



Is Shiba Inu Coin Going to \$0?

Description

Shiba Inu Coin ([CRYPTO:SHIB](#)) is in a pronounced downtrend this year. Since the start of January, it has fallen 72%, and shows no signs of reversing its losses. As of this writing, the coin was down 12.5% over a 24-hour period. SHIB has lost a lot of market value already, and the losses continue.

At this point, the question investors need to ask themselves is, “Is Shiba Inu Coin going to \$0?”

Unlike large-cap cryptos, SHIB doesn't exactly have an active developer community working to find real-world applications. It's actually built on the Ethereum blockchain, so it can't really do anything that **Ethereum** can't. Additionally, SHIB was a huge beneficiary of the 2021 bubble in speculative high-risk assets, which has been over for a while now. Taking these two factors together, it certainly looks like SHIB will continue to fall. But will it fall to \$0? It might seem unlikely, but it could happen.

Shiba Inu price action this year

Shiba Inu's price action this year has been [extremely negative](#). The token has fallen 72% already, and we're not even halfway through the year. Such price momentum could lead to some pretty unfavourable results if it continues. Losses compound just like costs do.

If an asset declines 72% four times, then investors end up with a 99.38% loss. So, if SHIB falls another 72% in each six-month period until the end of next year, investors will see their asset go to almost nothing. In four periods of 72% losses, \$10,000 turns into a mere \$61! Unlike stocks, cryptocurrencies can't be “delisted,” so a true \$0 outcome is unlikely. But it would only take a few more periods of 72% losses for \$10,000 invested in SHIB to turn into pocket change.

Is SHIB used for transactions?

One sign of whether a cryptocurrency has the potential to survive a [bear market](#) is that it being used for real-world transactions. **Bitcoin** is more resilient than smaller cryptocurrencies, thanks in no small part to the fact that it's actually used to buy and sell things. “Joke” cryptocurrencies that aren't used as

money tend to be much more volatile.

Is SHIB actually used as money?

A quick glance at the list of companies accepting SHIB shows that at least a dozen exist. Some notable ones include movie theatre chain **AMC** and Streaming platform Twitch. Those are not small companies, so the potential number of transactions that could be powered by SHIB is large.

However, it isn't clear that customers are actually spending much SHIB at these companies. The token is extremely volatile and isn't a good store of value. Crypto fans going to see movies or donating money to streamers may prefer to use stablecoins which, at least in theory, hold their value better than regular tokens.

Interest rates

A final factor taking a bite out of SHIB this year is interest rate hikes. The higher the "risk-free rate of return," the lower the incentive to invest in risky assets. For this reason, cryptocurrencies tend to sell off in periods when interest rates go up. For an asset like Bitcoin, which has a real-world use case, this could mean a 2018-style crash followed by later positive returns. But for SHIB? \$0 is a very real possibility. Ultimately, there just isn't much reason for people to own it.

CATEGORY

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