



Ethereum's Future: Mad Potential or Sad Reality?

Description

Ethereum ([CRYPTO:ETH](#)), the second-largest crypto (by market cap) and the most actively traded one in 2021, is currently suffering alongside the rest of the crypto market. It is still 33% down from its 2021 peak, and that's after its 32% growth in the last couple of weeks or so. We have yet to see whether it's a temporary reprieve for the crypto or a trend in the making.

The current spike mimics **Bitcoin**'s growth quite closely, which indicates that it is likely a market-pushed recovery after a market-triggered fall. And that includes more variables in the equation. So even if Ethereum may have the grit (and circumstances) to pull away from the market fall and growth trend, it may be weighed down by the broader market if that market runs into headwinds again.

However, even if Ethereum keeps on building on the [current momentum](#) it has gained, how far is it going? And you should invest in this crypto token for the short or long term?

Short-term and long-term potential

If all Ethereum is expected to hit is its former 2021 peak, you would not even double your capital by buying now. And the growth it does promise (about 50%) might not be worth the risk, at least in the short term. However, if you are planning to keep Ethereum in your portfolio for the long term, a later, more powerful, growth spurt or spike could be quite promising.

For example, if you expect this [crypto to grow](#) to US\$10,000 in the next three or four years, that would be more than 300% growth of your capital if you buy it at its current price, which might seem too ambitious. Still, it's a fraction of the growth the crypto saw in the last two years and less than one-sixth the price of Bitcoin, which Ethereum is already gaining on in terms of popularity.

And as the crypto market goes through fluctuations, the NFT market is soaring. Since Ethereum's blockchain is where most of these NFTs are sold, the derivative market activity may generate more interest for the native coin compared to other crypto tokens.

The risks

The same NFTs that can pull Ethereum to new heights, along with several other derivative assets and markets that rely upon Ethereum (including the future of smart contracts), can also weigh the crypto down. Currently, there is a lot of interest regarding Ethereum, maybe even more so than Bitcoin, which is becoming increasingly difficult to mine and facing backlash in several arenas, including countries like China.

But if Bitcoin goes bust and falls more than it did in 2021, the psychological impact would hit Ethereum as well, and investors might start dumping their coins in the market before it becomes worthless (at least in the short term).

Foolish takeaway

Investing in Ethereum or [tech stocks](#) that offer significant exposure to this crypto and holding it long term still seems like a viable strategy, but maybe not at the current price. If the current growth run is simply a phase and the crypto will experience further decline before recovering for good, you may want to wait until the next dip to buy.

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