

Bitcoin Tumbles Below \$13,000 as Investors Face 'Reality Check'

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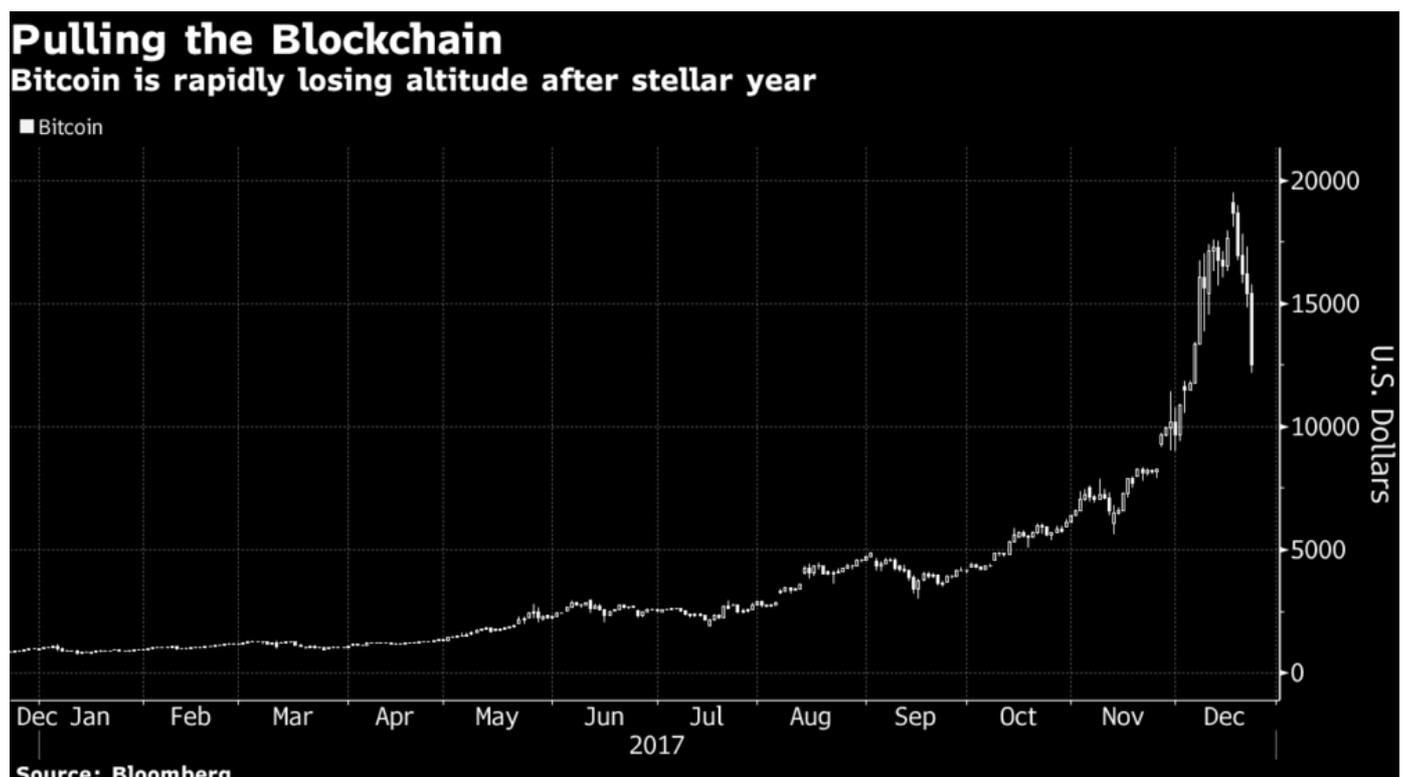
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- Biggest Cryptocurrency heads for fourth day of declines
- Frenzy for digital tokens has been luring established players

Bitcoin plunged by as much as a fifth on Friday as the frenzy surrounding digital currencies faced one of its biggest tests yet.



The world's largest cryptocurrency sank as much as 21 percent, briefly trading below \$13,000, as this week's selloff entered a fourth day with increasing momentum. Other cryptocurrencies also tumbled, with bitcoin cash crashing 32 percent and ethereum losing 25 percent over the past 24 hours, according to coinmarketcap.com.



The losses represent a major test for the cryptocurrency industry and the blockchain technology that underpins it, which have rapidly entered the mainstream in recent weeks. Bears cast doubt on the value of the virtual assets, with UBS Group AG this week calling bitcoin the “biggest speculative bubble in history.” Bulls argue the technology is a game changer for the world of investment and finance. Both will be closely watching the outcome of the current selloff.

Investors are facing a “reality check,” said Stephen Innes, the head of trading for Asia Pacific at Oanda Corp. “A frenzied demand for coins with limited supply has now led to unsophisticated investors holding the bag at the top.”

Many of the recent news stories and market moves connected to cryptocurrencies appear to carry hallmarks of the mania phase of a bubble. Long Island Iced Tea Corp. shares rose as much as 289 percent after the unprofitable Hicksville, New York-based company rebranded itself Long Blockchain Corp. Bank of Japan Governor Haruhiko Kuroda said on Thursday bitcoin isn't functioning like a normal means of payment and is being used for speculation.

Still, cryptocurrencies are attracting established players. Goldman Sachs Group Inc. is [setting up](https://www.bloomberg.com/news/articles/2017-12-21/goldman-is-said-to-be-building-a-cryptocurrency-trading-desk) [a trading desk](https://www.bloomberg.com/news/articles/2017-12-21/goldman-is-said-to-be-building-a-cryptocurrency-trading-desk) to make markets in digital currencies such as bitcoin, according to people with knowledge of the strategy. The bank aims to get the business running by the end of June, if not earlier, two of the people said.

Bitcoin was trading 13.4 percent lower at \$13,321.70 at 9:20 a.m. London time on Friday. It reached a peak of \$19,511 earlier this month, and is still up more than 10-fold for the year.

— *With assistance by Sarah McDonald*