

ALT 5 – DIGITAL ASSETS MORNING CALL

Ether outperforms as third and final testnet is completed ahead of the merge

NEW YORK, NEW YORK, US, August 11, 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.

- Ether approaching \$2,000 threshold following successful testnet Wednesday
- ETH/USD outperforms and ETH/BTC gains to highest level since January
- Bullish sentiment remains high after another US inflation report comes in lower than expected
- Although risks to current market optimism persist, the near-term bias remains bullish

Ether has extended Wednesday's already-sizeable gains, moving above \$1,900 after Ethereum developers successfully conducted the third and final test environment network (aka testnet) ahead of its planned "merge."

Successful testnet should allow Ethereum developers to proceed with the merge in September

The much-anticipated merge is where Ethereum's existing proof-of-work (POW) blockchain will merge with its Beacon Chain, a proof-of-stake (POS) blockchain that has been running in parallel since December 2020, a process that will fully convert Ethereum to a POS blockchain.

The timing of the actual upgrade to POS will apparently be discussed by Ethereum developers



today, according to an article on CNBC.com, but previous guidance was for that to occur in mid-September. But it's hard to overstate the focus on the merge within the crypto community, and ether's sizeable gains since the June lows have followed two previously successful Ethereum testnets in June and July.

Ether registers outsized gains against both the US dollar and bitcoin

Indeed, ether has more than doubled since mid-June, rising 119% based on today's levels. That is nearly triple the percentage gains recorded in bitcoin over that same period (+42%). That also translates into sizeable gains in the ether/bitcoin (ETH/BTC) cross, which has pushed up to 0.0775 today, marginally above the April-May highs of 0.0765, and hitting its highest levels since January.

Bitcoin is a relative laggard, but is still rising sharply

With its latest gains, ether (ETH/USD) now targets the psychological \$2,000 threshold. And while bitcoin is the relative laggard here, it also continues to post impressive gains. It is testing \$25,000 in early North American trading and is closing in on resistance defined by the 100-day moving average which currently comes in at \$25,222 (source of all price and chart data is TradingView.com).

US producer price data comes in lower than expected, reinforcing positive sentiment after CPI report

The broader improvement in market sentiment and risk appetite following Wednesday's lower US CPI data has also contributed to the gains in crypto token prices. Those sentiments have carried into Thursday's session, and were reinforced by today's Producer Price Index (PPI), which also came in lower than expected, rising 9.8% y/y in July versus an expected gain of 10.4% and following the 11.3% reading in June.

Markets speculate that peak inflation has been reached...

Although US inflation remains exceptionally high, the latest reports have led to speculation that the "peak" in price gains has been reached, and that inflation can decelerate from here. Taken further, that would also suggest that the Federal Reserve can slow the pace of tightening going forward, a development that would be supportive for financial markets/risk appetite and also reduce the risk of a "hard" landing for the economy (i.e., recession).

...that may be premature...

That may turn out to be an overly optimistic view of how economic conditions actually develop. And note that yesterday, after the CPI data, three Fed officials that typically lean dovish (Kashkari, Evans and Daly) all essentially observed that inflation remains high and/or it's too early to

declare victory on inflation. We will continue to monitor the upcoming messaging from Fed officials because that will ultimately determine the path of short-term interest rates, beyond what the market is currently pricing in.

...but the current market optimism can persist in the near-term

That said, we fully take on board this latest shift in market expectations and pricing. The fact that 2yr Treasury yields have fallen roughly 17 basis points from the 3.32% peak following the strong US labor market data reported just last Friday is indicative of the change in market expectations. And while that may eventually be interrupted (by data, Fed guidance, or other developments), it looks as though it can continue to support risk appetite and crypto token prices in the near-term. Accordingly, the bias in bitcoin and ether can remain on the upside for now, with the aforementioned targets/resistance levels in sight.

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

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