The Bull Case for ETH

Digital Oil, Store of Value, and Global Reserve Asset for the Digital Economy

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Executive Summary

The global financial system is on the cusp of a generational transformation, as assets worldwide become digitized and transition onchain. The evolution from a semi-digital, siloed financial system to a fully digital and composable financial system demands a secure, neutral, and reliable global settlement layer to support the world's assets. **Ethereum has emerged as this foundation.**

Ethereum's institutional adoption is accelerating rapidly, U.S. regulatory frameworks are openly supportive of blockchain innovation, and digital assets are becoming a mainstream component of traditional investment portfolios.

It took 15 years for Bitcoin to become widely recognized as digital gold: a scarce monetary asset beyond sovereign control. Ethereum complements Bitcoin: It not only stores value but also facilitates the seamless transfer, trust, and global coordination of value. **ETH is the next generational asymmetric investment opportunity, positioned to emerge as a core holding for institutional digital asset portfolios.**

Ethereum has already become the default platform for stablecoins, high-value tokenized assets, and institutional blockchain infrastructure. Over 80% of tokenized assets today exist on Ethereum. Trusted by the world's leading asset managers and infrastructure providers, Ethereum's position stems from its robust architecture: **It is the most secure and decentralized blockchain in the world, offering unparalleled reliability and zero downtime.**

Yet ETH — the asset underpinning this transformative system — remains among the most significantly mispriced opportunities in global markets today. Despite Ethereum's clear market dominance and substantial technical upgrades, ETH currently trades far below its 2021 all-time high. We believe this pricing disparity will not persist, and understanding ETH's unique value proposition presents one of the largest upside opportunities across asset classes today.

ETH is more than just a token — it serves as collateral for the onchain economy, computational fuel, and yield-bearing financial infrastructure. It is actively stockpiled, staked, burned, and utilized. Whereas Bitcoin is a commodity that serves as a simple store of value, ETH is a commodity that can serve as a store of value but also has immense utility — effectively making it a **productive reserve asset: digital oil powering the digital economy.**

Report Overview

This report examines why ETH should be considered a core allocation in institutional strategies that prioritize long-term value creation, technology exposure, and future-proof financial infrastructure. It is divided into three core sections:

- **Understanding ETH: The Digital Oil Fueling the Digital Economy**
  This section explores the relationship between Ethereum and ETH, ETH's utility and unique properties, proper valuation frameworks for assessing ETH's value as an asset, and the reasons it is currently undervalued and underrepresented in the portfolios of institutional investors looking for asymmetric opportunities and productive stores of value.

- **Ethereum: The Infrastructure Driving ETH's Ascent**
  This section covers the structural, technological, and economic drivers behind the Ethereum network's growing momentum. It presents a case for why Ethereum's likely position as a foundational layer of the global digital financial system will support and amplify ETH's economic importance.

- **Ethereum & AI: The Economic Engine of the Autonomous Economy**
  This section looks to the future to evaluate Ethereum's — and by extension, ETH's — potential role and value in a financial system powered by autonomous agents.

Key Takeaways

- **ETH is Digital Oil:** ETH fuels the Ethereum economy and accrues value through utility, scarcity, and yield.

- **ETH is a Censorship-Resistant Store of Value:** ETH is the settlement, security, and collateral asset for the digital economy. As the amount of externally controlled tokenized assets on Ethereum grows (stablecoins, real-world assets, and permissioned financial instruments), the need for a globally neutral, censorship-resistant reserve asset as a base store of value is critical.

- **ETH is Not a Tech Company:** Valuation frameworks must evolve**;** ETH cannot be valued like a tech stock based only on fee revenue — Ethereum is unique digital infrastructure wrapped in a global reserve asset.

- **Programmatic Issuance + Burn = Predictable Scarcity:** ETH has a maximum theoretical gross issuance of 1.51%[1] annually, but commodity burn from platform usage often drives net issuance lower. Since September 2022, ETH supply inflation has hovered near 0.09%[2], lower than both fiat money and BTC.

- **ETH Offers Native Yield:** Validator staking makes *staked ETH* a productive[3], yield-bearing digital commodity.

- **ETH is Already a Reserve Asset:** ETH already serves as a reserve asset for Ethereum's digital economy and will soon also be one for institutions and sovereigns.

[1] This max inflation rate is for the current supply; since inflation is a function of supply, as the supply increases or decreases this value fluctuates inversely
[2] Data from ultrasound.money (change the time frame to calculate from merge)
[3] While staked ETH paired with active validator services can generate yield — sometimes described as making ETH a "productive" store of value — this dynamic is analogous to gold earning income when lent or posted as collateral; in both cases, it is not the underlying commodity itself that is inherently productive, but the external service activity built around the commodity; ETH's core valuation remains driven by its role as a scarce monetary commodity, not by discounted cash flow models

- **ETH is Undervalued:** ETH's lag behind BTC is a temporary mispricing, not a structural weakness, thereby creating a rare asymmetric bet.

- **ETH's Role in the Future AI Economy Is Not Priced in:** As autonomous agents become integrated in the world of finance, a new type of economic infrastructure will be required. Ethereum is the platform best suited and most likely to support this future, serving as the operating layer of the hybrid human-machine economy — with ETH as its native currency and reserve asset.

- **ETH Has Trillion-Dollar Potential:** Short-term target of $8,000; longer term, conservatively, ETH could reach $80,000+ as a monetary reserve/commodity asset.

ETH: Digital Oil Fueling the Digital Economy

ETH is the native asset of the Ethereum network and the economic engine that drives it.

It is digital oil — the fuel, collateral, and reserve asset powering the internet's new financial system.

The traditional financial system is at the beginning of a structural transition from analog infrastructure to digitally native architecture. Ethereum is poised to serve as the foundational software layer — akin to an operating system, like Microsoft Windows — on which this new global financial system is built.

When this comes to bear, ETH will be the fundamental asset underpinning a comprehensive global platform that spans the future of finance, tokenization, identity, computing, AI, and more. This inherent complexity makes ETH more challenging to characterize, especially relative to a simple store of value like Bitcoin — but it also makes ETH significantly more strategically valuable and means that ETH has much greater long-term potential.

ETH is not just a cryptocurrency, but a multi-functional asset serving as:

- **Fuel for Compute:** ETH is consumed (burned) for every onchain operation. It is the foundational asset driving computation, data storage, asset transfers, and value settlement on Ethereum, serving as fuel for:
  - Every **stablecoin** transfer.
  - Every **issuance of tokenized real-world assets**.

  - Every **transaction** executed on Ethereum.
  - Every **new application** — DeFi, gaming, AI, identity — which burns ETH to operate.

- **A Store of Value Asset with Yield:** In addition to simply holding ETH as a store of value, ETH can be staked to earn yield. When someone stakes ETH, they agree to lock it into the system to become a validator — a type of network participant that acts like a referee, checking and verifying transactions. The validation process happens largely automatically, such that the person or entity staking the validator typically does not need to do any additional work beyond staking their ETH. The network randomly chooses validators to propose or confirm new blocks of transactions. If a validator does its job correctly, it earns rewards in the form of ETH.

- **Pristine Settlement Collateral:** ETH secures billions in stablecoins, RWAs, and financial applications. Censorship-resistant, credibly neutral, and immune to debasement, ETH serves as the foundational collateral for Ethereum's ecosystem, with approximately 32.6%[4] of total supply currently deployed in collateral roles and 3.5%[5] exported for use on other blockchains. **As the number of externally controlled tokenized assets on Ethereum grows, such as stablecoins, RWAs, and permissioned financial instruments, the need for a neutral reserve asset as a base store of value becomes critical.** Tokenized assets can carry issuer, jurisdictional, and counterparty risks; ETH, by contrast, anchors the system with a globally-accessible, non-sovereign, neutral store of value that enables settlement, collateralization, and liquidity routing without introducing systematic dependence on any single actor.

  In a world increasingly filled with tokenized assets dependent upon external counterparties, **the value of a truly neutral, native, and non-sovereign collateral**

[4] Data from DefiLlama API (ETH in DeFi) and validatorqueue.com (ETH staked); Breakdown graphic + script
[5] Data from api.llama.fi/tokenProtocols/ETH (total ETH in Chain and Bridge contracts / total ETH supply); Breakdown graphic + script

asset grows dramatically. ETH is the only pristine collateral in the smart contract economy — entirely independent of external counterparty risks. ETH represents the highest-grade trust on the planet, which will become an increasingly important contributor to its future monetary premium.

- **A Deflationary Asset:** ETH becomes deflationary with increased network activity. Approximately 80.4%[6] of transaction fees are burned, reducing the total ETH supply. With a capped issuance rate of 1.51%[7] per year (only reached in the extreme scenario of 100% of ETH staked and no transaction fee burn), ETH transforms into a deflationary commodity during periods of high demand on network resources. **Unlike traditional commodities, increased demand for ETH cannot trigger increased production, leading to dynamics in which demand can outstrip supply for extended periods.**

- **A Reflection of the Growth of the Tokenized Economy:** Just as global demand for oil rises with economic expansion, ETH similarly captures value from the growth of the onchain economy — but with a far more inelastic supply relative to oil due to its issuance cap:
  - **Ethereum's Total Value Secured (TVS):** Ethereum currently hosts over $767B[8] in assets. This represents the largest TVS of any blockchain, solidifying Ethereum's position as the foundation of the tokenized economy.
  - **Exponential Growth:** A paradigm shift is underway towards an increasingly decentralized global economy. As **commerce**, **trade**, and **asset ownership shift onchain**, Ethereum's economic throughput is poised for exponential growth. This will significantly increase demand for ETH, both as transactional fuel and as the core monetary reserve underpinning the new global financial system.

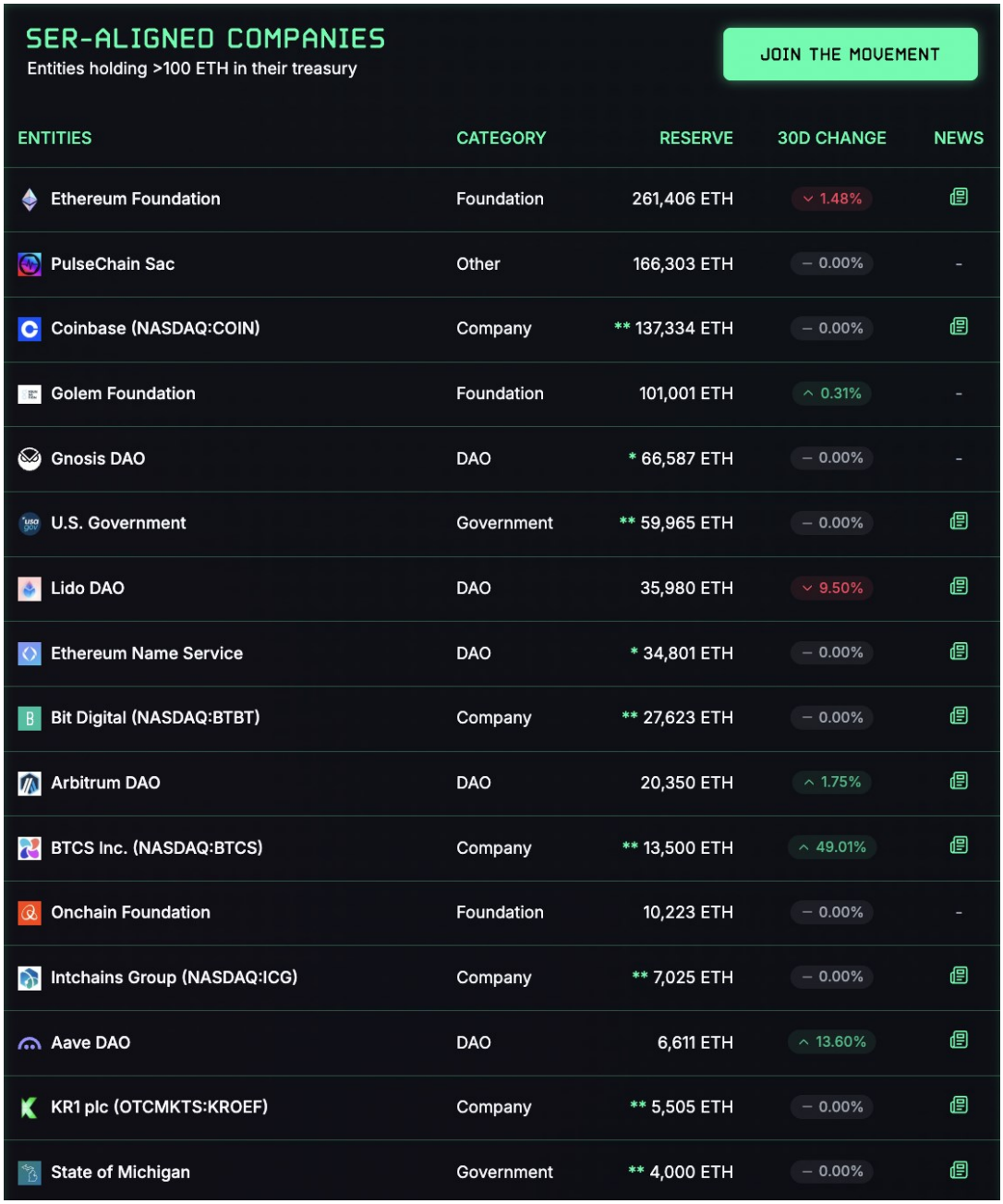
[6] Data from defillama.com/fees/ethereum (total burnt [$12.388B] divided by total fees [$15.401B] from 8/6/21–5/9/25 when the burn mechanism was implemented)
[7] This max inflation rate is for the current supply; since inflation is a function of supply, as the supply increases or decreases this value fluctuates inversely
[8] L1 TVS from defillama.com/bridged/ethereum; L2 TVS from growthepie.xyz/fundamentals/total—value—secured (select all L2s); L2 RWAs from app.rwa.xyz/networks (not accounted for in other values), ETH Mcap

- **A Reserve Trading Pair:** ETH serves as the primary reserve trading pair across decentralized exchanges, denominating 70.6%[9] of trading pairs across Ethereum. Similar to how most currencies are traded against USD in traditional finance, to trade most digital assets efficiently, they must be traded against ETH or a USD stablecoin.

- **A Strategically Stockpiled Asset:** Increasingly, applications, DeFi protocols, and institutional treasury managers accumulate ETH as a strategic reserve asset. This trend is accelerating[10] as more institutions and sovereign entities transition onto Ethereum's financial infrastructure. Unlike inert reserve assets, ETH is fully programmable, enabling treasury automation and sophisticated financial management. Stockpiled ETH can be programmatically staked, deployed as collateral for borrowing, utilized in automated market makers (AMMs), or incorporated directly into escrow agreements, vesting schedules, payment systems, bridging mechanisms, and more. While BTC predominantly sits idle as a treasury asset, ETH actively enhances treasury productivity and operational efficiency. ETH stands alone as the neutral reserve asset uniquely positioned to secure and power the global tokenized financial system.

    - This is not theoretical; the race to stockpile ETH has already begun. The Strategic ETH Reserve is rapidly expanding, with nearly $2B in publicly signaled institutional ETH holdings. As institutions increasingly recognize ETH's multifaceted value proposition, the opportunity for early movers becomes clear and compelling. ETH is emerging not only as a strategic reserve asset, but as an essential component of institutional treasury management.

[9] Data from defillama.com/yields (total pairs using ETH or ETH derivatives on Ethereum L1 and the top 9 L2s)
[10] Strategic ETH Reserve https://www.strategicethreserve.xyz/ BTCS Inc. https://www.btcs.com/wp-content/uploads/2025/05/Convertible-Note-May-14-2025-vF.pdf



SER-ALIGNED COMPANIES

Entities holding >100 ETH in their treasury

JOIN THE MOVEMENT

ENTITIES	CATEGORY	RESERVE	30D CHANGE	NEWS
Ethereum Foundation	Foundation	261,406 ETH	1.48%	
PulseChain Sac	Other	166,303 ETH	0.00%	-
Coinbase (NASDAQ:COIN)	Company	** 137,334 ETH	0.00%	
Golem Foundation	Foundation	101,001 ETH	0.31%	-
Gnosis DAO	DAO	* 66,587 ETH	0.00%	-
U.S. Government	Government	** 59,965 ETH	0.00%	
Lido DAO	DAO	35,980 ETH	9.50%	
Ethereum Name Service	DAO	* 34,801 ETH	0.00%	
Bit Digital (NASDAQ:BTBT)	Company	** 27,623 ETH	0.00%	
Arbitrum DAO	DAO	20,350 ETH	1.75%	
BTCS Inc. (NASDAQ:BTCS)	Company	** 13,500 ETH	49.01%	
Onchain Foundation	Foundation	10,223 ETH	0.00%	-
Intchains Group (NASDAQ:ICG)	Company	** 7,025 ETH	0.00%	
Aave DAO	DAO	6,611 ETH	13.60%	
KR1 plc (OTCMKTS:KROEF)	Company	** 5,505 ETH	0.00%	
State of Michigan	Government	** 4,000 ETH	0.00%	

Source: strategicethreserve.xyz by Fabrice Cheng

Because of all these unique functionalities and characteristics, we cannot assess ETH as a tech stock. ETH is an entirely new category of asset.

ETH therefore cannot be properly valued through discounted cash flows. Instead, ETH must be viewed through the lens of **strategic store of value and utility-driven scarcity**. This perspective captures ETH's true upside potential, which could even surpass Bitcoin's "digital gold" narrative.

Oil is a consumable commodity asset, stockpiled as reserves and consumed as fuel. Oil has shaped nations, powered industries, and driven global trade. Oil's intrinsic utility, inherent scarcity, and strategic importance have made it one of history's most valuable commodities — shaping nations, powering industries, and driving global trade. As a result, global proven oil reserves have a combined market valuation of approximately $85T.

This is a meaningful reference point for ETH given that it is on a similar trajectory, but for the digital realm:

- ETH **powers** the digital economy.
- ETH **secures** the digital economy.
- ETH **captures value** from the growth of the digital economy.
- ETH has **built-in scarcity** due to its **supply dynamics** and **issuance cap**.

As the global economy transitions to tokenized infrastructure, ETH becomes indispensable, not merely as gas, but as **the native asset of the monetary and settlement layer of the future financial system**.

ETH's Monetary Design: Simple, Transparent, and Sustainable

ETH's economics are elegant and simple, yet its significance is often overlooked. Unlike traditional commodities, Ethereum's supply and demand dynamics are transparently encoded in its protocol, enabling predictable issuance and sustainable network security. Ethereum arrived at an optimal issuance schedule for ETH, pairing robust security (~$88B[11] of staked ETH, compared to ~$10B[12] of ASIC miners securing Bitcoin) with exceptionally low inflation, averaging just 0.09%[13] annually since the Merge (when the network transitioned from Proof-of-Work to Proof-of-Stake consensus) in

[11] Data from validatorqueue.com with an ETH spot value of $2,600
[12] 860,000,000 TH/s / 500 TH/s = 1,720,000 units * $4791/unit = $8.24B
[13] Data from ultrasound.money (change the time frame to calculate from merge)

September 2022. The more ETH that is staked, the more expensive and less practical an attack on Ethereum becomes, as an attacker would need to acquire at least 51% of all existing ETH to successfully break or alter the network. This structure also provides protection against cartel-like, price-fixing entities — like OPEC — that tend to arise around traditional commodities.

Issuance

Issuance Mechanics

ETH issuance is programmatic and transparent. Similar to Bitcoin's halving mechanism, newly minted ETH is distributed as rewards to validators (i.e., groups of individuals or entities who have staked their ETH to help secure the network and verify transactions; this is the "yield" component of ETH referenced earlier and discussed further below). Unlike Bitcoin, however, Ethereum's issuance dynamically adjusts based on network security requirements rather than a fixed schedule. The calculation is straightforward:

Max Annual ETH Issuance = 166.3 × √(Staked ETH)

This formula establishes a natural equilibrium: As more ETH is staked to secure the network, issuance increases, but at a diminishing rate. This structure simultaneously incentivizes validators while ensuring a low upper bound on inflation.

Critically, this mechanism sets a definitive **maximum limit on ETH issuance**. Even in an extreme hypothetical scenario — where the entire circulating ETH supply (~120.8mm[14] ETH currently) is staked and zero ETH is burned through network usage — the maximum possible **inflation rate is capped at 1.51%**[15]. Realistically, ETH issuance will always remain below this theoretical limit. Currently, only about 28%[16] of ETH is staked, translating into a pre-burn inflation rate of approximately 0.8%[17].

In practice, ETH's issuance since transitioning to Proof-of-Stake consensus has been far lower than the theoretical maximum. Since the Merge on September 15, 2022, **ETH issuance has averaged just**

[14] Data from etherscan.io/chart/ethersupplygrowth
[15] This max inflation rate is for the current supply; since inflation is a function of supply, as the supply increases or decreases this value fluctuates inversely
[16] Data from validatorqueue.com
[17] Data from ultrasound.money

0.09%[18] annually, with current annualized issuance around 0.68%[19]. As network activity increases — particularly driven by institutional adoption and tokenized asset deployments — ETH issuance can become net deflationary, further strengthening the monetary dynamics of ETH. The implications of Ethereum's improved issuance dynamics post-Merge remain significantly underappreciated by mainstream investors.

ETH's issuance rate has consistently declined over the past decade, following the principle of *minimum viable issuance*. Between 2015 and 2017, daily issuance averaged ~30,000 ETH awarded to miners. By 2019, this rate dropped to approximately 13,000 ETH per day. Since the Merge in 2022, daily issuance now ranges from slightly negative to around 2,500 ETH per day to validators.

How is this sustainable? Unlike miners, validators operate with minimal overhead — i.e., with no high electricity bills or substantial hardware depreciation costs — allowing them to maintain network security with significantly lower token emissions. **With much higher operating margins, validators have a lower marginal propensity to sell their staked tokens to cover expenses compared to Proof-of-Work miners**, further bolstering ETH's price stability and monetary robustness.

Burn

Beyond its predictable issuance, Ethereum incorporates a distinctive and powerful monetary feature: **a programmatic fee burn**. This mechanism directly ties ETH's monetary supply to network activity, aligning token economics closely with real-world economic demand.

On average, 80.4%[20] of all transaction fees paid to validators are permanently burned, creating *deflationary* pressure on ETH's circulating supply. As Ethereum's economic activity grows, increased demand raises total fees, intensifying this deflationary effect and reducing the net issuance of ETH.

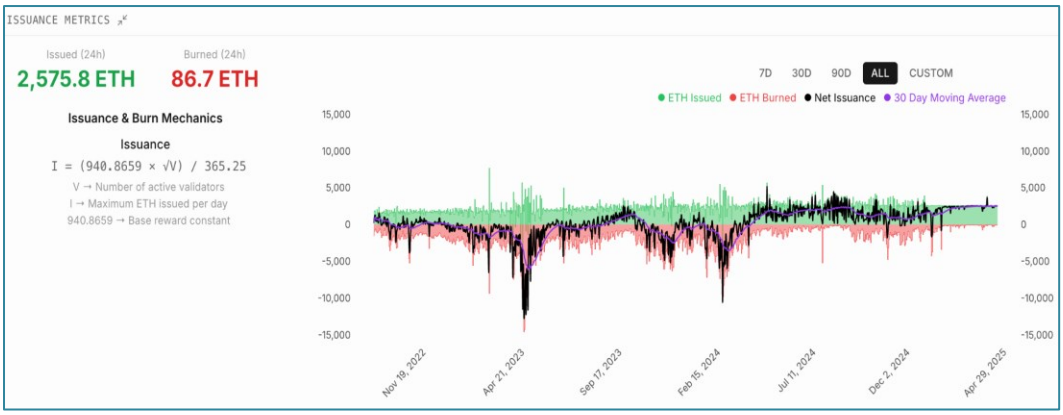
This creates a self-regulating equilibrium:

- **Issuance** scales according to the amount of ETH staked to secure the network.

[18] Data from ultrasound.money (change the time frame to calculate from merge)
[19] Data derived from ultrasound.money (30d time frame)
[20] Data from defillama.com/fees/ethereum (total burnt [$12.388B] divided by total fees [$15.401B] from 8/6/21–5/9/25 when the burn mechanism was implemented)

- **Burn** scales according to demand for Ethereum's blockspace and transaction execution.

Together, these forces create a dynamic monetary framework where ETH's net inflation rate fluctuates between modestly positive and outright deflationary, driven by transparent, protocol-level rules. This is a monetary system designed not just for scarcity, but for sustainability, security, and alignment with real-world demand.



Source: dashboard.etherealize.com

As a result, modeling ETH's net issuance comes down to **two core variables**:

- **Staked ETH** determines baseline issuance to secure the network.
- **ETH-denominated transaction fees** drive the programmatic burn mechanism.

These two factors create a dynamic, self-adjusting monetary equilibrium. At the theoretical upper bound, if 100% of ETH were staked and no fees were generated, **annual issuance would be capped at 1.51%**[21]. In practice, activity on Ethereum offsets issuance through fee burns, often pushing net issuance toward zero or even negative territory. As institutional adoption and demand for Ethereum blockspace continue to accelerate, ETH's issuance dynamics could structurally shift into consistent deflation.

[21] This max inflation rate is for the current supply; since inflation is a function of supply, as the supply increases or decreases this value fluctuates inversely

SUPPLY CHANGE SINCE MERGE (9/15/2022)

Net Supply Change	Annualized Rate
0.21M ETH	+0.0649%

The table shows current issuance by annualizing trailing 30 days ETH transaction fees. As economic activity increases, ETH transaction fees increase, which results in lower issuance and potential deflation. This results in a low, sustainable issuance policy vs BTC's fixed but higher issuance.

ETH Staked \ Annualized ETH Transaction Fees	0.0M	0.1M	0.5M	1.0M	1.5M	2.0M	2.5M	3.0M
100.0M	+1.51%	+1.44%	+1.18%	+0.84%	+0.51%	+0.18%	-0.16%	-0.49%
75.0M	+1.31%	+1.24%	+0.97%	+0.64%	+0.31%	-0.03%	-0.36%	-0.69%
50.0M	+1.07%	+1.00%	+0.73%	+0.40%	+0.07%	-0.27%	-0.60%	-0.93%
40.0M	+0.95%	+0.89%	+0.62%	+0.29%	-0.05%	-0.38%	-0.71%	-1.05%
34.4M	+0.88%	+0.82%	+0.55%	+0.22%	-0.12%	-0.45%	-0.78%	-1.12%
30.0M	+0.83%	+0.76%	+0.49%	+0.16%	-0.17%	-0.51%	-0.84%	-1.17%
25.0M	+0.75%	+0.69%	+0.42%	+0.09%	-0.25%	-0.58%	-0.91%	-1.25%
20.0M	+0.67%	+0.61%	+0.34%	+0.01%	-0.33%	-0.66%	-0.99%	-1.33%
15.0M	+0.58%	+0.52%	+0.25%	-0.08%	-0.42%	-0.75%	-1.08%	-1.42%
10.0M	+0.48%	+0.41%	+0.14%	-0.19%	-0.52%	-0.86%	-1.19%	-1.52%

Source: dashboard.etherealize.com

ETH's supply and demand dynamics are simple and sustainable: ETH is digital oil with a predictable, programmatic issuance formula paired with a burn mechanism directly linked to Ethereum's real-world usage.

Supply

Unlike BTC, ETH does not have a hard cap on supply. Instead, Ethereum employs a predictable, formula-based issuance policy designed for long-term sustainability and security. Bitcoin's fixed 21 million cap, while appealing as a narrative, is likely to create security risks. The entities that secure Bitcoin's network — known as miners — are compensated in newly minted Bitcoin and transaction fees. When Bitcoin hits its supply limit and ceases to emit new Bitcoin as a reward, securing the network will become a much less attractive proposition for miners, likely causing them to leave the network for a more profitable endeavor and leaving the Bitcoin network less secure. Ethereum will not face this issue.

The current ETH supply is ~120.8 million[22], with a theoretical maximum annual issuance capped at 1.51%[23]. In reality, net supply growth is expected to be significantly lower, and potentially even

[22] Data from etherscan.io/chart/ethersupplygrowth
[23] This max inflation rate is for the current supply; since inflation is a function of supply, as the supply increases or decreases this value fluctuates inversely

deflationary, as increased Ethereum network usage drives higher transaction fee burns (as detailed above).

BTC has a supply cap. ETH has an issuance cap.

Yield

As referenced earlier, **ETH has a staking yield**. Validators who stake ETH to secure the Ethereum network are compensated through newly issued ETH. This yield directly incentivizes network security, much like how Bitcoin miners receive rewards for investing capital in hardware and consuming energy to secure the Bitcoin network.

Validators earn a base yield determined by Ethereum's programmatic issuance (as detailed above), supplemented by a portion of transaction fees generated through network activity. Therefore, as Ethereum's economic activity expands, validator yields increase in tandem. **ETH is a unique asset: Increased economic usage leads to more fees, which simultaneously reduces net issuance below the issuance cap (through fee burns) and increases yield for validators.** No other asset combines these dynamics, making ETH a structurally attractive, yield-bearing digital asset.

Summary

ETH's digital oil has complementary and, in several dimensions, more compelling economic characteristics than BTC's digital gold:

	ETH (Digital Oil)	BTC (Digital Gold)
Issuance (Inflation)	Currently 0.68%[24]; max issuance cap of 1.51%; potentially deflationary	Currently 0.85%[25]; halves every 4 years
Supply	No cap; predictable issuance ensuring sustainable incentives and long-term security	Capped at 21 million; faces long-term incentive and potential security risks[26]
Burn Mechanism	Yes; 80.4%[27] of fees burned on average	None
Yield[28]	Yes; earn issuance rewards plus a share of transaction fees; current yield ~3%	None
Economic Activity	Increasing Ethereum usage reduces issuance and increases validator yields	Not applicable; no smart contract functionality
Utility	Store of value with utility	Store of value
Energy & Carbon Footprint	0.01 TWh / year[29]; ~0 Mt CO2	175.87 TWh / year[30]; 98.10 Mt CO2
Security	Globally distributed validators staking ETH on commodity hardware; highly liquid, broadly accessible staking mechanism; robust recovery from failures	Network secured by specialized mining entities utilizing energy-intensive hashing hardware; comparatively concentrated security with limited incentives

There will be multiple institutional grade digital assets as the blockchain ecosystem flourishes. **In a diversified crypto portfolio, ETH uniquely provides exposure to the growth of the entire digital economy.**

[24] Data from ultrasound.money (30d time frame)
[25] Data from charts.bitbo.io/inflation
[26] ETH vs. BTC: Ethereum's Superior Monetary Policy youtube.com/v/skcZbXitZxQ
[27] Data from defillama.com/fees/ethereum (total burnt [$12.388B] divided by total fees [$15.401B] from 8/6/21–5/9/25 when the burn mechanism was implemented)
[28] Requires running a validator node with ETH staked as collateral; validator services for the network can be seen similar to oil companies performing a service to the oil industry
[29] Ethereum data from digiconomist.net/ethereum—energy—consumption
[30] Bitcoin data from digiconomist.net/bitcoin—energy—consumption

Why Has ETH Lagged BTC?

From September 2022 to today, the ETH/BTC ratio has declined from 0.085 to 0.024 — a drop exceeding 70%. Measured in BTC, ETH is now trading near its 2018 lows — levels last seen before the advent of DeFi, the mass adoption of stablecoins, and the emergence of many of Ethereum's proven use cases. At those previous lows in 2018, many investors had written off Ethereum entirely. Yet today, Ethereum is the dominant institutional smart contract blockchain. So what explains this disconnect?

The answer is simple: **Bitcoin's narrative is institutionally accepted, and Ethereum's is not (yet).**

After 15 years in the market, Bitcoin has firmly established itself as an institutional-grade asset. Its narrative as **digital gold**, a scarce reserve currency resistant to fiat debasement, is now widely understood, mainstream, and investable. This narrative clarity has driven Bitcoin's substantial repricing and large-scale adoption.

Ethereum's value proposition, by contrast, has been harder to define — not because it's weaker, but because it's broader. While Bitcoin is a single-purpose, store-of-value asset, Ethereum is the **programmable foundation underpinning the entire tokenized economy**.

Ethereum expanded upon Bitcoin's core innovation by adding smart contract functionality, unlocking use cases that span **finance, tokenization, identity, infrastructure, gaming, and AI**. Over the past decade, Ethereum has grown into the **dominant world ledger**, hosting the majority[31] of tokenized assets, institutional activity, and onchain value.

As discussed earlier, this makes ETH inherently more complex than BTC. This multidimensional utility makes ETH harder to categorize clearly and consequently, slower for markets to price accurately. Yet this complexity is a **feature, not a flaw**. ETH represents a fundamentally new asset class, uniquely combining the monetary premium of gold, the productive yield of bonds, and the strategic utility of oil.

[31] Tokenized asset predominantly in Ethereum ecosystem (82%) rwa.xyz/networks

Ethereum borrowed a page from Amazon's playbook and disrupted itself in 2021–2022 with its Layer-2 Network (L2) roadmap. Ethereum's L1 — the foundational, original Ethereum blockchain — hit a point in its popularity where limitations in transaction speed were leading to network congestion and high fees during peak times. To improve scalability, L2 chains were launched on top of L1 to bundle and process multiple transactions off-chain, then submit a summary of those transactions back to L1 for final settlement. You can think of L1 as the base layer of a highway system, and L2s as express lanes or carpool lanes, helping to move traffic faster without building an entirely new highway.

L2s dramatically increased Ethereum's throughput and customizability, though initially at the expense of fragmenting liquidity and complicating the user experience (challenges that are being rapidly addressed today).

Critics who narrowly evaluate crypto-assets through a discounted cash-flow lens argue that L2s have siphoned value away from ETH. However, this view fundamentally misunderstands the true nature of ETH's value proposition.

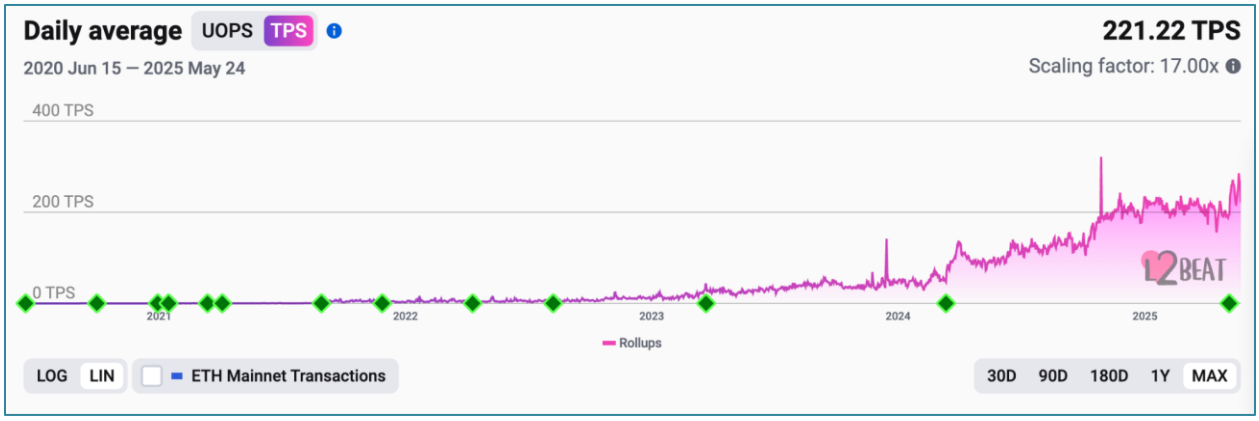
ETH: Valuation Frameworks

Before quantifying potential valuation scenarios for ETH, we must first correct a commonly misapplied valuation method: the discounted cash flow (DCF) model, which fundamentally misunderstands ETH's true nature and value drivers.

ETH is not a tech stock; it's a multifaceted commodity asset, comparable to physical oil but with a more inelastic supply that is programmatically controlled via an issuance cap. Oil, gold, and Bitcoin are not valued based on cash flows, and **ETH should not be assessed solely on revenue multiples**. While DCF models based on future Layer-1 and Layer-2 fees offer insight, they miss the bigger picture — these fees act as demand drivers for ETH the commodity. With ETH's issuance capped by design, rising ecosystem usage makes its price highly sensitive to supply and demand dynamics. In other words, ***fees alone represent just a fraction of ETH's valuation and significantly undervalue its broader commodity and monetary characteristics***.

Viewing Ethereum's fees as traditional "revenues" fundamentally misinterprets their role. ETH-denominated fees are primarily a base industrial input — fueling network transactions and incentivizing validators — not a USD-denominated profit stream. ETH's true value is derived from its unique productivity, robust store-of-value economics, and critical position within Ethereum's ecosystem as neutral, pristine collateral.

This is not meant to minimize Ethereum's fee drop off during 2021–2022 — although that drop off is important for another reason. Lower revenues occurred despite record-high institutional adoption and tokenization precisely because **Ethereum strategically disrupted itself to achieve scale for mass adoption**. Much like how Amazon, Tesla, and Uber deliberately sacrificed short-term profits to achieve global scale, Ethereum has similarly entered its own growth-phase transition, reducing transaction fees dramatically through Layer-2 scaling. This strategy, while temporarily suppressing fee revenue, is structurally bullish: It ensures Ethereum's long-term adoption, massively expands its total addressable market, and ultimately will amplify both ETH's fee burn and staking yields.



Source: https://l2beat.com/scaling/activity

Since its market high in 2021, Ethereum's throughput has scaled by over an order of magnitude, while its transaction costs have fallen dramatically. The biggest scaling breakthroughs will be achieved in the next year, with certain L2s reaching 100K+ transactions per second.

If ETH were analyzed like a tech equity, these strategic scaling moves would translate to orders-of-magnitude higher projected revenues, yielding significantly higher intrinsic valuations. Ethereum (and more broadly blockchain) adoption is still nascent, largely constrained historically by regulatory uncertainty that limited institutional and broad consumer onboarding. Today, these barriers are rapidly dissolving, paving the way for accelerated global adoption.

Yet ETH's value extends far beyond fees and present and future revenue streams. ETH is digital oil, powering the world ledger for assets, money, and transactions. Like Bitcoin, ETH also possesses significant store-of-value properties, commanding a monetary premium that dwarfs revenue-based valuation multiples.

In place of DCF, we present holistic, comparable-based valuation frameworks for ETH's long-term potential:

- **Oil Reserve Benchmark:** Oil is a consumable commodity asset, stockpiled as reserves and consumed as fuel. Global proven oil reserves have a combined market valuation of approximately $85T[32] — a meaningful reference point for ETH given its scarcity, capped issuance dynamics, and critical utility in the digital economy.
- **Asset Tokenization Benchmark:** Global wealth totals approximately $500T[33]. Even conservatively assuming that Ethereum tokenizes just 10% of global assets, Ethereum would host over $50T in assets. In this scenario, ETH, the asset critical for network security and settlement, will not remain a $300B asset.
- **Neutral, Pristine Collateral:** ETH uniquely serves as a neutral, non-sovereign, pristine collateral asset independent of external counterparties. It is intrinsically the most secure and "risk-free" asset in the Ethereum economy, akin to the role treasury bonds play in the U.S. economy — but with significantly greater upside.
- **Store-of-Value Economics:** ETH mirrors gold's core monetary properties: low inflation, institutional-grade reserve asset, and non-sovereign monetary premium.

[32] Reserve data from worldometers.info/oil and price/barrel from marketwatch.com/investing/future/cl.1
[33] Data from McKinsey

ETH Valuation Comps Relative to Other Global Reserve Assets

ETH represents an entirely new asset class whose value drivers extend far beyond traditional equity-like cash flows. To accurately reflect ETH's valuation potential as a global reserve asset, we must consider comparable global reserve assets as benchmarks.

Asset	Market Cap	Rationale
Oil	$85T[34]	ETH, like oil, is stockpiled as reserves, consumed as fuel (for computation), and shares similar scarcity and supply dynamics
Gold	$22T[35]	ETH possesses digital gold properties similar to BTC, but with added yield and productivity
Global Bond Market	$141T[36]	ETH functions as the neutral, non-sovereign collateral asset within the Ethereum ecosystem, similar to how bonds provide foundational collateral and yield across the global financial system
Global M2	$93T[37]	ETH serves as a primary monetary and collateral asset within programmatic finance
Average	**$85T**	**Long-term potential: $706,000 per ETH**

Ethereum is the most battle-tested and widely adopted ledger for tokenized assets, stablecoins, and digital economic activity globally. Among digital assets, ETH uniquely offers investors the highest-upside opportunity to capture blockchain-driven growth in finance, tokenization, and global commerce.

[34] Reserve data from worldometers.info/oil and price/barrel from marketwatch.com/investing/future/cl.1
[35] Data from companiesmarketcap.com/gold/marketcap
[36] Data from techsciresearch.com/report/bond—market/27048.html
[37] Data from streetstats.finance/liquidity/money

As ETH reprices toward a global digital commodity and reserve asset, its valuation potential becomes virtually uncapped. While a long-term valuation of $85T (~$706,000 per ETH) is possible at global scale, some intermediate valuation targets are:

- Short term potential: $8,000 per ETH (~$1T market cap)
- Medium term potential: $80,000 per ETH (~$10T market cap)

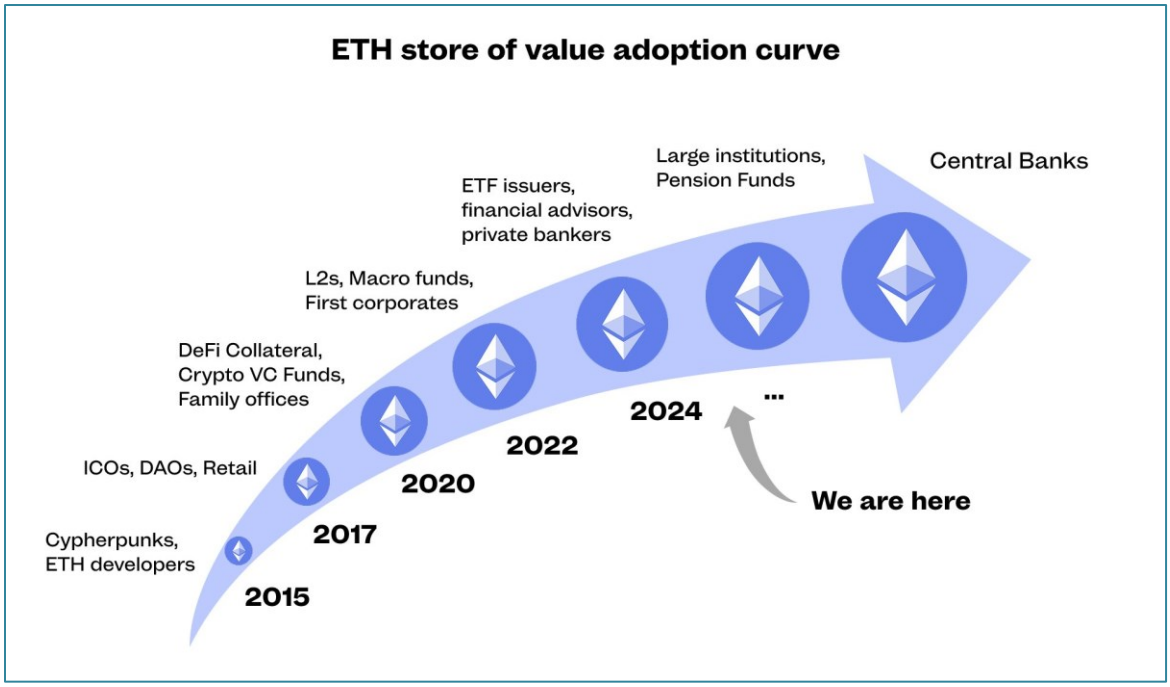
Catalysts for ETH's Repricing

1. **Surge in Demand:** Rapid adoption and deployment of tokenized assets and financial infrastructure on Ethereum are already underway at institutional scale.

2. **Accelerating Demand for Native Crypto Yield:** Imminent launches of staked ETH ETFs and in-kind institutional creations/redemptions will substantially boost institutional appetite for ETH's staking yield.

3. **Strategic ETH Stockpiling:** There is a race to stockpile ETH as a monetary premium store of value within the Ethereum ecosystem, as seen in the growing Strategic ETH Reserve (~$2.5B already publicly disclosed).

4. **ETH as Institutional Treasury Asset:** ETH's unique characteristics — pristine collateral, neutrality, yield, and global utility — position it as a preferred treasury reserve asset on an institutional and global scale.


ETH store of value adoption curve
Cypherpunks,
ETH developers
2015
ICOs, DAOs, Retail
2017
DeFi Collateral,
Crypto VC Funds,
Family offices
2020
L2s, Macro funds,
First corporates
2022
ETF issuers,
financial advisors,
private bankers
2024
Large institutions,
Pension Funds
...
Central Banks
We are here

Ethereum: The Infrastructure Driving ETH's Ascent

While the first section of this report focuses on ETH as a uniquely positioned digital commodity (combining scarcity, utility, and yield), its long-term value cannot be fully understood without examining the infrastructure it powers. Ethereum is not just the backdrop for ETH; it is the foundational platform that makes ETH's utility indispensable and its monetary design structurally sustainable.

Ethereum has become the most important infrastructure layer for the digital economy. It is where tokenized assets reside, where decentralized financial applications operate, and where institutional settlements increasingly occur. Ethereum has already become the default platform for stablecoins, high-value tokenized assets, and institutional blockchain infrastructure. Over 81%[38] of tokenized assets today exist within Ethereum's ecosystem. Its resilience, credible neutrality, and programmability make it the only platform capable of supporting the complex, programmable, and globally scalable financial services and broad economic foundation of the future.

This section explores why Ethereum is uniquely suited to underpin the next era of finance and the digital economy. We examine its architectural advantages, recent breakthroughs in scalability, improvements in user experience, and the accelerating institutional migration to its

[38] Data from app.rwa.xyz/networks (Ethereum L1 + L2s)

Layer-2 ecosystem. We also explore what we believe will be the next major catalyst for the Ethereum network, which — if realized — will cement Ethereum as more than just a foundational layer of the future of finance: the convergence of Ethereum with AI-powered autonomous agents. In such a future, Ethereum would become not just financial infrastructure, but the backbone of machine-native economic coordination.

Put simply, the value of ETH is a function of Ethereum's growing centrality to the digital economy. As Ethereum's adoption compounds, so too does the demand for — and strategic importance of — its native asset. Understanding Ethereum's trajectory is therefore essential to understanding the full scope of ETH's investment potential.

Why Ethereum Is Uniquely Suited as Financial Infrastructure

For ETH to succeed over the long term, Ethereum must be accepted by institutions as legitimate financial infrastructure and the clear leader among institution-grade blockchains.

As institutional investors increasingly recognize the limitations of existing financial infrastructure, Ethereum's capabilities — its security, stability, scalability, programmability, decentralization, and credible neutrality — position it as the platform most likely to host the global financial system of the future.

- **Battle-Tested Uptime & Resilience:** Since its launch in 2015, Ethereum has never gone offline, even through major protocol upgrades like the Merge. Its resilience is further enhanced by more than 10 independent client implementations for redundancy and robustness. All of this underscores its readiness as institutional-grade infrastructure.

- **Credibly Neutral Infrastructure:** Ethereum is governed purely by transparent, auditable code — not by corporate interests, political pressure, or centralized personalities. This credible neutrality ensures fairness, predictability, and the elimination of counterparty

risk.

- **Decentralization at Scale:** Ethereum's validator set is globally distributed and accessible to anyone with basic hardware and an internet connection. Its security is derived from decentralization and diversity, not centralized data centers or privileged stakeholders.

- **Unmatched Market Share:** Ethereum's ecosystem hosts **60%**[39] **of all stablecoins** and **82%**[40] **of tokenized real-world assets (RWAs)**, including tokenized treasuries and credit instruments. The majority of blockchain-based financial activity already resides on Ethereum[41].

- **High-Value Settlement Layer:** Ethereum currently secures over **$767B**[42] **in Total Value Secured (TVS)** across its ecosystem. This figure is expected to accelerate significantly as global finance increasingly migrates onchain.

- **Most Secure Developer Tooling:** The Ethereum Virtual Machine is akin to JavaScript in its popularity and adoption across the broader crypto ecosystem. It is extremely well-understood and has been battle-tested across numerous high-value financial applications over the past decade.

- **Transparency:** Fully open-source protocol and code with publicly auditable data.

- **Scalability:** Clearly defined roadmap for performance enhancements and scaling solutions that will position Ethereum to handle transactions and usage on a truly global scale.

[39] Total Ethereum ecosystem stablecoins taken from growthepie.xyz (select total ecosystem, select all networks, and select the stacked chart) and total stablecoins from app.rwa.xyz/stablecoins
[40] Data from app.rwa.xyz/networks (Ethereum L1 + L2s)
[41] High profile entities using Ethereum ethereumadoption.com/built—on—ethereum/
[42] L1 TVS from defillama.com/bridged/ethereum; L2 TVS from growthepie.xyz/fundamentals/total—value—secured (select all L2s); L2 RWAs from app.rwa.xyz/networks (not accounted for in other values)

- **Custom Environments:** Modular, siloed solutions designed for institutional customization — including privacy, KYC compliance, tailored gas models, data availability, and specialized execution environments.

- **Security:** Robust Proof-of-Stake consensus mechanism, fortified by economic slashing mechanisms and strengthened through validator client diversity.

- **Neutrality:** No centralized foundation or privileged/subsidized validator set. Ethereum is both global and permissionless, eliminating counterparty risk at the infrastructure level.

- **Programmability:** Native, highly composable smart contract functionality powered by the richest and most battle-tested ecosystem of developer and security tooling.

- **Regulatory Maturity:** Ethereum is the most widely adopted, legally understood blockchain by institutional entities and regulators globally.

- **Minimal Environmental Footprint:** ETH has a near-zero environmental footprint (approximately 0.01kg CO2 per transaction)[43].

Ethereum is more than a decentralized ledger; it is **institutional-grade public infrastructure**. It stands alone as the blockchain uniquely equipped — through its credible neutrality, proven resilience, mature regulatory standing, and long-term roadmap — to serve as the foundational infrastructure for the global financial system at scale.

[43] Data from https://digiconomist.net/ethereum—energy—consumption

Why Ethereum Is Entering Its Renaissance

Ethereum's fundamental strength has long been underappreciated, with its architecture, decentralization, and developer ecosystem quietly enabling the majority of meaningful innovation in crypto. Now, after years of quiet, heads-down development, the ecosystem is experiencing a series of compounding tailwinds that, taken together, are poised to thrust Ethereum into the limelight and drive rapid adoption.

For ETH, this renaissance is not just context — it's a catalyst. ETH's value is directly linked to the strength, usage, and institutional trust in Ethereum. As Ethereum becomes more performant, more intuitive, and more deeply embedded in the global financial system, the demand for ETH — as fuel, collateral, and a strategic reserve asset — will accelerate.

What follows is an exploration of the structural improvements and ecosystem shifts that define Ethereum's resurgence — and why they position ETH for a dramatic revaluation in the months and years ahead.

1. A More Coordinated, Proactive Ecosystem

Ethereum emerged in an environment marked by regulatory uncertainty, where innovation often faced resistance and visibility carried risks. As one of the only genuinely decentralized blockchains alongside Bitcoin, Ethereum deliberately prioritized neutrality, security, and censorship resistance above speed or active promotion. Consequently, for years, the Ethereum Foundation emphasized research and development over marketing and institutional engagement.

This approach is now shifting dramatically. With improving regulatory clarity, Ethereum's community has embraced a more proactive stance. Although no single entity governs Ethereum, new leadership at the Ethereum Foundation — co-Executive Directors Tomasz Stanczak and

Hsiao-Wei Wang — is sharpening and clearly communicating the protocol's technical roadmap. Around them, a diverse coalition of experienced builders, prominent funds, and essential infrastructure providers is uniting to actively amplify Ethereum's presence and strategic relevance.

2. Ethereum Layer 1 Is Scaling — Without Sacrificing Decentralization

Historically, Ethereum's scaling strategy focused primarily on Layer-2 solutions. As discussed earlier, L2s are separate chains that are designed to reduce traffic on Ethereum's Layer 1, improve transaction throughput, and help keep fees at reasonable levels.

This approach was adopted because the direct scaling of L1 previously risked undermining Ethereum's core principles of credible neutrality and decentralized security at the base layer. However, recent breakthroughs, such as production-grade zero-knowledge virtual machines (zkVMs) and innovative research initiatives like FOCIL, have opened up new possibilities, enabling substantial Layer-1 performance improvements without compromising decentralization or security.

Ethereum is now positioned to scale in two directions simultaneously: vertically at L1 and horizontally at L2. These advancements have progressed beyond theory; L1 enhancements are actively being developed, with deployment anticipated in 2025. The result will be a significantly more performant base layer that serves as the central hub for economic activity, complemented by L2 networks that continue expanding Ethereum's scalability and global reach.

3. Ethereum's L2s Are Faster, Cheaper, and More Interconnected than Competing L1s

Ethereum's L2 ecosystem has expanded at an extraordinary pace, forming a vibrant, modular network of high-performance chains anchored to Ethereum's security and economy. This flexible architecture has already drawn significant institutional adoption, with major global entities such as Deutsche Bank (via zkSync and Memento), Sony (via Soneium), UBS, Coinbase (via Base, the largest L2), Kraken (via Ink), and World Chain (co-founded by OpenAI's Sam Altman) actively deploying or developing customized L2 solutions.

Rapid growth initially led to fragmentation, as each L2 operates independently, introducing friction across the ecosystem. That challenge is now being decisively addressed. A new generation of interoperability standards is currently rolling out, reconnecting these Layer-2 chains into a cohesive Ethereum experience.

The outcome will be a unified, seamless ecosystem — retaining the robust security guarantees of Ethereum's Layer 1 while delivering performance and cost advantages equal to or exceeding competing Layer-1 blockchains (since L2s use Ethereum for security rather than rebuilding from scratch). With the full deployment of interoperability protocols and abstracted wallet experiences, Ethereum will once again operate and feel like a single, unified chain.

4. Ethereum's User Experience Is Entering Its Fintech Phase

One of the most significant transformations in Ethereum's history isn't purely technical — it's experiential. For much of the past decade, engaging with Ethereum involved clunky interfaces, lengthy 24-word seed phrases, and uncomfortable trade-offs between friction and risk. That era is rapidly coming to an end.

In May 2025, Ethereum introduced native account abstraction, its most ambitious overhaul of the user experience yet. Account abstraction unlocks major enhancements, including biometric-based transactions (e.g., Face ID), seamless integration with secure hardware enclaves for native key management (such as those found in iPhones), and advanced smart wallet functionalities like social recovery. Ethereum is finally beginning to mirror the seamless experience of the modern internet — intuitive, secure, and nearly invisible to the end user.

5. Institutional Adoption Is No Longer Hypothetical, It's Accelerating

Ethereum's architecture — decentralized at the base layer, customizable at the application layer — was purpose-built for institutional adoption. This design has proven prescient. Today, Ethereum serves as the primary destination for tokenized assets[44], attracting the vast majority of institutional grade blockchain deployments building on Ethereum Layer 2s.

[44] Assets can be found on app.rwa.xyz/networks/ethereum

From asset managers tokenizing treasuries and credit markets, to banks deploying settlement infrastructure, Ethereum has become the de facto standard for these applications. This adoption is not coincidental; it is structural. Ethereum uniquely provides the regulatory neutrality, security assurances, and composability required by institutions operating at a global scale. Leading tokenization initiatives have explicitly chosen Ethereum as their foundational infrastructure.[45] More than $10.2B[46] (~82%) of all tokenized non-stablecoin assets, including treasuries, credit markets, and yield-bearing funds, have been issued on Ethereum by leading global institutions such as BlackRock, JPMorgan, Franklin Templeton, Fidelity, Apollo, Deutsche Bank, UBS, and Sony.[47] Coinbase and other major exchanges are actively deploying customized Layer-2 blockchains directly integrated into Ethereum's security layer and economy.

Yet, this institutional wave is still in its early stages. Ethereum's infrastructure has finally matured, the regulatory environment is rapidly evolving, and institutional demand continues to accelerate. Ethereum is approaching its "ChatGPT moment" — a sudden, widespread realization among mainstream institutions that Ethereum is best suited to power the digital infrastructure of the future.

6. Regulatory Clarity Is Imminent

For nearly a decade, Ethereum operated under persistent regulatory uncertainty. In the U.S., the reputational, financial, and legal risks associated with building on Ethereum were substantial, stifling innovation and keeping institutional capital sidelined. ETH itself lingered in regulatory ambiguity, continually at risk of being classified as a security. Consequently, despite its technological advantages, meaningful institutional adoption was delayed.

However, the regulatory landscape is shifting. The U.S. government confirmed that it considers Ethereum a commodity rather than a security in 2018[48] and reaffirmed that decision in 2024[49]. Spot Ethereum ETFs were approved in May 2024, legitimizing ETH in the eyes of traditional financial institutions. In 2025, the US government signaled that it intends to implement a clear

[45] app.rwa.xyz/networks
[46] Data from app.rwa.xyz/networks (Ethereum L1 + L2s)
[47] Major entities building on Ethereum from ethereumadoption.com
[48] SEC.gov | Digital Asset Transactions: When Howey Met Gary (Plastic)
[49] Federal Court Finds Ether Is a Commodity in CFTC Fraud Case | Practical Law

framework for the legal treatment of digital assets, which is likely to further reaffirm Ethereum's approved regulatory status and increase institutions' comfort with using the blockchain.

Institutions' comfort levels are already beginning to accelerate rapidly, as evidenced by the number of institutions who are openly moving their assets onchain, indicating a lack of concern that doing so will put them on the wrong side of regulators.

7. Contrarian Capital Is Circling — ETH Is a Mispriced Core Asset

While Ethereum's adoption metrics reach new highs, ETH itself remains significantly underpriced and under-owned. Over the past two years, ETH has lagged BTC despite clear evidence of Ethereum's platform dominance, growing institutional trust, and substantial economic utility. This disconnect presents a rare investment opportunity.

Sophisticated capital is beginning to take notice. ETH currently offers asymmetric upside: a deeply liquid, yield-bearing, institutional-grade asset mispriced by retail narratives and legacy valuation frameworks. For contrarian investors, ETH represents a compelling, high-conviction repricing opportunity — similar to AI in 2022, BTC in 2020, or tech equities in early 2009.

ETH is the digital oil powering the digital economy. As Ethereum's institutional adoption accelerates, ETH's value will follow. The market has yet to price in this rapid adoption curve, presenting investors with an exceptional entry point.

Ethereum & AI: The Engine of the Autonomous Economy

The market drivers outlined in the previous section have primed Ethereum — and by extension, ETH — for a near-term breakout. However, if we expand our time horizon a bit further, there is one future catalyst that, were it to come to fruition, would position ETH as one of, if not the, most sought after asset on the planet: the convergence of AI and digital finance.

The volume of capital flowing into artificial intelligence today rivals the most ambitious infrastructure projects in human history. In today's dollars, the Apollo moon program costs roughly $200B, and the U.S. interstate highway system costs around $600B. In comparison, private sector investment in AI is already **measured in the trillions** and *accelerating*.

- NVIDIA generated **$130B in revenue** in 2024 alone.
- Meta is allocating **$65B in 2025** toward its Llama models.
- Microsoft is investing **$80B** in AI infrastructure, training, and deployment.
- Apple has announced an unprecedented investment of **$500B** over four years for AI-related initiatives.

This influx of capital is reshaping power grids, compute infrastructure, and the capabilities of software itself. At the core of this evolution is a new paradigm: the rise of **autonomous AI**

agents — intelligent, self-directed software entities capable of interacting with the world, executing complex tasks, and coordinating with other agents.

As AI agents grow increasingly sophisticated, they will require programmable money, embedded financial services, and native digital ownership frameworks. They will need to transact, settle payments, and enforce contracts instantly and globally, without reliance on traditional human intermediaries.

Ethereum: Infrastructure Built for Autonomous Agents

Ethereum is uniquely suited to support the emerging autonomous digital economy, providing capabilities that traditional finance, and even other blockchains, simply cannot replicate:

- **Finality and Execution Guarantees:** Ethereum's atomic, composable transaction structure enables AI agents to seamlessly execute complex financial interactions that legacy settlement systems cannot support.
- **Global Property Rights, Not Jurisdictional Claims:** Ethereum's smart contracts enforce property rights through code rather than courts. AI agents can securely transact across borders without jurisdictional friction and complexity.
- **Permissionless Finance:** Ethereum offers native access to stablecoins, tokenized assets, DeFi protocols, oracle services, identity systems, and more, all with institutional-grade liquidity and security.
- **Programmability and Speed:** AI Agents interacting with Ethereum can deploy, upgrade, and trigger complex financial logic instantly, mirroring human decision-making but operating at the speed of computing.

Ethereum's Toolchain: A Platform for Agent Development and Collaboration

Beyond its financial capabilities, Ethereum provides a robust ecosystem and mature toolchain perfectly designed for the creation, deployment, and coordination of autonomous AI agents:

- **Decentralized Data Curation and Governance:** Transparent, protocol-based systems for managing datasets, governance, and agent evolution.
- **Tokenization Frameworks:** Built-in mechanisms for defining ownership, distributing royalties, and raising funding through tokenized models and assets.
- **Model Training Marketplaces:** Market-driven platforms to transform domain-specific data into high-quality, fine-tuned AI models.
- **Agent Hosting Marketplaces:** Infrastructure marketplaces that simplify agent deployment and operation, eliminating the need for private infrastructure.

Crucially, Ethereum-based agents are not siloed. Once deployed, these autonomous agents can natively discover, communicate with, and compensate each other, forming decentralized *agentic networks* capable of complex, real-time collaboration. Such autonomous agent meshes will enable applications ranging from autonomous logistics and trading to personalized healthcare, education, and beyond — with ETH serving as the universal medium of exchange and coordination.

The Bull Case for ETH

Ethereum is poised to become the foundational infrastructure underpinning the global economy. Should that prove to be true, tens-to-hundreds of trillions of dollars in assets will ultimately be tokenized across Ethereum's Layer-1 and Layer-2 networks, unleashing unprecedented utility, innovation, and financial accessibility worldwide.

Ethereum is already winning, and its lead will only grow as it cements its role as the global ledger of record. Ethereum's strategic emphasis on decentralization, security, reliability, and uptime positions Ethereum to steadily capture global adoption, deliberately avoiding the pitfalls of a "move-fast-and-break-things" mentality.

ETH itself represents a fundamentally new asset class. While oil provides the nearest classic analog due to its global economic utility and strategic importance, even this comparison falls short of ETH's full potential.

ETH's supply is programmatically controlled via an issuance cap and secured by a global, decentralized network. ETH serves as an ideal productive store-of-value asset. These attributes will inevitably lead to a pronounced supply crunch as institutions race to stockpile ETH as a treasury-grade reserve asset.

Ethereum currently dominates institutional blockchain adoption, yet ETH remains a contrarian investment. As the financial industry awakens to Ethereum's unparalleled institutional appeal, ETH will rapidly reprice to its true valuation.

ETH is digital oil, powering the base layer for the global financial system and the broader digital economy. Ethereum, along with its native asset, ETH, is entering its Renaissance, creating a compelling opportunity for forward-thinking investors.