



Where Are Meme Tokens Headed From Here?

Description

Meme-inspired [cryptocurrencies](#) have certainly been on a roller-coaster ride over the past year. Last year saw meme tokens such as **Shiba Inu** ([CRYPTO:SHIB](#)) and **Dogecoin** ([CRYPTO:DOGE](#)) surge to highs, posting astronomical gains in a very short amount of time. Accordingly, many investors continue to watch these tokens closely from here.

Whether 2022 will turn out to be the year of the “dogs” or a reversion toward normalcy in the crypto market remains to be seen. That said, let’s dive into where these meme tokens may be headed from here.

Understanding the growing popularity of meme tokens

There are a number of crypto projects providing real world utility to end users. However, for many investors, there’s little in the way of utility among meme tokens. I think this is partly true. These meme coins are generally valued on the basis of their community, and the hype surrounding these digital assets. That’s not really a fundamental reason to invest in anything.

That said, Shiba Inu is working on a number of projects to increase its utility. Various metaverse projects and other utility-generating verticals are being explored by developers on this project. Similarly, Dogecoin has been accepted as payment by a number of large-scale corporations in the U.S. and globally. As adoption increases, there is a use case that can be made for these meme tokens.

Overall, from a utility standpoint, it’s hard to make a case for these cryptos right now. As a momentum trading vehicle, perhaps investors will continue to watch these tokens closely from here. However, over time, the fundamentals of these cryptocurrencies may change. Accordingly, these are two tokens I’m going to continue to watch from here.

Outlook for these two tokens in 2022

Among the first meme tokens in the crypto space was Dogecoin. Launched in 2013 as a joke,

Dogecoin generally fluctuated around its listing price for a very long time. However, via various surges, this token took off in incredible fashion, increasing 14,000% last year alone. Much of this was to do with celebrity influence, from the likes of Elon Musk and Mark Cuban.

Shiba Inu's astronomical multi-million-percent rise last year was even more dramatic. Often viewed as a Dogecoin knockoff, Shiba Inu capitalized on incredible sentiment for low-cost tokens, surging to all-time highs alongside the broader crypto sector last year.

If it's a popularity contest, it's close right now. However, most seem to think that Shiba Inu's community is both larger and faster growing than that of Dogecoin. However, as mentioned, both meme tokens are highly speculative options for investors to consider. In this risk-off environment, it's hard to make a bullish case for either token, until capital starts looking for growth over safety once again.

Bottom line

Right now, it's hard to make the case to own either of these meme tokens. Certainly, there's impressive upside potential, as we've seen displayed in the past. However, alongside this potential upside comes extreme risk. As the markets de-risk, investors may want to stick to safer sectors — at least for now.

CATEGORY

1. Cryptocurrency
2. Investing

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1. CRYPTO:DOGE (Doge Grok Companion)
2. CRYPTO:SHIB (SHIB ON SOLANA)

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Author

chrismacdonald

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