



## Ethereum (CRYPTO:ETH) Jumps 13% as Major Network Upgrade Nears

### Description

Will [cryptocurrencies](#) stage a comeback now that inflation in the U.S. is slowing? **Bitcoin** ([CRYPTO:BTC](#)) rose 7.19% to US\$24,593.20 on August 11, 2022, and appears to be holding ground at that level. However, the world's second-largest crypto by market value upstaged the first mover.

**Ethereum** ([CRYPTO:ETH](#)) advanced 13.17% to US\$1,900.81, but not because of easing inflation. Investors were overjoyed with the successful and final testing of its new proof-of-stake model. The launch will happen next month, and its adoption could propel ETH to greater heights. Some market analysts even say it might unseat Bitcoin as the crypto king.

### Premature excitement

According to crypto experts, the excitement over the spike in Bitcoin's price could be premature. While the top digital currency displays a semblance of stability, it's still down 46.9% year to date and 63.6% off its all-time high of US\$67,566.83 on November 8, 2021.

Marcus Sotiriou, a market analyst at digital asset broker GlobalBlock, remains doubtful. He said, "The Fed is still indeed tightening, and inflation is still high, so we cannot be convinced of a market reversal currently." However, cryptocurrencies could be approaching the latter stages of the crypto winter.

For Wendy O, a crypto educator and market analyst, BTC as well as ETH haven't hit their lowest prices in the current cycle. A true capitulation could still happen in the later part of the bear market. Edward Moya, a senior market analyst at Oanda, said, "Inflation is what killed Bitcoin late last year." He added that BTC could burst above the recent trading range if pricing pressures ease significantly.

Martin Hiesboeck, head of blockchain and crypto research at Uphold, said, "Bitcoin treads water." He observes that investors sell every price increase because the macroeconomic outlook remains gloomy. Heisboeck noted too that since Bitcoin formed a bottom, institutional investors continue to accumulate BTC. It could drive excessive price action.

## Network upgrade is coming

ETH followers are excited about the launching of “Merge” in mid-September 2022. The crypto completed the final test on the long-awaited network upgrade. Many crypto analysts believe Ethereum’s adoption of the proof-of-stake model in lieu of the existing proof-of-work method is an important event in the crypto space.

Besides securing the network, the shift to a less energy-intensive crypto mining process will translate into faster transactions. Under the new model (proof of stake), users will leverage their existing cache of Ether as a means to verify transactions. The timing or launching of Merge has been delayed for a couple of years. Ethereum core developers needed more time for research, development, and implementation.

Still investors are cautioned to not immediately jump into Ethereum because of Merge. Glassnode, a blockchain intelligence firm, said it might be setting the stage for crypto traders to “buy the rumour and sell the news.” Like BTC, ETH underperforms year to date (-48.4%). The current price is 60.5% lower than its peak, recorded on November 8, 2021.

## Advice to investors

Don’t invest or take positions in Bitcoin, Ethereum, and other cryptocurrencies if you have a low-risk tolerance. The crypto space isn’t for the weak of heart, as extreme volatility is your only guarantee. You could incur more losses than gains from wild price swings.

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