



This week:

In this week's issue we discuss the low time frame chop as the majors consolidate near their all-time highs.

For Bitcoin and Ethereum, we reiterate breakout levels and share some ideas around positioning. We also articulate possible altcoin setups during periods of higher and lower volatility.

The S&P 500 is back on our radar following a higher high and 50 DMA reclaim.

For *Caught Our Eye*, we have included a copy of Cred's notes on funding and open interest from a recent Twitter Space.

Rank	Name	Symbol	Market Cap	Price	Circulating Supply	Volume(24h)	% 1h	% 24h	% 7d
1	Bitcoin	BTC	\$1,171,960,584,063	\$62,180.11	18.847.837 BTC	\$38.193.033.434	-0,21%	2,25%	9,50%
2	Ethereum	ETH	\$447,340,410,069	\$3,791.41	117.987.777 ETH	\$16.876.749.242	-0,32%	0,36%	10,67%
3	Binance Coin	BNB	\$81,288,187,169	\$487.34	166.801.148 BNB *	\$2.158.111.181	-0,55%	3,66%	23,49%
4	Cardano	ADA	\$69,883,460,040	\$2.12	32.899.071.908 ADA	\$2.871.110.847	-0,29%	-0,40%	2,12%
5	Tether	USDT	\$69,038,869,845	\$0.9999	69.043.109.914 USDT *	\$64.944.597.746	-0,01%	0,02%	-0,03%
6	XRP	XRP	\$50,965,381,662	\$1.09	46.878.114.887 XRP *	\$2.775.607.498	-0,02%	0,51%	1,32%
7	Solana	SOL	\$47,332,798,891	\$157.49	300.545.474 SOL *	\$1.469.042.277	0,23%	0,43%	11,72%
8	Polkadot	DOT	\$40,566,164,877	\$41.08	987.579.315 DOT *	\$1.519.691.447	0,27%	-1,44%	26,60%

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

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 Chops Above \$60000

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TradingView

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

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TradingView

<https://www.tradingview.com/x/rg4k6fiW/>

Bitcoin/Dollar is trading above \$60000, with the first U.S. ETF due to go live later this week.

The market has essentially gone up in a straight line, and that looks set to continue following the highest weekly close ever. Additionally, this move has nullified the complacency shoulder narrative and even the most stubborn bears are likely looking for a reentry.

It doesn't appear that the ETF announcement was a "sell the news" event, and structurally that's a tricky trade to pull off given you'd be forced to close right on the cusp of a new all-time high.

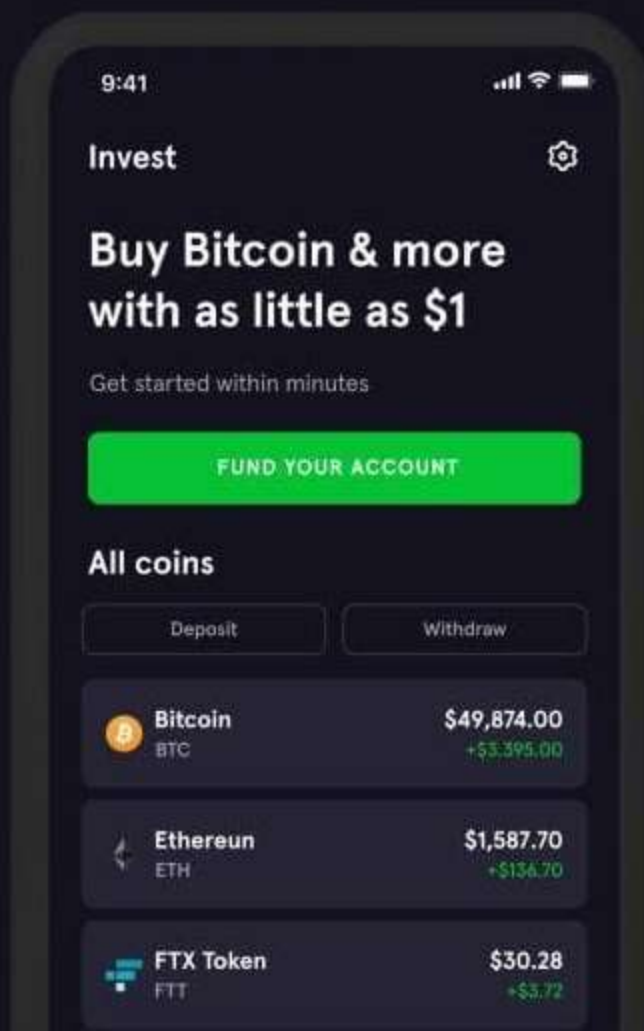
Overall, our view is that new all-time highs are likely (what a bold prediction) and that any dips into reclaimed support, specifically the confluent daily and weekly area around \$56000-\$58000, are opportunities to position for new highs.

The futures market looks reasonable given how close the market is to breaking out. Funding on perpetual swaps has largely been flat and quarterly basis (annualised) is around 15%. That's up a lot from the lows, but not scary yet. Coin-margined open interest increased sharply during the second half of this rally. That contract is fun because you long your longs with your longs as collateral, but those participants are the first to show their paper-handedness on a dip (given convexity works against longs on those contracts). A coin-margined open interest wipe would be a welcome continuation signal and opportunity to position, especially if it happens after new highs.

A brief note on invalidation. A weekly close below the reclaimed breakdown point (\$56000-\$58000) would likely suggest that the market isn't ready to break out. Weekly market structure would still be bullish with support at \$50000.



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2. Ethereum Triple Top Consolidation

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TradingView

<https://www.tradingview.com/x/DyhO8H3e/>

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TradingView

<https://www.tradingview.com/x/XLAt0Qmh/>

Ethereum/Dollar is back at the \$4000 range high.

The BTC pair is technically still in a large range, albeit with a noticeable downtrend on the daily time frame.

Our basic idea is that Ethereum/Bitcoin will likely underperform on a Bitcoin breakout (or breakdown) but then outperform later down the line if we're in for a multi-month uptrend at the very least.

As Bitcoin gets sufficiently pumped (very technical term) risk trickles down to lower market cap assets, including Ethereum.

From a technical point of view, the market is in a range between support (low-mid \$3000s) and resistance (\$4000). Given the relative strength of the market and the proximity to new all-time highs, a range breakout is more likely than a range breakdown. Generally, triple tops aren't compelling resistance structures, especially those that form at prior all-time highs.

Technical invalidation is losing daily support above \$3000.

If you long Ethereum and you're right, you'll probably make less money than longing Bitcoin. If you long Ethereum and you're wrong, you'll probably lose more money than longing Bitcoin. Our conviction on this isn't incredibly high, but the likelihood of a Bitcoin-dominant breakout is one worth considering.

In our view, the time to rotate into Ethereum will come once the breakout dust has settled. A large puke in Ethereum/Bitcoin would be a good time to start looking for punts.

3. When Altseason

With the majors on the cusp of all-time high breakouts, we are not yet compelled to position in altcoins.

Our framework for rotating into altcoins has been guided by the premise that long altcoins = short Bitcoin volatility.

Altcoins are most attractive when Bitcoin is in a range, and/or when it's settling after an impulsive move. With Bitcoin so close to its all-time high, betting on reduced volatility is not attractive to us.

There are two different trade ideas that stand out to us when it comes to altcoins.

First, if Bitcoin breaks out, we expect a puke in altcoins as holders sell them to catch the move. This will likely cause a liquidation cascade in the short-term and set up a really nice mean reversion play for when the Bitcoin breakout stops printing dildos. As such, for experienced practitioners, buying the turbonuke in altcoins for a short-term bounce as the liquidations settle is an idea we're following closely.

Second, from a medium-term perspective, altcoins will become much more attractive on a relative basis when Bitcoin first enters a range post-breakout. At that stage, participants will have (forcibly) sold their altcoins while Altcoin/Bitcoin pairs will have taken 30%-60% haircuts. Prices will likely have reached support on BTC and USD pairs alike. This would be a good time to rotate risk, in our view.

To summarise, we don't like altcoins as long as the majors look like they're going to print big candles (hopefully green ones) at any moment. If they do, altcoins will become attractive either on a post-liquidation bounce basis, or on a larger rotational basis once the dust has settled.

Now is a good time to do your research on coins, ecosystems, compile watchlists, mark levels etc. in search for some discounts, should the market be so generous.

4. Remember Evergrande? Neither Do We.

Published on TradingView.com, Okt 19, 2021 10:03 UTC

Der S&P 500 Index, 1T, SP O4463.72 H4488.75 L4447.47 C4486.47 +15.09 (+0.34%)
MA50@200 (50, close, 1, close) 4438.00



TradingView

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

Great title before a complacency shoulder that nukes the S&P 500 and takes crypto down with it. Hopefully not.

On a slightly more serious note, the S&P 500 looks better.

Crypto got smacked down as the traditional world was having a meltdown over a 6% pullback, with endless Lehman Brothers analogies being made near the lows. Crypto broke the downside correlation first (a fantastic sign of strength that played out very convincingly) and now the S&P 500 is approaching its prior all-time high.

The technicals are much improved. Price made a higher high on the daily time frame following a tenuous head-and-shoulders bottom that was followed by a reclaim of the 50-day moving average.

As long as this isn't some horrific fakeout i.e. provided there are no lower lows, a move back towards the all-time high is likely.

We're not S&P 500 traders, but it'd be nice for this thing to resume up only so that we have fewer things to worry about.

Give it a few weeks (or a couple of months at most) before boomers start worrying about tapering again and whether it's priced in appropriately.

5. Caught Our Eye - Funding Rates and Open Interest in Perpetual Swaps

If Cred were a committed and competent trading educator, he'd either publish a detailed article on these metrics or make a complete YouTube video.

Instead, he chose the worst of both worlds and used Twitter Spaces (no visuals) to talk about funding rates and open interest.

The soliloquy was nonetheless well-received (thanks for the kind words).

If you'd like to access the full notes for it, they can be found [here](#).