

What happened to ETH prices over the years? And will its recent stability continue?

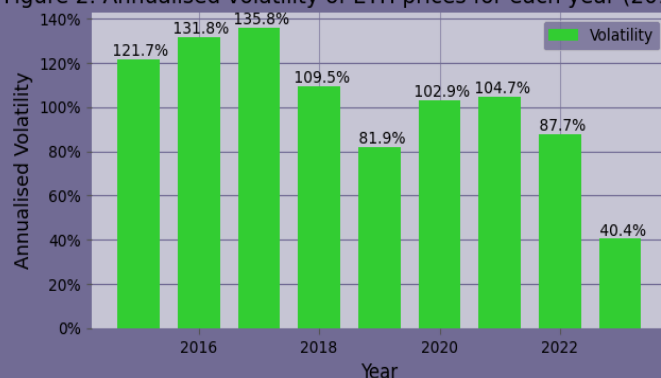


Significant peaks and lows

From observing the curve seen in figure, it can be noted that the first significant changes in ETH prices began during 2017. Where Ethereum's price at the start of 2017 was ~\$8 for 1 ETH, however by the start of 2018, ETH prices peaked at \$1096 for 1 ETH, a 13600% increase in just over a year. However, by the end of 2018, ETH prices dropped to \$130 for 1 ETH, an 88.13% decrease in value. Since then, ETH prices have stabilised from the start of 2019 to mid-2020, where the 2020-22 crypto bubble started, ETH prices quickly rose among many other cryptocurrencies. From March 2020 to its initial peak during mid-May in 2021, ETH soared from \$110 to \$4086, a 3615% rise in just 14 months. this soar in values was observed among many cryptocurrencies, such as BTC, Doge, and Cardano. This rise was not sustained, prices quickly fell to \$1867 in June, a 54.3% decrease. However, due to more efficient Crypto mining, ETH quickly achieved an all-time high of \$4811 for 1 ETH in November 2021, however the bubble kept deflating with a brief recovery in February 2022, where crypto agencies purchased Super Bowl ads; Coinbase, eToro, FTX and crypto.com, which saw a push of crypto into the mainstream. This increased crypto trade activity; though this wasn't sustainable, and the bubble kept deflating ETH dipped below \$1000 for the first time since Jan 2021. With a short-lived peak in mid-2022, ETH has since had a relatively stable value, averaging from \$1500-2000, where ETH is valued at \$1600 as of 21st October 2023.

Does ETH have a stable future?

Figure 2: Annualised volatility of ETH prices for each year (2015-2023)



Since the Bubble, ETH has been relatively stable. This can be observed in Figure 2, where annualised volatility figures align with figure 1 Prices, where the beginning years of ETH's lifespan experienced the most volatility as this experienced the highest relative growth, with lower volatility in 2019 as ETH was relatively stable. When the 2020-21 bubble began, volatility increased accordingly, with the recent years having more stability, especially with 2023, as volatility plummeted to 40.4%, the lowest yet. Barring unpredictable events and behaviour, It is logical to assume Ethereum is likely to remain at a stable price as it can no longer be mined after The Merge, where the ETH Mainnet swapped from a PoW mechanism to a PoS. The purpose of this was to make ETH more efficient as energy consumption is decreased by 99.95%, as well as improving ETH's security, and reduces centralisation of mining power.