

ALT 5 – DIGITAL ASSETS MORNING CALL

Crypto assets consolidate; the ups and downs of crypto institutional adoption

NEW YORK, NEW YORK, US, May 4, 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.

- Short term chart points for bitcoin and ether
- Ahead of the FOMC decision, India surprises with its own rate hike
- Paul Tudor Jones remains positive on crypto
- MicroStrategy earnings highlight different implications of bitcoin holdings

Major crypto assets are trading in a more consolidative manner at mid-week, but remain in the lower portion of their recent trading range. Some of the relative stagnation in prices may stem from a wait-and-see bias ahead of the FOMC decision due later today (starting at 2:00pm ET). And it is also the case that fresh motivation for price moves in either direction have been lacking in recent days.



On the charts

When trading activity does pick up, we would consider the following chart points. In bitcoin, the downtrend drawn off the April 4 high represents close-by resistance at \$39,550, a break of which would open scope back to the \$40,000 area. Modest support is likely found at the series of lows over the past month clustered between \$37,175 and \$37,720, an area that has found decent buying interest.

Ether is currently testing the top of the down channel drawn off its April 4 high at \$2,885, a sustained break of which would be one step towards regaining the \$3,000 threshold (see Chart). Initial support is at the May 1 low of \$2,717 but beyond that there is little obvious support ahead of the March 7 low of \$2,446, a level which also coincides with the bottom of the April down channel.

Add India to the list of central bank actions this week

Yesterday we noted the series of central bank meetings this week (eight in total), most of which are expected to result in policy tightening. What was not expected was another rate hike at an emergency meeting of the Reserve Bank of India (RBI), the country's central bank. The RBI raised its policy rate 40bp to 4.40% due to rising inflation pressures. Suffice to say that the era of central bank liquidity withdrawals is well underway, which we continue to see as creating headwinds for crypto assets.

Paul Tudor Jones says its hard not to be long crypto

On a positive note for digital assets, famed investor Paul Tudor Jones said yesterday in a CNBC interview that it is difficult not to be long crypto assets based on the sheer amount of intellectual capital coming into the space. He specifically cited recent college graduates opting to move to the digital assets space rather than more traditional roles in banking and elsewhere. He said he has a "modest" investment position in crypto, and that he is "modestly invested" in his separate "trading" position. The ongoing adoption of crypto by large asset managers continues to represent a positive development for prices over the medium-term.

Microstrategy P&L swings highlight risks of holding bitcoin on the balance sheet

MicroStrategy, a software company that holds bitcoin on its balance sheet, reported a net-loss of \$130.8 mln in Q1 versus a \$110 mln loss in the year ago period, due in part to in part to an impairment charge related to the value of its bitcoin holdings, according to an article in the Wall Street Journal.

In its earnings call, CEO Phong Le also described the terms of a loan for which it has pledged bitcoin as collateral, saying, "we took out a loan at a 25% LTV (loan to value), the margin call

occurs at 50%...", so that bitcoin would need to halve to levels around \$21,000 before a margin call would occur, based on the initial collateral level of \$42,000. Mr. Le went on to say that the firm could contribute more bitcoin to the collateral package so that the loan never reaches a margin call, according to an article on Cointelegraph.

The comments highlight the flexibility provided by the sizeable bitcoin reserves held by firm. But the earnings results themselves also underscore the p&l risks of holding a volatile instrument on the balance sheet.

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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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