

ALT 5 – DIGITAL ASSETS MORNING CALL

Higher US yields pressure crypto; US legislation on crypto regulation

NEW YORK, US, June 7, 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.

- US yields are back on the rise, creating headwinds for crypto token prices
- The US Senate will introduce bill to overhaul crypto regulations

A graphic with a light gray background. At the top, "ALT5" is written in a large, bold, sans-serif font. "ALT" is in black, and "5" is in blue. Below this, "DIGITAL ASSETS MORNING CALL" is written in a smaller, bold, black, sans-serif font, stacked in three lines.

Long term US yields are back on the rise, and that is a development that crypto markets should monitor. The 10-year US Treasury yield has risen over 30bp in the past week-plus and pushed back above 3.0%.

Inflation concerns persist

Higher yields stem in part from ongoing concerns about inflation—and ahead of the US CPI data due this Friday—as well the shift in Federal Reserve policy, as the start of its balance sheet reduction program this month reduces the amount of Treasury securities they will purchase. In other words, a considerable source of liquidity and purchasing power will be reduced.

Higher yields translate into higher investment funding costs

For crypto markets, higher yields increase funding costs that ultimately make it more expensive—and therefore less desirable—to trade higher volatility and at-times speculative assets. That could be even more impactful if the prevailing price trend in those assets is sideways

or lower, rather than higher, as is the case for most crypto tokens at present. Yields/financing costs are just one of many potential inputs to crypto token prices but at present, as US rates begin to rise again, they warrant particular attention for digital assets.

Major crypto token prices weaker but remain in recent range

For now, the latest rise in yields is consistent with the pullback in major crypto token prices today, with bitcoin and ether down roughly 5% and 8% respectively from Monday's levels. Even with those notable declines, it is important to highlight that both tokens remain in the sideways patterns evident since mid-May.

US lawmakers move to overhaul crypto regulation

Various press reports indicate that the US Senate will introduce a bipartisan bill that would dramatically overhaul regulation in the crypto industry. That would include splitting oversight between the Commodities Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC), where an ongoing turf battle has been a notable impediment to clarifying the current regulatory landscape.

Dividing oversight between the CFTC and SEC

A key component of the bill is that it would designate the vast majority of crypto tokens as "ancillary assets" or intangible, fungible assets which would see them fall under oversight of the CFTC. If a token behaves like a security that a company issues and includes privileges such as dividends or liquidation rights, it would then qualify as a security and be regulated by the SEC.

Details of the bill are due today and they will all be subject to debate, negotiation and change in the coming months. Note too that a potentially lengthy legislative process may not bring an actual vote on the proposals until next year.

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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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