

Bitcoin surges above US\$11,000

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● Markets are waiting to see if Trump and Xi can find a way to get past their trade war

London, United Kingdom

Bitcoin surged to a near 16-month high above \$11,000 yesterday, overshadowing stock, foreign exchange and commodity markets and breathing new life into a sector that many had declared moribund.

Bitcoin reached \$11,280 at one point after powering through \$10,000 for the first time since March last year, propelled by a huge boost from Facebook's unveiling of its own digital unit Libra, analysts said.

"The strong resurgence in the bitcoin price is mainly due to the renewed mainstreaming interest in cryptocurrencies and the technology which underlines them," Naeem Aslam, analyst



Traders work after the opening bell at the New York Stock Exchange (NYSE)

Key figures around 1540 GMT

Bitcoin -	▲ at \$10,915.68 from \$9,939.81 late on Friday
Euro/dollar:	▲ at \$1.1392 from \$1.1322
Pound/dollar:	▲ at \$1.2728 from \$1.2696
Dollar/yen:	▼ at 107.35 yen from 107.60 yen
London - FTSE 100:	▲ 0.1pc at 7,416.69 points (close)
Frankfurt - DAX 30:	▼ 0.5pc at 12,274.57 (close)
Paris - CAC 40:	▼ 0.1pc at 5,521.71 (close)
EURO STOXX 50:	▼ 0.3pc at 3,455.57
New York - Dow:	▲ 0.2pc to 26,762.22
Tokyo - Nikkei 225:	▲ 0.1pc at 21,285.99 (close)
Hong Kong - Hang Seng:	▲ 0.1pc at 28,513.00 (close)
Shanghai - Composite:	▲ 0.2pc at 3,008.15 (close)
Brent North Sea oil:	▼ 98 cents to \$63.47 per barrel
West Texas Inter (WTI):	▼ 57 cents to \$56.86

at trading group ThinkMarkets, said. "Projects like Facebook's Libra have provided much needed tailwind for this space."

The social network plans to launch Libra next year, and plans to back it with a basket of real-world currencies and a consortium of companies including Visa, MasterCard, PayPal and Uber.

'Blast from the past'

Calling bitcoin's rise a "blast from the past", OANDA analyst Craig Erlam said the Facebook cryptocurrency launch seemed to be "legitimising the industry" which had come under scrutiny after the coin fell 80pc from its

peaks.

"Bitcoin is very much back in the headlines, as the cryptocurrency surged through \$10,000 for the first time in more than a year and reminded us all of the good old days of late-2017," Erlam said.

Bitcoin has risen about 20pc this month alone but is still well off record levels near \$20,000 seen at the end of 2017.

Expectations that G7 countries will introduce stringent rules concerning investor identities did little to dampen the new-found enthusiasm for bitcoin, noted Gary McFarlane, a cryptocurrency analyst at interactive investor.

But the rally was almost entirely focused on bitcoin with other crypto coins "struggling today", he said.

One factor for bitcoin's success Monday, McFarlane suggested, could be its role as a conduit to effect capital flight by some Chinese investors prompted by the China-US trade war.

\$40,000? \$100,000?

There was now talk, he said, that bitcoin could hit \$20,000 again, and even go much beyond, with some punters predicting \$40,000 or even \$100,000 by the end of the year.

"That might sound fanciful in the extreme but on past form it is a possibility - and so is a crash from wherever any potential new all-time high might form," McFarlane said.

Stock markets were under modest pressure ahead of a

crunch meeting between US President Donald Trump and Chinese counterpart Xi Jinping at the weekend summit of 20 major economies.

Markets are waiting to see if Trump and Xi can find a way to get past their trade war when they meet on the sidelines of the event in Japan.

'Shift in rhetoric'

Global equities last week rallied after Trump hailed positive telephone talks between the pair, fuelling hopes of a possible end to their long-running tariffs battle.

"No one thinks the US and China will do a deal in Osaka, but there is some hope that we will have a positive development that marks a shift in the rhetoric and a re-energising of talks following the breakdown in the recent discussions," said Neil Wilson, chief market analyst at Markets.com.

The dollar meanwhile dropped Monday, continuing to face pressure from expectations that the Federal Reserve could lower US interest rates as soon as July as the economy shows signs of softening amid the trade war with China.

"The dovish tilt in the US central bank's outlook was expected but what sent the Dollar tumbling was the fact that most of the US policymakers indicated that one rate decrease would probably not be enough, suggesting the need for continued easing as the economy slows down," said Konstantinos Anthis, head of research at ADSS.

China demands FedEx account for undelivered Huawei package



Representative picture

Beijing, China

China yesterday called on America's FedEx to explain why a parcel from Huawei to the US went undelivered, in the second spat between the companies in less than a month.

The ongoing tussle between the two firms comes as Beijing and Washington face off in a trade war that last month had both sides exchanging steep tariffs on hundreds of billions in exports.

IT publication PC Mag said on Friday a FedEx package with a Huawei phone inside that it had sent to the United States was returned to the UK. An accompanying note explained a US government "issue" with China prevented the delivery.

The US logistics group is already under investigation in China for failing to deliver some of Huawei's parcels.

"This is not the first time Fe-

dEx has made a Huawei-related mistake," said Geng Shuang, spokesman of China's Ministry of Foreign Affairs.

"FedEx, as a large multinational company, should give a reasonable explanation to the outside world and be responsible for its own actions."

On Friday, a journalist at PC Mag sent out a tweet of a photo of a package along with a note reading: "Parcel returned by FedEx, due U.S. government issue with Huawei and China government".

Huawei has been blacklisted by Washington, cutting it off from American-made components it needs for products.

It is a big blow for the tech firm, which depends on Google's Android operating system for its phones as well as US electronic chips.

FedEx apologised at the end of May for "misrouting" a "small number" of Huawei packages, but said no third party had asked the parcels be transferred.

N. Korea made \$120 mn a year from joint factory park

Seoul, South Korea

North Korea raked in more than \$120 million a year from a symbolic cross-border industrial zone that Pyongyang and Seoul are pushing to re-open as part of nuclear negotiations, a report said yesterday.

The Kaesong Industrial Complex -- where around 55,000 North Korean workers churned out products ranging from watches to clothes for some 125 South Korean companies -- was one of the most visible signs of reconciliation that followed the first inter-Korean summit in 2000.

But it was shuttered by the South's then-conservative government in 2016 in response to a nuclear test and missile launches by the North, saying profits from Kaesong were funding Pyongyang's provocations.

The South's current President Moon Jae-in has dangled re-opening the complex as an incentive for Pyongyang to engage in denuclearisation talks, but doing so is complicated by the web of international sanctions imposed on the North over its weapons programmes.

At their Pyongyang summit in September, Moon and North Korean leader Kim Jong Un agreed to "normalise" operations at Kaesong when conditions were "ripe", but negotiations between Pyongyang and Washington are now deadlocked and Northern media have pressed the South to implement joint economic projects.



North Korean employees work in a factory of a South Korean company at the Joint Industrial zone (Courtesy of Time)

The International Crisis Group called on Monday for the complex to be reopened with "a modest deal involving sanctions relief".

Doing so would create "much needed momentum for stalled peace talks and serve as a reminder to both North and South Korea of the benefits of building a sustainable peace on the peninsula", it added in a statement.

The factory zone gave the North foreign investment in its infrastructure, employment for its people and "much-needed revenue in hard currency", it said in a report, while the South Korean businesses involved en-

joyed cheap but high-quality labour -- wages in China were 2.9 times higher in 2014.

In 2015, the year before it closed, South Korean firms paid the North around \$123 million for their workers, ICG calculated.

North Korea taxed the sums at 30 percent and paid the workers 70 percent of the remainder in essential foodstuffs and coupons for state-run shops, the report said, citing the firms in Kaesong and the South's unification ministry.

The rest was paid "in local currency at an artificially low official exchange rate", it added.

Currently the North's official exchange rate is around 80 times lower than the market rate. If a similar ratio applied to the Kaesong workers, they will have received in cash only around one quarter of one percent of the value paid to the North for their services, AFP calculates.

"It is possible that the North Koreans were using a third exchange rate," one of the report's authors Christopher Green told AFP, as "use of the official rate would have left workers earning very small amounts".

But he added that only limited information was available. **B&B**