swyftx

Has Ethereum Solved Its Gas Problem?

Key Takeaways

1. Ethereum's gas price was often considered exorbitant during the NFT peak of 2021, turning off many from using the DeFi network.

2. Despite the crypto market moving bearish for much of 2026, Ethereum's protocol has witnessed record transaction numbers.

3. Alongside this increase in unique activity, Ethereum gas prices have fallen to lows not seen since pre-2020.

4. While unique activity has grown, overall volume on Ethereum's L1 and L2s is down from its peak. Heightened congestion in a theoretical bull market will be a good test to see if the blockchain has solved its gas problem.

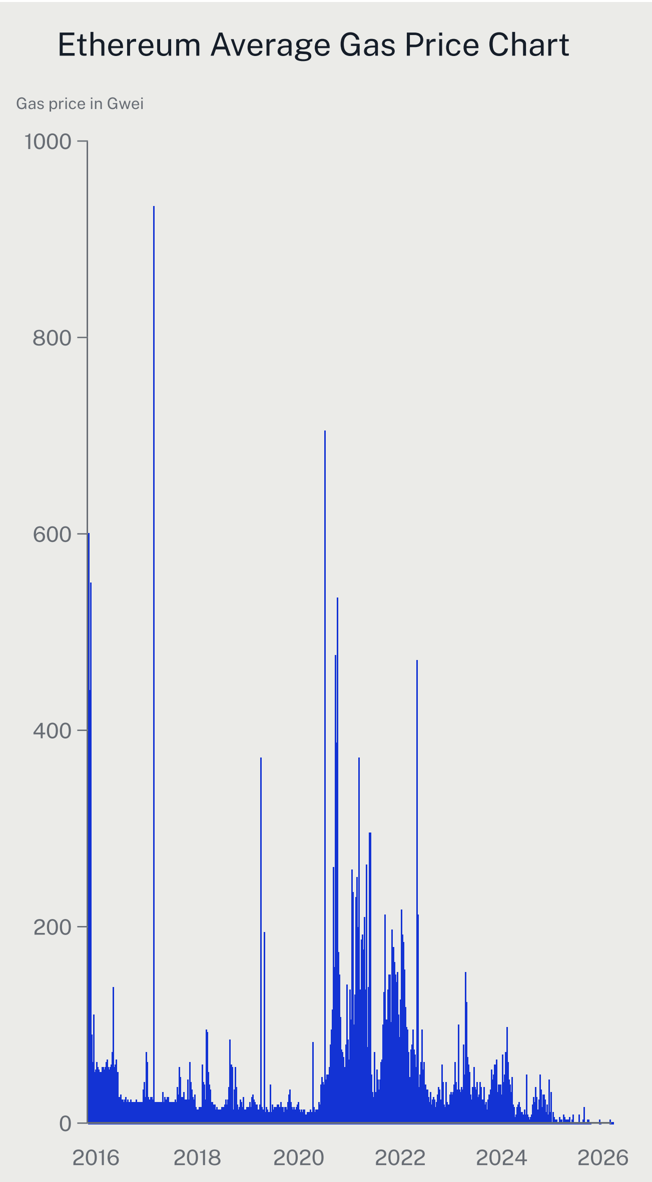
The price of gas has been perhaps the biggest financial discourse throughout the first few months of 2026. Geopolitical conflict saw demand for oil spike in volatility, with the price of a gallon of gasoline jumping 112% year-to-date.

But there's a different type of gas that's been flying under the radar and bucking the trend – the price of 'gas' on Ethereum.

As a quick refresher, gas is the slang term used to refer to transaction fees on the blockchain. These costs are often passed onto validators, as a reward for securing the network, while also putting transactions behind a paywall to try prevent spam.

The History Of Gas On Ethereum

Ethereum, the largest L1 blockchain by total value locked (TVL), has had a storied history of on-chain congestion issues.



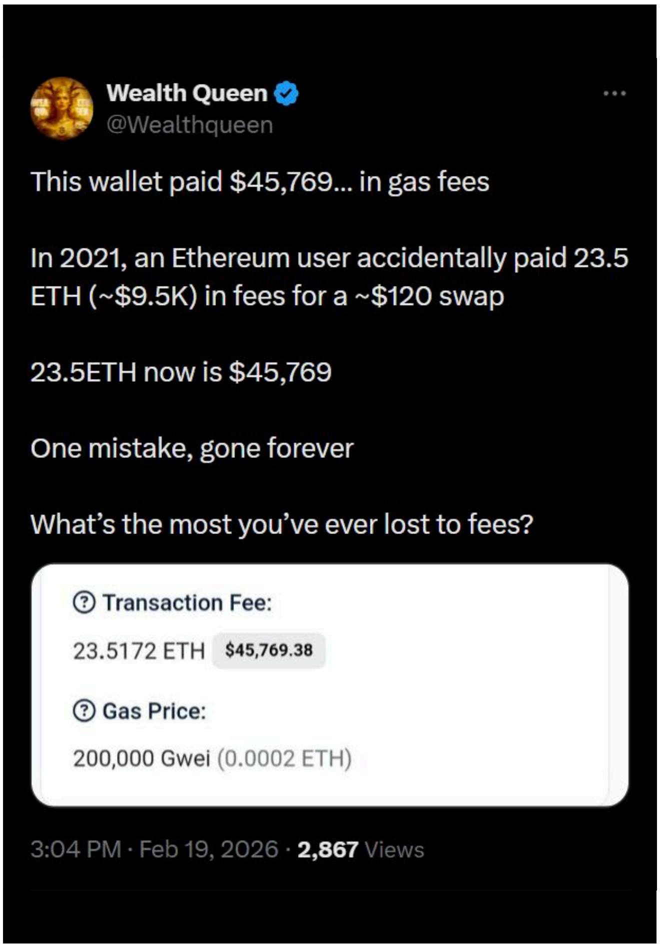
At the height of the NFT craze in 2021, some transactions were incurring gas fees of over 500 gwei (the denomination for ETH gas). Even today, with the price of Ether below its peak, 500 gwei in gas costs around $30 AUD – a hefty price to pay to execute a DeFi transaction.

Some people even reported fees of over $1,000 AUD for tasks like minting NFTs or sending… less crypto than gas charge itself.

With one of DeFi's crowning jewels being its efficiency and cost-effectiveness compared to regular financial rails, Ethereum was simply not holding up under the pressure of adoption and heightened activity.

The difficulty in managing a large-scale decentralised ecosystem and facilitating ambitious projects like sprawling open world blockchain games, NFT marketplaces and DEXs offering thousands of cryptocurrencies ushered in the era of Layer 2s.

These protocols utilised various technologies and philosophies but shared a fundamental goal – fix the congestion and exorbitant pricing issue of the Ethereum blockchain.



https://x.com/Wealthqueen/status/2024424938141032836

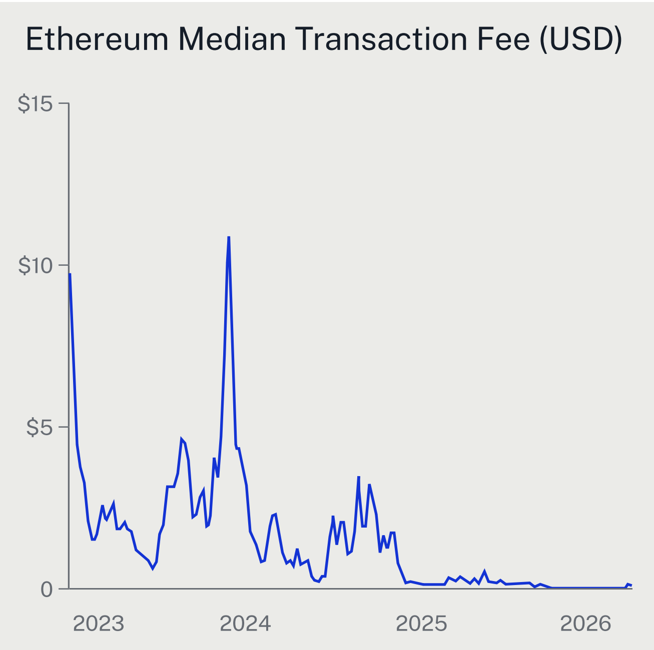
What Does Gas Look Like Now For Ethereum?

The crypto landscape has shifted dramatically since the peak of Ethereum's gas fees. Several 'low-cost' alternatives have emerged, with projects like Solana, Tron and Hyperliquid mainstays of the market cap top fifteen.

Perhaps even more significantly, institutional involvement has changed the way capital flows throughout the industry. It's changed the way people discuss crypto, and it's changed which metrics are considered important to the ecosystem's health.

But bubbling away behind the scenes has been a change not seeing much fanfare: Ethereum's gas fees are as low as they've been in the current decade.

Average transaction costs typically range between 20 and 40 US cents – but this accounts for complex, high-value settlements that likely inflate the figures. Basic, low-priority swaps on DEXs are frequently executed for less than five cents in 2026.

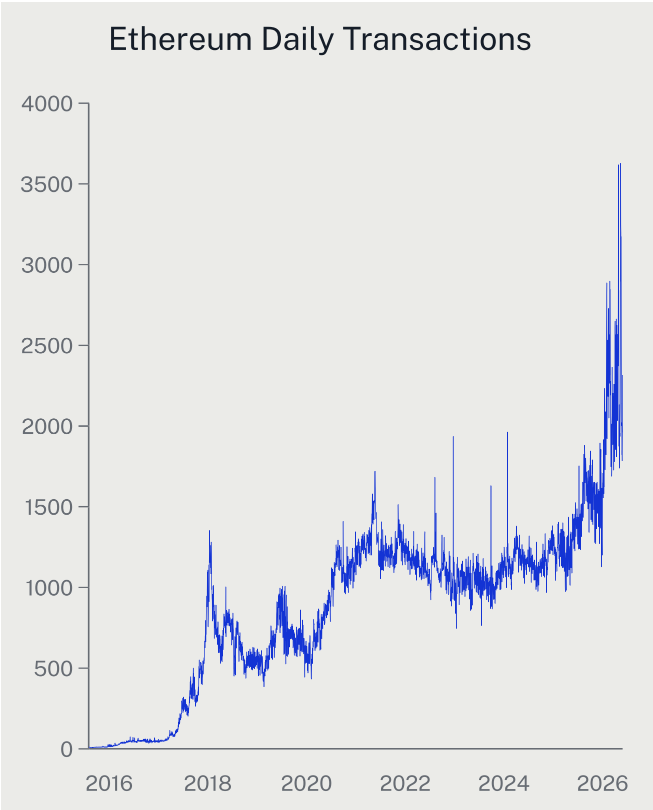


Source: Tokenterminal

It'd be easy to say that the reason for the lack of congestion is a...lack of congestion. One could argue the advent of strong L1 competitors has vacuumed potential transaction traffic, leaving Ethereum cheaper, but ultimately barren.

For a period, this was (kind of) true. While Ethereum has generally retained its status as the #1 DeFi protocol on metrics like TVL and tx volume, we've seen historical moments like Solana becoming the highest volume blockchain over certain timeframes.

However, Ethereum's overall market share dominance of DeFi transactions has actually advanced of late, all the while gas fees remain steady at their five-year lows. In fact, daily activity on Ethereum (including L2s) is actually at an all-time high in 2026, with the prominence of stablecoins accounting for much of the volume increase.



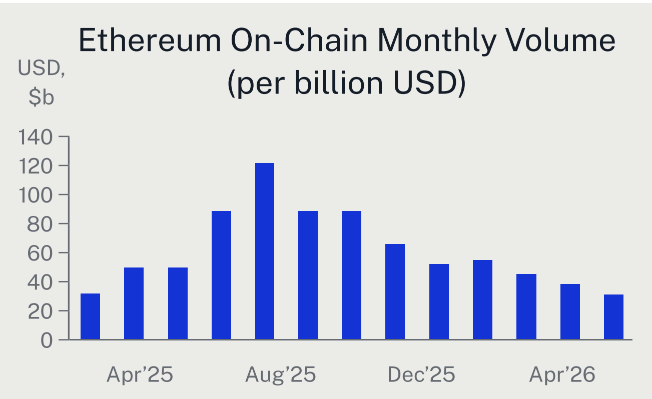
Source: Etherscan.io

What Does This Mean Going Forward?

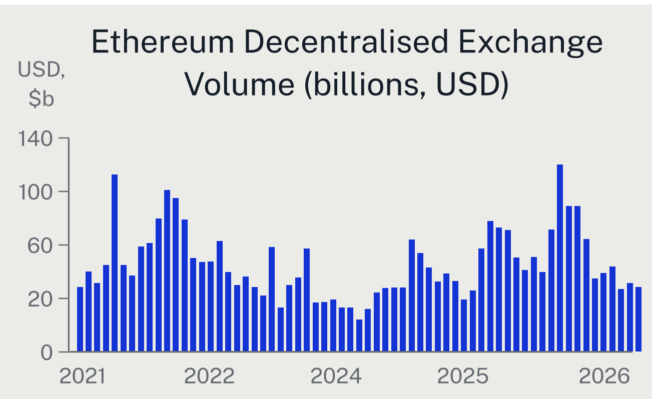
At face value, all of this sounds great for Ethereum. The stream of technological updgrades, including the most recent Fusaka update, have undeniably improved efficiency on the protocol's Mainnet. But there are many factors we must consider before declaring the congestion issue 'SOLVED'.

Ethereum L2s typically finalise transactions on the Mainnet – so the uptick in overall DeFi activity isn't necessarily occurring at the same time as ETH's dwindling gas fees.

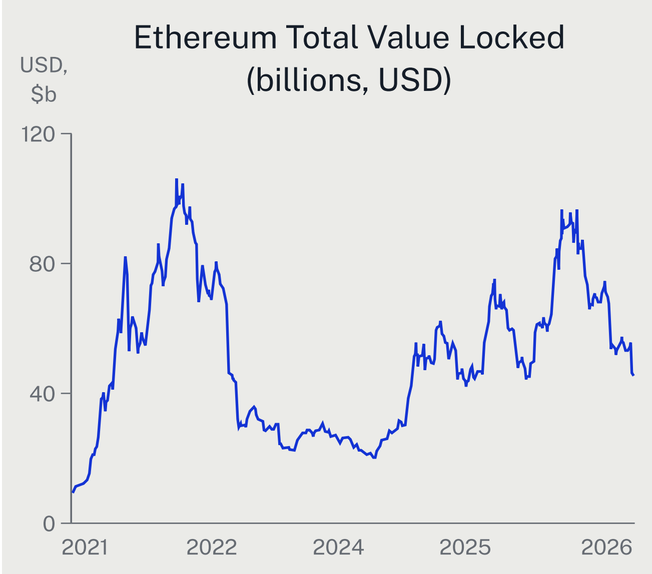
Additionally, the record low tx costs have coincided with a crypto bear market that stretches back until at least October 2025. And while individual activity (total orders and wallets on Ethereum and related chains) is at or close to ATHs, several other metrics tell a different story.



Source: TheBlock



Source: DeFi Llama



Source: DeFi Llama

If we put it all together, Ethereum's on-chain performance is arguably strong considering the market's contracted price performance – but its new fee regime hasn't been stressed like it was in the 2020-21 bull run.

Interestingly, at the time of writing several top-five NFT collections have experienced a significant 30-day uptick in price and volume. Transacting these assets has historically incurred higher fees than stablecoin swaps, so if this trend continues, it could be a litmus test for the technology that is now underpinning Ethereum's network.

NFT 30-day Price May 2026

#	Name	Floor Price	30d	Market Cap	24h Volume
1	Crypto Punks	30.80 ETH $70,308	▲ 6.3%	$702,656,119 307,815 ETH	64.88 ETH $148,103
2	Bored Ape Yacht Club	10.88 ETH $24,836	▲ 110.1%	$248,310,291 108,778 ETH	223.08 ETH $509,236
3	Pudgy Penguins	5.59 ETH $12,753	▲ 37.3%	$113,353,645 49,657 ETH	228.91 ETH $522,533
4	Mutant Ape Yacht Club	1.84 ETH $4,199	▲ 156%	$82,172,565 35,998 ETH	145.69 ETH $332,579

Source: CoinGecko