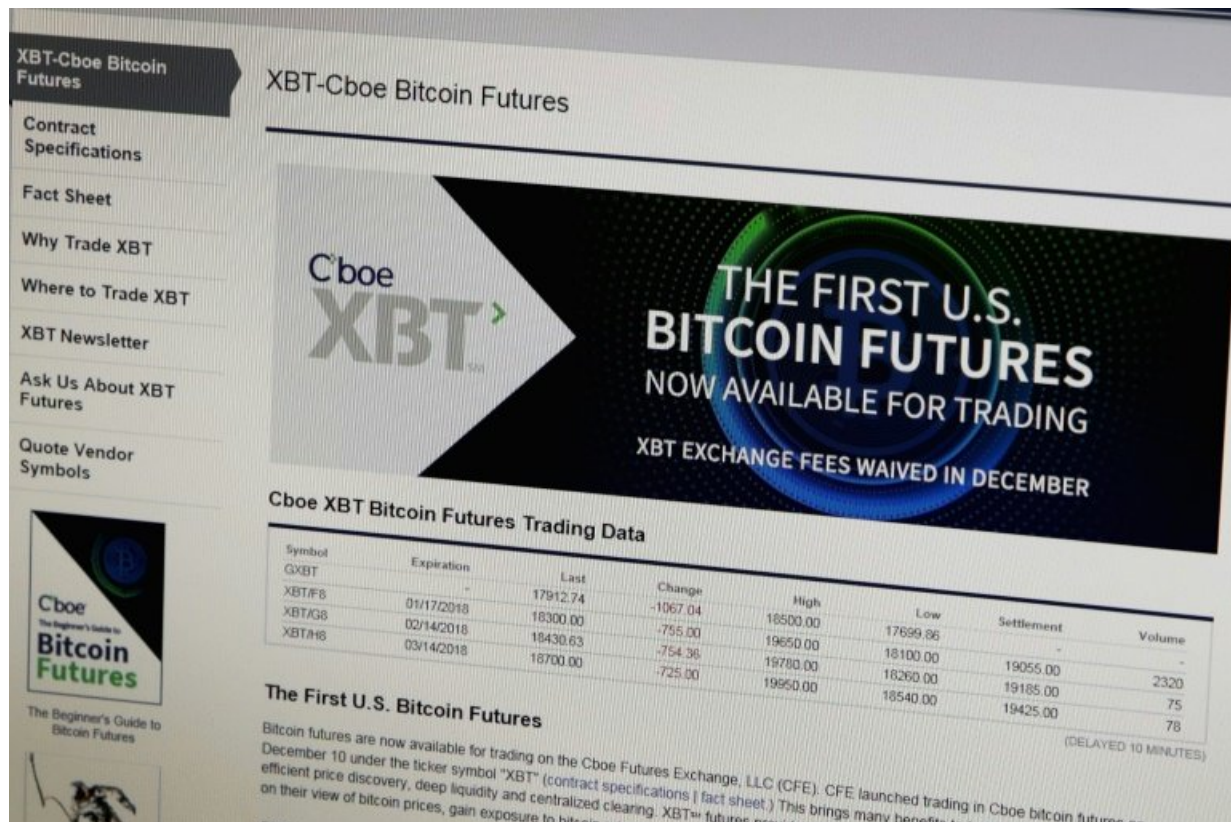


Regulation and apathy hit bitcoin market

March 30 2018, by Joseph Sotinel, Kevin Trublet



The Cboe Global Markets exchange became the first to trade bitcoin futures in the United States at the peak of a market frenzy that saw the value of the cryptocurrency rise to nearly \$20,000

Wild fluctuations within the bitcoin market have once again sparked debate between investors who believe it is merely undergoing a "correction" and those who see it as a costly fad.

After a buying fever at the end of 2017 that sent the price of a token to nearly \$20,000 and a spectacular fall at the beginning of the year, [bitcoin](#)'s price made a modest recovery before falling sharply again this month.

"This is a healthy correction after an exuberant 2017," said Kyle Salmani, founder of crypto-currency fund Multicoïn Capital, which manages \$50 million (41 million euros) of private cash.

Despite his optimism for the sector, Salmani's fund is not betting on a rise in bitcoin prices, instead focussing on competitors with more a impressive recent track record and more innovative technologies.

"Certainly the halcyon days of performance gains from 2017 seem long gone," added Jordan Hiscott, investment manager at the Ayondo Markets online platform.

The bubble bursts

Bitcoin now makes up only 40 percent of the volume of crypto-currency transactions, having accounted for 80 percent of the [market](#) just a few months ago, according to coinmarketcap.com data.

The weekly number of Google searches containing the term bitcoin is five times lower than at its peak, in the week of December 17 to 23.



Bitcoin is called a virtual currency, but there are ways for investors to buy and sell the tokens including ATMs like this one in Italy

Bitcoin now trades at around \$8,000, compared with \$19,511 at the end of December, according to Bloomberg figures.

Morgan Stanley analysts stressed in a note published in early March that bitcoin was behaving much like the stock market did in the dot-com crash of the 2000s, only at "15 times the speed".

However, the cryptocurrency has already lost about 90 percent of its value on two occasions since its 2009 launch—in 2011 and 2015—before recovering.

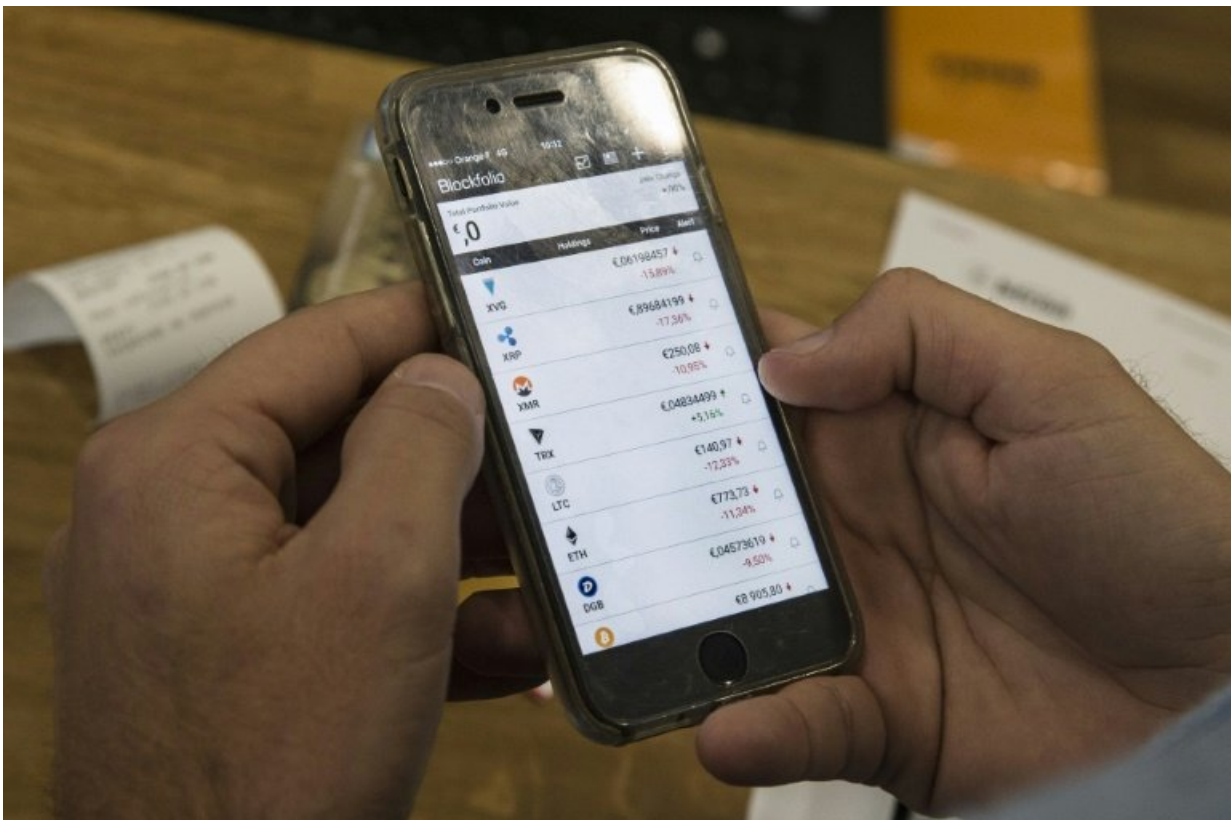
"I wouldn't be surprised to see prices fall to \$5,000 from here or go back above \$10,000," said Craig Erlam, an analyst online currency trading platform Oanda.

But he believes that the levels reached in December will not be seen again any time soon.

"The incentives for holding bitcoin is simply the belief that it will become more adopted and widespread," he said, explaining why many were still holding onto their bitcoin wallets.

Welcome regulations?

The market's volatility has tended to defy expert analysis, but some link the recent fall to stricter regulations.



Investors can also follow their cryptocurrency holdings using smartphone apps

Those policing the largest bitcoin markets, the FSA in Japan and the SEC in the United States, have increased warnings and action against suspect trading platforms.

In addition, social networks Facebook and Twitter as well as the search engine Google have all announced a ban on advertising for ICOs—fundraising campaigns carried out in cryptocurrency.

"In the short term, it's bad news," acknowledged David Drake, who manages the LDJ Capital investment fund.

"But we need regulations," he told AFP.

Others put the volatility down to sell-offs by historical players in the bitcoin market who carved out huge positions when it was in its infancy.

A Tokyo attorney and bankruptcy trustee for the now-defunct cryptocurrency exchange Mt. Gox revealed that he had liquidated \$400 million of bitcoin tokens on behalf of creditors, depressing the market.

The lawyer, nicknamed "Tokyo Whale", said he had sold the tokens between December and February, and did not rule out resuming the sell-off, with \$1.9 billion still to be offloaded.

"With this kind of volume yet to surface, in my view, prices on bitcoin will remain depressed until this situation has been resolved," warned Hiscott.

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