

ALT 5 – DIGITAL ASSETS MORNING CALL

Crypto consolidates after the fall

NEW YORK, NEW YORK, US, May 16, 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.

- Technical damage leaves a mark on crypto sentiment
- Luna Foundation Guard details last week's bitcoin sales
- Bankman-Fried highlights bitcoin's payments shortcomings
- China economic stresses add to concerns about global growth



ALT5
DIGITAL ASSETS
MORNING CALL

A thankfully less eventful weekend sees major crypto assets trading fairly close to Friday's levels and generally consolidating after the previous week's steep losses.

On the charts

In addition to the sheer magnitude of the recent declines, the losses saw bitcoin convincingly break below high-profile support defined by the cluster of 2021 lows in the \$28,500 to \$30,000 area, weakening the medium-term technical outlook in the process. Interestingly, ether tested but did not make a sustained break of key support at the \$1,700 area, defined by the May-July 2021 lows.

Although sentiment has clearly soured, the selloff in major crypto assets and risk assets more broadly has been excessive, suggesting scope for some near-term consolidation. However, there

is no question that recent events have left a mark on investor sentiment.

LFG sold nearly all of its bitcoin in attempt to restore the TerraUSD peg

As markets continue to dissect last week's de-pegging of TerraUSD and collapse of the LUNA token, the Luna Foundation Guard provided some detail on the events in a tweet overnight. It said, it spent over 80,000 bitcoin in its attempt to restore the TerraUSD peg, leaving it with just 313 bitcoin at present.

That amounts to near \$3 bln, depending on when the bitcoin were actually sold. It also highlights the source of at least some of the selling pressure that drove bitcoin marked lower last week, as well as one way in which the TerraUSD and LUNA collapse rippled through much of the crypto ecosystem.

FTX founder highlights bitcoin's payments issues...

Sam Bankman-Fried, the influential founder of FTX, said in a Financial Times interview that bitcoin did not have a future as a payments network because of inefficiency and high environmental costs. However, he added that bitcoin may have a future as "an asset, a commodity and a store of value."

...Lighting Network is attempting to address them

In truth bitcoin's shortcomings as a standalone payments system are pretty well known. We would note that projects such as the Lighting Network are attempting to address those issues. Through a network of payment channels, Lighting Network can measurably reduce the transactions fees on smaller bitcoin payments and allow a critical mass of people to send fractions of bitcoin instantaneously and simultaneously. There is still more work to do on Lighting Network but we mention it to highlight that there are efforts being made to improve bitcoin's payments inefficiencies.

Macro matters

China's latest round of economic data highlighted the drag imposed by the current wave of covid and associated lockdowns across the country. April readings on industrial production, retail sales, fixed asset investment and unemployment all came in worse than expected.

Chinese authorities on the weekend reduced mortgage rates by 20 basis points for first time homebuyers and while that may help at the margin, there is still the expectation that more substantial monetary and fiscal easing will be needed to address the current economic stresses.

In the meantime, the measurable deceleration in the world's second largest economy is adding

to concerns about global growth. And those concerns continue to cloud the investment climate and create headwinds for crypto assets and financial assets more broadly.

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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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