



Shiba Inu Coin Could Easily Go to \$0

Description

Shiba Inu Coin ([CRYPTO:SHIB](#)) was one of 2021's most popular meme coins. Rising several million percentage points in just over a year, it delivered an even bigger rally than **Dogecoin** ([CRYPTO:DOGE](#)), its more famous cousin. Last year, people got obsessed with joke/meme coins after Elon Musk began pumping them on social media. This year, however, they're not doing so well. SHIB is down 67% for the year, and other meme coins are delivering similar results.

In this article, I will explore all the different factors that make SHIB a bad buy, ultimately concluding that it could potentially go to \$0.

SHIB has no intrinsic value

The first thing to note about Shiba Inu Coin is that it has no intrinsic value. That is to say, there are no cash flows underlying it. Normally, investments are valued based on the cash they hold, including future cash earnings. Shiba Inu Coin doesn't have any of that. Neither do any [other cryptocurrencies](#) or even fiat currencies, for that matter. But whereas the USD and, to a lesser extent, **Bitcoin** are used in real-world transactions, SHIB has little use outside of speculation.

Limited use as a currency

Shiba Inu Coin does not appear to be used extensively as a currency. Bitpay has a [list of companies](#) that accept it, and it appears there are only a few dozen of them. Also, Bitpay only mentions that these companies accept SHIB in exchange for gift cards, it doesn't say anything about in store purchases. So, Shiba Inu Coin doesn't appear to have much of an anchor in real-world commerce.

Interest rates rising

Another factor that could lead to more selling in Shiba Inu Coin is rising interest rates. When interest rates go up, crypto prices tend to go down. Higher interest rates make borrowing more expensive and

provide higher yields on low-risk investments like GICs. These two factors combine to make crypto less desirable as an investment in high-rate environments. They affect highly speculative cryptos like SHIB more severely than their established peers, as these cryptos typically have less grounding in real-world, non-speculative transactions.

No Elon Musk

Last but not least, Shiba Inu Coin suffers from a lack of celebrity promoters. The price of Dogecoin recently rose after a year of weakness, when Elon Musk mentioned on **Twitter** that he was still buying it. Crypto prices are largely a product of social media sentiment, and DOGE has got the highly influential Musk backing it.

SHIB has no such advantage. It's largely a Dogecoin copycat, but without the blessing of the world's richest person. For this reason, there is much less happening on social media that could attract attention to SHIB, when compared to DOGE. It has the aura of an "also ran" meme coin.

Foolish takeaway

Shiba Inu Coin has taken a beating this year, and there's no telling when the selling will end. The coin isn't really used much as a currency, and economic developments this year are disincentivizing speculation. Bigger cryptocurrencies that are used in the real world could easily survive this rout. SHIB, however, could go to \$0.

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