors are hopeful about this upcoming update. However, only time will tell whether this update will come to fruition barring any serious issues.

Proof-of-stake upgrade to be highly beneficial

Many investors believe that Ethereum has been consistently losing to other blockchain network rivals lately. This upcoming proof-of-stake update stands to be a massive game changer for the Ethereum network. Several fast-growing blockchain networks have eaten up market share, growing quickly due to their PoS validation mechanisms. These cryptocurrencies are smaller compared to Ethereum but provide faster and cheaper transactions.

That said, this upcoming upgrade can potentially allow Ethereum to squash all the “Ethereum killer” networks out there that are looking to eat this crypto leader’s lunch. As mentioned, time will tell how well this update goes. However, there’s a reason why Ethereum is top dog in the DeFi space right now.

Bottom line

As the first and most prominent smart contract-enabled blockchain, Ethereum maintains its dominance over the decentralized finance world. Indeed, many investors believe DeFi is the future of crypto. Accordingly, Ethereum stands as a solid long-term investment for those with this outlook.

Risks always exist with any investment. In the cryptocurrency space, these risks are amplified. However, Ethereum is one top cryptocurrency worth considering for those expecting a rebound through 2022.

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