

Why did the Bitcoin price suddenly 'plunge' in the past few days?

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After a period of sideways movement at the threshold of 47,000 – 48,000 USD, Bitcoin suddenly had a correction from September 20 when the value continuously plunged.

According to Coinmarketcap data, Bitcoin is currently trading at \$41,800. Coinmarketcap data also shows that there was a time when Bitcoin lost \$ 40,000 when it dropped to \$ 39,876 in the early morning of September 22. Like other corrections, the Bitcoin price correction also led to the decline in the price of many other cryptocurrencies such as Ethereum, BNB, etc., causing the entire market to sink into the red.

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Accordingly, the fact that Wall Street investors were worried about Evergrande's deepening crisis led to a serious drop in US stocks on Monday. Some investors believe that Evergrande's default could cause a slowdown in China's economy, which in turn could spread to the global economy. As a result, investors around the world have been selling off risky assets, including Bitcoin, to take refuge in safer assets like US government bonds.

According to analysis by the Wall Street Journal, Evergrande's risk of default also affects Tether (USDT), a coin that plays an important role in the cryptocurrency ecosystem. Accordingly, Tether is classified as a "Stablecoin", meaning it has a stable value, little volatility, and is pegged to another stable asset such as gold or fiat currency

such as USD, EUR .v.

Particularly in the case of USDT, this virtual currency is tied to USD. According to crypto news and research service Block, there are around 71 billion USDT coins currently in circulation in the cryptocurrency market.



Tether Holdings Ltd., the company behind the USDT coin, revealed last month that about half of its assets are held in the form of commercial paper or certificates of deposit. However, Tether often does not explicitly disclose a detailed breakdown of the company's holdings. This led many market observers to voice doubt that Tether is holding many commercial papers of companies from China.

Last week, Tether announced that it holds no debt or shares of Evergrande. The fact that the coin still holds the conversion value at 1 USD for 1 USDT shows that this coin is still trusted by the market.

Even so, Noelle Acheson, Genesis Trading's head of market analysis, said Tether could still be affected if the economic situation in China deteriorates.

If Evergrande collapses, it will trigger more crashes. This may affect some Tether commercial paper holdings. That would be bad news not only for market stability, but also for investors' confidence," she said.

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