

ALT 5 – DIGITAL ASSETS MORNING CALL

Sizeable gains in bitcoin and ether kick off the new week

NEW YORK, NEW YORK, US, July 18, 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 solid gains, in line with broader risk assets
- The rally concurs with the notion that a lot of bad news is already factored into crypto token prices

- This week brings more central bank decisions, as well as inflation and economic growth indicators

On the charts:

Major crypto asset prices are rising early in the week, concurring with the gains in US equities and the improvement risk appetite broadly. Bitcoin pushed above \$22,000 and tested the \$22,490 high from July 8, which represents near-term resistance as the high price since the June selloff. A sustained break above that area would open scope to begin closing the “gap” up to \$28,000 established by sharp selloff on June 13.

Ether has performed even better. Gains this weekend and today have seen it push above \$1,280 resistance (the previous range top), thus far reaching \$1,500 and potentially on its way to closing its own “gap” lower from mid-June, the top of which we see at \$1,700. Moreover, with its latest gains, ether is up over 65% from its cycle low of \$880 set a month ago (all price data courtesy of TradingView.com).



Risk assets broadly improving

As noted, the rebound in crypto token prices has come alongside the improved tone in equity markets rather than new crypto-specific developments. But it is notable that drivers of the latest equity rebound are also somewhat ambiguous. That's not necessarily unusual, as markets sometimes lack an obvious fundamental or news-driven catalyst. To some extent the lack of a known catalyst(s) suggests some caution about the sustainability of the current move.

We continue to argue that a lot of bad news was already priced into lower crypto valuations

That said, in recent weeks we have argued that there is already a lot of bad news priced into lower crypto valuations. That includes the negative market fallout from the inflation/recession narrative as well as the crypto-specific issues stemming from the May collapse of the Terra ecosystem, the broader deleveraging in decentralized finance protocols and the contraction in crypto lending platforms. If that is in fact the case, then corrective rebounds like the one underway now should be expected.

European Central Bank meets

In the coming days, the focus will remain very much on inflation, growth risks and central banks. The European Central Bank (ECB) meets Thursday and is expected to raise rates 25 basis points, which would still leave its key policy rate in negative territory at -0.25% from -0.50% at present.

More technical in nature but still important, it may also detail plans on how to stop its bond buying programs (quantitative easing) without causing too much stress in the weaker and high-yield Eurozone countries such as Italy, where yields have been kept artificially low due to the ECB's bond purchases.

While somewhat esoteric for the digital asset space generally, developments in Italy's economy have important implications for the Eurozone, which in turn is a critical contributor to global economic growth. And global growth remains a fundamental component of the investment climate for financial assets, including crypto assets.

Inflation data will again be a focus...

Central bank decisions are also due in China and Japan, but no policy change is expected in either case. There are a host of economies/countries reporting inflation data this week, including the Eurozone, UK, Canada, and Japan. Above-expected inflation prints have become the norm, and in most of these cases the "surprise" would come from lower-than-expected readings.

...as will leading growth indicators from key Western economies

Also on economic growth, the end of the week brings the July Purchasing Managers Index (PMI) readings from Japan, the Eurozone, the UK and the US. The PMI's are good leading indicators of future economic growth. Therefore, they will be potentially important numbers, depending on the extent to which they confirm or alter current market narrative, which is increasingly focused on recession risks.

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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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