Crypto currencies taking a breather after their strong run – Ethereum incident

Bitcoin {BTC} and fellow crtypto currencies have reversed somewhat after their recent strong run, which has seen some coins run up to ridiculous multiples of where they were a few short weeks ago.

Ethereum is the best example of that, and recently suffered a catastrophic collapse, only to recover minutes later, wiping out some investors in the process.

Ethereum 'incident' highlights the dangers of crypto currencies.

Ethereum has been the best investment in the world this year, beating any other asset in any other asset class hands down, with an increase from just $3 at the beginning of January 2017 to just shy of $400 a week or so ago.

The percentage increase in value is astronomical!

The suddenly something strange happened, and a lot of people lost a lot of money very quickly, with some wiped out. It goes like this;

An internet rumour started that the founder of Ethereum, Vitalik Buterin, had been killed in a car crash. This was not true, but before it was known he was still alive Ethereum investors had begun selling in panic at the news. This was coupled with a sell order of some 96,100 ETH on the GDAX Exchange, which triggered stop loss positions and margin calls, resulting in a collapse in the price from nearly $400 per coin to just 10 cents, before rebounding!

Needless to say many people were wiped out and have lost all their money, however it has just been announced that the GDAX Exchange will compensate those clients on their exchange that suffered losses.

This incident highlights the very clear risks of investing in

the crypto currency markets, although the payment of compensation is a nice touch, and somewhat reassuring.

To read the article about the GDAX Exchange, please click HERE