TECHNICAL
ROUNDUP

November 2022
Issue #2

This week:

In this week's newsletter we discuss Bitcoin/Dollar's price action amidst further crypto contagion.

We also discuss Ethereum/Dollar's attempt at a macro higher low around $1100.

To conclude, we look at the S&P 500 consolidation around the 4000 handle.

Name	Symbol	Market Cap	Price	Circulating Supply	Volume(24h)	% 1h	% 24h	% 7d
Bitcoin	BTC	$301,812,338,798	$15,707.81	19,214,156 BTC	$32,499,656,035	-0.44%	-2.14%	-6.35%
Ethereum	ETH	$132,516,414,536	$1,082.88	122,373,866 ETH *	$13,194,465,410	-0.68%	-3.42%	-14.03%
BNB	BNB	$40,660,988,836	$254.17	159,972,563 BNB *	$873,613,236	-0.24%	-1.47%	-7.87%
XRP	XRP	$18,116,103,185	$0.3602	50,298,735,565 XRP *	$1,509,794,494	-0.52%	3.23%	-5.11%
Cardano	ADA	$10,307,352,459	$0.2994	34,421,452,498 ADA *	$343,066,040	-0.58%	-1.75%	-11.43%
Dogecoin	DOGE	$9,854,684,213	$0.07428	132,670,764,300 DOGE	$599,621,924	-0.29%	-1.96%	-14.40%
Polygon	MATIC	$7,132,883,404	$0.8167	8,734,317,475 MATIC *	$581,228,178	-1.18%	2.39%	-12.94%
Polkadot	DOT	$5,713,413,764	$5.02	1,138,487,120 DOT *	$244,701,925	-0.28%	-3.49%	-15.81%
TRON	TRX	$4,537,497,239	$0.04923	92,167,982,087 TRX *	$608,244,295	-0.15%	-2.52%	-3.28%
Litecoin	LTC	$4,454,270,995	$62.15	71,666,906 LTC	$765,050,271	0.36%	3.56%	6.69%

https://coinmarketcap.com/coins/views/all/

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Dear reader,

Thank you for subscribing to TechnicalRoundup. We are grateful for your readership and hope that you stay with us for many future issues.

The premise behind this newsletter is simple: you get all your high time frame charts for the most important digital assets in one place. Same place, same time, every week.

Whether you are a short-term trader looking for a bias heading into the week, or a cautious investor trying to get a sense for this new asset class, we are confident that there is something you will find valuable in the coming pages.

We are not a signals service. That much is obvious. What we can offer you, however, is something better: a logical framework, a consistent method, and robust analysis. Every week.

We are not perfect. We will get things wrong. When we do, you will know because we will discuss them thoroughly. If the markets are unclear or uninteresting, we will not force out analysis that we do not believe to be compelling. Whilst we can not promise perfection, we will do our utmost to be honest and transparent.

Enough text, you must want to see some charts at this point!

We hope you enjoy TechnicalRoundup.

If for any reason you do not, or have feedback for us of any kind, it will be graciously received via email at letters@technicalroundup.com.

1. Bitcoin Pressed by Crypto Contagion

https://www.tradingview.com/x/f4m2Kwgw/

https://www.tradingview.com/x/CnME7GEn/

Bitcoin/Dollar is still struggling during this period of negative headlines.

The most recent development is that Genesis Trading, one of the biggest lending firms in crypto, paused new loans and withdrawals as they try to plug a $1BN (later $500M) hole. Not only has this affected CeFi products such as Gemini Earn, but there's further speculation that Genesis' parent company, Digital Currency Group, may be forced to apply for regulatory relief and expose swathes of BTC via their GBTC trust to the market.

In any case, structured product nuances aside, the market has understandably reacted poorly to further contagion in the crypto space among household names.

First, in terms of non-technicals, the market is likely to continue to be headline-driven. Some good Genesis news will likely revert a lot of the aggressive selling, and further bad news will likely continue to have a negative market impact. This isn't a week for set-and-forget trading close to current prices.

One metric worth keeping an eye on is the market's response to further bad news, should it materialise. If one wants to make a compelling case for relative strength, then one would want to see the market react less to bad news or even start to shrug it off and rally. This would suggest that a lot of it has already been priced in and headline traders piling in short would be expected to have a rough time.

As far as technicals go, there are two main things to keep an eye on.

First, on the higher time frames, reclaiming the breakdown (breaking back above $19000) or reaching support ($12000-$13900) would be good technical reasons to get involved in the market. At the moment, neither option is available as the market is consolidating after the breakdown.

Second, on lower time frames, the market offered a daily close below its current range low at $15900. Closing back above that structure would form a failed breakdown and likely squeeze the aforementioned contagion headline sellers towards the $17000 handle.

In summary: the market is headline-driven, it's worth being around your trading station to see how the news develops, keep an eye on whether the market begins to meaningfully shrug off bad news or respond very well to non-disastrous news, and wait for evidence of a failed breakdown (above $19000 or more tentatively above $15900) or for the market to reach support ($12000-$13900).

2. Ethereum Tests Monthly Support

https://www.tradingview.com/x/xQwYLy7A/

https://www.tradingview.com/x/GvROcYNl/

Ethereum/Dollar is testing monthly support at the $1100 handle.

It also has its own share of potential negative catalysts as one of the rogue FTX drainer accounts has been moving around large clips of Ethereum to sell, transfer, convert to other currencies, and perform other on-chain trickery to conceal the stolen funds. The Ethereum being sold had market impact in itself and traders compounded that effect by trying to front run transfers from that wallet.

Needless to say, our points in the previous section about headlines (positive or negative) would also affect Ethereum/Dollar.

As far as technicals go, Ethereum/Dollar's structure diverges from Bitcoin/Dollar's structure quite significantly.

Ethereum/Dollar is testing its range low while Bitcoin/Dollar is well below the same relative structure. This creates the usual dilemma of having to determine whether that divergence is relative strength in Ethereum/Dollar or simply lag that will play catch up later. Previous macro corrections, on balance, suggest that the lag/catch up argument is more likely, but it's no guarantee.

It doesn't help that there's no confluence between the two pairs. For example, if Bitcoin/Dollar were at high time frame support or printed a failed breakdown while Ethereum/Dollar was testing this $1100 support, the argument for a bounce would be more compelling given the concurrent setups across both instruments. That's not the case currently.

Two options come to mind.

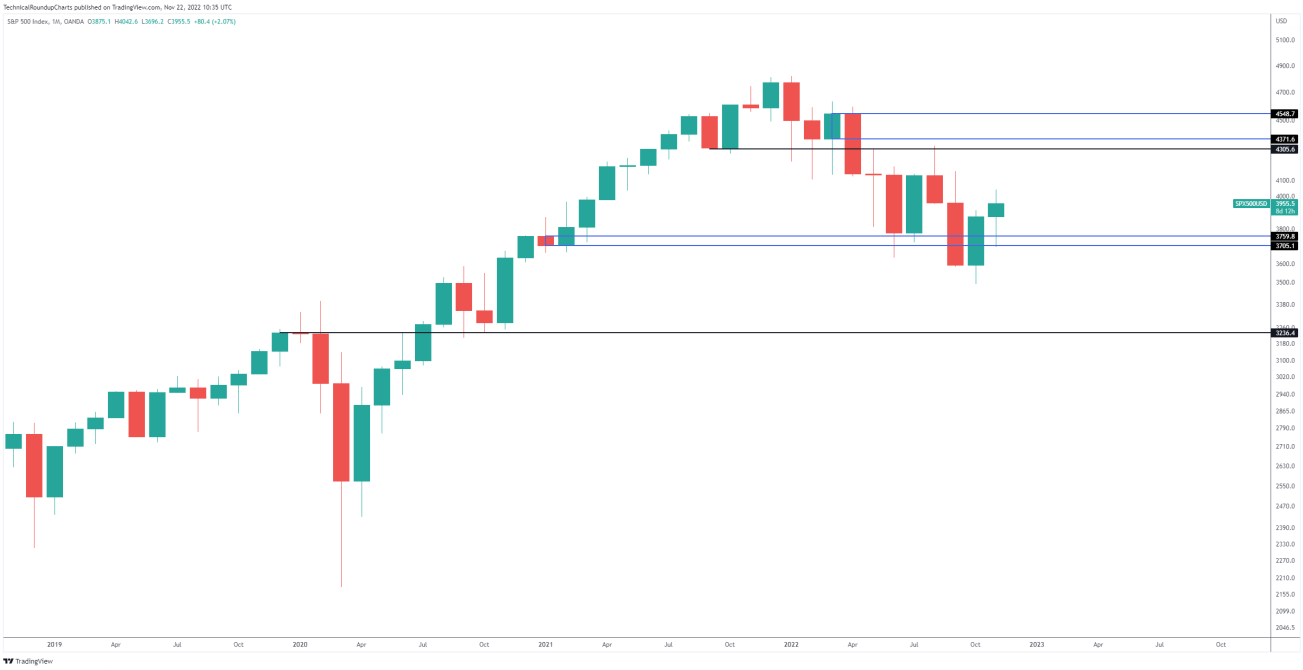
First, on the riskier side, one can simply punt at this high time frame level given price is at an extreme and simply eat the stop if it breaks. Given the next support is at the very earliest closer to the $800 handle, there may be time to flip bias and mitigate the losses by catching a piece of the breakdown.

Second, one can simply wait for Bitcoin/Dollar to print something bullish and/or wait for a clearer lower time frame setup on Ethereum/Dollar (at the moment it's hovering above its November 9th swing low, nothing terribly exciting) within the context of monthly support. If this relative strength is real, it should work out favourably once Bitcoin/Dollar stops bleeding.

In terms of positions,DonAlt has a core investment position on Bitcoin/Dollar while dabbling in Litecoin and XRP longs. Cred, to nobody's surprise, has not established a swing position yet and is strictly trading low time frames.

This week should be quite formative given the magnitude of the bad news and hopefully some resolution to the Genesis fiasco, so stay tuned. If you're unsure and unconvinced, waiting for the dust to settle is hardly the worst idea in the world.

3. S&P Still Above 3900 Pivot



https://www.tradingview.com/x/w1quydjz/

https://www.tradingview.com/x/XwkIVjP7/

We finally got our wish of crypto moving on from macro, but for all the wrong reasons.

Our diet of macro podcasts and newsletters has been replaced with bizarre puff pieces and rationalisations of the FTX debacle from legacy media sources, as well as daily contagion updates within our own ecosystem.

But macro still matters.

As argued last week, the market is near an inflection point of sorts with a Dollar Index bounce and S&P 500 slowdown after the rally.

To simplify matters, we’ve narrowed our S&P 500 focus to one pivot: the support/resistance flip in the 3900 area.

It’s about as clear as it gets when it comes to levels and makes for a decent line in the sand.

As long as that breakout holds, the S&P 500 looks fine. At the very least, we can expect it to act as less of a headwind and we can isolate our focus to crypto-specific catalysts and price action.

By the same token, any failed breakout pattern that leads to acceptance below 3900 would likely add pressure to our existing issues.

In the short-term our view is that crypto headlines and flows are more important than legacy price action, but if you’re gonna build a crypto moon or doom case, it’s worth peeking at the S&P 500 to see if risk indexes support your view.