

ALT 5 – DIGITAL ASSETS MORNING CALL

Crypto recovery from weekend cycle lows comes with caveats

NEW YORK, NEW YORK, US, June 21, 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.

- Crypto token bounce is a relief
- But the overall backdrop remains guarded
- A new short bitcoin ETF is launching



As is often the case in the crypto market, the price action is the biggest news in the space. And that has especially been the case in recent days.

A sizeable bounce off the new cycle lows reached on the weekend

Today's gains in bitcoin and ether brought them back up to \$21,000 and \$1,100 respectively, which is not far from where they traded late last week. But those levels represent more substantial gains from the weekend selloff which saw bitcoin hit \$17,600 and ether reach \$880 (using TradingView data). Hence, that puts current levels up roughly 18% and 29% for bitcoin and ether respectively from the Saturday/Sunday lows.

Capitulation? Possible but not clear

Some market commentators suggest the weekend selloff saw signs of "capitulation" in crypto tokens, where more investors had given up on their long positions and cut them in order to

avoid sustaining even larger losses. That may very well be the case but frankly it is difficult to assess and may only become apparent in hindsight.

Bounce is in line with risk assets today

What we can say is that the selloff had left the market very one-sided which, in turn, increased the potential for a corrective rebound, which appears to be what is happening now. Importantly and in line with the pattern that has prevailed for much of this year, the bounce in crypto token prices is concurring with a rise in risk assets more broadly, highlighted by the approximate 1.7% rise in the Nasdaq Composite Index futures ahead of the cash market open.

Crypto lending platform issues persist

In terms of the crypto lending issue that has become a more pronounced drag on token prices since lending platform Celsius suspended withdrawals last week, there has been little obvious resolution. Instead, another crypto lending platform called Bable Finance also suspected withdrawals last Friday. These developments continue to create immediate headwinds for token prices.

Macro factors better factored in

Fundamentally, it is the case that the latest evolution in the macro backdrop, including Fed tightening expectations and increased recession risks, are now better reflected in prices of financial assets broadly, including crypto. And that may also alleviate some of the immediate selling pressure.

This is no time for complacency as the overall backdrop and near-term sentiment has deteriorated. One potential sign to monitor will be the extent to which selling interest appears on more sizeable gains (should those gains develop). Some amount of selling is to be expected. But selling that prevents a more substantial recovery in token prices could indicate that those flows will still dominate in the near-term, and outweigh those who have been using the selloff to accumulate positions for their longer term bullish strategies.

Sign of the times

ProShares announced the launch of the first US approved ETF that allows investors to short bitcoin. The ProShares Short Bitcoin Strategy ETF will trade under the ticker BITI and starts trading today, and will obtain its exposure through the bitcoin futures contracts which trade on the Chicago Mercantile Exchange.

Some may say the new fund has arrived somewhat late given that bitcoin has already fallen so far from its peak last November. However, beyond providing an outlet to short bitcoin, it also an exchange traded vehicle—and therefore more institutionally accessible product—for institutional

investors to hedge their positions. And that is another welcome sign of maturation in the crypto token investment space.

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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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