TECHNICAL ROUNDUP WOOX

February 2024

Issue #3

This week:

In this week's newsletter we discuss Bitcoin/Dollar's approach to $60000.

We also discuss the Ethereum/Dollar breakout and Ethereum/Bitcoin's recent struggle to keep up.

We conclude with a section revisiting lockout trends and the feeling of being sidelined.

Name	Symbol	Market Cap	Price	Circulating Supply	Volume(24h)	% 1h	% 24h	% 7d
Bitcoin	BTC	$1,121,272,186,033	$57,093.07	19,639,375 BTC	$49,721,530,948	-0.23%	5.05%	9.59%
Ethereum	ETH	$389,398,727,936	$3,240.84	120,153,641 ETH *	$21,251,024,373	-0.30%	2.00%	8.98%
BNB	BNB	$59,089,920,302	$395.14	149,542,787 BNB *	$1,853,484,810	-0.02%	-1.49%	11.58%
Solana	SOL	$47,945,565,798	$108.40	442,321,375 SOL *	$2,808,489,591	0.53%	-0.58%	1.24%
XRP	XRP	$31,875,609,578	$0.5839	54,594,247,369 XRP *	$2,211,287,565	-0.92%	6.15%	3.80%
Cardano	ADA	$22,091,249,889	$0.6228	35,473,567,808 ADA *	$752,242,049	-0.41%	0.59%	1.55%
Avalanche	AVAX	$14,741,387,657	$39.08	377,185,390 AVAX *	$523,941,631	-0.16%	0.53%	2.09%
Dogecoin	DOGE	$14,271,929,332	$0.09963	143,250,196,384 DOGE	$1,664,091,886	1.21%	13.05%	16.54%
TRON	TRX	$12,515,780,662	$0.1422	87,994,236,059 TRX *	$410,699,395	0.12%	1.67%	2.70%
Polkadot	DOT	$10,744,082,657	$8.23	1,305,013,347 DOT *	$383,900,619	0.47%	2.43%	7.64%

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.

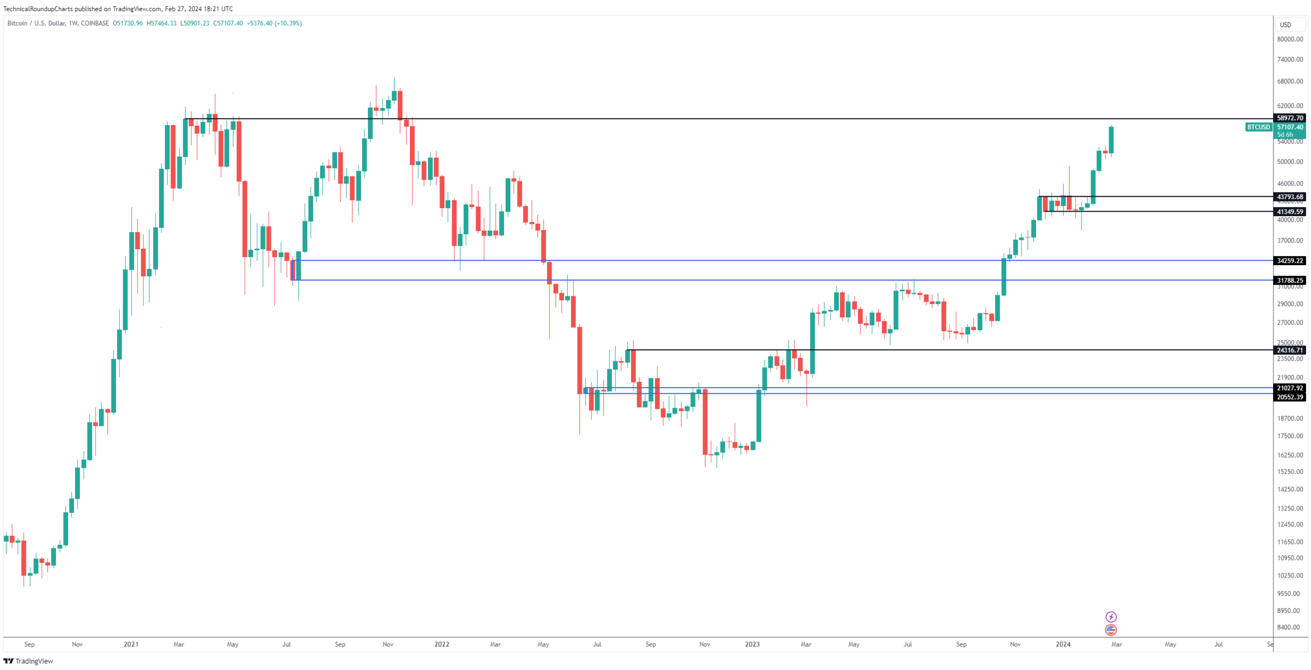
We are not perfect. We will get things wrong. When we do, you will know because we will discuss them thoroughly. If the markets are unclear or uninteresting, we will not force out analysis that we do not believe to be compelling. Whilst we can not promise perfection, we will do our utmost to be honest 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 Hovers Below $60000



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Bitcoin/Dollar has continued to move higher, most recently following strong buying during Monday’s U.S. session open.

More broadly, Bitcoin’s spot ETFs have continued to perform exceptionally well and have shown no signs of slowing (the opposite, if anything). We previously argued that ETF strength should start to have a more positive price impact once GBTC’s fire sale ended, and while that argument was sound and came to fruition, the magnitude of the price impact and volatility generally has beaten almost everybody’s expectations.

What now?

From a technical perspective, there is no meaningful resistance until the $59000 range high (and all-time high ‘area’ more broadly). That’s really the last relevant resistance level on the chart, and in general, being bearish near all-time highs is not a compelling proposition.

From a non-technical perspective, the market can ‘create’ resistance that isn’t entirely technical, or at the very least make mediocre technical resistance more powerful than it would usually be. For example, if futures premiums go sky high across crypto as a whole with the entire market adding a ton of one-sided highly leveraged open interest, that can create conditions for a pullback even if the technical argument alone is not very strong.

Recently, even when premiums have spiked significantly (most notably in altcoins), the market has done a fairly good job of ‘flushing’ those positions and ‘resetting’ funding closer to baseline without the need for a much larger pullback. If that changes (high/increasing premiums with sticky price action or even downwards price action) then arguments for a larger pullback would become more persuasive, but at the time of writing, there’s nothing obviously concerning.

In terms of recent price action, the market broke out of a short range in the $52000 area. If that breakout fails by closing back inside the range, that would be a short to medium-term sign of weakness. Absent that, stuff still looks strong and the next relevant area is the historic range high around $60000.

It has very much been a case of ‘assume strength until weakness’ and the market has offered no weakness yet.

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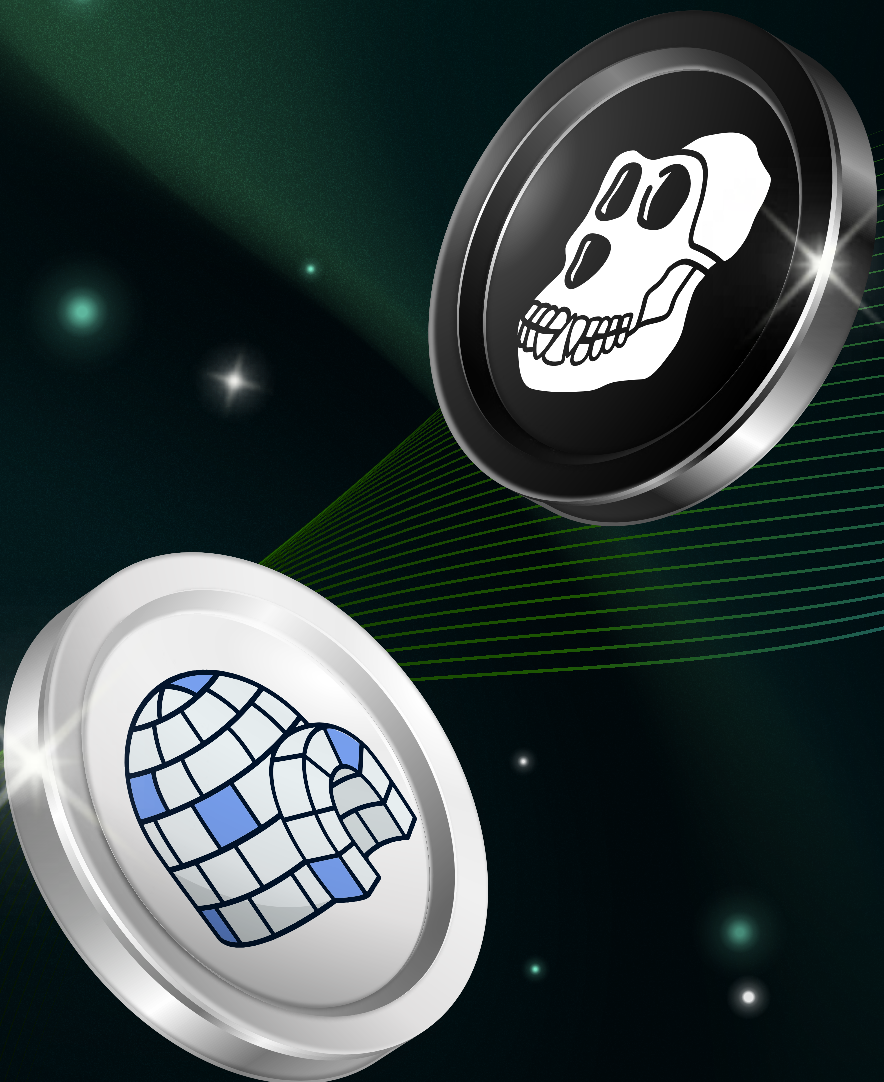

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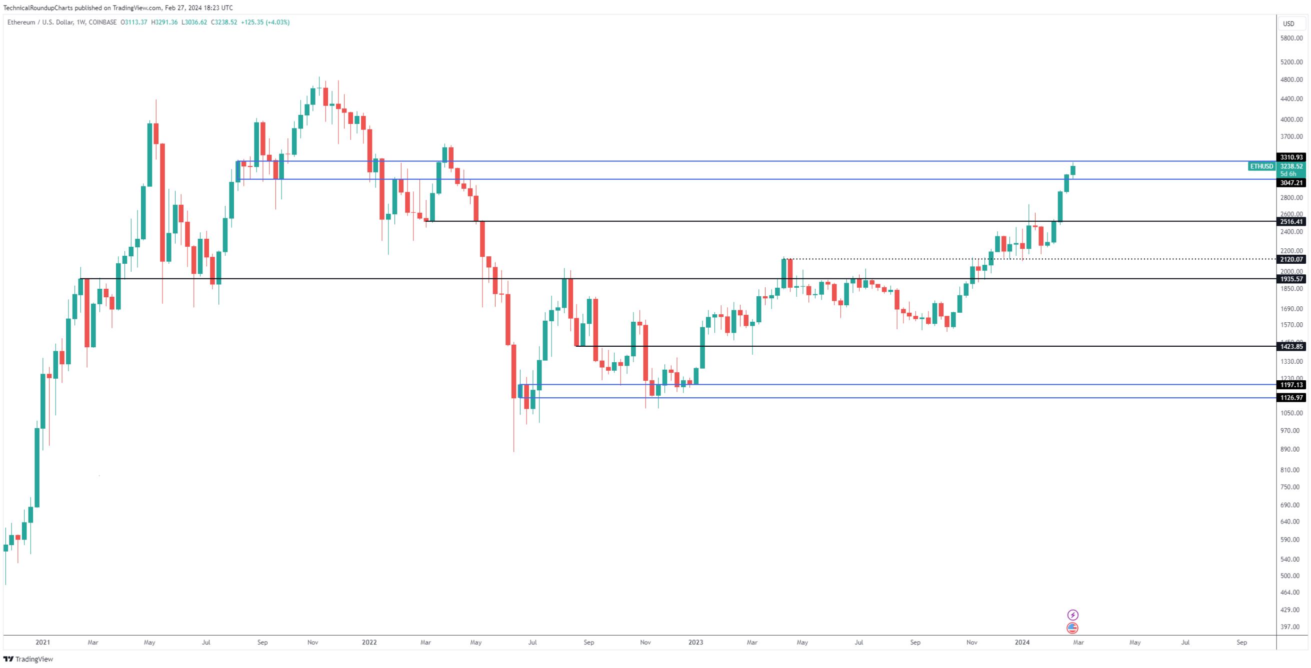
2. Ethereum/Dollar Climbs, BTC Pair Wanes



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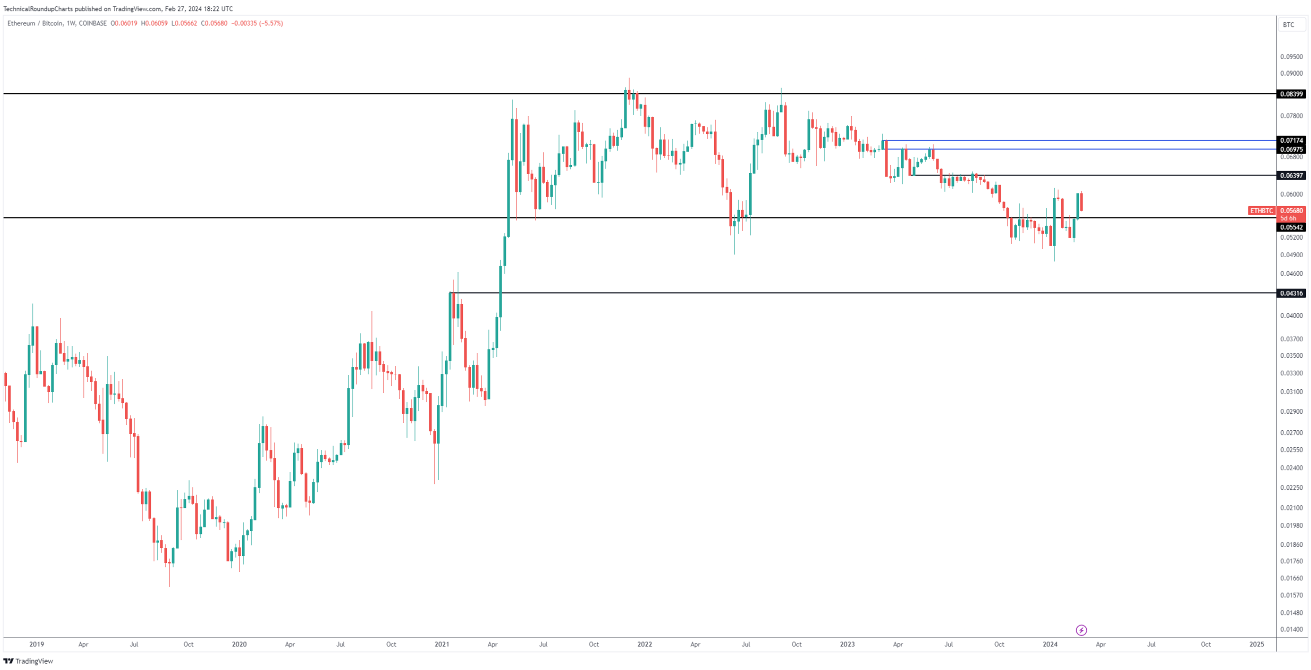

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Ethereum/Bitcoin was enjoying some short-term strength before it got bulldozed by Monday's cohort of Bitcoin buyers.

This isn't even a clear case of Ethereum relative weakness, it's more that keeping up with such buy pressure is a very tall order.

The USD pair is approaching an area of technical resistance around $3300 but it is by no means a fantastic level. It's kind of just there. As per the section on Bitcoin, that level can *become* compelling if the entire market froths up and gets very long without a corresponding increase in price, but that's an ad hoc assessment that must be made in the moment. On purely technical grounds, it's resistance, but contextually it's not the best level.

The BTC pair, despite some gyrations, hasn't done much on the higher time frames. It's still in the same range. It was looking better than before until the recent Bitcoin/Dollar strength, but it is once again on the backfoot. Not much to add there - perhaps another Bitcoin/Dollar consolidation would be enough for Ethereum/Bitcoin to attempt another breakout, but thus far the pattern has been short windows of relief that get muffled by Bitcoin/Dollar bursts of strength.

As far as technicals go, a higher high through 0.064 would be a good sign. Perhaps more important than price, it would be nice to see more than 1 or 2 weeks of strength in Ethereum/Bitcoin to warrant shifting focus from Bitcoin/Dollar.

3. Sidelined - Now What?

The ‘sidelinoor’ meme is an interesting one.

As much fun as it is to goad the (often hallucinated) ‘other side’ of your successful trade, it raises some interesting questions.

1. If you are trading exceptionally well and are thoroughly confident and in profit, why waste mental energy on market participants that are not in the same trade as you?
2. Sidelined traders aren’t your counterparties, by definition. Buyers are filled by sellers, and vice versa. If you’re gonna make fun of anyone (not that we recommend this) make fun of those filling your buy orders and getting liquidated, not those absent from the orderbooks.
3. It is in your interest for sidelined traders to stay sidelined! If they deploy, the amount of net future buyers goes down and your side of the trade risks becoming crowded. If anything, you want the sidelined traders to stay sidelined for as long as possible, and once they finally surrender and emotionally buy at bad prices, you derisk into them.

Pseudo Intellectual excursions aside, we’ve written at length about lockout trends and dealing with them. Cred even has a well-timed blog post from some time ago on trading trending conditions.

To keep it frank, if you’re feeling completely sidelined and spend your days paralysed by your lack of exposure as the market has crept higher to all-time highs on the majors, you have some potential choices to make.

Before outlining them, what’s most important is that you stop living in the past. The past is the past. You can’t trade or change the past. It’s a fruitless, circular loop of self-loathing that will get you nowhere. Your job is to trade today’s market with today’s prices based on today’s data. Anything that doesn’t serve that purpose is to your detriment as a trader. This becomes especially dangerous if you fuel your present decision-making with your past regrets e.g. “I missed Y but if I leverage enough with X I can make up for it!”. Bad idea.

Now, you have options, but none of them are particularly pretty. But we keep it frank, so here they are anyway. This will lack a lot of nuance and doesn’t really account for individual trading strategies, time frames, trading vs investing, risk appetite, and so on. But here we go.

1. **Bite the bullet.** Just buy. In doing so, you at the very least 'buy back' your rationality and peace of mind if everything teleports far beyond your expectations. This is intended to jolt you awake from your sidelined slumber. For some people, getting any exposure above 0 makes them feel significantly better and breaks the paralysis. In other cases, whatever spot allocation you were saving for $12k Bitcoin - deploy it in a single clip. What if you bite the bullet and the market goes down? Too bad - you are not owed the luxury of a good entry, and as long as you aren't overleveraged or buying spot, you can generally avoid liquidation. Consider keeping at least some cash so you're not a deer in headlights if you buy the top and get the discounts you've been waiting for the whole time.
2. **Wait.** Great advice - stay sidelined! Jokes aside, as difficult as it is to believe given the absence of any high time frame pullbacks, they will come eventually. Whether it's from here, $70k Bitcoin, $100k Bitcoin - nobody knows. But eventually tides turn and present opportunities. It may not be exactly at the price(s) you wanted, it may not align perfectly with previous cycles' corrections, and it may take more or less time than usual - but it'll happen eventually. The most important thing is to be price-agnostic as to the pullbacks i.e. doesn't matter what price it's coming from, the setup is the pullback itself. The risks? Expecting too much of a pullback and not deploying because you wanted a larger correction. Oh, and there's a risk that you buy the pullback after the trend has ended and get smoked anyway. We said these answers aren't pretty, but they're honest.
3. **Submit to lower time frames.** This is a subcategory of (1) i.e. a form of biting the bullet, but with a bit more technical nuance. Get rid of those monthly charts (that's right, Cred, fuck off) and get out your low time frames and low time frame trend following tools. Fast-moving trend tools, daily opens, very low time frame ranges and breakouts, very shallow low time frame pullbacks, and even, God forbid, diagonal trendline breakouts. In essence, you become apathetic to the historical price and laser focus on the market as it is now. The risk? You buy the low time frame trend at a time when the medium to high time frame trends reversal. You get smoked. Too bad - cost of doing business. Keep some cash and buy the dip you were waiting for in the first place.

No conclusion, that's it.

Thanks for reading.

Use our shill link, or something.

Bye.