

December 2023

Issue #2

This week:

In this week's newsletter we discuss the recent pullback in Bitcoin/Dollar and Ethereum/Dollar.

We also discuss the state of narrative-related flows as we approach the Bitcoin spot ETF deadline in early January.

Name	Symbol	Market Cap	Price	Circulating Supply	Volume(24h)	% 1h	% 24h	% 7d
 Bitcoin	BTC	\$804,867,168,886	\$41,131.48	19,568,156 BTC	\$25,657,166,638	0.14%	1.23%	-5.40%
 Ethereum	ETH	\$261,823,557,034	\$2,177.98	120,214,009 ETH *	\$11,454,029,332	-0.07%	-0.35%	-3.50%
 BNB	BNB	\$38,583,874,747	\$254.35	151,696,341 BNB *	\$1,366,500,162	0.11%	5.49%	10.30%
 XRP	XRP	\$33,231,623,251	\$0.6159	53,957,460,767 XRP *	\$1,466,841,750	-0.26%	0.63%	-0.82%
 Solana	SOL	\$28,696,275,271	\$67.30	426,398,502 SOL *	\$2,470,592,565	-0.35%	-1.62%	10.01%
 Cardano	ADA	\$20,065,153,835	\$0.568	35,327,658,614 ADA *	\$1,264,977,360	-1.37%	6.71%	35.01%
 Avalanche	AVAX	\$13,614,674,629	\$37.22	365,764,331 AVAX *	\$2,880,145,247	-0.30%	2.69%	56.95%
 Dogecoin	DOGE	\$13,128,921,205	\$0.09232	142,207,246,384 DOGE	\$944,026,639	-0.54%	-1.40%	-1.86%
 TRON	TRX	\$9,137,688,078	\$0.1033	88,444,425,063 TRX *	\$245,711,130	-0.34%	0.29%	-0.23%
 Polkadot	DOT	\$8,829,141,556	\$7.03	1,255,734,963 DOT *	\$515,305,886	-1.05%	7.72%	21.86%

<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 Teases First Red Weekly Candle



<https://www.tradingview.com/x/6Nil1Un4/>



<https://www.tradingview.com/x/8j71LCAI/>

Bitcoin/Dollar pulled back from the mid-\$40000 area.

While the weekly time frame doesn't have the clearest levels, the \$42000-\$43000 area is useful as a medium-term inflection point.

We have added a similar area on the daily time frame to highlight the technical origin of the breakdown candle.

Purely technically, high time frame support for swing trading is still far away. Unless the market consolidates for a while and establishes a new range, the earliest high time frame support is the daily \$38000 level, while monthly and weekly levels are closer to \$32000-\$34000.

The other alternative would be the market reclaiming the aforementioned resistance levels above \$44000 and gearing up for another push higher ahead of the spot ETF decision deadline.

In other words, the most conservative options after this first dip are to either wait for more strength or wait for more weakness. Punting the first pullback (especially for altcoin mean reversion) is more palatable for short-term trading systems, but is not within the mandate of the newsletter's high time frame swing trading system.



- Best execution. +
- Aggregated liquidity. +
- Maximum transparency. +

Stop making compromises

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2. Ethereum Retests \$2100



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



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

Ethereum's weakness relative to Bitcoin has remained intact.

The BTC pair is still stuck below the 0.055 range low.

As argued last week, it could still be the case that the catch-up trade comes to life closer to or even after the Bitcoin spot ETF once the market starts to look for a new narrative to trade. From a technical perspective, that argument is unavailable below 0.055.

The USD pair is still holding above key breakout levels (good) but is already retesting them soon after breaking out (less good).

Specifically, Ethereum/Dollar wicked to \$2100 after 2 weeks, having spent 3 weeks consolidating below it.

Generally, strong breakouts tend to move far and quickly away from the breakout level, so spending little to no time here if the market is strong would be preferable.

Losing \$2100 would be a red flag, and losing \$1940 would be a blaring siren.

If Ethereum can summon some strength on the BTC pair and/or continue to get unwillingly dragged higher by Bitcoin strength, \$2500 is still the next relevant resistance level.

3. Spot ETF Narrative - Temperature Check

The final deadline for a Bitcoin spot ETF decision is in the first week of January.

The news first became public in June and the price of Bitcoin was around \$25000.

After nearly doubling in price and riding the narrative for most of the year, it is reasonable to question whether some 'narrative fatigue' will set in. Or more frankly, whether the event will act as a 'sell the news' catalyst.

In our view, it is generally reasonable to expect the market to shed some sort of risk as we approach the deadline, or around the deadline window in general.

At the very least, the closer we get to the deadline the higher the risk of staying swing long (a worthwhile clarification given that news of formal approval would probably be positive in the short-term).

Given the magnitude of the move and the length of time spent relying on this specific catalyst, it would be surprising if early participants in the trade didn't see it as an opportunity to rebalance.

The alternative requires even more assumptions: vertical rally ahead of the news, no material sell-off around the news, and more upside after the news. This, in our view, seems less likely.

The core purpose of a spot ETF is to allow 'conservative' investors to have a reputable, regulated means of accessing spot Bitcoin markets. The strategies that stand to benefit the most from this are generally more passive and conservative. This may create a 'lag' between the ETF approval and consistent inflows.

While a spot ETF is undoubtedly good in the medium to long-term, and even in the very short-term (i.e. on the day of approval), it is more difficult to justify swing long positioning on the back of that narrative 6 months later and at a much higher price.