

# Bitcoin plunges as China investigates exchanges

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Bitcoin prices plummeted after China's central bank announced it was investigating exchange platforms trading in the virtual currency.

The People's Bank of China (PBoC) said it had dispatched inspection teams to several of the country's major bitcoin trading platforms in Beijing and Shanghai.

The move, announced Wednesday, has triggered fears Beijing is mulling a crackdown on the digital unit as part of its widening battle against money flowing offshore.

The vast majority of the world's Bitcoin trading takes place in China, and prices surged above \$1,100 early this month as investors flocked to the [virtual currency](#) with the yuan hitting eight-year lows.

The PBoC announcement sent its value plunging, with the Bitcoin Price Index, an average of the major exchanges, dropping more than 15 percent to an intraday low of \$752.11 on Wednesday.

On Thursday prices recovered slightly to \$768.76, still far below its highs last week.

"China giveth and China taketh away," Gil Luria, an analyst at Wedbush Securities, told Bloomberg News.

"The rally in bitcoin over the preceding few weeks was likely driven by

Chinese capital flight and speculation, which is why concerns about China taking a firmer stance against the use of bitcoin is likely putting pressure on the price."

The PBoC investigation was targeting foreign currency exchange, market manipulation, money laundering and financial security risks, the bank's statement said.

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