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After December peak, Bitcoin down to April 2017 levels

Search trends from Google Trends indicate that search interest in Bitcoin and cryptocurrency is not as high as it was a few months ago

Last Published: Thu, May 03 2018. 09 22 AM IST

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Photo: iStock

Earlier this month, the Reserve Bank of India (RBI) asked entities it regulates, including banks, mobile wallets and payment gateways, to end relationships with entities involved in crypto to fiat trading, creating panic in the Indian crypto market. However, the panic, it seems, was only short-lived.

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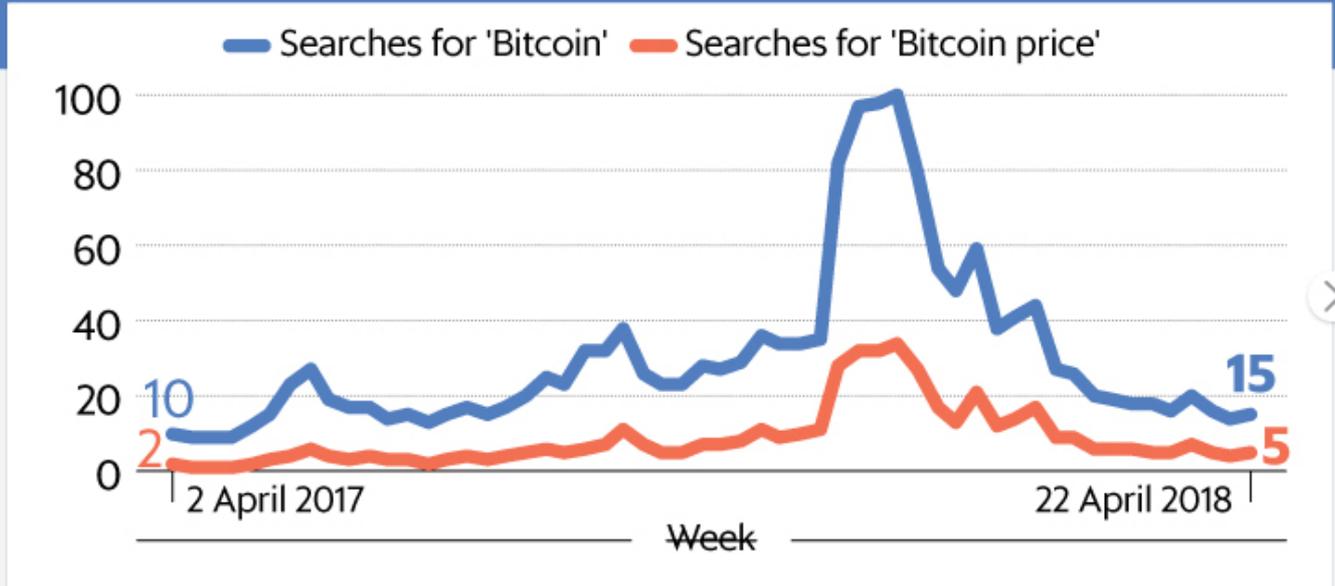
“There was an initial panic sell-off immediately after the RBI notification but the volumes as well as prices have significantly recovered,” said Shivam Thakral, founder and chief executive officer of BuyUcoin, a crypto exchange.

According to data from CoinGecko.com, the price of a single Bitcoin in rupee terms has seen a jump of close to 30% in 30 days up to 1 May. While there are several other crypto-currencies that are traded, Bitcoin is the most popular.



The RBI announced the restrictions related to crypto trading on 5 April. Though there was a small fall in Bitcoin prices immediately after the announcement, the prices have recovered from about Rs4.29 lakh per Bitcoin on 6 April to Rs6.14 lakh on 1 May. It touched Rs6.45 lakh in between (*see graph*). The prices are extremely volatile and vary from one exchange to another. Interestingly, even searches for the terms ‘Bitcoin’ and ‘Bitcoin price’ on Google saw a slight increase in this one-month period, according to Google Trends data.

Interest in Google searches for the terms 'Bitcoin' and 'Bitcoin price' rises and falls in sync with prices. Here are search trends for the two terms in India between 1 April 2017 and 1 May 2018



A value of 100 shows peak popularity for a term

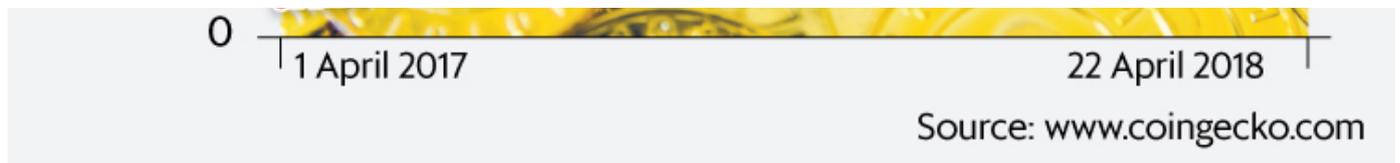
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UPS AND DOWNS

The price for Bitcoin, the most popular cryptocurrency, peaked in December and then saw a sharp fall. But recently, even after RBI asked its regulated entities to stop facilitating crypto purchases, the price of one Bitcoin has gained close to 30%



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However, the overall picture is different if you look at both sets of data—price and Google trends. Overall, prices have fallen and so have the number of searches.

Why is interest in crypto waning?

Search trends from Google Trends indicate that search interest in Bitcoin and cryptocurrency is not as high as it was a few months ago. The interest in topics or keywords like Bitcoin or Bitcoin price is at the level last seen in April-May 2017. There was a minor jump in related queries in the first week of April this year, perhaps due to the RBI announcement on crypto transactions.

The interest in these topics was the highest in December 2017, when Bitcoin prices globally reached an all-time high, close to \$20,000. Thakral said that people who already know about cryptocurrencies won't be searching about Bitcoin and crypto, but will be searching about exchanges or directly using specific apps. "But if you talk about new people, there have been some negative developments like the RBI notification that might make them afraid. But I believe you will see tremendous change in search trends around June and July (given rising demand)," he said.

The number of new users signing up on crypto exchanges has also been hit. For BuyUcoin, for instance, the number of new users registering each day has come down from 7,000-8,000 per day in December 2017 to 1,700-1,800 towards March-end to 800-900 per day now.

Also, people signing up on the exchanges are not necessarily investors. After signing up, users have to complete KYC formalities to start investing.

Falling prices lead to waning interest

The waning interest in crypto-currencies in general and Bitcoin in particular is largely because of falling prices.

Similar trends have been seen in asset classes like equity or real estate, said Vishal Dhawan, founder and chief executive officer, Plan Ahead Wealth Advisors. "This in view is a fairly normal situation which happens when prices go up," he said.

Giving an example of equity markets that saw a significant gain in January—Sensex went up from below 34,000 points in the first week of January to over 36,000 points in the third week—Dhawan said many investors asked him during the period whether they should move their money from fixed income to equity. "As markets were going up, people wanted more exposure. There was a sharp correction in February, and

people were not asking that question anymore. People chase returns and look for opportunities to participate in a particular story,” he said. The desire to own real estate has also gone through a similar cycle, he said.

Mint Money take

Bitcoin prices, though volatile, have steadily risen over the past month. This could again result in increased chatter about cryptocurrencies. As BuyUcoin’s experience suggests, most users were signing on crypto platforms when prices were nearing the peak.

Investing in cryptocurrencies like Bitcoin is too risky for retail investors. Existing investors may want to consider the risks and warnings against trading in crypto assets by the government and the RBI.

First Published: Thu, May 03 2018. 09 21 AM IST

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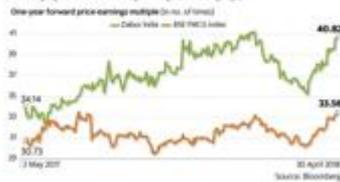
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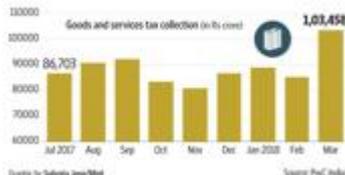
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