



Can Ethereum Hit All-Time Highs Again in 2022?

Description

The second-largest [cryptocurrency](#) by market cap, **Ethereum** ([CRYPTO:ETH](#)) had a rough start to 2022. In the face of high inflation, the threat of pending Fed interest rate hikes, and a tech stock market selloff, Ethereum has fallen over 30% YTD.

Currently trading at a price of around US\$2,600, well below its 52-week high of US\$4,800, Ethereum has since been trading rangebound, bouncing to US\$3,000 numerous times.

Extreme fear due to the recent Russian invasion of Ukraine has done little to reassure investors, who shed risky assets amid a general flight to quality over the last few weeks.

What the numbers say

The recent surge in market volatility due to geopolitical turmoil has caused all but the most ardent of **Bitcoin** bulls to shed their predictions of US\$5,000 per ETH coin — a lofty price target that was nearly reached in 2021.

After a selloff in February that saw the price plummet to \$2,300, Ethereum is once again testing the key resistance level of \$2,800. Breaking through this will likely spur short-term bullish movements and establish \$2,800 as the new support moving forward.

Should Ethereum break \$2,800, chances are it will go even higher. The next levels to test are the resistances at \$3,000 and \$4,000, respectively. As of Sunday, trading volume remains low but is expected to ramp up throughout the week, as traders digest current news events and make sense of the uncertainty.

What could happen next

Ethereum need to stay above its \$2,500 support level to gain momentum for a push above the \$2,800 resistance. The rally from the Thursday, February 24 selloff saw the price shoot up from a low of

\$2,315 to \$2,681, an intra-day rally of over 15%, following the whipsaw movements of the broader stock market.

However, continued uncertainty and investor fear persist. Announcements that Russia would be cut off from the SWIFT payment system, a mention of Russian's nuclear capabilities by President Vladimir Putin, and the negotiations between him and Ukrainian president Volodymyr Zelenskyy at the Belarusian border on Sunday are weighing on traders' minds.

Due to this, the price movements over the weekend were relatively subdued and muted, with minor losses and volatility. However, the situation is apt to change, with many traders ready to risk-off at a moment's notice. The current political climate can cause sentiment and momentum to change rapidly, so investors should be cautious.

The Foolish takeaway

Ethereum continues to serve as a mainstay for decentralized finance (defi) applications, with widespread adoption and usage. Recent decreases in the gas fees, down to 0.0039 Ethereum per transfer have spurred this trend. Currently, it is 80% cheaper to transact with Ethereum compared to where it traded in January.

Investors bullish on Ethereum's utility may find the current price discovery phase a great time to accumulate more at a bargain price. Further upside is possible, and those who can hold through the volatility without panicking in a potential selloff are the most likely to benefit in the near future.

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