

ALT 5 - DIGITAL ASSETS MORNING CALL

Major crypto assets extend recent declines alongside weakness in risk assets

NEW YORK, NEW YORK, US, April 25, 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.

- Bitcoin and ethereum move back below key psychological thresholds
- US equities and crypto assets remain pressured by turn in Fed policy
- China and European outlook weaken as covid and Ukraine war take a toll

Major crypto assets start the week under pressure, continuing the weaker bias evident late last week and concurring with the extended decline in global equities. Market themes and drivers remain macro-oriented, highlighted in the US by equity weakness and Fed tightening expectations, China's covid-related growth risks, and an increasingly difficult backdrop in Europe.

On the charts

Not surprisingly, the price action in crypto remains a key focus as major coins have moved to the lower portion of recent trading ranges. Bitcoin is back below the \$40,000 threshold and is threatening to retrace all of the March rally which extends from \$37,175 established on March 7. Ethereum has now spent three days below the \$3,000 threshold and with today's decline has retraced roughly two-thirds of its March rally.

A graphic with the text "ALT 5 DIGITAL ASSETS MORNING CALL". "ALT 5" is in large, bold, black letters, with the "5" being a bright blue color. Below it, "DIGITAL ASSETS MORNING CALL" is written in smaller, bold, black letters.

It is worth noting that the latest slide in global equities—and to a lesser extent major crypto prices—is starting to look somewhat stretched, which may open scope for some stability and upside correction. But that may require some relief from the difficult macro backdrop described below.

Fed outlook pressures risk assets, including crypto

The prospect of accelerated Fed tightening continues to weigh on risk assets, with the latest US equity market declines seeing the Nasdaq composite pushing towards the February/March lows. Crypto investors need to monitor the overall tone in risk assets, alongside heightened volatility, as the VIX index (S&P 500 volatility index) has jumped to 30 after trading in the low 20's last week.

Note that earnings season is in full swing in the US, creating two way risks for equities. And on the data front, the first read on US Q1 GDP is due this Thursday, with consensus estimates near 1.0%, down sharply from the 6.9% growth rate in Q4, due in part to renewed covid outbreaks and higher energy prices during the quarter.

China's covid outbreak spreads

In China, rising covid cases in Beijing have raised concerns that lockdowns in other parts of the country could also be applied to the capital. The news sparked another leg lower in Chinese equities and currency. The benchmark CSI 300 fell nearly 5% Monday and leaving it at its lowest in two years. The offshore yuan extended its recent losses, hitting 6.60 versus the US dollar and down nearly 3% just in the past week, an outsized move for what remains a tightly managed currency.

As we have discussed, markets will continue to look to China's policy makers to address these stresses through fiscal and/or monetary easing measures, but have thus far been disappointed with the lack of policy initiatives. These factors continue to have implications for risk assets, including crypto prices.

Europe outlook weakened by effects of Ukraine war

In Europe, the humanitarian crisis stemming from the war in Ukraine remains of paramount concern. There are also real economic effects. Last week Germany's central bank (the Bundesbank) said that an immediate ban on Russian gas imports would cost Germany EUR180 bln this year, or 5% of GDP. As the bloc's largest and anchor economy goes, so goes the rest of rest of the Eurozone.

The outlook for Eurozone growth was already modest before the war but now, the combination of weaker growth and higher inflation is making for a more problematic backdrop. That is clearly weighing specifically on European financial assets, but it is also dampening the global investment

environment in a manner that also creates more headwinds for crypto prices.

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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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