



TRENDING
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USD 0% ▲ \$246.55
EUR €229.21
CNY -0.02% ▼ ¥1,534.67
GBP £166.33

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Markets Weekly: Trading Volumes More than Double Amid Price Surge

Joon Ian Wong (@jooonian) | Published on November 17, 2014 at 17:34 BST

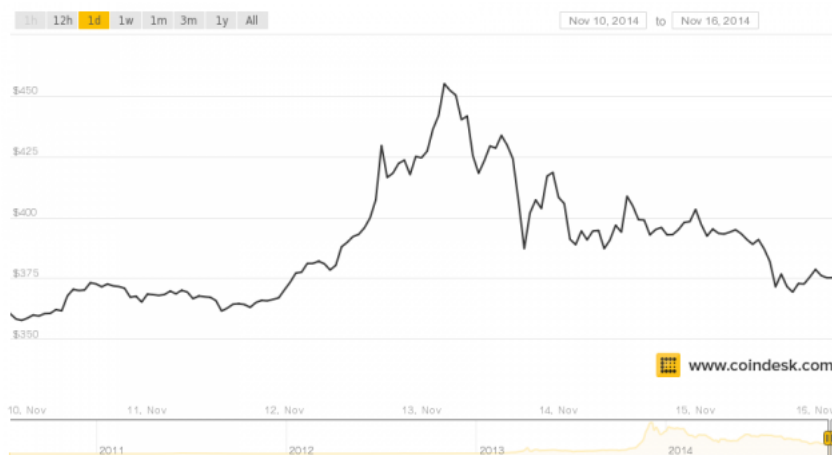
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The bitcoin markets were frothing last week as the price soared to a high of \$458 on Thursday. Trading volumes more than doubled as markets were stimulated by the surging price.



Volumes rose by 2.3 times to nearly 6m BTC traded over the last seven days, compared to a week earlier. The stage was set for a price surge a week ago, as the markets digested the news of the inter-continental dark markets bust called Operation Onymous.

In the last week, prices swung a massive \$97.57 from a trough on 11th November to a peak two days later. The price rose from \$360.58 at the week's bottom to \$458.15 at its top, according to the [CoinDesk Bitcoin Price Index](#).



CoinDesk BPI for 10th to 17th November. Source: CoinDesk

There has been plenty of price action, then – not that you would know it by looking at the week's closing prices. The bitcoin price opened the week at \$360.29 on 10th November and closed by \$388.55 on 16th November, representing a rise of 7.84%.

The price movement was backed by robust trading volumes across a range of exchanges. [BTC China](#) reported a trebling in volume, while [Bitfinex](#) recorded an increase of nearly double the amount, compared to a week earlier. [BTC-e](#) showed trading volume growth of 128%, while

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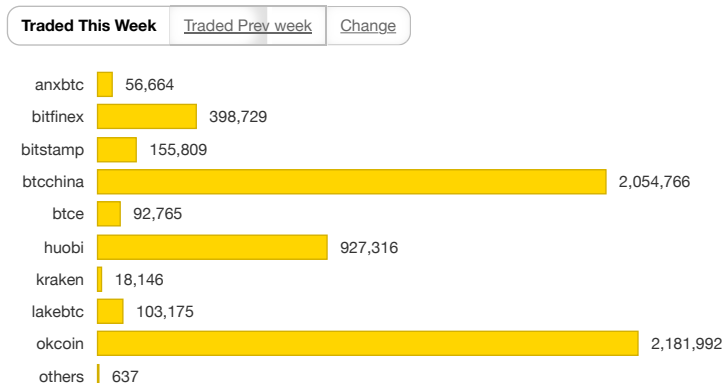
Caribbean Bitcoin Exchange Launches Following a \$1.5 Million Raise

OKCoin and Bitstamp both showed rises of 117%.

The fact that exchanges across the board reported strong volume growth is an indicator of the bitcoin markets' health. The current bitcoin price surge appears to be well-supported.

Bitcoin trading volumes by exchange

For 10-16 November, 2014 and 3-9 November, 2014.



Created with [Datawrapper](#)

Source: [Bitcoin.org](#), [Get the data](#)

A futures kerfuffle

While the bitcoin price may have seen some serious price action last week, it didn't compare to the kerfuffle around Huobi's futures market.

Here's how [Huobi](#) told it: It turns out an enthusiastic trader had taken advantage of Huobi's [newly introduced high-leverage margin accounts](#), which offers leverage of up to 20-times. The trader went long on a weekly futures contract at a price of 3,000 CNY. The market moved against him and he had to close his position at 2,817.76 CNY.

That would have been the end of it, but Huobi's futures market didn't have enough liquidity to fill the orders at that price. Plus, lots of other highly leveraged positions were [facing margin calls](#). The price kept tumbling. The order was finally filled at 2,378.72 CNY, or more than 400 CNY below the intended price. This resulted in 3,032 BTC of unintended losses.

The exchange then spread those losses across traders on its platform, effectively forcing them to take a haircut of 46.1% on their trading profits. Huobi said it would reimburse affected traders by giving them credit on the platform.

[BitMEX](#) founder Arthur Hayes, who is launching his own derivatives exchange on 24th November, was quick to write to CoinDesk, pointing out that his platform bears all the risk for its products, meaning it would not force its users to take a loss because of a wonky market.

Hayes wrote in an email:

"When clients of BitMEX ask what differentiates BitMEX from other derivatives exchanges, I thump my chest and scream 'Counterparty risk!' BitMEX stands behind all trades."

Arbitrage window and hedge fund rumours

Hayes also pointed out an intriguing arbitrage opportunity in his [weekly trading newsletter](#). He calculated the price deviation on major non-Chinese exchanges from the global average from 11th to 14th November. He then compared this to the price offered on OKCoin over the same period.

Arbitraging between exchanges in China and outside the country has been lucrative [in the past](#). This time, Hayes found that non-Chinese exchanges, like BTC-e, were offering discounts of more than 10% of the BTC global average spot price, while OKCoin was offering a premium of 20% at the same time. That's a spread of 30 points.

The arbitrage opportunity lasted for 24 hours, Hayes wrote, although he noted that only traders

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A BEGINNER'S GUIDE TO BITCOIN

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What is Bitcoin?

It's a decentralized digital currency

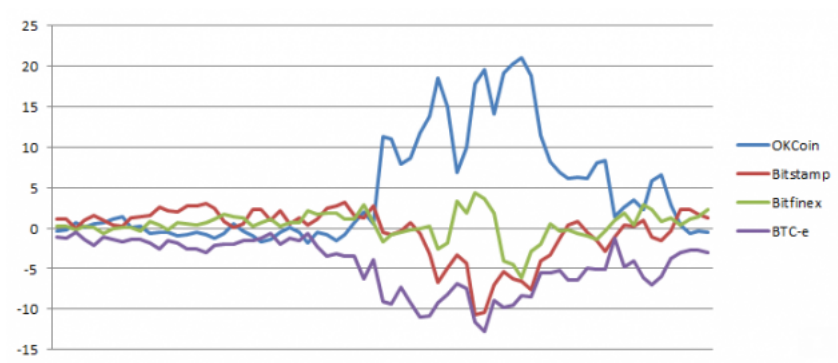
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with funds already sitting on the exchanges would have been able to take advantage of the opportunity.



BitMEX chart of price deviation from global average between 11-14 November. Source: BitMEX

Speaking of OKCoin, the exchange's CTO Changpeng Zhao [claimed](#) his company had signed on a massive new client: a hedge fund with €3bn under management that had begun to trade on its platform. The exchange hasn't provided evidence of this whale of a trader yet.

Coincidentally, CoinDesk does know of a hedge fund, located in the favoured neighbourhood for such outfits, London's Mayfair, that is looking into the cryptocurrency space. But it hasn't said anything about trading on OKCoin, or indeed any exchange, yet. Watch this space for more details as we get them.

Bitcoin bull-runs are lucrative

Pantera Capital's monthly research note came out a couple of weeks ago. It contains some reassuring analysis of the bitcoin price.

The research observed that bitcoin had a hit a new low below the 200-day moving average on 5th October. Of course, that was just before the current price run-up in the wake of Operation Onymous.

The note also found that bitcoin bull cycles returned, at a minimum, more than triple the amount invested. The most profitable bull-run it has recorded were the 66 days from 5th April 2011, when it returned 44-times the invested capital. The price then rose from \$0.67 to \$29.58.

Bull Markets	Low Date	Low Price	High Date	High Price	# of Days	Price Increase	Ave. Change/Day
Cycle 1	12/10/2010	0.19	2/14/2011	1.06	66	6x	8.5%
Cycle 2	4/5/2011	0.67	6/9/2011	29.58	65	44x	67.9%
Cycle 3	11/18/2011	2.54	1/12/2012	7.27	55	3x	5.2%
Cycle 4	2/19/2012	4.33	8/17/2012	14.25	180	3x	1.8%
Cycle 5	10/27/2012	9.99	4/9/2013	214.86	164	22x	13.1%
Cycle 6	7/6/2013	67.21	12/4/2013	1,111.56	151	17x	11.0%
Cycle 7 to Present	10/5/2014	305.81	10/28/2014	354.82	23	1x	5.0%
Mean	6/21/2012	55.82	9/30/2012	247.63	101	14x	16.1%
Median	2/19/2012	4.33	8/17/2012	29.58	66	6x	8.5%

Source: Pantera and Bitcoincharts.com

Historic bitcoin bull markets. Source: Pantera Capital.

Disclaimer: This article should not be viewed as financial advice. Please do your own extensive research before making investment decisions.

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Markets Weekly: Bitcoin Price Rallies Amid Positive Newsflow

The bitcoin price spike over the last four days, which saw it gain 12% to hit a high of nearly \$262, has been attributed to positive newsflow.



Feb 9, 2015 at 14:23 | Joon Ian Wong

Markets Weekly: Slow Week for Bitcoin Price as 'Grexit' Looms

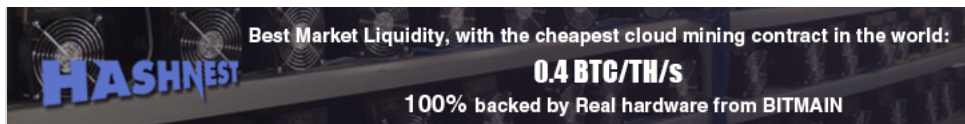
Bitcoin traded sideways over the last week, with the price largely unchanged, as the wider macro-economy awaits a possible Greek Eurozone exit.



Feb 2, 2015 at 14:56 | Joon Ian Wong

Markets Weekly: Bitcoin Price Drops as Coinbase Euphoria Wanes

Following a price spike on major announcements from Coinbase two weeks ago, the bitcoin price has fallen back below \$250.



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