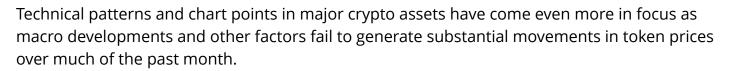


# ALT 5 – DIGITAL ASSETS MORNING CALL

Crypto token technicals take more focus; Central bank tightening continues

NEW YORK, NEW YORK, US, June 9, 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.

- •• Tharts get more attention in markets that lack fundamental drivers
- Ether underperformance keeps ether/bitcoin cross under pressure
- BCB signals tightening ahead; liquidity drain creates headwinds for crypto assets



#### On the charts

Bitcoin continues to trade within the approximate \$28,000-\$32,000 range that now extends back four weeks after recovering from the May 12 spike low of \$25,340 (using Tradingview data).

Ether is also consolidating, although its pattern is somewhat less constructive; it has made a series of lower highs in the past four weeks and has traded much closer to its May 12 spike low of \$1,700. Note too that \$1,700 represents the approximate lows from May-July 2021, making that a potentially critical support area which, if broken on a sustained basis, would open scope for renewed declines.



## ETH/BTC remains under pressure

The relative underperformance of ether has seen the ether/bitcoin (ETH/BTC) cross threaten support at the 0.057 area, established by the July 2021 low, with potentially more critical support below at 0.055, designated by the lows in May and June of 2021.

# ECB signals rate hike in July

The European Central Bank announced that its asset purchase program (quantitative easing) will end on July 1 and that it plans to raise its policy interest rate by 25bp (to -0.25% from -0.5% currently) at its next meeting on July 21. It also indicated that further rate increases are likely and will depend on the path of incoming data—and specifically on inflation.

The latter comment opens the door for more aggressive rate hikes later this year and while that remains to be seen, the initial takeaway is that the ECB is falling in line with the aggressive monetary policy tightening from many other central banks.

In reality, that is not a huge surprise for financial markets, including crypto token prices. But the issue is the extent to which the concurrent global tightening in monetary policy will withdraw the excess liquidity in the financial system that has been the primary driver for financial asset prices in the past two years.

Some of the global liquidity drain is already priced in...

We continue to argue that a good portion of that liquidity drain and repricing has already been seen. That is evident in the rise in short term yields globally, as well as the measurable pullback in financial asset prices, including global equities, fixed income, and crypto assets that has occurred since late last year.

#### ...but not all of it

However, that by no means indicates that the price adjustment in financial markets is over. That is partly due to central bank balance sheet shrinkage, also known as quantitative tightening (QT). That is the other leg of central bank policy adjustment that will be taking place over the coming months, quarters and beyond.

QT will also result in a substantial withdrawal of financial system liquidity. But unlike policy interest rates, the effects QT are less tangible and cannot be easily viewed via adjustments in short-term market interest rates. That process, which is only just beginning, leaves us more guarded on the prospects for crypto token prices in the coming months.

US inflation data Friday an obvious focus

A central component in central bank policy deliberations going forward—and therefore how much more liquidity withdrawals markets should expect—is the path of inflation. That puts specific focus on the US May CPI data due tomorrow (June 10), where median expectations are for headline CPI to slip to 8.2% y/y from 8.3% in April. Near-expected data is likely to solidify current market expectations for central banks to keep their foot on the brake and continue on the path of aggressive policy tightening.

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 email us here Visit us on social media:

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