

ALT 5 - DIGITAL ASSETS MORNING CALL

SEC's Gensler comments on crypto regulation; more central banks turn hawkish

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/EINPresswire.com/ -- ALT 5 Sigma Inc. a global fintech that provides next generation blockchain powered technologies for tokenization, trading, clearing, settlement, payment, and insured custodianship of digital instruments releases its digital assets morning call.

- US SEC Chair notes potential regulation focus

- The Fed is shifting policy, but it's not just them

- The global turn in monetary policy is a potentially critical event for crypto

The logo features the text "ALT5" in a large, bold, sans-serif font. The "ALT" is in black, and the "5" is in a bright blue color. Below "ALT5", the words "DIGITAL ASSETS" and "MORNING CALL" are stacked in a smaller, bold, black, sans-serif font.

In a speech Monday, US Securities and Exchange Commission Chairman Gary Gensler reiterated that crypto exchanges should register as securities exchanges with the SEC because, in his view, most crypto tokens qualify as securities. New in his comments is that the SEC is looking into whether crypto platforms should separate their custody functions from other operations, a step that could help advance broader regulation. There was no timeline given for how this process could unfold but is another step in the longer movement towards greater regulation in the industry.

Bitcoin and Ethereum consolidate at firmer levels

Macro fundamentals remain a key focus, although those developments/conditions are currently generating less impact on crypto prices than has been the case in recent weeks. And indeed, the largest tokens including bitcoin and Ethereum continue to consolidate their impressive rallies from mid-March.

It's not just the Fed

Much of the recent focus has been on the latest shift in Fed guidance, which now has markets anticipating a more aggressive path of tightening this year. But a number of central banks globally have also turned more hawkish.

Australia central bank turns more hawkish; Canada due next week

In Australia overnight, the Reserve Bank of Australia hinted at more rate hikes this year than it had previously. A tightening labor market and firmer inflation is encouraging the shift. Separately, markets are starting to price in risk for a larger 50bp rate hike at next weeks policy meeting by the Bank of Canada.

Even the uber dovish Bank of Japan could be feeling the pinch

There are some clear laggards in the global policy turn. Japan has stood its ground as one of the world's most dovish central banks, even as many others have shifted towards policy tightening. As an example, just last week it expanded its bond purchases (quantitative easing) in order to hold down 10-year government bond yields at the targeted limit of 0.25%.

However, that policy has contributed to a dramatic weakening in the Japanese yen, with the USD/JPY rate surging from near 115.00 to 125.00 during March before stabilizing above 120.00 in recent days. The yen declines was sparked by a dramatic widening in US-Japanese interest rate differentials and the surge in oil prices (Japan pays more yen per barrel in the USD-based oil market, generating more demand to sell yen).

Continue to monitor the global policy turn

It could turn out that higher oil prices and a weaker yen could cause more inflation problems than the Bank of Japan anticipated, causing the Bank of Japan to shift towards some tightening in monetary policy. That would probably require some extension of the current stresses. But the point is that more and more economies are moving to withdraw the sizeable liquidity injections that have supported financial assets—including crypto—in recent years. So while Federal Reserve actions draw the lions share of attention, it is important to monitor what is happening in other economies too, particularly as it becomes more of a globally synchronized policy tightening environment.

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ABOUT ALT 5 Sigma

ALT 5 Sigma is a global fintech that provides next generation blockchain powered technologies for the trading, clearing, settlement, payment, and insured custodianship of digital instruments. ALT 5 was founded by financial industry specialists out of the necessity to provide the digital asset economy with security, accessibility, transparency, and compliance. ALT 5 provides its clients the ability to buy, sell and hold digital assets in a safe and secure environment deployed with the best practices of the financial industry. ALT 5 Sigma's products and services are available to Banks, Broker Dealers, Funds, Family Offices, Professional Traders, Retail Traders, Digital Asset Exchanges, Digital Asset Brokers, Blockchain Developers, and Financial Information Providers. ALT 5's digital asset custodian services are secured by Fireblocks.

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