

ALT 5 - DIGITAL ASSETS MORNING CALL

Crypto investors reaped large gains last year; Eurozone outlook and the implications for crypto

NEW YORK, NEW YORK, US, April 21, 2022 /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.

- •Bhorter term price action in major crypto assets remains constructive
- Thainalysis details large realized gains by crypto investors in 2021



•Burozone outlook complicated by high inflation, slowing growth and anticipated ECB tightening

Major crypto assets continue to trade constructively. Bitcoin has pushed marginally above its 50-day moving average at \$42,150 which, if sustained, can help keep shorter term momentum positive. Ether is grinding higher with its third consecutive session holding above support at the \$3,000, defined by its 50-day moving average as well as a psychological threshold.

2021 was a very good year for crypto investors

Blockchain analytics firm Chainalysis estimated that crypto investors realized \$162 bln in gains during 2021, up markedly from \$32 bln in 2020. The vast majority of the gains were in bitcoin and ether, and between the two ether gains were modestly larger than those in bitcoin. Chainalysis said the higher demand for ether was probably boosted by increased popularity in decentralized finance (DeFi) last year, as most DeFi protocols are built on the Ethereum network. More broadly, the overall increase in profits is consistent with greater participation in the crypto

space by both institutional and individual investors.

European developments and outlook can impact crypto prices

The macro outlook continues to be a key focus and input for financial asset prices broadly, including crypto assets. While the lion's share of attention has been on the United States given accelerating inflation and the associated shift to tighten monetary policy by the Federal Reserve, the European outlook is also a critical input as it represents roughly 15% of global GDP. Accordingly, there are several recent developments to highlight.

High inflation...

Eurozone CPI hit 7.4% y/y in March and while much of that rise is energy related (CPI rose 2.9% y/y excluding food and energy), the reality is that price gains do not look consistent with the European Central Bank's (ECB) current policy stance, which includes negative interest rate policy (-0.5%) and asset purchases (quantitative easing) which are slated to total EUR90 bln this quarter.

...and downside risks to growth...

Complicating matters is the downbeat outlook for the economy, as the war in Ukraine is expected to weaken growth going forward, due to factors such higher energy prices (a tax on growth), potential energy rationing (shutting down parts of the economy) and the added fiscal burden of absorbing millions of Ukrainian refugees into Eurozone countries.

...complicates the choices for ECB policy

Nonetheless, the inflation backdrop may well force the ECB to begin to tighten policy despite economic stresses. Those sentiments were highlighted by comments from several ECB board members in recent days, and markets are now anticipating that policy rates could begin to rise this summer and move into positive territory by the end of this year.

For crypto investors, a key question is how the economy will handle the ECB's anticipated shift to tightening. Just as a stronger Eurozone economy will be positive for global growth and, by extension, financial market returns, a weaker Eurozone economy has negative implications on both fronts. Accordingly, crypto investors will need to factor in the outlook and risks in Eurozone growth as an input to the overall macro impact on crypto assets.

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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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