



Ethereum Is up 7%: Will a Bubble Soon Burst?

Description

Ethereum ([CRYPTO:ETH](#)) prices continued to rise, as investor [interest](#) returned to cryptocurrency stocks this week. As its competitors also climbed, so too did Ethereum on the back of solid job creation in the United States and strong earnings.

Ethereum jumped 7% this week, surpassing the \$4,000 mark. That's still a ways off from its 52-week high of \$6,124.17, but that could come sooner than we think.

What's coming for crypto?

Ethereum remains one of the most popular [choices](#) for investors. It currently has a market capitalization of \$485 billion, continuing to expand, as more and more companies and countries adopt cryptocurrency.

It has many Motley Fool investors wondering if they've missed out, if they'll be coming in too early and are in for volatility, or if they are too late and there could be a drop. Around 3% of the world's entire population used cryptocurrency in June 2021, perhaps marking the exit from early adoption to hyper adoption.

But with more adoption also means more boundaries, so that countries can subdue risks and reap the rewards. The Securities and Exchange Commission (SEC) in the United States for one has been identifying cryptocurrencies that may have sold tokens before the official listing.

Still maturing

There is a lot of patience involved therefore with cryptocurrency today, and that includes Ethereum. The option available to invest are still maturing, and that means more regulatory control. But with more control means more clarity and therefore less-volatile investment options.

In fact, President Joe Biden of the U.S. stated in January that there would be an executive order to

outline a government strategy towards cryptocurrencies. Furthermore, rate hikes from the U.S. Federal Reserve could also trigger a selloff.

This could be similar to what happened back in 2018, when Ethereum and other cryptocurrencies lost about 90% of their value. That was known as the “crypto winter,” and some investors wonder if perhaps we’re entering that again.

Where is Ethereum headed?

That level of selloff seems incredibly extreme to most analysts. In fact, even in a bearish market full of volatility such as today’s, the structure of cryptocurrency investment is entirely different. The main part is there are companies, investment firms, and government agencies backing cryptocurrency. That will help any serious drops similar to 2018.

The rise in non-fungible tokens (NFTs) saw Ethereum make larger gains than many of its peers. Now, an upgrade to Ethereum means even more potential clients. The [upgrade](#) comes with faster, transactions, a merger, more data storage, and environmentally friendly options.

For Motley Fool investors with some patience, Ethereum is a strong one to consider buying and holding for decades. Further, you don’t need to spend tens of thousands of dollars to get in on the action. It’s the most revolutionary cryptocurrency we’ve seen in years, and that means more big things could be on the way.

Ethereum is up 7% so far this week and 77% in the last year.

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Date

2025/07/06

Date Created

2022/02/09

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