

ALT 5 – DIGITAL ASSETS MORNING CALL

Major crypto tokens constructive price action; FTX keeps purse strings open

NEW YORK, NEW YORK, US, July 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.

- Bitcoin and ether constructive price action aided by improvement in risk assets

- Outlook for the economy and corporate earnings will remain important for crypto

- Sam Bankman-Fried keeps door open for more industry investment

The price consolidation in bitcoin and ether continues, which is proving to be something of a relief given the difficulty that crypto tokens and the industry broadly has endured in the past few months.

Bitcoin and ether continue to show high correlation with risk assets...

In the near term, it is worth highlighting that the stabilization in major crypto token prices has concurred with the modest improvement in risk asset prices. That is evident in the recent recovery in the Nasdaq Composite Index, which has been griding higher in the past week and is 8% above the mid-June low.

...that keeps outlook for the economy and equities important inputs for crypto prices



The immediate takeaway is that bitcoin and ether continue to have a strong correlation with risk assets. As such it is important to continue to monitor developments that will impact risk assets. In that regard, Friday's US employment report will be a clear focus for the market. That will help further refine the outlook for the economy and, importantly, expectations for Fed policy. Beyond that, next week kicks off earnings season in the US, where focus will be not just on Q2 results, but on the guidance companies give on the upcoming quarters.

Sam Bankman-Fried highlights the need to maintain trust in the crypto ecosystem

FTX CEO Sam Bankman-Fried said it is incredibly important that consumers have trust that things [in the crypto industry] work as advertised, stressing that it is "incredibly hard" to get that trust back if it is broken. Essentially, he emphasized that consumers/depositors should be able to get their money back on demand. Accordingly, he said his firm still has "a few billion" dollars to shore up struggling firms in order to achieve that end, adding that "a few more companies" have reached out to FTX.

FTX has stepped in to lend money to and ultimately purchase crypto lender BlockFi, and also established a \$200 mln line of credit to crypto lender Voyager Financial (which filed for bankruptcy this week). Bankman-Fried's efforts to financially support key crypto market participants have likely helped to prevent a larger contraction in the crypto lending industry—and an associated decline in crypto asset prices.

Welcome support from FTX...and potentially shrewd investments

Those efforts have been a welcome development for the crypto industry (not to mention for the companies receiving FTX investment). But it is also worth noting; 1. the opportunistic reality that the FTX investments represent the purchase of assets/interest at steep discounts and, 2. are consistent with FTX's own business interest of sustaining the crypto ecosystem. There is certainly nothing wrong with that and, on the contrary, is to be expected during times of extreme price discounts.

Bankman-Fried said that he thinks the worst of the recent liquidity squeeze and deleveraging is likely past, and his optimism will be well received by crypto markets. But going forward, some key questions are whether he/FTX will make similar investments and, more importantly, whether the cumulative financial support provided will be sufficient to help stabilize the industry.

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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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