



## Will Regulations Cripple Bitcoin and Other Cryptocurrencies in 2018?

### Description

The price of Bitcoin managed to briefly climb back above the \$13,000 mark the weekend of January 19-21 after experiencing major turbulence and falling below \$10,000 in the previous week. Ethereum also dropped to \$800 from a high of \$1,400 before rebounding and finishing Friday above \$1,000. The sharp sell-off was triggered after South Korea announced it would explore shutting down cryptocurrency exchanges.

South Korean finance minister Kim Dong-Yeon said regulations may be needed to quell rampant speculation. The Chinese government has also announced plans to intensify its crackdown on cryptocurrency trading. In late November, I'd [warned investors that regulators were the single biggest threat](#) to the cryptocurrency market.

Mark Wilson, CEO of insurance giant **Aviva**, predicts that cryptocurrencies will face a “blizzard of regulations” in the opening months of 2018. French president Emmanuel Macron and German chancellor Angela Merkel have also telegraphed intentions to launch a broader crackdown on cryptocurrency trading. On January 19, the government of India also announced that it would begin to act against cryptocurrency traders.

The heightened urgency from China and other nations appears to vindicate the prediction from **JP Morgan Chase & Co.** CEO Jamie Dimon in September that cryptocurrencies could be seen as a threat to financial stability of states. Officials from the European Union have also criticized cryptocurrencies for supposed links to money laundering and terrorist financing. France and Germany will make joint proposals to regulate cryptocurrencies at the G20 summit in Argentina in March.

Uncertainty surrounding the fate of cryptocurrency trading in these key markets will undoubtedly produce volatility in the opening months of 2018. More regulation will not only test the durability of Bitcoin and other cryptocurrencies as speculative assets, but also as payment systems. The Chinese central bank has already begun to apply pressure in recent days.

A document released by the Chinese central bank stated, “Every bank and branch must carry out self-inspection and rectification, starting from today ... Service for cryptocurrency trading is strictly

forbidden. Effective measures should be adopted to prevent payment channels from being used for cryptocurrency settlement.”

Are there opportunities for investors in the midst of this regulatory rush? Another speculative asset has had an [impressive start to 2018: gold](#).

The spot price of gold received support on January 19 as the U.S. dollar hit three-year lows, and fears of a government shutdown stirred anxiety in U.S. markets. The sell-off in cryptocurrencies has also been good news for the yellow metal. Precious metals traders like Europe-based CoinInvest and Ireland-based Goldcore Ltd. have reported increase interest from cryptocurrency traders looking to swap into gold and silver.

**Goldcorp Inc.** (TSX:G)(NYSE:GG), a Vancouver-based gold production company, has seen its stock jump 11.7% in 2018 as of close on January 19. Shares are still down 6.6% year over year, as the spot price of gold experienced spouts of volatility throughout 2017. Toronto-based **Yamana Gold Inc.** ( [TSX:YRI](#))([NYSE:AUY](#)) stock has climbed 6.6% to start 2018.

Bitcoin and other cryptocurrencies are about to face a stiff test, as national entities begin a significant crackdown in 2018. New retail investors may be particularly vulnerable and opt to switch into speculative assets like gold moving forward.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:YRI (Yamana Gold)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Investing

## Date

2025/08/17

## Date Created

2018/01/22

## Author

aocallaghan

default watermark