

# Dogecoin: 'joke' virtual currency touted by Elon Musk

May 10 2021

---



Elon Musk's SpaceX says it will launch a satellite to the Moon next year funded with dogecoin.

Dogecoin, a cryptocurrency originally created as a joke, has grabbed the headlines thanks to repeated interest from tech billionaire Elon

Musk—and despite doubts in the financial community.

The price of the virtual unit hit a record high over the weekend ahead of Musk's hosting of popular US sketch comedy show Saturday Night Live (SNL).

Dogecoin then tumbled because the Tesla and SpaceX founder joked on the show that [dogecoin](#) was a "hustle"—or money-making scam.

Musk is also a vocal supporter of the world's most popular virtual currency bitcoin, adding to its soaring value earlier this year.

## **A niche currency**

Founded in 2013, dogecoin's creators say it was intended as an ironic response to two big internet phenomena: cryptocurrencies such as bitcoin, and a meme image of a Shiba Inu dog.

That gave the unit its unique name.

"From 'that seems like it's funny' to actually doing it took about three hours," co-founder Billy Markus, a video game-obsessed software engineer at IBM, told the news website CNET.

Users of Reddit forums then began using dogecoin, thanks to its previously extremely low prices, to welcome posters' comments.

Dogecoin was boosted this year by the buying frenzy that surrounded the GameStop saga, and after multiple supportive tweets from Musk.

## **What is dogecoin worth?**

Dogecoin stood at just fractions of a cent for most of its existence, before breaching five cents earlier this year—and striking a record pinnacle above 74 cents on Saturday.

However it slumped to as low as 49 cents during the SNL broadcast.

Dogecoin stood at 52 cents in Monday morning trades, according to website CoinMarketCap.

That gave dogecoin a market valuation of \$67 billion (55 billion euros), making it the fourth biggest cryptocurrency.

The world's most popular virtual unit bitcoin has a valuation of \$1.1 trillion.

The second and third biggest are ethereum and binance coin, respectively.

## **The Musk effect**

Controversial multi-billionaire Musk praised dogecoin again during SNL—but sent mixed messages.

Pressed on what dogecoin is, Musk called it "an unstoppable vehicle that's going to take over the world".

But then he agreed in a jokey tone during a sketch that "it's a hustle".

Investors were apparently not amused as the currency fell following the show.

"The word 'hustle,' which he used as a joke, made speculators dump the coin who were previously thinking of more optimistic language from

him," said ThinkMarkets analyst Naeem Aslam.

Nevertheless, SpaceX announced Sunday that it would launch a satellite to the Moon next year funded with dogecoin.

## Market scepticism

The broader financial community is wary of dogecoin's volatility, which is attractive to [retail investors](#) but not major financial players.

That is in contrast to volatile bitcoin, which has won key backing from big-hitting banks on Wall Street.

OANDA analyst Jeffrey Halley pulled no punches in his assessment of Musk's latest favourite crypto unit.

"Someone (who) bought Dogecoin before the SNL programme... was nursing 40 percent losses after it aired," he lamented.

"On the other hand, if you are stupid enough to stake a goodly portion of your net wealth on juvenile tweets and a comedy show, you probably deserve everything you get."

Halley also urged financial regulators to step in and bring order to the volatile world of cryptocurrency.

© 2021 AFP

Citation: Dogecoin: 'joke' virtual currency touted by Elon Musk (2021, May 10) retrieved 19 April 2024 from

<https://techxplore.com/news/2021-05-dogecoin-virtual-currency-touted-elon.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.