



Ethereum Post-Merge: Buy, Hold, or Sell?

Description

Arguably, **Ethereum** ([CRYPTO:ETH](#)) is the most vital platform in the [cryptocurrency](#) industry. Via this network's smart contract technology, a whole world of decentralized finance (DeFi) applications, NFTs, and other use cases for crypto have come about.

While many may be aware of the value Ethereum provides, there's some big news that has just taken place. Last night, many stayed up late to watch the Ethereum Merge take hold — that is, the merging of Ethereum's mainnet with its proof-of-stake Beacon Chain, ushering in a new era of staking instead of mining to secure and validate transactions on this network.

With the price of Ethereum little changed since the event, let's dive into what investors should make of ETH right now.

Ethereum (finally) completes the Merge

After frantic experimentation, years of delays, and discussions, Ethereum completed the much-awaited software upgrade, the Merge, thereby moving to a more environmentally sustainable framework.

There were many celebrations on YouTube live streams, showing researchers and engineers who worked on the Merge coming together to mark the milestone.

This was indeed a rare joyful moment in such a grim year for cryptocurrency, which witnessed a devastating market crash that drained roughly \$1 trillion from the industry and forced some notable cryptocurrency firms into bankruptcy.

With the Merge, Ethereum shifts to a verification system known as “proof of stake,” which uses less energy. This new framework doesn't involve an energy-guzzling computational race, unlike proof of work.

Instead, participants stake or deposit some amount of their cryptocurrency savings in a pool that enters them into a lottery. Every time approval is necessary for a cryptocurrency transaction, a winner is

chosen to verify the exchange.

By some estimates, this shift will lower Ethereum's energy consumption by over 99%. As per the developers of this project, designing future updates which minimize gas fees or costs associated with executing a transaction in Ether will become easier with this switch.

From an investing point of view

The Ethereum Merge can prove to be bullish for cryptocurrency investors in the long run because of the groundwork it lays for future upgrades to fees, ecosystem development, and speed.

Lower fees and quicker transactions can eventually result in more users, which can have an impact on the value of Ether.

If the number of investors rises, Ether's supply will likely go down. With a decrease in the supply of Ether, the value of individual coins will see an increase. This can actually be a piece of positive news for investors.

Bottom line

Ethereum Merge is indeed a momentous event. This is not only for the Ethereum community but for the cryptocurrency community as well. It has never happened before that a proof-of-work network of Ethereum's scale has shifted to proof-of-stake. Accordingly, expectations appear to be rightly high for Ethereum's future, given the prospect for further upgrades on the horizon.

I remain bullish on Ethereum following this merge. And while near-term volatility may persist, I think this event is much more momentous than the market is pricing in right now.

CATEGORY

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