

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



Significant spikes and drops

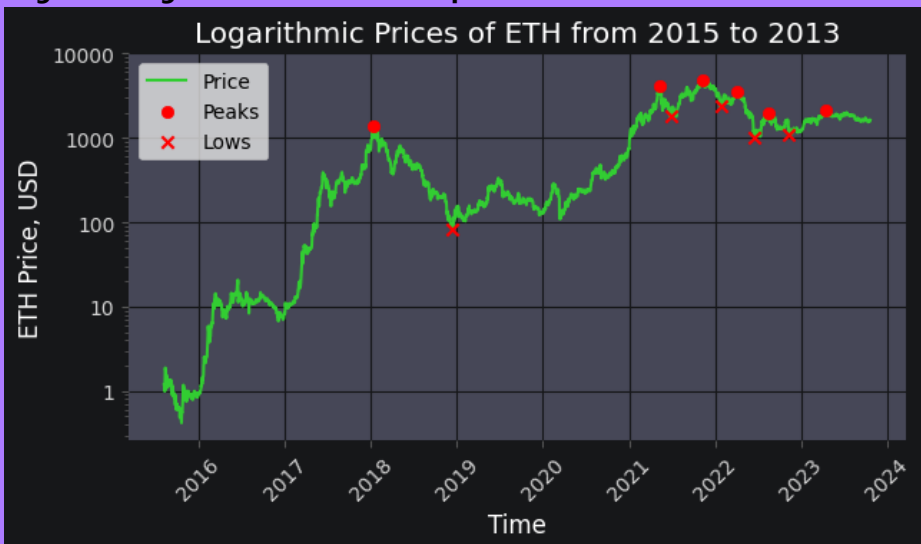
From observing the curve seen in figure, it can be noted that the first significant changes in ETH prices began during 2017. Where Ethereum's price at the start of 2017 was ~\$8 for 1 ETH, however by the end of 2017, the price for ETH increased by nearly 10,000% to ~\$742 for 1 ETH. However, at the time, this was a brief spike in ETH prices, as a significant decline commenced at the start of 2018, where prices peaked at \$1096 for 1 ETH, and 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 until the final quarter of 2020, where a sharp and dramatic spike in ETH prices, among many other notable cryptocurrencies as this was the beginning of the crypto bubble of 2020-2022. From September 2020 to its initial peak during mid-May in 2021, ETH soared from ~\$350 to ~\$4086, a 1067% rise in just over 8 months, this soar in values was not exclusive to ETH, as this was observed among many other cryptocurrencies, ones to note are BTC, DOGECOIN, and Cardano. Shortly after this soar in Cryptocurrency values, a sharp decline can be observed in ETH, where it dropped from its peak to \$1867 in June, a 54.3% decrease. However, due to Endorsements from figures such as Elon Musk and more efficient Crypto mining, a recovery of this growth occurred where ETH spiked to its current all-time high of \$4811 for 1 ETH in November of 2021, however this was not sustained as a decline quickly began, with a brief period of recovery in February 2022, due to

Figure 1: Linear chart of ETH prices



four crypto agencies purchasing Super Bowl ads; Coinbase, eToro, FTX and crypto.com, which saw a push of crypto agencies into mainstream pages of app stores. This inevitability increased crypto trade activity; however, this was not sustained, and the bubble continued to crash to a post-2021 low of \$992 for 1 ETH, below \$1000 since January 2021. With a brief spike and drop period that lasted for the remaining duration of 2022, ETH has since had a relatively stable value, averaging from \$1500-\$2000, where ETH is valued at 1600 as of 21st October 2023. The stability in 2023 is more pronounced in figure 2 as a logarithmic scale makes volatility more pronounced, as the peaks and drops are noticeable relative to the value of ETH. Periods of stability are also represented realistically as relative fluctuations of ETH have not been as pronounced as previous years.

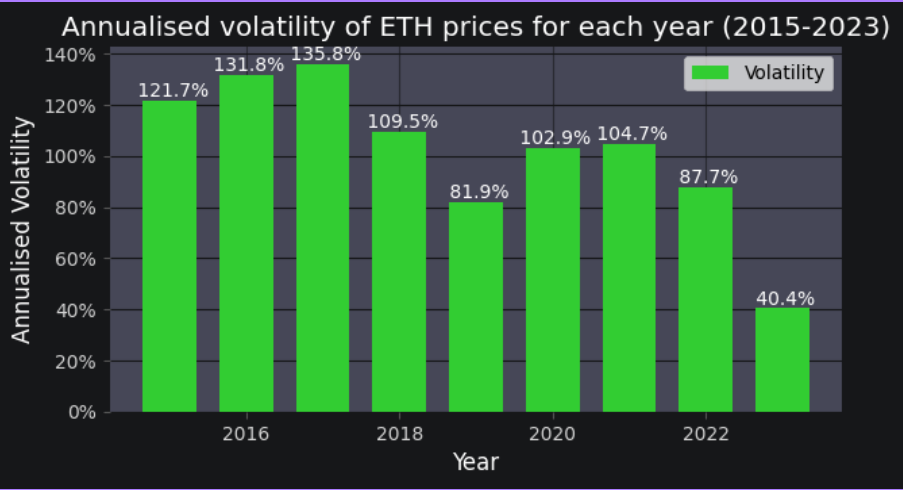
Figure 2: Logarithmic chart of ETH prices



Does ETH have a stable future?

This can be observed in Figure 3, where the annualised volatility figures roughly align with the logarithmic chart of ETH Prices, where the beginning years of ETH’s lifespan experienced the most volatility as this experienced the highest relative growth, as 2015-2017 have the highest volatility, where there is substantially lower volatility in 2019 as ETH’s price can be seen as relatively stable in Figure 2 compared to previous years, however as ETH prices rise further in the years 2020-21, the annualised volatility can be observed to increase, with the recent years of 2022-23 having more relative stability, especially with 2023, as volatility figures plummet to 40.4%, far lower than any previous year. It is logical to assume, barring any future significant consumer confidence or cryptocurrency hype, 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 proof-of-work mechanism to a proof-of-stake. The purpose of this was to make Ethereum more environmentally as this decreases its energy consumption by 99.95%, as well as improving ETH’s security, and reduces centralisation of mining power.

Figure 3: Annualised Volatility of ETH prices for each year (2015-2023)



Can ETH be a more viable cryptocurrency for commercial trade than BTC?

There could potentially be a future where ETH is seen as a more stable mainstream cryptocurrency than BTC, where more and more commercial and black-market transactions via cryptocurrency would be used by ETH instead of BTC. This can especially be due to BTC being much more mainstream, making it more susceptible to hype-trains and panic-purchasing which can cause mini-bubbles that inflate its value which can face quick plummets in value.