**INVEST IN ETHEREUM**

**HOW DOES THE MARKET WORKS?**

Currently, the ether market is facilitated by many of the same exchanges and infrastructure created around the Bitcoin network. And now, for example, Kraken and Bitfinex, two of the most important exchanges of the Bitcoin ecosystem, offer the possibility of buying and selling ethereums to their users.

But the ether market is not the same as the Bitcoin market on many issues. The initial difference is found in its origins. In the Bitcoin network, the delivery speed is more consistent. Due to the non-modifiable rules in the software, there will be only 21 million bitcoins, and the rate at which the new coins are produced is currently 25 BTC every ten minutes or so, although in a few months it will be 12.5 BTC. Now there are 16.75 million bitcoins in circulation.

Ethereum, however, created a pre-sale of its tokens in 2014 in a crowdfunding campaign, with which it raised $ 18 million. The donations collected for this presale were the driving factor of the initial offer of 72 million ethers (ETH) and the ethers emission rate that exists later. Also, the Ethereum protocol allows the creation of 5 ETH for each resolved block.

In any case, the creation of new ethers is limited to 18 million more ETH each year until 2017, at which time it is estimated that a further consensus algorithm will be operational in the Ethereum network. That although it is still under development and the generation of new ether that is implicit is not known, it is expected that it will never exceed this annual amount and that it will even be much lower. Currently there are about 96 million ether.

**HOW DOES MINING AFFECT THE ETHEREUM PRICE?**

One of the biggest factors in the price of Bitcoin is the constant introduction of new bitcoins in the market with which the miners are encouraged. Mining affects the amount of bitcoin by increasing supply, and by the miners' decision to hold or sell bitcoin.

In the current version of Ethereum, Homestead makes use of an algorithm based on the proof of work consensus to reward the miners who contribute in securing the network in the same way as in Bitcoin. In this way the Ethereum miners create a new block every 15-17 seconds, resulting in the creation of 5 ETH (mining block reward). The miners who work in search of the solution, but who can not include their block in the chain of blocks, receive what is known as Uncle reward (Mining uncle reward) that can be 2 or 3 ether.

In 2017, when the Casper version of Ethereum is released, the consensus algorithm will be changed by one that is still in development, but that will limit the emission of new ether. With this change in incentives, Casper is expected to be more efficient, but the difference could also mean that the value of ether is adjusted to the new realities of the operation of the network.

**SECURITY IN ETHERIUM**

With seven years of existence (and some essential problems), the Bitcoin network is defended as the safest blockchain.

Ethereum has received criticism for potential security problems for several reasons, and although most focus on the fact that the software is in an incipient stage since it only has one year available. Besides, the Ethereum network has suffered fewer attacks than Bitcoin, and as a result, has undergone fewer tests.

Also, the criticism that Bitcoin receives when mining is reduced to a small number of participants, in Ethereum seems to be repeated.

In Bitcoin, five mining companies control 81% of the hash power of the network, and on the same date, five groups represented 85% of the hash power of the Ethereum network. And the most significant ether mining company (dwarfpool) supplies 41.8% of the hash power.

Looking ahead, the developers of the Ethereum ecosystem are still working on new versions, but critics have predicted that ether will have more significant security problems than Bitcoin, something that can only be proven in the future.

**MARKET VOLATILITY**

Since Ethereum is at a very early stage, ether has experienced sudden price fluctuations. At the time of writing this information, the cryptocurrency had registered changes of 31% in one day; in a month 16.7% and since its launch of 53.7%.

And although these levels of volatility could be viewed with bad eyes by many investors, the truth is that these turns offer great opportunities for traders.

Market participants can buy and sell ether with both fiat money and bitcoin. Such transactions are available through numerous exchange houses.

Due to the substantial volatility of the cryptocurrency, some traders speculate about their future price movements to obtain benefits. Others use ether as coverage in bitcoin, as well as other altcoins.