

ALT 5 – DIGITAL ASSETS MORNING CALL

Central bank surveys highlight broadening crypto adoption

NEW YORK, NEW YORK, US, May 24, 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.

- Central bank surveys show increasing participation in crypto markets

- Eurozone data and hawkish ECB given euro a lift

- US dollar slippage reduces a potential headwind to major crypto assets

Two central bank surveys demonstrate the growing adoption of crypto by individual investors. A Federal Reserve Board survey shows 12% of Americans hold crypto, and do so mostly for investment purposes. A small fraction, just 2%, used crypto for payment purposes, which highlights the drawbacks—including cost and speed—of using more widely held tokens such as bitcoin and ether for everyday payment transactions.

Separately, a survey by the European Central Bank (ECB) said that one in ten households hold crypto assets. The ECB also noted that investors have managed the decline in crypto market capitalization since November's peak "without any financial stability risks being incurred". But it went on to make the plain point that there could be a point where risks do spillover over into the financial system.

Investor adoption of crypto assets continues

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.

The central bank reports point to the continued adoption of digital assets, something that the drawdown in prices since late last year does not appear to have materially diminished. Moreover, the longer term trend of crypto adoption—and the movement of capital from traditional financial assets into the digital space—remains a leg of support for higher rated and vetted crypto tokens over time.

Good readings on Eurozone data

Also in Europe, the Eurozone Purchasing Managers Index (PMI) for May, a good leading indicator of future economic growth, came in at 54.9. That is well above its long run average as well as the 50% threshold separating growth from contraction.

Although the PMI slipped marginally from the April reading (55.8), the outcome suggests that the Eurozone economy is weathering the drag imposed by the war in Ukraine better than might have been expected. It is also consistent with the idea that the ECB will likely begin to raise interest rates sooner than previously thought.

Note that on Monday, ECB president Lagarde signaled that policy interest rates will probably start to be increased this summer. The upshot of more hawkish ECB rhetoric and the decent reading on economic data has seen the euro appreciate further, with EUR/USD pushing above 1.0700 today, its highest level in a month.

US dollar slippage could reduce some of the headwinds on major crypto assets

The corresponding drop in the US dollar has seen the Dollar Index (DXY) fall over 3% from its recent high. Crypto assets such as bitcoin are sometimes viewed as a hedge against the US dollar and are thought to move inversely to the US currency. In that regard, we can view recent dollar slippage as a constructive development for bitcoin.

That is not to overemphasize the impact of fiat currencies on crypto, as there are clearly a number cross currents impacting digital assets at present. However, to the extent that the US dollar continues to fall back from the 19-year highs it reached earlier this month, in theory represents one less headwind for major 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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