Chart Special – Crypto's

Thomas Anthonj
ta@sta-anthonj.com
+41-438830640

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Crypto's – The last stand or just the prelude to an even crazier crypto hype?

Strategy: Bitcoin

Having already lost 75 % (Bitcoin) respectively 82 % (Ethereum) from their November 2021 tops, the crypto world is legitimately asking the question whether this could be the end of the whole crypto hype.

Well, nothing is impossible as history has taught and is just teaching us, but personally I think that the likelihood of crypto's ceasing to exist is vanishingly low for two good reasons:

1) The Crypto industry is a worldwide phenomenon, which is already a well-established, multi-billion industry and highly cross-linked with world markets and economies.
2) The technical picture as you see it in App. 2 - A textbook 5-wave bull-cycle from 2017 to 2021 (accumulation phase, wave I), followed by a classical zigzag (A-B-C, wave II) setback pattern.

The whole setup favours one, extremely bullish conclusion, which consists of a looming, multi-year IIIrd wave impulse up, which tends to extend to the length of wave I x 1.618. Given the price history on this platform (TradingView), we could be in for a multi-year IIIrd wave rally of roundabout 6 to 6 ½ years to its projected target at 124706 (wave I x 1.618).

The big question currently just is – Is a sustainable C/IInd wave low already in place at 17622 (last week's low)? Having already reached the projected wave II target zone between 18436 and 16980 (76.4/78.6 %), chances of forming a sustainable base have certainly improved significantly, but two worrisome aspects are still calling for extreme caution.

Appendix 1: **Bitcoin daily**

Appendix 2: **Bitcoin weekly**

The first aspect is that crypto's have been trading in line with risk markets over the course of the last 6 months, meaning investors have been liquidating assets across the board and crypto's are obviously seen as "just another asset class" instead of the so-called safe haven, which even Gold failed to provide so far. But looking at the leading US risk markets like the S & P 500 and the Nasdaq 100 and their latest failures to break above minor wave 4 recovery targets in form of internal 38.2 % Fib. -retracements at 3840 and at 11712, the risks of missing internal 5 wave selloffs to internal 38.2 % Fib. -retracements on higher scale at 3233 in the S & P 500 and to 10750/10663 in the Nasdaq 100 remains very high. Conclusively, crypto's are also running a great risk of missing minor 5th wave sell-off's which lead's straight into the 2nd worrisome aspect, which is a pure technical one.

To signal that a sustainable C/IInd wave low might be in place and that we are no longer missing the completing 5th wave selloff to roundabout 16980 (78.6 %), Bitcoin would need to break decisively above 23025 (minor 38.2 %) on daily close (i.e., above 23500), which would at least confirm a scale jump in favour of a broader recovery to a potential wave 4 recovery target on higher scale at 29299 (int. 38.2 % on higher scale). Only a weekly close above the latter and a break above key-pivotal resistance at 32917 (January 2022 low) would finally confirm the new, long-term bull-trend.

In short, having reached the target zone for a IInd wave setback of greater scale, prospects for a bullish breakout have improved significantly, but particularly below the 23025 handle, the risk of missing a final sell-off (minor wave 5) remains high.

Conclusion:

Another Crypto madness in form of an internal and massive multi-year IIIrd wave rally (projected target currently at 124706 in Bitcoin) might already be in preparation, but as long as key-resistance at 23025 caps the upside, the threat of missing the completing 5th wave sell-off within the broader C-wave down, which could stretch into 16980 (78.6 %), persists. The same applies for Ethereum, which I cover on the next 2 pages.

Strategy: Ethereum

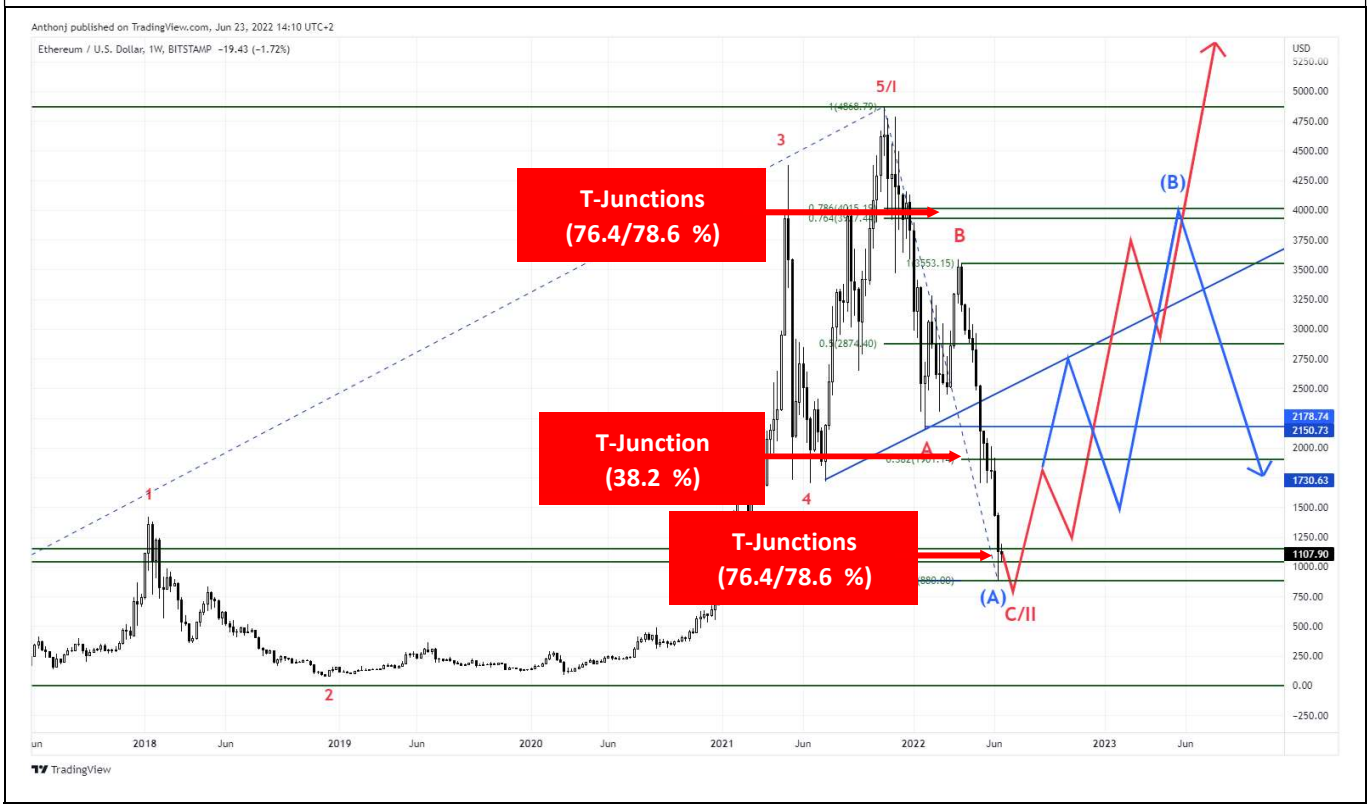
The big picture in Ethereum is exactly identical to the one described in Bitcoin, meaning we are in preparation for a massive, multi-year IIIrd wave rally, which could potentially extend to 8748 roughly (Wave I x 1.618).

But like in Bitcoin, the big question currently is whether a sustainable C/IInd wave low is already in place at 880 (June low)? The internal wave structure within the April-June selloff is still inheriting the risk that a minor 5th wave sell-off to a marginal new low could be missing, as long as any bounce is not breaking decisively above 1314 (minor 38.2 %) on daily close (i.e., above 1350).

Below the latter and given the strong correlation to Bitcoin and risk markets in general, I remain extremely cautious as another selloff into the 800 handle remains very likely. A break above the 1314/50 handle would on the other hand provide first evidence that a sustainable C/IInd wave low is already in place at 880, which would at least pave the way for a 4th wave recovery on higher scale to the next higher T-junction at 1912 (int. 38.2 % on higher scale) and where the bulls and bears would have to fight it out.

The latter and key-pivotal resistance at 2160 (January 2022 low) would still have to be broken to confirm a game change in favour of a much broader countertrend rally to 3927/4015 (int. 76.4/78.6 %), which is the last major T-junction which would have to be cleared to finally pave the way for the multi-year IIIrd wave impulse of higher scale to roundabout 8748.

Appendix 3: **Ethereum weekly**



Appendix 4: **Ethereum daily**

Conclusion:

The next big thing is most likely a multi-year IIIrd wave rally (projected target currently at 8748), but as long as projected wave 4 rebound targets on different scales at 1314 and at 1912 keep on capping the upside, the threat of missing the completing 5th wave sell-off within the broader C-wave down, persists. A new low around 800 or a decisive break above 1314 should not be missed though as it might offer the best investment opportunity for the years to come.

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