

## Crypto market analysis

16/01/2024

First of all I want to thank everybody who is taking the time to read my analysis. I do not post as often anymore even though I was one of the first here to share my analyses in the chat. Ever since I started doing it in January of 23' I'm proud to see the tradition has continued.

Sharing those analyses has helped me grow and learn and hopefully has helped many others as well. For when explaining something it helps to make a clear and complete picture of a situation in one's mind.

However at the end of the day all these analyses aren't needed in trading and that's why I have been refraining from sharing too much as of lately, because the only things you need are a thesis, edge and system.

But at the same time it is important to understand the narratives that are driving the market and coming up with a thesis in the process, so that's what I'll mainly be focusing on.

So without further ado let's get into it.

## Technical analysis

Without revealing too much about my system I will explain how and what the most probable market movements are short-term. My main system is a trend following one based on the 50/100/200 EMA and a momentum driven indicator.

When the indicator goes to overbought and the EMA bands flip on the HTF I wait for the LTF to go back to oversold which signifies an opportunity to enter. Because of the nature of the indicator, the movements of the asset I'm planning a trade on can be predicted with decent accuracy.

I don't mean that I have a glass bowl but the most likely paths can be foreseen.

Currently I'm looking at two for BTC, the first one is a simple reaccumulation where I think BTC will touch an imbalance at 45k.

However as I currently see it, it's nothing more than just filling a gap, the 4h is losing its trend and we'll probably range for a while. Allowing for reaccumulation on the 4h, the reason I don't think we dump is because the daily is still in a very bullish trend so continuation seems inevitable.

We could also first lose the 4h trend completely seeing as we're trading below the 200 ema currently. This would mean we'd visit the 39,5k-40k area where there's also a CME gap left to fill.

Currently It depends on if the 4h 200 EMA can be broken to the upside which seems likely, after this the possibility of wicking into 40k still exists.

Early signs of ranging is the 50/100 ema are starting to cross and the bands closing in on each other.

Basically there should be some movement but ultimately we're range bound with a few existent opportunities for volatility as we approach the less volatile end of the month facing options expiry.

## Sentiment

Currently sentiment is bearish, retail traders are fearful of Grayscale dumping after BTC declined 15 percent.

Most people have gotten rekt one too many times as of lately seeing as the most recent one was BTC ETF approval wasn't sell the news but actually sell the event.

Leading to mass FOMO longs getting liquidated all the while people were trying to catch a falling knife (this should be clear from BTC OI).

Grayscale investors are stuck because of high rates that probably (definitely) have been set up this way on purpose. Because grayscale knows their investors are stuck in bad trades. So for now investors will refrain from exiting their trades.

I would advise to forget about this information for now, most investors are stuck holding the trade. Based on this I would expect for these trades to only start unwinding when BTC will form a top. Then retail will get greedy and buy their sells and serve as exit liquidity.

So my advice is this: "Buy when people are fearful and sell when they're greedy"  
~ Warren Buffet

Like the professor was explaining in the weekly outlook Larry Fink is not an idiot and will not promote BTC to his customers and spoil his bad name.

So why should you be bearish, a 20% dip doesn't mean the market is going to crash, that's the dip that is meant to be bought when in a daily uptrend.

All the while there's a positive net inflow of capital into BTC ETF's buying up dumb money sells after they have been manipulated to do so supporting the argument for BTC reaccumulating.

However it is conviction that drives markets, and even though it may be clear BTC will not dump and flip bearish soon, it does not mean we'll just pump from here, patience is a must in this game.

## Thesis

Even though I'm still convinced that a financial crisis is coming, for now the people have bought into the soft landing narrative.

With 2024 being an election year and the FED having announced rate cuts right on schedule. Powell is hinting at QE which obviously is bullish.

Considering monetary policy we're going to have excellent conditions for a lasting rally. But when should we expect it?

I believe after a late year rally into December Q1 won't have too much excitement until we start to approach Q2.

If BTC goes for a reaccumulation stage it will set up a possible alt season with the super bowl around the corner where max shitcoin shilling will take place.

ERC-20 and ALT coins will then have priority but while the public is chasing random shitcoin pumps. Larry Fink will be busy shilling BTC based on the stock-2-flow model to his investors, setting up a possible nice Q2.

However we must not overlook the second biggest economy in the world: China. People are pointing out how Taiwan electing an anti-Chinese president will caution Chinese investors.

However, with chinese new year falling within the same timeframe as the super bowl I doubt chinese investors will pay any attention to taiwan.

In the end economic growth determines policy and China has been picking up momentum all through 2023 with forecasts not expecting it to slow down in the coming year.

Thus there should be no reason for investors from the east to be hesitant.

Politics are politics and for now irrelevant, don't think China will launch an attack on Taiwan when US presence has increased in eastern seas attacking the houthis.

Q3 will probably resemble 2023 where Q3 will be a lot of chop because of summer holidays.

## Edge

Before I go I want to share some alpha, BTC is a decentralized store of value not bound by any land borders, only online ones.

In theory everybody should be able to move it as an asset, but in reality the ones with the most capital control its flow.

In practice this means the two biggest economies in the world are the US and its western allies and on the other side China.

However mainland China has banned crypto so how do chinese investors expose themselves to BTC.

The answer is through Hong kong, currently csop has a btc and eth futures etf. So most of the chinese capital flows in btc and eth can be tracked through these etf's.

And this is why the asia session is one of the most important for crypto. And this also explains why it's necessary to track both the west and eastern liquidity.