

Bitcoin surges above \$11,000 thanks to Facebook's currency plans

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Bitcoin has risen about 20 percent this month with the crypto sector getting a huge boost from news that Facebook is launching its own unit

Bitcoin surged to a near 16-month high above \$11,000 Monday, overshadowing stock, foreign exchange and commodity markets and

breathing new life into a sector that many had declared moribund.

Bitcoin reached \$11,280 at one point after powering through \$10,000 for the first time since March of last year, propelled by a huge boost from Facebook's unveiling of its own digital unit Libra, analysts said.

"The strong resurgence in the bitcoin price is mainly due to the renewed mainstreaming interest in cryptocurrencies and the technology which underlines them," Naeem Aslam, analyst at trading group ThinkMarkets, said. "Projects like Facebook's Libra have provided much needed tailwind for this space."

The social network plans to launch Libra next year, and plans to back it with a basket of real-world currencies and a consortium of companies including Visa, MasterCard, PayPal and Uber.

'Blast from the past'

Calling bitcoin's rise a "blast from the past", OANDA analyst Craig Erlam said the Facebook cryptocurrency launch seemed to be "legitimizing the industry" which had come under scrutiny after the bitcoin fell 80 percent from its peaks.

"Bitcoin is very much back in the headlines, as the cryptocurrency surged through \$10,000 for the first time in more than a year and reminded us all of the good old days of late-2017," Erlam said.

Bitcoin has risen about 20 percent this month alone but is still well off record levels near \$20,000 seen at the end of 2017.

Expectations that Group of 7 countries will introduce stringent rules concerning investor identities did little to dampen the new-found enthusiasm for bitcoin, noted Gary McFarlane, a cryptocurrency analyst

at interactive investor.

But the rally was almost entirely focused on bitcoin with other crypto coins "struggling today," he said.

Stock markets were under modest pressure ahead of a crunch meeting between US President Donald Trump and his Chinese counterpart Xi Jinping at this week's summit of 20 major economies.

Markets are waiting to see if Trump and Xi can find a way to get past their trade war when they meet on the sidelines of the event in Japan.

Global equities last week rallied after Trump hailed positive telephone talks between the pair, fueling hopes of a possible end to their long-running tariffs battle.

"No one thinks the US and China will do a deal in Osaka but there is some hope that we will have a positive development that marks a shift in the rhetoric and a re-energizing of talks following the breakdown in the recent discussions," said Neil Wilson, chief market analyst at Markets.com.

The dollar meanwhile dropped Monday, continuing to face pressure from expectations that the Federal Reserve could lower US interest rates as soon as July as the economy shows signs of softening amid the trade war with China.

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