



## Will Shiba Inu Be Worth \$50 Billion by the End of 2022?

### Description

Historically, the stock market has been a solid wealth creator for long-term investors. While it's far more volatile than asset classes such as gold, commodities, bonds, and real estate, the average annual return of the **S&P 500** has been over 10% in the last six decades.

However, in the past few years, [cryptocurrencies](#) have gained prominence as an alternate asset class, and for good reason. One of the most popular cryptocurrencies since the beginning of 2021 is **Shiba Inu** ([CRYPTO:SHIB](#)), which is currently valued at US\$13 billion by market cap. In fact, the SHIB token [surged by an astonishing](#) 46,000,000% in 2021. So, a \$100 investment in SHIB at the start of 2021 would be worth \$46 million by December.

There were several factors that drove Shiba Inu prices higher. For example, it was listed on several crypto exchanges, improving visibility and liquidity in the process. Investors could also stake their SHIB tokens due to the launch of ShibaSwap which is a decentralized exchange. Further, the median holding period for SHIB has increased from six days in October 2021 to almost 100 days in March 2022, according to data on **Coinbase**.

But historical gains should not matter much to investors. Let's see if Shiba Inu can outpace the broader crypto market in 2022.

### The bull case for Shiba Inu

In order for Shiba Inu to be valued at US\$50 billion by market cap, the SHIB token will have to gain close to 300% from current levels. The gains delivered by Shiba Inu in 2021 might make a four-times gain look quite easy. But Shiba Inu is already the 15th largest cryptocurrency in the world and any monumental price gain will be difficult to achieve.

The most important catalyst for the SHIB token will be an improved market sentiment. Right now, most digital assets are down 40% from all-time highs and it's possible for the ongoing bear market to extend in the near term.

Another key driver will be a burning mechanism introduced recently, which might be deployed during the launch of ShibaSwap 2.0. A token burning strategy basically reduces the number of tokens in circulation making the remaining coins more valuable.

Finally, Shiba Inu's developer ecosystem and massive community plan to build a metaverse that will drive demand for the SHIB token, allowing it to compete with other metaverses such as **The Sandbox** and **Decentraland**.

## The bear case for Shiba Inu

While Shiba Inu remains hugely popular among investors, it lacks a competitive edge. For instance, the blockchain networks of **Solana** and **Ethereum** can be used to create and execute smart contracts. Alternatively, Shiba Inu is an ERC-20 token built on Ethereum's network, making it a payment coin and nothing more.

CoinMarketCap.com data suggests there are over 18,000 cryptocurrencies in circulation, which indicates you need to have a distinct competitive advantage to stand out. It's quite possible for Shiba Inu to move lower as just a handful of businesses accept the SHIB token as payment.

In the last two years, the cryptocurrency market has intertwined with the equity market. It means, there is a direct relation between the performance of the stock market and the crypto market. Most experts believe the major equity indexes will continue to move lower due to a variety of macroeconomic factors such as soaring inflation, rising interest rates, and supply chain disruptions. So, there is a good chance for Shiba Inu and other peer tokens to plunge further by the end of 2022.

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**Date**

2025/08/14

**Date Created**

2022/03/22

**Author**

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