

ALT 5 – DIGITAL ASSETS MORNING CALL

Bitcoin and ether rally; macro backdrop shows some signs of improving

NEW YORK, US, May 31, 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 ether register sizeable gains from last week's lows
- Macro stresses may be receding in the US and China...
- ...but are still evident in the Euro area
- Several crypto firms looking for M&A targets

Major crypto assets are trading at firmer levels alongside the better tone in risk assets broadly. Bitcoin touched \$32,000 overnight and remains well supported early in the North American session. Similarly, ether briefly reached \$2,000, a notable recovery after dipping to \$1,700 over the weekend.

Although both tokens remain in the generally consolidative pattern that has followed the sharp selloff in the first half of May, this latest bounce reduces some of the bearish sentiment that had developed alongside the weaker price action seen last week.

US backdrop stabilizing as more of anticipated Fed tightening is priced in

Alongside the better tone in crypto assets, developments on the macro front are aiding the

The graphic features the text "ALT 5" in a large, bold, sans-serif font. The "ALT" is in black, and the "5" is in a bright blue color. Below this, the words "DIGITAL ASSETS" and "MORNING CALL" are stacked in a smaller, bold, black, sans-serif font.

better tone in risk assets. In the US, financial markets have priced in more of the anticipated Fed tightening in the coming year, allowing US equities to recover some ground and major crypto assets to move higher.

China's covid stresses seem to be receding

In China, authorities are relaxing some covid restrictions with parts of the country now seemingly on the backside of the spring covid wave. Early indications of the improvement were evident in the official Purchasing Managers Index data released overnight, where both the manufacturing and services PMI's rose in May from their April levels (though both indicators are still modestly below the 50% breakeven level).

Chinese authorities are using the digital yuan to address economic stresses

Of note to digital asset markets, Chinese authorities are also using the country's central bank digital currency, known as e-CNY, to support economic recovery efforts. Local media report that China will distribute e-CNY to residents of Shenzhen, the Nanshan district in Guangzhou and Xiongan New Area (southwest of Beijing) to help boost economic recovery in those areas.

Eurozone inflation hits another new high

Not all of the news on the global macro front has been positive, however. Eurozone inflation was higher than expected in May, rising 8.05% y/y overall and 3.75% y/y at the core level (excluding food and energy). Those follow readings of 7.44% and 3.48% respectively in April, and represent another new high for inflation.

On balance, the data will reinforce expectations that the European Central Bank will begin to raise rates this summer. That will create some headwinds to economic growth in the region, which in turn will leave a more challenging environment for financial assets, which may have negative spillover on crypto assets.

Energy prices rise again, posing economic risks to Europe in particular

On a related note, crude oil prices are moving higher again following the European Union agreement to ban up to 90% of Russian oil imports. Higher energy prices represent a tax on economic growth, and could complicate economic recovery efforts, and that could be compounded in the event of energy shortages and rationing in the months ahead.

Importantly, the negative impact of the war in Ukraine remains a key factor for European and global growth, despite the fact that events there seem to have fallen out of the headlines more recently.

Crypto firms looking at acquisitions

CNBC reports that FTX and Ripple are looking for acquisition targets. According to the report, FTX is looking for firms that will help increase user numbers and/or regulatory licenses, while Ripple's CEO touted the firm's "strong balance sheet" and suggested it would be open to M&A in the crypto and blockchain space.

The comments indicate that, at least for these two firms, the recent decline in crypto token prices has not diminished their appetite to expand and perhaps has lowered/improved valuations in a manner that leaves some companies at more attractive 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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