

ALT 5 – DIGITAL ASSETS MORNING CALL

Bitcoin and ether stabilize ahead of Fed symposium

NEW YORK, NEW YORK, US, August 25, 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 consolidate after previous week's bruising
- Markets are set up for hawkish messaging at Fed symposium
- In that event, it could allow for more constructive trading in crypto token prices



On the charts

Bitcoin and ether continue to consolidate the losses registered a week ago as markets await potential catalysts, particularly on the macro front. Bitcoin has moved marginally above the \$20,760 low from August 20 and since then has been testing and mostly holding support established by the uptrend drawn off the June 18 low. Ether has moved up to \$1,700 area today from the \$1,523 low on August 20. In the past week it has tested but mostly held support established by the 50-day moving average, which currently comes in at \$1,580. (Source of all price and chart data is TradingView.com).

Fed focus

Attention is squarely on central bank policy as the Kansas City Federal Reserve's annual economic symposium in Jackson Hole, Wyoming kicks off today. The most anticipated event will

be Fed Chair Powell's remarks slated for Friday morning. But the event also includes a number of other speakers from the Federal Reserve as well as central bankers from around the world. Hence, there could well be a series of varied messaging coming from the meetings.

Hawkish setup

The market setup going into this event is important for gauging the potential market reaction. After Fed Chair Powell sounded somewhat less hawkish at the July FOMC meeting, subsequent data and other Fed commentary leaned more hawkish. As a result, US interest rates have risen notably, with the 2yr Treasury yield rising over 50 basis points from its late-July low to stand at 3.39% at present, leaving it just shy of the cycle peak of 3.45% reached in June. In short, the market seems braced for a more hawkish message from Fed officials rather than one that hints at a near-term "pause" in the tightening cycle.

From our perspective, the more hawkish sentiments evident in Fed commentary and economic data in recent weeks is one of the drivers behind the recent decline in crypto token prices. This year's Fed tightening and the associated decline in central bank liquidity have pressured risk and financial assets broadly, including crypto assets. In that regard, the pullback in bitcoin and ether in the past week concurs with that in other risk assets such as the Nasdaq Composite Index.

Striking the balance

Against that backdrop, it would seem that the bar for Fed Chair Powell to be even more hawkish than the current market setup would be fairly high. Powell should certainly reiterate the Fed's determination to bring inflation back to the 2% target and, with that, emphasize that more tightening is coming. But he may also balance that with the notion that the Fed has tightened a lot to date and that it may take time for the full effects of those rate hikes (as well as the concurrent balance sheet reduction) to more fully be felt in terms of reduced demand and ultimately in lower inflation.

If in fact that is the takeaway from Powell's speech Friday (as well as the collective messaging from other central bank officials), there may well be opportunity for crypto token prices to continue their recent consolidation and stabilization patterns. A more optimistic spin on the meeting could see risk assets recover recent lost ground, a condition that would be more supportive for crypto token prices.

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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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