



Ethereum: Buy, Hold, or Sell as We Head Toward a Key Catalyst?

Description

Ever since the Russia-Ukraine war began, the global financial system has been facing severe difficulties. The most affected sectors that are getting hit hardest right now are those on the higher-growth end of the spectrum. For investors in [cryptocurrencies](#) such as **Ethereum** ([CRYPTO:ETH](#)), it's been a volatile few months.

However, momentum appears to be picking up in the crypto world once again. Indeed, the world's [second-largest crypto](#) by market cap is much more than just a cryptocurrency. Rather, Ethereum is a global computer for managing decentralized applications. One of the most robust networks in the crypto world, ETH gives investors exposure to the growth behind this network.

With the price of ETH declining of late, let's dive into whether investors may want to consider this token ahead of a key catalyst.

A new software upgrade — oh, what a delight

Ethereum has been one of the top-performing, large-cap cryptocurrencies of late due to a series of major upgrades that have been ongoing. Many investors may have heard the term “Ethereum merge” pop up. This upcoming merge will be among the final upgrades that will merge Ethereum's mainnet with its testnet shortly.

This merge will bring about what some are calling Ethereum 2.0. This upgraded network will shift from proof-of-work to proof-of-stake. What that means is that those highly complex computational problems being solved by mining farms will go away. Instead, a system of staking will allow individuals to participate in this network's consensus mechanism. Doing so is much more environmentally friendly, and comes with staking rewards for investors, which can be enticing.

Thus, there are many reasons why investors are excited about this move. Regulatory pressure on proof-of-work tokens is only likely to pick up. Accordingly, Ethereum appears to once again be front-running issues and could improve in terms of scalability and cost as a result of this upgrade.

The road ahead for Ethereum

Even before the Russia-Ukraine tension, higher volatility in Ethereum was seen as a result of other macro factors. Inflation has been running high, and interest rates are already on the rise. For risk assets such as cryptocurrencies, this isn't a good thing.

However, many investors stand behind the technological innovation supported by the crypto world. In this space, Ethereum remains the leader among its peers. Accordingly, those bullish on the rise of decentralized finance have a lot to like about how Ethereum is positioned right now.

Ethereum is undoubtedly one of the most influential tokens and networks in the crypto world. Indeed, investors have reason to be bullish this token, absent this upcoming catalyst. However, factoring this Ethereum merge into the conversation, it's clear excitement may take hold once again as this year progresses.

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