

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



## How Has the Upgrade Helped Ethereum?

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As of April 13, 2023 Ethereum has accomplished a major step in its [upgrade](#). How has the upgrade helped Ethereum? Successful completion of this step of their upgrade reassured investors that there will not be a surge of withdrawals from what is generally considered to be the most commercially important crypto network. The ether token rose above the \$2,000 level on the news. This step in the upgrade is referred to as the “Shanghai update” and allows staked tokens to be withdrawn. It is largely because the number of staked tokens withdrawn did not constitute a “run on the bank” and because of new staking of tokens that ether rose instead of falling.

## Ethereum Lays the Groundwork for Future Success

We wrote previously about how Ethereum is likely to [pass Bitcoin market value](#). [Bitcoin’s poor scalability](#) remains an issue while Ethereum’s upgrade makes it more efficient and useful in the commercial worlds of decentralized finance, blockchain gaming, the Metaverse, and non-fungible tokens. With Bitcoin’s recent rally, we are seeing a resurgence of the old arguments that it is a store of value when the traditional financial system is in trouble despite the fact that pretty much all of the old arguments for Bitcoin as a reliable hedge against economic perils were shown to be false during 2022. We have long believed that the eventual winners in the crypto race will be those that make themselves most useful for the commercial aspects of the cryptocurrency world and that appears to be Ethereum with its success in upgrading to a leaner and more efficient system.

## What Is Staking in the Ethereum World?

[To stake](#) is to risk loss in supporting something or someone monetarily. Those who stake Ethereum deposit 32 ETH (ether tokens) to activate validator software. Those who stake Ethereum become responsible for adding new blocks to the blockchain, processing transactions, and storing data. The rationale is that more ETH in the system makes it more secure. Those who stake earn ETH. Currently there are more than half a million validators with nearly 17 million ETH staked and the current APR is 4.2%.

## Proof of Stake Versus Proof of Work

The Ethereum upgrade has moved the system from a proof of work basis to proof of stake. A proof of work system like Bitcoin relies on solving increasingly difficult mathematical problems which has brought Bitcoin to where it uses as much electrical energy as a medium-sized country in order to operate. A proof of stake system does not have this energy-consumption issue. While proponents of proof of work argue that their approach is safer, the proof of stake approach is faster and far more energy efficient. As Ethereum prepares for the next generation of crypto business opportunities it would appear that the switch to a proof of stake approach was a wise move.

## Where Is the Profit in Ethereum?

While Bitcoin has outpaced Ether in its rally since the first of the year, [Ether](#) has more long term potential, in our opinion. The profit in Bitcoin is largely in speculation while the profit in Ether is in the wide range of commercial applications that use the token. Ethereum is not just the ether token but also a programming language that facilitates the development of distributed blockchain applications. This lets developers create smart contracts that run without interference or control by third parties. This is specifically for applications in decentralized finance. Ethereum is also central to the functioning of non-fungible token trading as well as blockchain gaming.

While the ether token has gone up in value we expect the total ether token market cap to exceed Bitcoin in the years to come. We believe the profit in Ethereum will be in the applications that it facilitates largely due to the success of its upgrade and focus on commercial crypto applications.

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