

Overcoming roadblocks, bitcoin takes flight again

October 12 2017, by Erwan Lucas



Some say bitcoin could one day rise to \$100,000 or more

Bitcoin may be in for a sustained record run as it overcomes key obstacles, experts said Thursday after the cryptocurrency set a new record high.

Even bitcoin fans were plagued by doubts over the summer when Chinese regulators cracked down on exchanges trading the [virtual](#)

[currency](#) and a dispute among developers gave birth to a new version, splitting the market of the budding [currency](#).

In September, banking regulators in Beijing and Shanghai ordered local cryptocurrency exchanges to shut down.

But observers say they are now detecting a rethink by the Chinese authorities, causing bitcoin on Thursday to surge past the \$5,000 level for the first time since its launch eight years ago.

Around 1530 GMT its value based on a basket of trading exchanges calculated by Bloomberg was \$5,247.02, up from \$4,829.29 late Wednesday.

This represents a rise of 400 percent this year alone.

Uncertainty didn't last

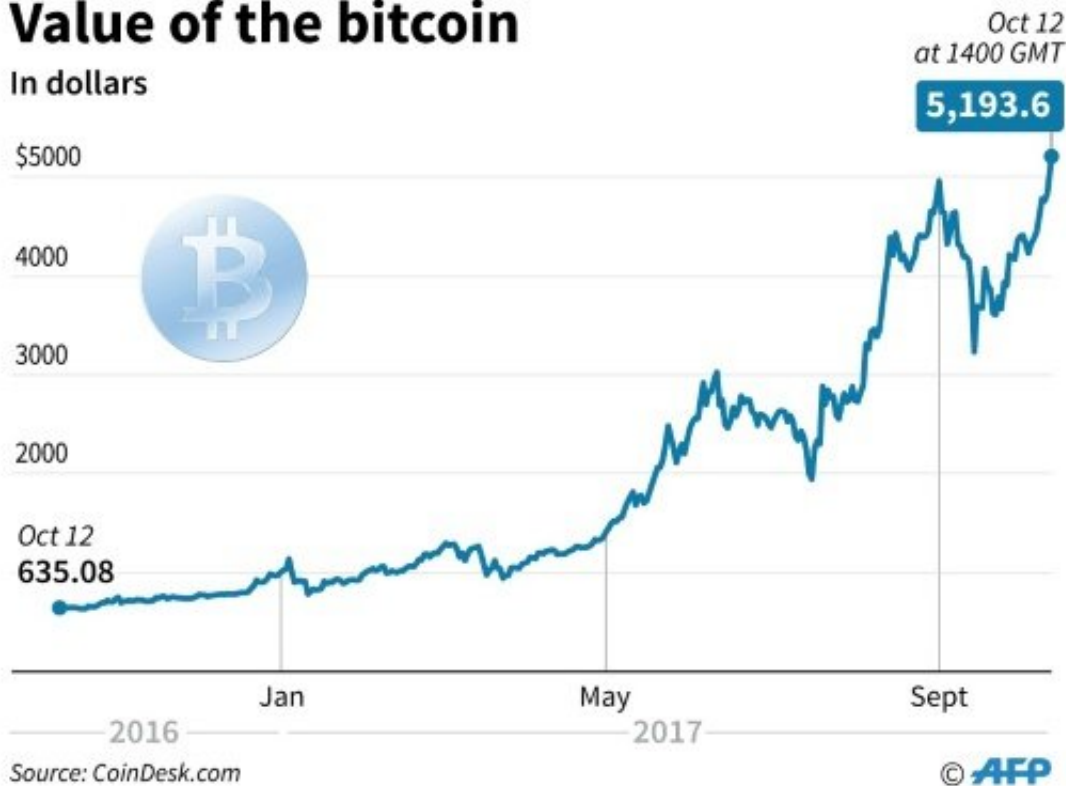
Should rumours reported in state media be confirmed, then what is by far the most well-known and traded of more than 1,000 so-called cryptocurrencies could soar to even greater heights, experts predict.

"There has been a period of uncertainty but that has not lasted. China represents more than 60 percent of trading and the question of their regulation, as everywhere, has made a bigger impact," said Greg Revenu, of Bryan, Garnier & Co.

The virtual currency is created through blockchain technology, which publicly records transaction details including the unique alphanumeric strings that identify buyers and sellers—technology which is gaining increasing currency among banks and companies.

Value of the bitcoin

In dollars



Value of Bitcoin since Oct 2016 after it shot to a fresh high

"Mining" the coins is a very profitable but long, expensive, and energy-intensive process requiring powerful servers.

Between 60 and 70 percent of new bitcoins are mined in China, where the local leader Bitmain has imposing infrastructure.

The bitcoin supply is capped at 21 million units, some 17 million of which have already been mined.

It once traded for cents

Beijing's crackdown saw bitcoin's price plunge some 40 percent before

recovering, the latest move in its rollercoaster existence which began in 2009, when it was worth just a handful of cents.

Even at the start of this year it was worth 'only' \$966.

Its volatility has led many financial observers to suggest the current bull run is another speculative bubble which could well lead to a corrective selloff.

Two Chinese trading platforms, Okcoin and BTC China, control about 22 percent of the global bitcoin market.

Bitcoin is not generally recognised as a currency—lacking a home country, central bank or treasury—although its real world use is constantly increasing.

Another key player in the crypto currency is Russia, where President Vladimir Putin on Wednesday spoke of a "risk" that virtual currencies—often associated with so-called anonymous 'dark web' dealings—could represent.

For Jonathan Gerardin, IT manager at Wavestone, "the summer was marked by different crises".

Gerardin noted that the currency split, coupled with China's crackdown, had dampened enthusiasm but "bitcoin has been able to overcome that and continue to progress, it has shown its resilience".

Why not \$100,000?

The rising use of blockchain—a theoretically unhackable digital ledger technology—is also viewed as keeping the digital cash's value buoyant, according to Revenu.

"Its value is totally marginal in the face of potential uses being put in place," he said.

That is a key reason why digital currencies have been winning supporters across the globe, from the United States to Japan via India but also Europe with some major financial names coming aboard.

For Neil Wilson, analyst with Etx Capital, "the prospect of Goldman Sachs trading bitcoin is also driving buying as this might give it a toehold on Wall Street that could bring it into the mainstream and attract fresh inflows of capital".

Wilson suggested the soaring value was linked to "reports indicating that China may be ready to allow trading again, albeit with tighter regulation".

Some converts say [bitcoin](#)'s value could go to dizzy heights like \$100,000 or even \$500,000, although experts from Mirabaud Securities in Geneva said the commodity may now in a "bubble zone" which could burst.

But for now, Gerardin said, "there is nothing to suggest such a collapse".

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