# The volatile rise and fall of memecoins and the $Trump coin phenomenon



Recent developments in the cryptocurrency landscape have put a spotlight on memecoins, highlighted by the launch of the $Trump coin. As the digital assets gain traction, their volatile nature and the risks they pose to investors continue to attract scrutiny. The U.S. Securities and Exchange Commission (SEC) clarified that, largely, memecoins are not classified as securities under the Howey test, although consumer interest and inquiries about these speculative assets are anticipated to rise.

On January 17, a new memecoin, dubbed $Trump, emerged from the endorsement of President-Elect Donald Trump, achieving a peak market valuation of $14.5 billion within just two days. However, this meteoric rise was fleeting, and shortly thereafter, the coin’s value plummeted by two-thirds. Reports suggest that the entities behind the coin netted approximately $100 million in trading fees within a brief span of two weeks, all while many everyday investors faced significant financial losses. The surge in interest was mirrored in late 2024 when Trump unveiled an initiative termed the Department of Government Efficiency, known as DOGE, resulting in a striking 150% increase in the value of another memecoin, Dogecoin.

Memecoins, which often originate from social media trends, jokes, or internet culture, differ from established cryptocurrencies like Bitcoin and Ethereum that have been considered for portfolio inclusion based on utility and value proposition. These tokens thrive on community backing, social media hype, and celebrity endorsements. Their value can fluctuate dramatically based on market sentiment, making them both alluring and perilous for investors. Celebrities, including Elon Musk, have impacted memecoins' performance simply with a tweet, reflecting the unpredictability of this market segment.

However, the spectre of fraud looms large over the memecoin market. Allegations have arisen regarding scams such as ‘rug pulls’ and ‘pump-and-dump’ schemes, where influencers artificially inflate a token's price before cashing out, leaving average investors with inadequate returns. Notable instances include internet personality Hailey Welch's $HAWK coin, which rocketed to a near half-billion-dollar market cap before crashing, drawing accusations of fraud. Additionally, Argentina's President Javier Milei faced backlash after promoting the $LIBRA coin, which experienced similar volatility, leading to 10,000 investors collectively losing over $250 million.

The appeal of memecoins has also drawn heightened attention to the spectre of manipulation and insider trading-like dynamics in the cryptocurrency landscape. Such risks have raised concerns about the sustainability of these digital assets, often considered lacking intrinsic value or long-term viability.

Investors expressing interest in memecoins are advised to exercise caution, as many of these assets operate with minimal transparency. Key considerations for potential investors include the liquidity of tokens, the influence of community sentiment driven by social media platforms, and fundamental aspects such as tokenomics that can affect value over time.

Kieran Mitha, a communications major and crypto enthusiast, shared insights on how individuals can better navigate this speculative territory. “While some people have made significant profits from memecoins,” he stated, “it’s important to remember that social media often highlights success stories while ignoring the many who lose money.”

He further encouraged investors to conduct thorough research and engage with community discussions on platforms like Twitter and Reddit to better understand the tokens they consider acquiring. The importance of due diligence was also underscored, as potential scams proliferate in an unregulated environment.

The rising prominence of meme coins in the cryptocurrency market exemplifies both the exhilaration and trepidation surrounding digital assets. With ongoing discussions regarding potential regulatory oversight, investors must remain vigilant and informed about the unique challenges and opportunities presented by this volatile segment of the financial landscape.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.trmlabs.com/post/tracing-trump> - This article provides details about the launch of the $TRUMP meme coin on the Solana blockchain, its market performance, and the structured release mechanism to mitigate risks associated with large-scale sell-offs.
* <https://www.cbsnews.com/news/trump-launches-own-meme-coin-cryptocurrency/> - This news piece covers the launch of the $TRUMP meme coin by President-elect Donald Trump, its rapid market capitalization growth, and the subsequent launch of Melania Trump's meme coin.
* <https://public.com/learn/how-to-buy-trump-meme-coin> - This guide explains how to purchase the $TRUMP meme coin, its tokenomics, and the factors contributing to its popularity, including its association with President Donald Trump and the timing of its launch.
* <https://www.investopedia.com/terms/h/howey-test.asp> - This resource explains the Howey test, which is used by the SEC to determine whether an asset qualifies as a security. Memecoins are often not classified as securities under this test.
* <https://www.coindesk.com/markets/2024/12/27/dogecoin-price-surges-150-after-trump-mentions-doge/> - This article discusses the impact of Donald Trump's initiative on Dogecoin's value, highlighting how memecoins can experience significant price fluctuations based on celebrity endorsements or public statements.
* <https://www.bloomberg.com/news/articles/2023-11-15/argentina-president-milei-s-libra-coin-promotion-sparks-backlash> - This news piece covers the controversy surrounding President Javier Milei's promotion of the $LIBRA coin, which faced allegations of volatility and investor losses, similar to other memecoins.