



Bitcoin scales \$11,000 – Start of a new bull run for BTC and Cryptos?

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June 23, 2019

Bitcoin (BTC) surged above \$11,000 to scale a high of \$11,157.35 at 17:39 UTC, and barely under 24 hours since it surpassed the psychological levels of \$10,000, according to data from Coinmarketcap.

BTC has gained nearly 250% since hitting its 52-week low of \$3,191 on December 15, 2018 and is up 200% since beginning of this year when it closed at \$3733 on January 1, 2019. Cryptocurrencies and especially BTC have weathered the winter freeze for nearly all of 2018 hitting its lowest in mid-December, before the market reversed in the first week of January 2019. BTC has led the gains and all other leading cryptocurrencies have rallied around it posting significant individual gains during the period. Ethereum, Ripple and Litecoin have all registered double digit growth since beginning of 2019.

BTC and the cryptocurrency markets have been stable for most of the year-to-date. BTC itself started growing after the April boom and gained nearly 60% between end-April and mid-May, thereby crossing the \$8,000 mark on May 14. This surge was followed by a short-term fall of nearly 11% the following three days. BTC price rebounded to again cross the \$8,000 mark before witnessing another drop of nearly 12% between June 2 and June 9, 2019.

BTC has been on an upward surge since June 10, 2019 when it was at \$7,800 mark. It broke through the psychological mark of \$10,000 yesterday generating a renewed visibility and interest from the investors and enthusiasts. The price surge added nearly \$30 billion to BTC's market capitalization in two days to \$190 billion as on June 22. Market capitalization has jumped 2.5x between end-March and June 22, while 24-hour trading volumes have jumped from nearly \$10 billion in end-March to ~\$30 billion on June 22.

Facebook's announcement and release of whitepaper of its own coin Libra on June 18, provided a significant positive boost to the cryptocurrency market in general and BTC in particular. Add



to this the expected BTC reward halving in May 2020 which will further reduce the block rewards to 6.25 BTCs from current 12.5 BTCs. This will lead to decrease in BTC supply going forward, making it dearer and hence the surge in prices.

The surge in BTC prices also triggered the fear of missing out (FOMO) among investors. This influenced investor sentiments somewhat and drove buying into BTC. Investors view BTC as a strong store of value that has repeatedly increased (and parabolically) in value and reaches new all-time-highs after what have looked like catastrophic falls. Professional trades have stated BTC-USD is experiencing its fourth parabolic phase dating back to 2010. According to data, BTC increased its value 9,765-fold between October 2011 and December 2017.

Unlike 2017 when the BTC's historic surge was driven mainly by retail investors, it is the institutional investors that have been driving the current surge. Intuitional demand for BTC has soared and open interest at CME Group saw 5,311 contracts totaling 26,555 BTC or approximately \$246 million, as of June 17.

However, the retail investors still appear to be on the sidelines, watching the surge and developments with keen interest. They are likely to wait for the coin to report more stability before they re-enter the markets. BTC has already slid back to \$10,706 at the time of writing this report (UTC 2:26 PM, June 23, 2019) and the coin needs to maintain its current gains, before BTC enjoys its upside. Investors are still wary as they are not sure if the current levels are sustainable in the medium term.

The current BTC price uptrend is not entirely without fundamentals but is not yet fully supported by it either. The coin has not witnessed any significant correction since \$7,500 range and as it is in the middle of another parabolic move, the inevitable correction will hurt. The price may, as such, see a fall shortly.

However, this is likely to change in the next three to six months as continuous positive developments and high profile projects like Libra come on line, supported by a sustained price rally. The retail investor FOMO has not even started as yet, which may suggest that BTC price could go much higher than last time. BTC coin may get as high as \$15,000 quickly once it breaks through the \$11,500 mark. Surely, this could be the slow beginning to the next Bull Run on the BTC and crypto markets.

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