TECHNICAL ROUNDUP

December 2022

Issue #1

This week:

In this week's newsletter we discuss Bitcoin/Dollar's midrange consolidation around $17000.

We also look at Ethereum/Dollar's narrow range between $1200 and $1300.

Our focus this week is on legacy markets. We offer our views on the S&P 500, EURUSD, and DXY.

Name	Symbol	Market Cap	Price	Circulating Supply	Volume(24h)	% 1h	% 24h	% 7d
Bitcoin	BTC	$327,106,048,086	$17,013.71	19,226,025 BTC	$19,265,617,293	0.32%	-0.54%	3.94%
Ethereum	ETH	$153,799,395,702	$1,256.80	122,373,866 ETH *	$5,153,834,381	0.57%	-0.97%	4.23%
BNB	BNB	$46,215,884,408	$288.90	159,969,374 BNB *	$570,394,764	0.38%	-0.46%	-3.17%
XRP	XRP	$19,514,246,382	$0.3883	50,260,446,248 XRP *	$884,947,710	0.47%	-0.91%	-0.10%
Dogecoin	DOGE	$13,287,824,566	$0.1002	132,670,764,300 DOGE	$579,219,173	0.32%	-2.87%	-0.24%
Cardano	ADA	$10,925,433,646	$0.3171	34,459,296,059 ADA *	$170,999,658	0.58%	-1.57%	3.09%
Polygon	MATIC	$7,969,455,407	$0.9124	8,734,317,475 MATIC *	$251,349,491	0.95%	-0.60%	9.84%
Polkadot	DOT	$6,272,080,913	$5.48	1,144,215,092 DOT *	$155,675,465	0.52%	-1.22%	4.45%
Litecoin	LTC	$5,709,160,212	$79.55	71,771,119 LTC	$622,453,300	1.01%	-2.91%	5.74%
Solana	SOL	$5,100,173,847	$14.01	363,962,864 SOL *	$306,772,521	0.47%	1.81%	4.83%

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 Remains Rangebound

https://www.tradingview.com/x/5ma9lKXK/

https://www.tradingview.com/x/9q2PVuOY/

Bitcoin/Dollar is still consolidating after its break below $20000.

The market has been mostly moving sideways between $16000 and $17600.

Price is currently retesting the midpoint of the consolidation around $16900.

As our readers will be aware, we generally don't like to diddle in the middle i.e. develop strong directional views at the midpoint of the range, so this juncture isn't particularly exciting to us.

A move back to the range low at $16000 would be interesting (close to bullish invalidation) and a move towards $176000 would be equally interesting (close to bearish invalidation), but the midpoint offers no such appeal.

We made a case for a bounce following the close back above $16000, and that bounce met our minimum objective of reaching the range midpoint at $16900. A gargantuan move indeed.

$18000-$19000 and $12000-$13900 remain the most relevant levels for larger swing trade ideas, and the market is not trading there at the moment.

We should hopefully have clearer views once the market moves towards the boundaries of the current consolidation.

2. Ethereum Compressed Under $1400

https://www.tradingview.com/x/6xYiqZkF/

https://www.tradingview.com/x/UI6Pke4n/

Ethereum/Dollar is also stuck between levels.

On the weekly time frame, the resistance cluster at $1280-$1330 is still proving to be a nuisance. The market has been unable to close above it on the weekly time frame.

As for support, the market is still closing above the $1200-$1240 former range high on the daily time frame.

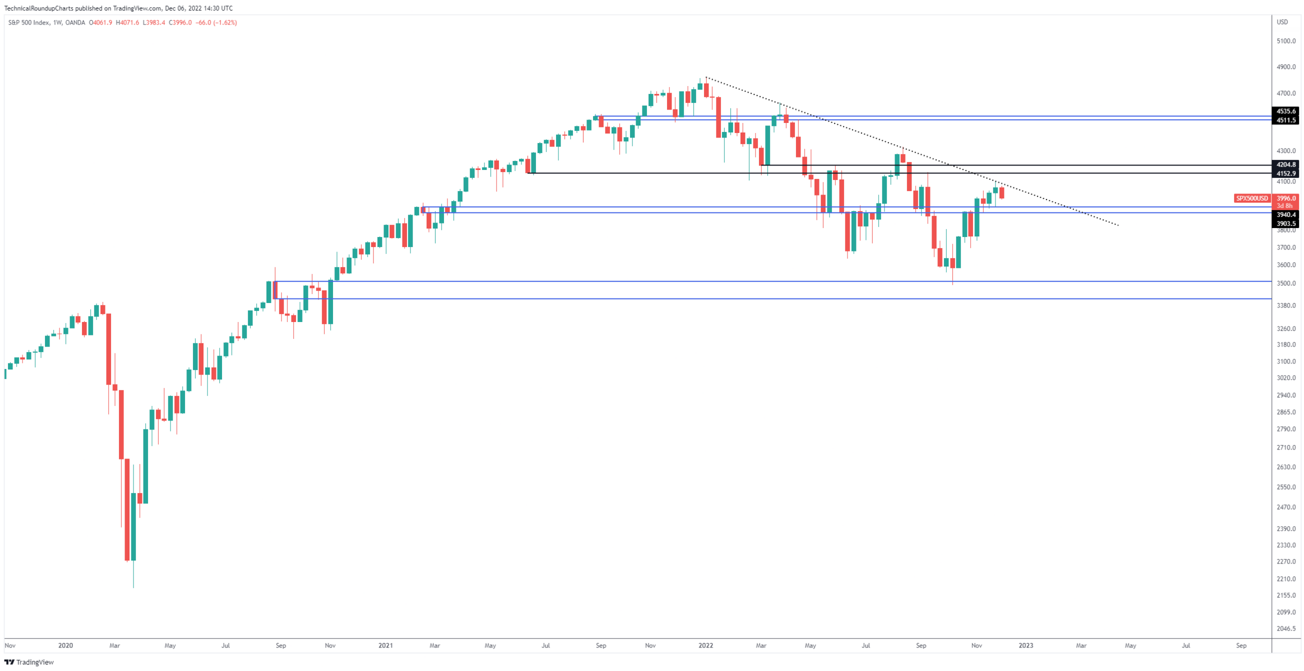
In other words, at its most conservative, Ethereum/Dollar is trading in more or less a $100 range.

As with Bitcoin/Dollar, we hope to get clarity and some resolution for Ethereum/Dollar next week.

It may be a simple case of following the momentum until proven otherwise i.e. above $1330 good as long as accepted above, below $1200 bad as long as accepted below, but we will assess the evidence once it's available.

3. S&P 500 Reaches Range Midpoint

https://www.tradingview.com/x/kZ1hHAp9/



https://www.tradingview.com/x/rh23KrGX/

To add to the cauldron of ambiguity, the S&P 500 is also at the midpoint of its larger range.

In this case, support is at 3710-3760 and resistance is at 4310-4370, resulting in an approximate range midpoint around the 4000 handle.

Two further technical considerations are worth noting.

First, there's a lot of brouhaha among legacy analysts about the macro trendline that we've included on the daily time frame. It may serve as a useful pivot, but given this is the fourth test, we expect it to become less meaningful over time. This current test might be the last one that's relevant. It reminds us somewhat of Bitcoin/Dollar's infamous bear market trendline in 2018, which DonAlt wrote an article about at the time. When it finally broke, it didn't do much and wasn't enough in itself to reverse the trend. That may be the case here as well.

Second, the 3900 pivot is as clear as ever. It's a decent line in the sand for directional bias, as we've argued in previous newsletters. Risk will probably get hammered again if the market is accepted below it, and crypto will probably not be immune from the blow. Pray4bounce.

As we'll cover in the subsequent sections, there's potentially a macro headwind building in these areas: S&P 500 resistance/must-hold retest, EURUSD resistance, DXY support.

4. Currencies at an Inflection Point

https://www.tradingview.com/x/s7Go8lCf/

https://www.tradingview.com/x/1XdcQPrm/

Generally speaking, for risk assets to do well, one wants to see USD weakness and a bid in risk indexes (among other factors such as lower yields, and so on).

For macro to be supportive of a crypto bounce, the next few weeks must resolve unfavourably for DXY (and as a result, favourably for EURUSD).

Both of these instruments have reached or are close to reaching key pivots.

On the EURUSD side, the market is retesting its breakdown as resistance around the 1.0558 area. This is the underside retest of a multi-year breakdown level so it's worth taking seriously. It's also important to consider that this is a monthly level, so it can take some time to fully resolve.

On the DXY side, resistance at 114 was strong and the market is fighting to close above the 106-107 handle. Even if that structure gets cooked, there's a larger pullback structure at 99 that's very significant.

So we're left with a tricky scenario: crypto contagion is still trickling through, and macro correlations (which have been supportive thus far) are approaching key turning points: S&P 500 downtrend line + 3900 level, EURUSD huge retest under 1.06, and DXY with its first visible pullback of the entire year.

Needless to say, the Goldilocks scenario would be everything goes right (indexes go up, EURUSD reclaims, DXY sinks) and crypto likely benefits as a result. The doomer version of that is basically the inverse i.e. risk melts, DXY trends up again, crypto implodes for the umpteenth time.

The coming weeks will be telling and will likely form our expectations for the first couple of quarters of next year.

For now, we're stuck with a bunch of crypto midranges and decision points in legacy.