

ALT 5 – DIGITAL ASSETS MORNING CALL

Global economic developments and the potential fallout for crypto markets

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/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 prices slip marginally early in the week but hold the bulk of recent gains
- Global economic conditions are softening and suggest some caution for financial markets, including digital assets, down the road
- UK asset manager Abrdn is the latest institutional money manager gaining exposure to digital assets

Major crypto token prices are down modestly on the session but not before hitting new cycle highs and holding the bulk of their recent gains. Bitcoin traded to \$25,214 overnight, its highest since mid-June, and in doing so briefly moved above the 100-day moving average, currently at \$24,712. That continues to represent the next obvious resistance level, and a sustained close above that moving average would be a bullish development and likely draw additional buying interest from trend-following traders.

Ether hit \$2,031 Sunday before pulling back towards \$1,900 early in today's North American session but also maintains bullish momentum evident in the series of higher highs and high lows established since mid-July (all price and chart data sourced from TradingView.com).



Macro focus shifts to global economic developments

The past week provided useful updates on the state of the US economy, including a tight labor market, and decelerating but still very high inflation. For crypto markets, the macro backdrop and outlook continue to be a critical input for token prices due the implications for central bank policy—which remains a key driver for risk assets—and also because the overall pace of economic growth ultimately impacts financial assets broadly.

Softer Chinese growth prompts central bank easing

This week brings more macro data for economies outside of the US. The second largest contributor to global growth after the US is China. Overnight, China eased monetary policy by cutting two key interest rates by 10 basis points.

The fact that China is easing policy while much of the rest of the world is tightening monetary policy is a noteworthy development. It comes as the latest round of economic data have come in weaker than expected, including business lending and retail sales. That comes alongside the documented retrenchment in the real estate sector, and the ongoing economic drag stemming from periodic covid-related lockdowns/restrictions that remain a risk going forward. And none of this is considering any of the potential geopolitical risks stemming from the rising tensions associated with Taiwan.

Japan's economy grew less than expected in Q2

Separately, Japan reported that Q2 GDP came in weaker than expected, rising 0.5% quarter-on-quarter (0.7% expected) following unchanged growth in Q1 (revised up from -0.1%). Although the economy continues to expand, slowing global growth going forward is expected to weigh on Japan's economy in the remainder of this year and potentially into 2023.

Europe's economic stresses likely to worsen

In Europe, economic growth remains constrained as the war in Ukraine and lingering covid issues increase risk for recession. Energy is probably the biggest issue; Russia cut the supply of gas, driving already-high prices even higher. Higher inflation is a tax on consumers and businesses. Moreover, energy shortages risk rationing that also threatens to shutdown parts of the economy. Note too that this is all happening prior to the winter, when there could be a much bigger energy crunch and associated economic impact.

Global growth matters

Those rather downbeat assessments for the world's largest economies outside of the US highlight a clear risk to global growth going forward. Global growth is not the only development that will matter to crypto token prices and digital assets broadly going forward. But it is none-

the-less a critical consideration and one that argues for some caution about token prices when looking three, six or nine months down the road. Said another way, economic risks in the coming quarters suggest that it will be more challenging for crypto token prices to match the outsized pace of gains they have registered in the past two months.

UK asset manager buys stake in crypto trading platform

UK asset manager Abrdn purchased a stake in UK digital asset exchange Archax, a platform for institutional investors to trade cryptocurrencies and tokenized securities, according to a report in the Financial Times. An Abrdn spokesperson said that the eventual plan is to give clients access to its investment funds in tokenized form, as well as other assets that are less easily tradable, all on the Archax exchange.

Institutional adoption of crypto going in one direction

The move follows last week's announcement that Blackrock will use Coinbase to give clients access to digital assets. All of this represents the ongoing institutional adoption of digital assets that will ultimately increase their footprint among investable assets, a positive development for many aspects of the digital asset space over the medium-term.

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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