

ALT 5 – DIGITAL ASSETS MORNING CALL

Bitcoin and ether slip alongside dampened sentiment in risk assets

NEW YORK, NEW YORK, US, July 26, 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 corporate earnings releases and the FOMC meeting in focus for crypto
- Risk asset movements and US growth outlook remain important for near-term crypto movements
- SEC may move further to designate some crypto tokens as securities
- US legislation attempts to regulate stable coins

Among the key events for financial markets this week is the peak for US corporate earnings releases. To the extent these releases impact broader equity sentiment and direction, they can have spillover effects on major crypto tokens, as they still often show high levels of correlation with risk assets (i.e., equities).

Walmart feeling the pinch of inflation

Against that backdrop, negative news from retail giant Walmart has dampened overall market sentiment today, at least for a time, contributing to the weaker tone in bitcoin and ether.

Among the issues hurting its bottom line, Walmart cited high inflation as forcing consumers to spend more on staples, at the expense of discretionary items. That same dynamic is at work in



the broader economy as well, and illustrates the drag on overall economic growth caused by inflation.

Fed meeting Tuesday/Wednesday

Inflation and slowing growth will be top of the agenda at the two-day Federal Reserve meeting which starts today. Markets expect a 75 bp rate hike, which would bring the Federal funds rate target to a new range of 2.25%-2.50%, which in fact was the peak of the key policy rate during the last tightening cycle (2015-2018). This time the policy rate is expected to rise about another 100 basis points beyond that level, as the Fed attempts to curb inflation which last printed at 9.1% y/y.

The actual Fed decision comes Wednesday afternoon at 2pm eastern time. The initial impact on crypto token prices is likely to come mostly from the impact risk assets (as highlighted above). Without attempting to oversimplify the effects that different outcomes could have for crypto, it is likely that a more hawkish outcome (i.e., even more rate hikes than expected) would be bearish for risk assets, including crypto tokens, while a more dovish outcome could be at least marginally supportive for equities and crypto prices.

Can the Fed curb inflation without stunting economic growth

Importantly as well will be the assessment of future growth and the market's assessment of the Fed's ability to slow the economy with tighter policy without driving it into recession (or an even deeper recession). That remains to be seen but these are the types of debates which will most likely impact market sentiment in the near-term and, by extension, have some implications for crypto token prices.

SEC may attempt to designate more crypto tokens as securities

The US Securities and Exchange Commission (SEC) is investigating Coinbase on whether the exchange improperly let US consumers trade digital assets that should have been registered as securities, according to Barron's which cites a report on Bloomberg News.

The SEC has long considered most crypto currency tokens securities, although the full array of US authorities that have a say in that designation have yet to agree on the matter. In that regard, it could be that the current SEC investigation could kick off a new legal battle—among regulators as well as with the digital asset industry—about which crypto tokens are actually designated as securities and which are not (and perhaps designated as commodities).

US legislation to regulate stable coins stalls

US lawmakers working on a bill to regulate stable coins will probably carry their work on into the fall, at least, according to the Wall Street Journal. The push for legislation was prompted by the

collapse of the TerraUSD stable coin in May, with the idea of attempting to prevent future “runs” on other stable coins. Unless agreement is reached ahead of the August congressional recess, advancement of this legislation could well drag into the autumn, at least.

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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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