

# December 2021

## Issue # 1

### This week:

In this week's issue we analyse the liquidation event in Bitcoin/Dollar and outline its new trading ranges.

We also revisit Ethereum, the USD and BTC pairs, which have continued to show relative strength amidst Bitcoin's high time frame breakdown.

Given the futures market got flattened, we also discuss some important metrics: open interest, liquidations, and funding.

Name	Symbol	Market Cap	Price	Circulating Supply	Volume(24h)	% 1h	% 24h	% 7d
 Bitcoin	BTC	\$963,391,487,751	\$50,990.02	18.893.725 BTC	\$37,754.893.977	-0,25%	5,67%	-9,51%
 Ethereum	ETH	\$516,491,197,130	\$4,353.50	118.638.220 ETH	\$27,919.668.351	-0,07%	7,25%	-0,69%
 Binance Coin	BNB	\$97,663,490,423	\$585.51	166.801.148 BNB *	\$3.430.702.847	-0,54%	8,62%	-4,22%
 Tether	USDT	\$75,653,267,580	\$1.00	75.515.354.134 USDT *	\$92.361.730.842	0,09%	0,13%	0,13%
 Solana	SOL	\$60,862,789,104	\$198.96	305.911.333 SOL *	\$3.530.721.529	-0,26%	7,93%	-0,95%
 Cardano	ADA	\$47,937,900,676	\$1.44	33.313.246.915 ADA	\$2.674.950.945	-1,02%	10,62%	-7,58%
 USD Coin	USDC	\$40,811,588,786	\$0.9994	40.834.144.584 USDC *	\$6.652.100.438	-0,06%	0,02%	-0,08%
 XRP	XRP	\$39,401,167,002	\$0.8339	47.247.295.769 XRP *	\$3.332.638.407	-0,59%	7,80%	-14,91%
 Polkadot	DOT	\$28,190,365,867	\$28.54	987.579.315 DOT *	\$1.918.639.289	0,12%	9,52%	-19,96%
 Terra	LUNA	\$26,682,866,521	\$69.53	383.763.344 LUNA *	\$3.753.174.282	2,91%	10,59%	30,79%

<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](mailto:letters@technicalroundup.com).

# 1. Bitcoin's Breakdown Reaches Support



<https://www.tradingview.com/x/QSIgKcGD/>



<https://www.tradingview.com/x/zaPsUNjX/>

Bitcoin/Dollar went down.

Very aggressive selling in the weekend overnight session, led by Deribit no less, drove price lower. The move was exacerbated by long liquidations and thinner liquidity in general given the time and day of the week that the move took place.

After a one-sided move that flattens futures, the market generally tends to consolidate and enter a mean-reverting regime. In other words, it ranges.

There are two ranges that are now relevant to us.

First, the short-term trading range. There is daily support at \$48300 and resistance at \$51800. V-reversals from these formations are quite rare, so we generally expect the short-term range to remain intact, at least for this week. For any short-term trading, our focus is very much on buy support/sell resistance.

To be fair, Don is on a gorgeous safari halfway across the world, so there's some doubt that he's going to be trading post-nuke chop.

Second, the macro range. \$56000-\$60000 is the weekly range high, and \$32000-\$38000 is the macro range low. Price broke above and was not accepted above the range high. That generally suggests a move towards the range low. At the time of writing, the market is at interim support in the form of the midpoint of that range in the \$40000s.

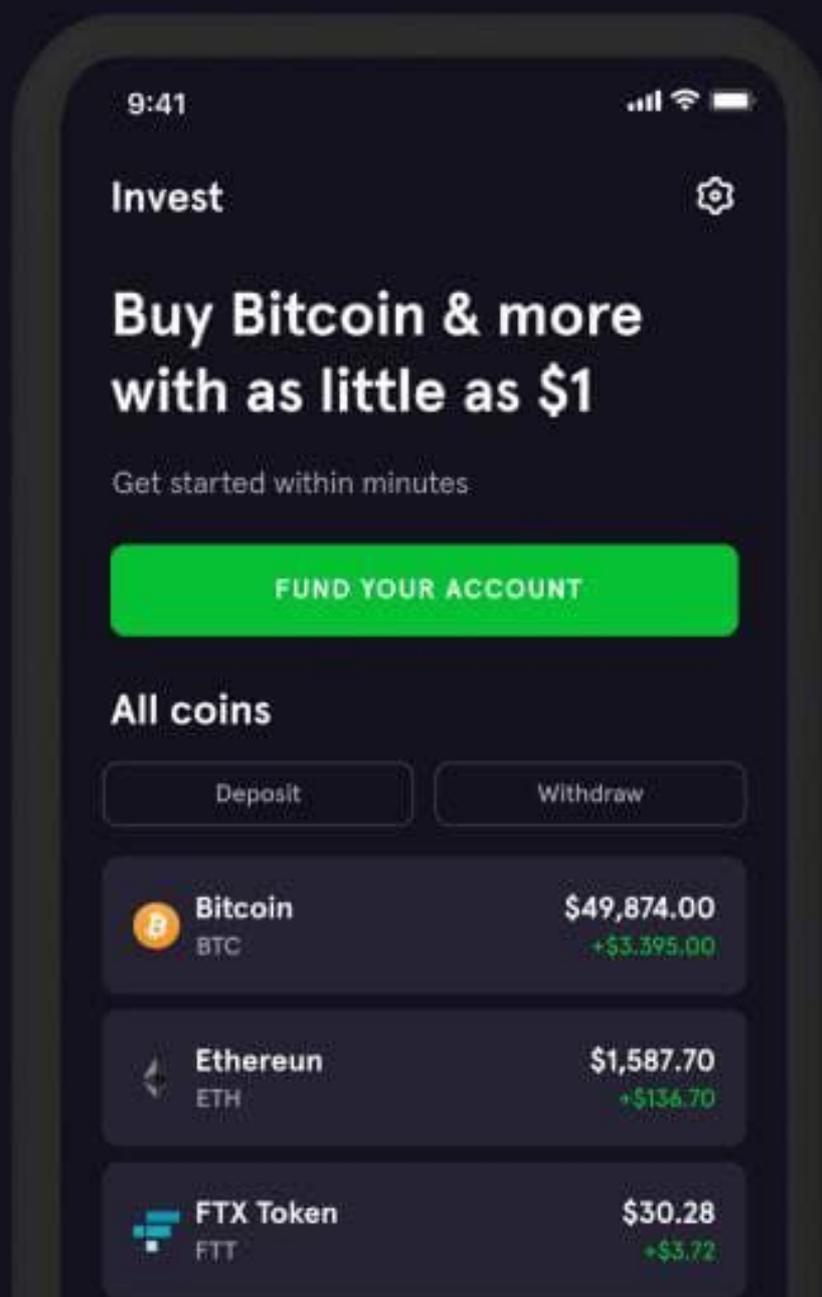
Another factor to consider is that Ethereum still looks technically stronger than Bitcoin, as we'll discuss later. As long as that persists, if one is going to position for strength, it makes sense to pick Ethereum over Bitcoin for now.

That's a lot of information. Up or down?

Price action after futures get nuked usually sucks. More often than not you get chop, and it's quite likely that price 'refills' the biggest wick and pokes around the low that was made. Our expectation is a range between \$48300 and \$51800. If the market pops above that, we would expect strong resistance at \$56000. More likely than not, slightly more boring times are upon us and we're still defensive on Bitcoin/Dollar.



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# 2. Ethereum/Dollar \$4000 Retest

TechnicalRoundupCharts published on TradingView.com, Dec 07, 2021 07:58 UTC



<https://www.tradingview.com/x/6CPteDbH/>

TechnicalRoundupCharts published on TradingView.com, Dec 07, 2021 08:48 UTC

Ethereum / U.S. Dollar, 1D, COINBASE O4204.09 H4432.22 L4113.00 C4419.16 +164.94 (+1.9%)



<https://www.tradingview.com/x/n43RvpOe/>

Ethereum/Dollar also went down, but then went up more.

Despite a large liquidation event in the market, Ethereum/Dollar held its \$4000 range high retest as support at the weekly close.

That's quite impressive.

We argued last week that we wouldn't be huge fans of a \$40000 retest. However, given the retest took place as the market got crushed, and the level still held, we can't ignore that sign of strength.

Expecting strength from Ethereum/Dollar is still a reasonable proposition as long as \$4000 continues to hold.

For shorter-term trading, there is a range between \$3950 and \$4480. Given how strong Ethereum/Bitcoin looks, it wouldn't be too much of a reach to make a case for resistance breaking and trend continuation in Ethereum/Dollar. However, to err on the side of caution, the range high is still resistance until proven otherwise.

To summarise, \$40000 held despite a market-wide nuke. That's a compelling sign of strength for the market. It would be fully validated on a daily range breakout above \$4480, which is the range high for now. Any weakness below \$4000 would be bearish.

# 3. Ethereum/Bitcoin Accelerates



<https://www.tradingview.com/x/w4nfjhQT/>

Ethereum/Bitcoin continues to look strong.

Price formed a weekly higher high breakout and reached the top of the range at  $\$0.084$ .

The market is now at resistance, so by definition, the setup is less compelling than it was last week purely from a risk-to-reward standpoint.

That said, given Ethereum/Dollar absorbed the nuke at  $\$4000$  while Bitcoin/Dollar lost its equivalent  $\$58000$  level, continuation in Ethereum/Bitcoin wouldn't be unreasonable. At face value, Ethereum held support and Bitcoin did not.

As long as  $\$0.084$  doesn't morph into some vile failed breakout, and in the absence of a stuffing back below  $\$4000$  in the USD pair, continuation in Ethereum/Bitcoin looks more likely than reversal (albeit with worse risk-to-reward given the market is meddling at the  $\$0.084$  range high).

We would also like to reiterate our argument last week about market cycles. This disconnect between Bitcoin and Ethereum is either a completely new paradigm from April-May (less likely) or a sign that we're closer to the cycle top (more likely). While the Ethereum/Bitcoin chart is one of the best-looking macro charts in crypto at the moment, our overall framework is still defensive given the high time frame weakness that has emerged in Bitcoin/Dollar.

Dream scenario: sell the Ethereum/Bitcoin top into USD and join Don on his bourgeois safari and world travels.

## 4. Futures Flattened

We're not a victory lap type of publication, but it is nice to see that the rules of the leverage game haven't transformed completely.

TechnicalRoundup argued *ad nauseam* that any claims suggesting that the market had gone through any sort of leverage flush or reset were not persuasive. Now that we have seen a strong wipeout, hopefully our arguments from weeks ago are more intelligible.

Regarding the current state of the futures market, we have three main points to make.

First, negative funding immediately after a liquidation event does not mean that the bottom of the move was heavily shorted/the market flipped bearish. Funding is a product of the difference between the price of the future and the price of the index (usually a mix of spot markets). During liquidation events, futures trade much higher/low than spot at the extremes because the move is exacerbated by (cascading) liquidations. In simple terms, the presence of leverage means you get larger moves at extremes. As a result, negative funding after a wipeout is expected because futures get dislocated more than spot. It's more just a product of market structure more so than an indicator of positioning.

Second, Bitcoin/Dollar price action after a liquidation event tends to suck in the short to medium-term. Price ranges and very often pokes around the low of the outsized candle or liquidation day. Immediate V-reversals are rare in this context. As such, we expect rangebound setups to outperform trending setups.

Last, we'd prefer to see some sort of reaccumulation base form (where funding is negative and that aggressive positioning is absorbed by moving sideways) for some sort of compelling bottoming structure. Price rallying in the face of increasingly negative funding is another acceptable version of that, although more time spent ranging lends more credibility to some sort of low being put in.

In any case, these leverage purges are usually not immediately trend-reversing, and therefore some sort of range which allows coins to change hands from aggressive futures sellers to value allocators would be a welcome development. In the interim, Ethereum is more interesting and Bitcoin chop is more likely.