

FINANCIAL MARKETS

WHAT IS ETHEREUM?



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Blackwell Global is a global brokerage, aiming to be the most trusted financial service provider. We are committed to transparency, integrity and service excellence.

Founded in 2010, we now have global presence in over 90 countries, with main offices in the separately regulated markets of Australia, Cyprus, New Zealand and the United Kingdom.

We believe that sound investment and trading decisions begin with a strong grounding in financial education. Our goal is to make this available to everyone - and this free eBook is part of that commitment.

To find out more about Blackwell Global, please visit:
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WHAT EXACTLY IS ETHEREUM?

FOREWORD

We're currently living through the cryptocurrency boom. Investors and traders are making incredible gains from crypto volatility.

Since Bitcoin's meteoric rise in 2017, many have been searching for the next 'big' cryptocurrency. Ethereum is often mentioned in this conversation.

But Ethereum is much more than a cryptocurrency. It's a Blockchain platform that has the potential to revolutionise many industries. We'll explore why in this eBook.

Patrick Latchford
CEO, Blackwell Global Investments (UK) Limited

ETHEREUM: A BRIEF HISTORY

ETHEREUM ORIGINS

Many people describe Ethereum as a cryptocurrency. Technically, this is incorrect. Ethereum is actually a public Blockchain platform. It allows people to place transactions using something called Ether tokens.

In other words, Ether is the cryptocurrency that is used on the Ethereum platform.

The Ethereum platform was proposed by Vitalik Buterin in 2013. Using his background in cryptocurrencies and programming, he wanted Bitcoin to adopt some of his ideas to make app development simpler. When this failed to materialise, Buterin started work on a new platform, which became Ethereum.

Ethereum was launched in the July of 2015. Initially, 11.9 million Ether coins were available at an ICO.

WHAT'S THE POINT OF ETHEREUM?

If you're new to the world of Blockchain, it can be difficult to understand the value of Ethereum.

Essentially, by using Blockchain technology, Ethereum makes complex transactions faster and more secure.

Specifically, because Ethereum is a decentralised platform (built on Blockchain), it isn't vulnerable to traditional threats centralised systems face, such as data breaches, censorship or manipulation.

This is why Blockchain is widely viewed as a disruptive technology that could revolutionise the world. Remember - Blockchain is simply a decentralised public ledger, maintained by a peer-to-peer network. It offers the following benefits:

Transparency

As it provides a digital public ledger, Blockchain technology is truly transparent. Every member of the peer-to-peer network can view every transaction on their computer.

Accuracy

Digital public ledgers provided by Blockchain have better accuracy. No existing records/transactions can be altered without the network seeing and agreeing to it.

Security

As Blockchain is a decentralised technology, it's more difficult for hackers to attempt to manipulate data within public ledgers. This method of enhancing security is also inexpensive.

Speed

Transactions on Blockchain are fast, as they simply rely on the peer-to-peer network to verify them.

With these benefits, Blockchain platforms like Ethereum can remove the 'middle-man' (traditionally banks) from a variety of complex transactions.

Ethereum calls complex transactions 'Smart Contracts'. These can represent an exchange of value or ownership.

TIPS FOR TRADING ETHEREUM

TRADE WITH BLACKWELL GLOBAL

Along with Bitcoin, Ripple and Litecoin - Ethereum (ETH) is one of the world's most traded crypto-related assets. With Blackwell Global, you can trade the following Ethereum-based CFDs:

- **Ethereum/US Dollar (ETHUSDp)**
- **Ethereum/Bitcoin (ETHBTCp)**
- **Ethereum/Euro (ETHEURp)**

Remember, a CFD (Contracts for Difference) allows you to speculate on the future price of a financial asset, rather than physically buying it.

If you're interested in trading Ethereum, you might find these five tips useful:

Tip #1: Risk Management

Crypto assets are a highly volatile asset class. So it's important to mitigate your risk and protect your capital. You can do this by limiting the amount of leverage you use, in addition to using stop loss and take profit orders.

Tip #2: Technical Analysis

Trading platforms such as MT5 give you useful technical tools to identify optimum entry and exit points. Considering the volatility of crypto assets, it's integral that you have a tried and tested strategy for identifying levels of support and resistance. Remember, you can test your strategy on a demo account.

Tip #3: Fundamental Analysis

Ethereum's success depends on many factors such as software applications, decisions made by the development team and public perception. So keep an eye on the fundamental forces that could affect price movements.

Tip #4: Small Gains

Crypto related assets can experience significant price shifts in extremely short time frames. For instance, it's not unusual for a cryptocurrency to jump in price by 20 - 50% in just one day.

Keep in mind, volatility is what makes trading cryptocurrencies attractive to traders. These jumps are opportunities to make a profit.

However, it's integral to keep your emotions in check. In particular,

it's easy to chase big gains when trading cryptocurrencies. This should be avoided. Instead, you should aim to make small and consistent gains over a prolonged period of time.

Tip #5: Keep A Balanced Portfolio

As you might already know, it's good practice to diversify your trading portfolio. In other words, it's important you don't shift all of your trading capital into one financial instrument.

For instance, you can diversify your portfolio with other asset classes like Forex. In fact, experienced traders use cryptocurrencies to hedge their Forex portfolio, since these digital coins are not influenced by traditional risk events, such as monetary policy decisions and economic data releases.

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WHY BLACKWELL GLOBAL?

We can't pretend that it is easy to become a successful trader. But we are here to help and support you as you make your trading journey, providing dedicated resources such as our demo trading accounts and regularly published research materials.

Founded in 2010, Blackwell Global was established to offer brokerage solutions for private and institutional clients. Blackwell Global is a Straight Through Processing or STP broker who provide their clients with superior liquidity and price feeds from top international banks. These are offered alongside 24-hour technical support, market research tools, educational materials, professional partnership programmes and fully integrated trading platforms.

We offer access to multiple asset classes including more than 60 currency pairs, precious metals and other contracts for differences. As a global broker, we are always striving to achieve excellence in our customer service, as well as developing innovative technology to support our customers needs.

Today, the Blackwell Global group of companies has a presence in over 90 countries, with its main offices situated in the individually regulated markets of Australia, Cyprus, New Zealand and the United Kingdom.

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