



TRENDING

Survey: Is the Bitcoin Community Just Young, White and Male?

BITCOIN PRICE INDEX (24H)

USD -1.29%

\$240.26

EUR €223.70

CNY -1.45%

¥1,489.54

GBP £162.31

- NEWS GUIDES PRICE & DATA EVENTS JOBS RESEARCH DEALS



Search



BITSTAMP • COMPANIES • DATA ANALYSIS • EXCHANGES • FEATURES • PRICES

# Markets Weekly: Questions for Bitcoin Price After Torrid Week

Joon Ian Wong (@jooonian) | Published on January 12, 2015 at 14:52 BST

- Twitter 320 Facebook 117 Google+ LinkedIn 8 Reddit 1 Email

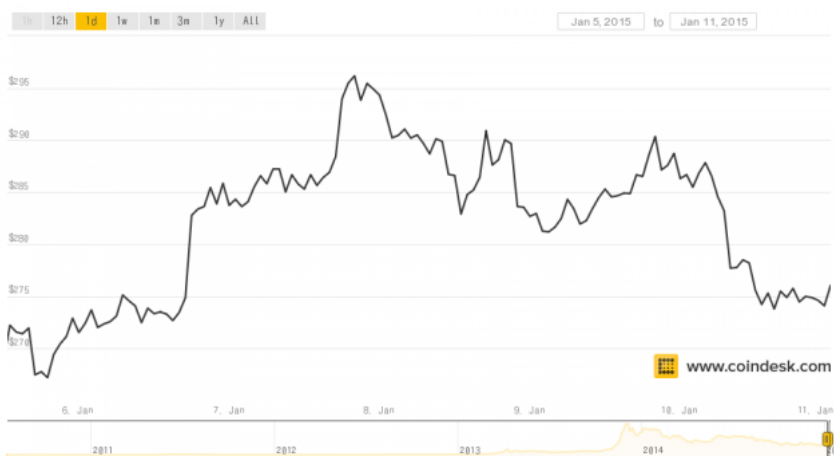
It's been a tough week for the bitcoin price.

Trading closed on 5th January at \$272.95, losing 2.78% over the week to end on 11th January at \$265.37, according to the [CoinDesk Bitcoin Price Index](#).



With prices trading below \$300 for the first time in a year, Bitstamp [revealed](#) that it had lost \$5m in coins during a security breach. It pulled the plug on trading for [four days](#) as its team scrambled to migrate its systems and introduce new security measures.

During the outage, punters drew [comparisons](#) to the suspension of trading at Mt Gox, which signalled the end of that once dominant venue for cryptocurrency trading. While Bitstamp management issued updates on their efforts to get the platform back online, the exchange also missed self-imposed deadlines for the resumption of services, adding to the worried speculation.



## Trading volumes rise

Despite last week's weekend price crash and the outage at one of the largest USD/BTC exchanges, total trading volume across exchanges rose. Data from Bitcoinity shows a 10% increase in traded volume, from 2.25 million coins in the week ending 4th Jan to 2.49 million coins for the most recent seven-day period.

## DAILY BITCOIN NEWS

Don't miss a single story - subscribe now!

Email Address

SUBSCRIBE

## FEATURES



Exclusive: Silk Road Agent Gave Bitcoin Tax Advice Prior to Arrest



ProTip App Proposes Bitcoin Solution for Center Monetization



Fred Wilson on the Proposed Bitlicense Regulations



Spare Change-to-Bitcoin Service Lawnmower Aims for Main Street Investor Appeal

Bitcoin in the Headlines:



Wall Street Goes 'Nuts'

Advertisement for BITMAIN, featuring text: 'Your Trustworthy Bitcoin Company', 'Purchase Miner @ ANTMINER', 'Cloud Hashing @ HASHNEST', 'Enjoy Mining @ ANTPPOOL', and a 'JOIN US' button.

MUST READ

MOST POPULAR

Caribbean Bitcoin Exchange Launches Following a \$1.5 Million Raise

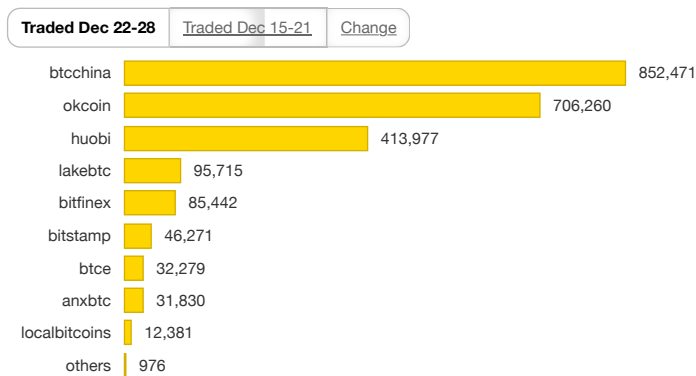
Some exchanges appeared to have reaped the rewards of the four-day Bitstamp outage. ANXBTC showed a 75% increase in traded volume, compared to a week earlier with 87,000 coins changing hands there. Bitfinex, which regularly sees more traded volume than Bitstamp, recorded a 30% increase in volume, or 203,652 coins traded. BTC-e also displayed a rise in volume, albeit by a smaller proportion of 18% to 60,000 coins traded.

With even the largest and most reputable exchanges vulnerable to being taken offline by hackers, at least some bitcoiners appear to have reverted to a less centralised way of converting their coins. The second-largest volume gainer in percentage terms however was [LocalBitcoins](#), the peer-to-peer trading platform. LocalBitcoins saw a 46% jump in traded volume in the last week with 18,759 bitcoins changing hands there.

Even with the Bitstamp outage this week, the price shed only about \$7 or 2.8% week-on-week. The biggest intra-day swing for the week took place on 7th January while Bitstamp was down. The price achieved a high of \$300.30 and a low of \$282.06, making gains for the day.

### Bitcoin trading volumes by exchange

Trading volumes in BTC



Source: [Bitcoinity](#) [Get the data](#)

### Where does price go from here?

To put this in perspective, devoted bitcoin watcher Martin Tillier at the Nasdaq's [trading blog](#) points out that the US dollar has been devalued by the Federal Reserve's quantitative easing measures to the tune of about 10%. Bitcoin meanwhile has only grown in utility since the halcyon days of its storming bull-run at the end of 2013. That run started at around \$125, so Tillier suggests that fair-value for a coin should be around \$140 today.

Tillier recommends going long if the price holds above \$250, but cutting losses if the price falls below that level, because a drop under \$200 could well take place.

Similarly Gavin Smith at derivatives offerer First Global Credit recommends watching for the price to cross the psychologically important \$250 level. Smith is going long but with plenty of stops placed on the way down to \$250 and under.

"I recommend a very disciplined use of stops at the moment as a further slide can't be ruled out," he wrote on his [company's blog](#).

Derivatives exchange BitMEX takes a slightly more bearish view. Its weekly [Crypto Trader Digest](#) recommends subscribers take advantage of "lower lows" as the price will head for \$250 and then \$200. But even as traders short the bitcoin price, they must remain vigilant to a "short squeeze", where the price moves against them and forces them to close their positions at a loss.

"Monitoring the level of short swaps on Bitfinex is a must. A successfully executed short squeeze could send the price screaming above \$300," the Digest observed.

Some analysis for a longer time period is offered by leveraged trading platform BTC.sx. Its chief marketing officer Josh Blatchford applies 'Random Walk' theory, popularised by the Princeton economist Burton Malkiel's 1973 best-seller '*A Random Walk Down Wall Street*', to cryptocurrencies.

By BTC.sx's [analysis](#), the bitcoin price can be viewed as being part of a bi-annual cycle: a price rally followed by a random walk. This has been the case in 2011 (rally) and 2012 (positive random

- Federal Agents Face Arrest for Alleged Silk Road Bitcoin Theft**
- Australian Treasury: Bitcoin a Threat to Tax Collection**
- Only 2.3% of Americans in Survey Trust Bitcoin Transfers Overseas**
- Financial Watchdog Rethinks AML Guidance for Banks and Bitcoin**
- Bitcoin's 'First Felon' Charlie Shrem Begins Year Sentence**

Got a news tip or guest feature?

### A BEGINNER'S GUIDE TO BITCOIN

Bitcoin is a digital currency that is being used increasing all over the world. Find out more about how it works and how you can use it with our straightforward guides.

- What is Bitcoin?**  
:s a decentralized digital currency
- Why Use Bitcoin?**  
:s fast, cheap to use, and secure
- How Can I Buy Bitcoins?**  
:rom an exchange or an individual

walk) and then 2013 (two rallies) and 2014 (negative random walk). The analysis stops short of calling a rally in 2015, suggesting only that volatility is expected to increase in late March.

[Speculation Image](#) via Shutterstock

[BitMEX](#) [Bitstamp](#) [BTC.sx](#) [First Global Credit](#)

320 117 8 1

FROM THE WEB

Sponsored Links by Taboola

**Buffett Admits This Is A "Real Threat"**

The Motley Fool

**'Warren Buffett Indicator' Signals Collapse in Stock Market**

Newsmax

**Restore Your Vision To 20/20 With This Nifty Trick**

Vision Protocol Guide

**15 Of The Rarest (And Most Mind Blowing) Photographs In History**

LOLWOT

**What YOUR Name Says About You...**

Numerology Report

**15 Most Beautiful Women in the World**

RaveBin

**The payments ecosystem: the players and trends that are reshaping the industry**

Business Insider

**These 24 photos will change your life.**

4D Magazine

**Billionaire Secrets: 5 of the Words Richest Spill Their Secrets**

WellingtonOak

PREVIOUS ARTICLE

NEXT ARTICLE

**What It Took to Bring Bitcoin to 5,000 Taiwan Convenience...**

**Bitcoin 'Vault' Elliptic Meets Global Auditing Standard**

RELATED STORIES



Feb 26, 2015 at 20:50 | Joon Ian Wong

**Ex-Goldman, Paribas Execs Launch Bitcoin Derivatives Exchange**

A former executive director of Goldman Sachs in London has launched a bitcoin derivatives exchange called Crypto Facilities.

NEWS IN BRIEF

Feb 26, 2015 at 15:54 | Yessi Bello Perez

**Bitstamp to Introduce New Fee Structure**

Feb 19, 2015 at 22:00 | Yessi Bello Perez

**Game Developer Prepared to Return 'Bitstamp Hack'**

NEWS IN BRIEF

### Donation


FEATURE



Feb 16, 2015 at 13:23 | Joon Ian Wong

## Markets Weekly: Price Jumps \$50 in Four Days of Trading

The bitcoin price jumped \$50 in four days of trading, but settled back below the \$250 mark after crossing the threshold in earlier trading.



**Gem** Hey, our eyes are up here. [gem.co](http://gem.co)

Comments for this thread are now closed. ×

#### AROUND THE WEB

##### 3 Ways to Make Mobile Money Work

WSJ Custom Studios Narratives

##### 5 Ways to Stay Young and Fit Stack

##### 5 Jobs You'll Make \$300k/yr From Home

WorthyTrend

##### Six Japanese Cars to Not Look Forward To

Web2Carz.com

#### ALSO ON COINDESK

##### Federal Agents Face Arrest for Alleged Silk Road Bitcoin Theft 41 comments

##### Fred Wilson on the Proposed Bitlicense Regulations 15 comments

##### Only 2.3% of Americans in Survey Trust Bitcoin Transfers Overseas 19 comments

##### Overstock Invests \$5 Million in Peernova in First Bitcoin Investment 5 comments

#### WHAT'S THIS?

14 Comments [CoinDesk](#)

Login ▾

Recommend Share

Sort by Best ▾

**Jonathan James Harrison** · 3 months ago

We need the ETFs like the winklevoss one to come online so institutional money can flood in. That's when the next bubble will be.

6 ^ | ▾ · Share ›

**madtechnician** → Jonathan James Harrison · 3 months ago

Or another EU bail-in.

2 ^ | ▾ · Share ›

**Michael** → Jonathan James Harrison · 3 months ago

Derivatives like ETFs are the weapons that take care of the decline. Happens also in the gold and silver market. With a derivative you can temporary create a bigger supply than the existing real asset. In the case of bitcoin derivatives you can create temporary a supply that is even larger than all mined coins in existence. The sad thing is, the ones who should take care for an honest usage of the derivatives, for example the often mentioned CFTC, have all benefit for the low gold, silver and bitcoin prices. So they close their, ears, eyes and so on. They keep telling all is well with the derivatives. There are plenty of sources you can google on this subject.

^ | ▾ · Share ›

**Jonathan James Harrison** → Michael · 3 months ago

Agreed, however with bitcoin you can you can call the derivatives bluff and request an instant transfer to close and settle said derivative. The fact it is impractical to take delivery of physical gold stops gold derivatives blowing up. Bitcoin derivatives will blow up from time to time and so they should to stop them taking up too much of the free market.

1 ^ | ▾ · Share ›

**Jordan S** · 3 months ago

I agree that an ETF will bring in the next bubble due to institutional money. In the meantime expect Bitcoin to easily drop to the \$240 range within the day or week. All charts and fib lines are indicating so. Be very careful placing a long on this price.

1 ^ | v · Share ›

**DougNJ** · 3 months ago

"Round and round She goes. Where She stops, Nobody knows".

"Ya pays yer money, ya takes yer chances".

Fun time for small merchants trying to price a lunch order, anticipating exchange rate by the time block inclusion and payout is possible. They would have to overcharge at time of order.

^ | v · Share ›

**Dario** · 3 months ago

Good situation for Bitstamp to buy back its lost coins...

^ | v · Share ›

**DougNJ** → **Dario** · 3 months ago

If the price goes much lower it will make the theft hardly worth it. "My Dad Hacks BTC And All I Gox <sic> Was This Lousy T-Shirt".

2 ^ | v · Share ›

**thirdbalum** · 3 months ago

The Coindesk index just dropped under \$245 US - this is a dramatic crash.

^ | v · Share ›

**Julias** · 3 months ago

I am not aware that the claim "the US dollar has been devalued by the Federal Reserve's quantitative easing measures to the tune of about 10%" is supported by any serious economist. Anyone doubting this could look at the site "US Inflation Calculator" and compare the inflation since QE started with the previous 5, 10 or 20 years to make an idea for himself.

^ | v · Share ›

**Jared Boice** → **Julias** · 3 months ago

well if by inflation, you mean rises in price of things (and not its real definition of an increase in money supply) then your assessment may be temporarily correct, since much of that money has either been hoarded by banks (both foreign and domestic) or stacked on the derivative table. Therefore, we could see a large increase in prices across the board all at once at some point

^ | v · Share ›

**Julias** → **Jared Boice** · 3 months ago

The rise in price is effectively what I mean. It is also what is commonly meant in economy. It also has to be what the author meant, since he referred prior to this the price decline of BTC. Comparing supply of USD to price of BTC would be comparing apple to oranges.

1 ^ | v · Share ›

**Orchideric** · 3 months ago

Finally, a realistic analization; Good job Joon and Mr Tiller, thx..

Is the March prediction because of American Tax time? I would think many might be selling around then to cover taxes or even a capitol loss.

Thought... Imagine how much tax revenue the Chinese government is missing out on. I think someone in China will eventually point that out to the Ministry of Finance, and things will eventually change. I'm also wondering how all this fits in with the New World Bank initiative. When the swap-over finally takes place, they may just sell yuan into the dirt to embrace the new metal backed currency, and Bitcoin would sure be a good place to do it. Thoughts anyone?

^ | v · Share ›

**Pheasant\_Plucker** → **Orchideric** · 3 months ago

I would assume that more significant global events are on the radar in China rather than the tiny bitcoin upstart. Tax collection efforts probably best to focus on more lucrative targets.

As for the recent drop I think it's a big shakedown. There is a lot of shock and awe in the markets reacting to the news. The bubble has gone in reverse. With bitstamp and now a big cloud miner offline it will precipitate a big sell off to cover their investors losses. This is classic herd mentality or as Soros says reflexivity. I am sure

some people are panic selling at bitstamp - some of them will remember the cost of delaying at MtGox so they will not take any chances.

My own greedy selfish desire is that bitcoin drops to a buck so I can load up the truck at a discount, but unfortunately that is not realistic anymore. The next bubble will be in 2016/17 at the next block reward shift from 25 to 12.5. It could begin sooner if the ETFs get approved. These dips will be looked back on as a rare buying opportunity.

Bitcoin is not a straight line investment. It is a highly volatile speculative gamble - a wild ride.

^ | v · Share ›

---

 [Subscribe](#)

 [Add Disqus to your site](#)

 [Privacy](#)