

Big swings continue as bitcoin briefly dips below \$10,000

January 17 2018



In this Tuesday, Jan. 16, 2018, file photo, a man watches a screen showing the prices of bitcoin at a virtual currency exchange office in Seoul, South Korea. Bitcoin is suffering another one of its trademark nosedives on Wednesday. The digital currency has fallen about 30 percent during the week as investors worry that regulators in South Korea will crack down on trading. (AP Photo/Ahn Young-joon, File)

The volatility of the digital currency markets was on display again Wednesday, as bitcoin briefly fell below \$10,000 before rebounding

back above \$11,000 in the U.S. afternoon.

With the drop below \$10,000, bitcoin had lost about half its value since hitting a high above \$19,000 in mid-December. Other digital currencies bounced around as well.

Bitcoin has slumped 20 percent this week as traders worry that regulators in South Korea will crack down on [trading](#) of digital currencies. The price of bitcoin fell as much as 20 percent Wednesday, but later recovered and was nearly flat at \$11,392 around 5:10 p.m. Eastern Time, according to Coindesk.

Bitcoin hasn't caught on as a [currency](#) for buying things, as intended. But it has drawn huge interest from traders, and its price has soared over the past year, and has also had several sharp drops.

The price of one bitcoin went from \$1,000 at the beginning of last year to nearly \$20,000 in mid-December. The latest plunge brings the price back to where it was in early December.

Many financial pros believe bitcoin is in a speculative bubble that could crash any time.

The possibility that South Korea will ban or restrict virtual currency trading has weighed on traders' minds the last few weeks because the nation is a major market for currencies like bitcoin.

Those worries have also depressed the [prices](#) of other digital currencies that gained sharply in recent months.

Ethereum fell 9 percent to \$993 Wednesday, according to Coindesk. During the day it tumbled as much as 26 percent. Its current price is still roughly double where it was in November, and down sharply from its

recent peak of \$1,329 on Jan. 10.

Bitcoin and other digital currencies trade on private exchanges that have little regulation or protection for investors. In December two major financial exchanges, the Cboe and CME, started trading in bitcoin futures, which allow investors to make bets on the [future](#) price of [bitcoin](#) without actually holding bitcoins.

Bitcoin futures on the Cboe were little changed while CME-traded futures slipped 2 percent. Earlier they hit their lowest levels since trading began last month.

Bitcoin is extremely hard to value because it has no country or central bank backing it and it's not widely used to make transactions. Its value is tied only to what people believe it is worth at any given time.

Partly for that reason, it's gone through numerous highs and lows in its brief history since being formed in 2009: After a plunge in November 2013, it lost about half its value in 2014. The huge rally in 2017 also came with some sharp selloffs, although those wound up being temporary.

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