

ALT 5 – DIGITAL ASSETS MORNING CALL

Downward momentum in crypto assets broadens

NEW YORK, NEW YORK, US, May 12, 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.

- Momentum overtakes fundamentals
- Contagion evident as Tether's peg to the US dollar briefly breaks
- US accounting standards coming for crypto

Selling pressure in major crypto assets persists, taking bitcoin and ether to levels not seen since December 2020 and March 2021 respectively.

The break of much-watched technical support levels has added to the downward momentum and made it the more dominant price driver, more so than the still important changes in the macro backdrop.

We say that because of the outsized losses in many crypto assets has accelerated in recent days.

Bitcoin fell over 35% from its post-FOMC highs on May 5 to its overnight lows. Conversely, price movements in traditional financial assets have been less volatile, with the Nasdaq Composite Index down 12% over that same time span, while the price of the active US Treasury 10-year note is actually up about 2%. The higher volatility of bitcoin relative to the Nasdaq or US Treasuries certainly plays a role too, but the intensity of the current move has become more crypto-

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.

centric.

New proposals to support TerraUSD

Terraform Labs, the group supporting TerraUSD (UST) and LUNA, has outlined a series of measures to support both tokens, including burning a sizeable amount of UST coins (up to 1 billion) and staking an additional 240 million LUNA tokens to support the network, according to a report on decrypt.co. It is not clear how or if those proposals will be enacted. In the meantime, UST has recovered some ground to trade at 64-cents currently, while LUNA is trading at 48-cents, down from above \$80 a week ago (price data according to coincap).

Crypto contagion evident in Tether (USDT) decline

The de-pegging of UST also appears to be causing contagion selling in other stable coins. Overnight Tether (USDT) fell below 96-cents, causing the organization's chief technical officer to tweet that tether is honoring USDT redemptions at \$1, and had redeemed \$300 mln in the prior 24 hours.

Unlike TerraUSD, Tether is a collateralized stablecoin which in practice means it has the ability to redeem outstanding tokens with US dollars on a 1:1 basis. The distinction between collateralized and uncollateralized stablecoins should ultimately matter and favor the former over the latter. And that has already been demonstrated in the relatively modest losses and quick recovery in USDTs price relative to UST. That said, the contagion currently evident in crypto assets broadly increases the short-term vulnerability for many of these tokens.

Accounting standards for crypto holdings in the works

On the regulatory front, the Financial Accounting Standards Board (FASB), which sets accounting standards for US companies, will consider setting clear rules on the accounting and disclosure of certain digital assets. The move should represent another step towards mainstreaming digital asset holdings for firms not directly involved in the space.

Recall that just last week, Microstrategy took a charge in Q1 based on the decline in value of bitcoin held on its balance sheet. Microstrategy is one a handful of public companies outside of the digital asset space that hold bitcoin on its balance sheet. The volatility of bitcoin may still be the primary consideration for corporate treasurers in deciding whether to hold digital assets on their books. But the advancement of formalized accounting rules will be an important step towards greater crypto adoption.

Robert Lynch

Head of Research and Strategy

ALT 5 Sigma Inc.

bob@alt5sigma.com

alt5sigma.com

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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ALT 5 Sigma Inc.

ALT 5

+1 888-778-7091

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