



Could Ethereum Hit \$10,000 in 2022?

Description

Ether, the main token of the **Ethereum** ([CRYPTO:ETH](#)) blockchain, was the leader in the sector's recovery from the January flash crash. This major digital token saw [impressive price gains](#) relative to its large-cap peers in recent weeks. However, the recent market turmoil tied to the Russia-Ukraine crisis has resulted in a plunge in valuations today. Currently, Ethereum has declined more than 10% on Thursday, as investors worry about the state of risk-on investments in this environment.

That said, there are still crypto bulls who believe that a \$10,000 price target for Ethereum can still be hit in 2022 — or, at least, a new all-time high.

Given the stark sentiment shift in the markets today, perhaps such a view seems ridiculous right now. We have seen [cryptocurrencies](#) like Ethereum bounce back from crises in the past. However, this crisis is shaping up to be a daunting one for stocks and cryptocurrencies alike.

Let's dive into whether the bull thesis on Ethereum still holds water right now.

Institutional interest grows

On the upside, interest in Ethereum from institutional investors remains robust. Capital flows into Ethereum-focused ETFs recently surged, driving overall ETF flows into positive territory for the past two weeks. That said, this recent price action is likely to reverse this trend for this week.

There are also a number of other corporate players looking to step into Ethereum and other top cryptocurrencies as diversification tools. That said, the price actions of these tokens certainly don't bode well for a bullish diversification thesis right now.

Whether institutional interest continues to grow, or investors lose interest in Ethereum, remains to be seen. For now, ETH will be a top token that investors will be watching in the coming days and weeks.

This war could be a major downside catalyst for all high-risk investments

The reality is that Ethereum, like other cryptocurrencies, remain highly volatile risk assets. Ethereum and its crypto counterparts have shown increased correlation to higher-growth equities in recent years. Right now, that's certainly not a good thing.

Geopolitical concerns may continue for some time, meaning these higher-correlation digital tokens could continue to see downside pressure. Thus, investors ought to really factor in increased volatility into their calculations before considering Ethereum right now.

Bottom line

For long-term investors, perhaps Ethereum may start to look attractive at these levels. Timing a market bottom is difficult, and many may want to take a position or build a position should this price action continue. However, given the risk profile of the crypto sector, doing so in a slow and steady fashion may be the best option.

That said, it's also entirely possible the recent turmoil we've seen could continue for some time. Accordingly, Ethereum, or any cryptocurrency, ought to be viewed defensively right now, in my view.

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