

The **Crypto-Currency** Market Analysis Report



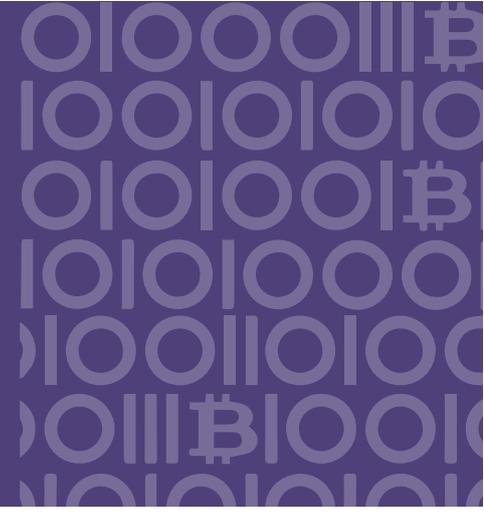
www.Binvest.ir
August 2022

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Introduction



It has been another tough month for asset markets, with Bitcoin, equities, forex, and bond markets experiencing volatility, and general price depreciation. The Euro has once again traded below USD parity as the European energy crisis worsens, and the DXY Dollar Index has punched up to a new twenty year high above 109.30.

The monthly candle has become red after a green candle in July. After July which pushed the Bitcoin price up for almost 20%, Bitcoin price started August at around \$23.2k level price and went up to a monthly high of around \$25.2k, thanks to positive sentiment from reduced US CPI reports in July. Bitcoin price corrected afterwards down to a monthly low of \$19.5k level and traded now around \$20k level.

With the US Federal Reserve governors continuing to signal a hawkish stance on inflation at Jackson Hole, Bitcoin, as a developing index for global liquidity, reacted accordingly. Besides the fear of a global recession are clearly felt in the market, making risk-off mode still alive across all markets.

In the next sections, we analyze the market from three different aspects:

- **Macroeconomics**
- **On-Chain Metrics**
- **Market Technical**

Macroeconomics

US Inflation Slowed to 8.5% in July, CPI Report Shows; Bitcoin Jumps

Crypto markets responded favorably after the slower-than-expected reading, which takes pressure off the Federal Reserve to hike rates aggressively at the September meeting.

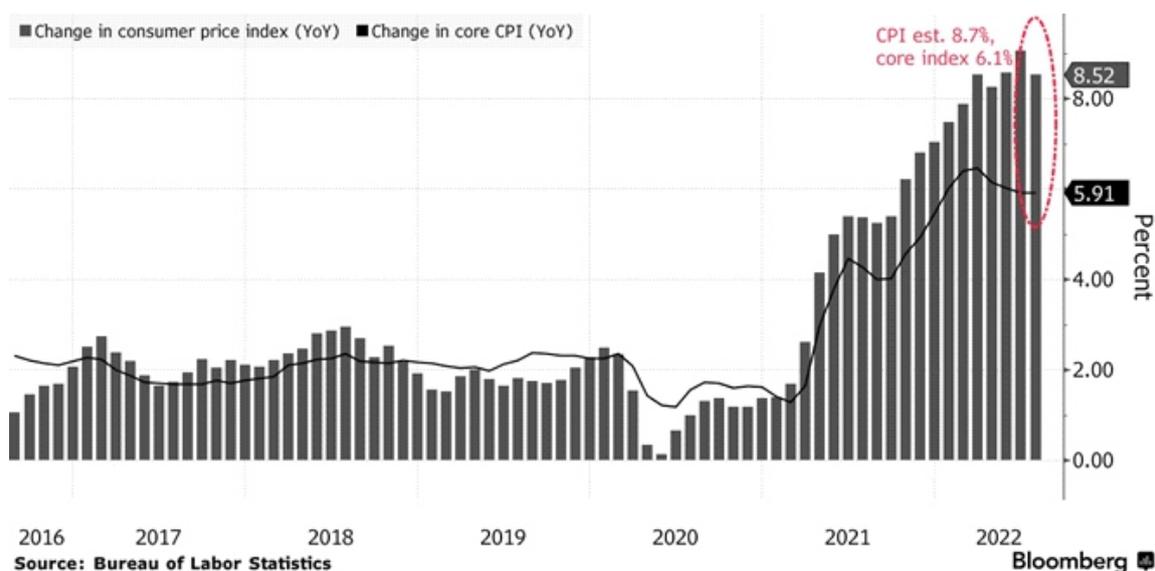


Figure 1: US CPI and core CPI

U.S. inflation [slowed last month, possibly strengthening a widely held narrative that the worst of consumer-price increases is behind the economy.](#)

Bitcoin (BTC) jumped 2% and Ethereum (ETH) 7% in the minutes after the report, signaling relief on the part of crypto traders that the Federal Reserve might be able to relax its aggressive approach to tightening monetary conditions.

The consumer price index (CPI) surged 8.5% in July on a year-over-year basis, though it was unchanged from the previous month, partly thanks to lower energy prices. Stripping out food and energy prices because of their strong volatility, core CPI remained unchanged at 5.9% over the past 12 months, slightly missing expectations of 6.1%.

Considering the good CPI data, it can be expected that the Federal Reserve will take less aggressive actions in the future. It can lead to an increase in demand in the stock market and especially in the cryptocurrency market.



Bitcoin Slumps to Lowest Level in Over a Month after Powell Affirms Hawkish

The first cryptocurrency dipped to around \$19520, its lowest point since July 16, after the head of the U.S. central bank said the Fed would maintain its restrictive monetary course.



Figure 2: Jackson Hole annual meeting.

[Bitcoin \(BTC\) dipped to its lowest price in over a month after U.S. Federal Reserve Chair Jerome Powell doubled down on restrictive monetary policy early Friday at the central bank's Economic Symposium.](#)

The Federal Open Market Committee's decision whether to raise rates by 50 or 75 basis points at its next meeting in September will “depend on the totality of the incoming data and the evolving outlook,” Powell [said, referring to the Fed's rate-setting committee.](#)

Most altcoins also fell following Powell's speech, with FLOW the biggest loser, dropping 11% over the past 24 hours. Ether ([ETH](#)), [the second-largest cryptocurrency by market cap after bitcoin, was down 8.5%.](#)

The S&P 500 fell 3.25%, and the tech-heavy NASDAQ fell 3.8% as equity investors responded negatively to Powell's remarks. Restrictive monetary policy will likely be required for some time, Federal Reserve Chair Jerome Powell said in a long-awaited speech at the central bank's annual economic symposium in Jackson Hole, Wyoming. Powell's speech reveals that FED's aggressive actions on taming inflation may continue at a high pace which might result in continuation of a risk-off mode in the markets.

The Ethereum Merge Has an Official Kick-Off Date

The Bellatrix upgrade, which begins the final countdown, is set to activate on Sept. 6. The Merge itself will be completed at some point Sept. 10-20.



Figure 3: Merge update on Ethereum network is planned for September 2022.

The Ethereum Foundation [disclosed the official parameters for the long-awaited Merge blockchain upgrade to a proof-of-stake consensus mechanism.](#)

Proof-of-stake is a method of maintaining integrity in a blockchain, ensuring users of a cryptocurrency can't mint coins they didn't earn. It is considered to be more energy efficient than Ethereum's current proof-of-work system. Ethereum's transition to a PoS mechanism will increase diversification of Ethereum, change its Tokenomics and decrease its energy requirements.

Whether or not investors stand to benefit by positioning themselves in ETH ahead of the upgrade will depend on a variety of factors, especially the overall market climate. However, assuming a successful upgrade on Ethereum, investors will need to look at an investment into Ethereum through a different lens than they have historically, as many features will have changed significantly.

Ethereum is currently the second-largest cryptocurrency by market cap, behind only bitcoin, and is currently the biggest and most established smart-contract enabled cryptocurrency.

The Merge will position Ethereum in direct competition with these [other layer 1 networks while also allowing for a robust layer 2, or companion, ecosystem to be built on top of the network. While the upgrade has been delayed multiple times, successful implementation will ensure that Ethereum remains the leading smart-contract network and position it for future growth.](#) Musk made his comments on the earnings call.

On-chain Metrics

The On-Chain data scan the behavior of the macro and micro investors and is utilized to trace the investors general sentiment, major transactions, wallets and exchange balance, miners' condition, etc. Money Flow Tracker, Whale Indicator and Cycle Detector are main subparts of the Binvest Machine studying the On-Chain metrics to clear the investors behavior.

1. Money Flow Tracker:

Money flow tracker is a tracer which is part of the Binvest MACHINE and developed by the Binvest team. This program shows the condition of major and minor holders, calculated based on the realized cap, MVRV and bitcoin price parameters. The following results show the outcome of this indicator:

Date Range	Holders Condition
3days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
7 days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
14 days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
30 days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
60 days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
90 days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.



The above results show the fact that the current price of the Bitcoin is attractive for old and big holders, and they are still accumulating many more Bitcoins. Besides the above table, the Binvest team has quantified the Money Flow Tracker output using complicated mathematical formulations. The obtained value varies in a range of 0 to 100 where 100 shows a situation when old and big holders are intensely buying more Bitcoins, and on the contrary, 0 shows they are strongly selling their Bitcoins.

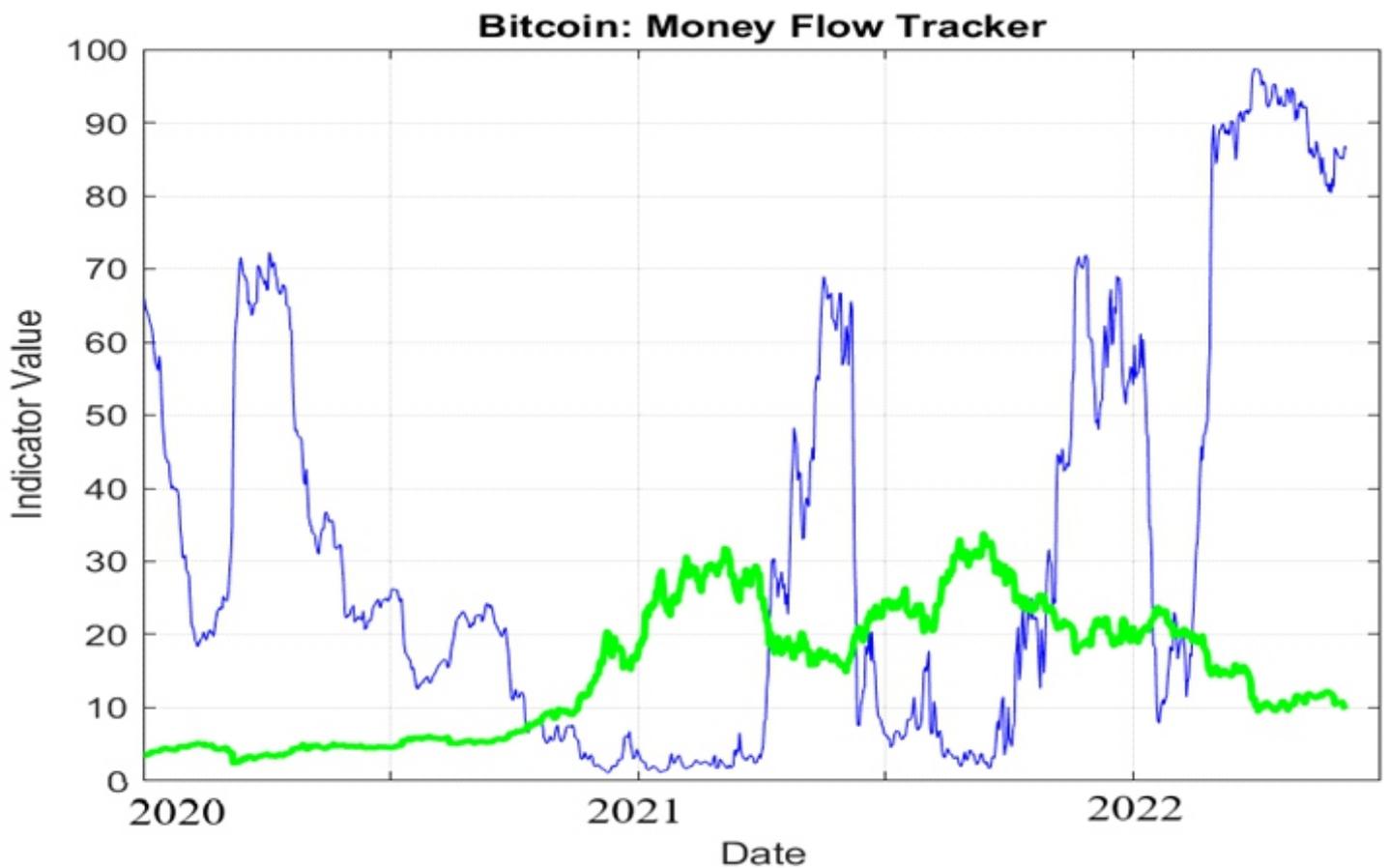


Figure 4: Money Flow Tracker output in the past 2.5 years

As it could be seen, the indicator value is about 87, and it means that old and big holders are intensely buying Bitcoin. The current Money Flow Tracker value that is in the All-Time-high region from 2020 could show the investors that the bitcoin price is highly valuable. Therefore, this region might be considered as the bottom for many old holders!



2. Whale Indicator:

Whale indicator is another part of the Binvest MACHINE observing the behaviors of bitcoin whales. This indicator works based on the big wallets balance, exchanges reserve, MVRV and bitcoin price. The whale indicator output is a number showing the condition of the market. In the newest update of this indicator, if the number is higher than 60, it means that the big whales are selling their coins and if the number is lower than 30, it means the market is in the accumulation phase and the whales are buying more Bitcoins.

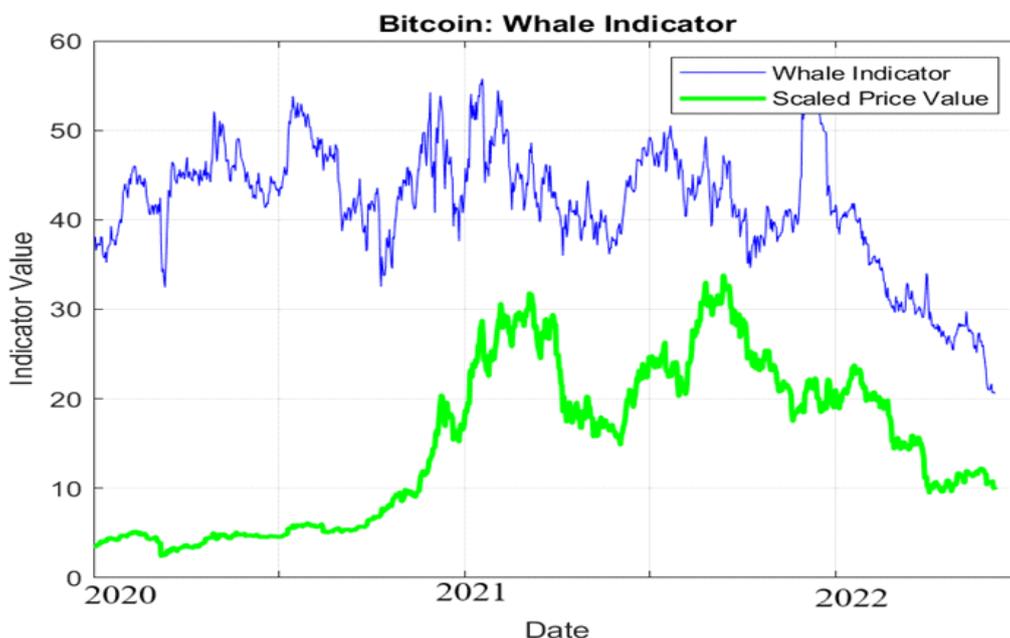


Figure 5: Whale indicator output in the past 2.5 years

As it has been shown in the above figure, the current value of the whale indicator is about 21. It means the market is still in the accumulation phase and whales are adding their Bitcoins. Likewise, both Money flow tracker and Whale Indicator algorithms signal that the current Bitcoin price could be considered close to the bottom !



3. Cycle Detector:

The cycle detector is a machine simulating the start and end of any bull run cycle in the cryptocurrency market, according to the various prices of the bitcoin. This program specifically calculates the cycle start time and shows the position of the current price in a cycle period. This algorithm tries to estimate the cycle start and the end time in the cryptocurrency market according to the various prices of the bitcoin (showed in the below figure). This program shows the position of the current price in a cycle.

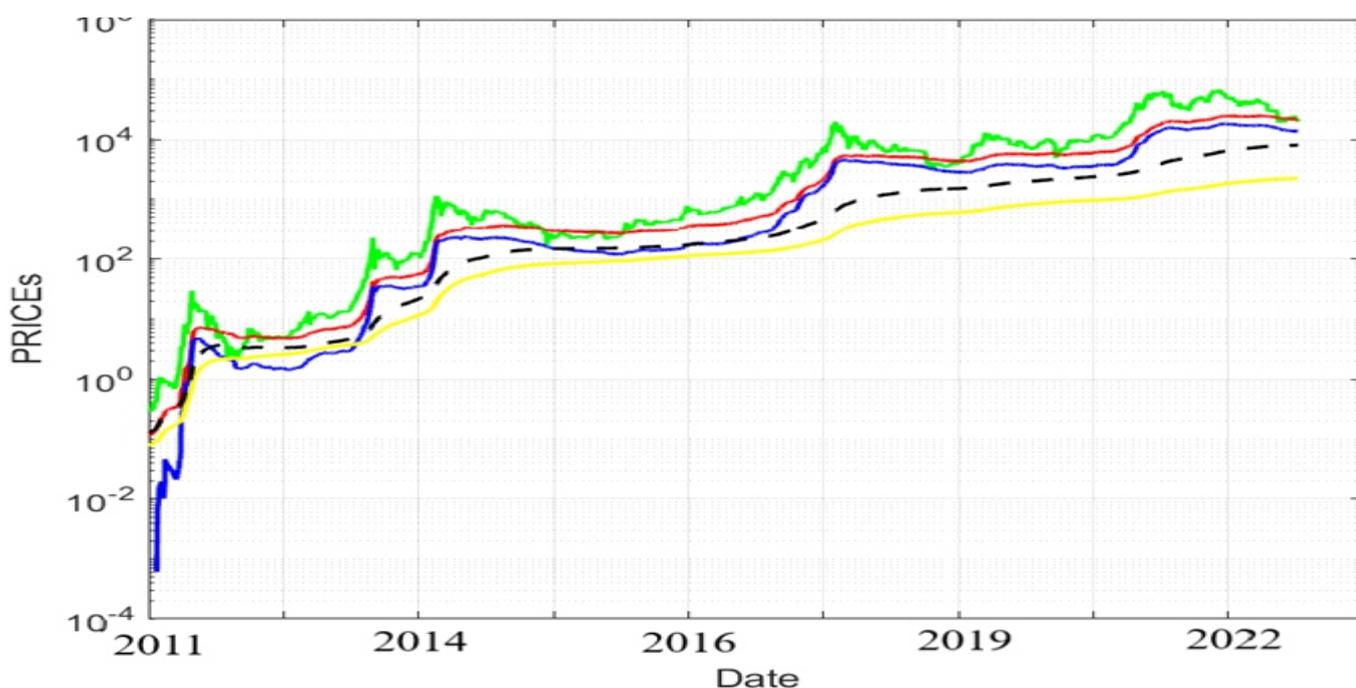


Figure 6: Cycle detector output in the past 11.5 years

As could be seen in the above figure, the price has spent almost 25 days below the red line (Realized Price) and it means the accumulation phase is still running. This occurrence could be considered as the new cycle beginning. In the past, any time that price crossed the red line toward the upside with a good momentum, a massive bull run is begun, but in the current cycle, it has not happened yet. Therefore, the cycle detector shows the new bull run cycle has not started yet.

Technical Analysis

BTCUSDT

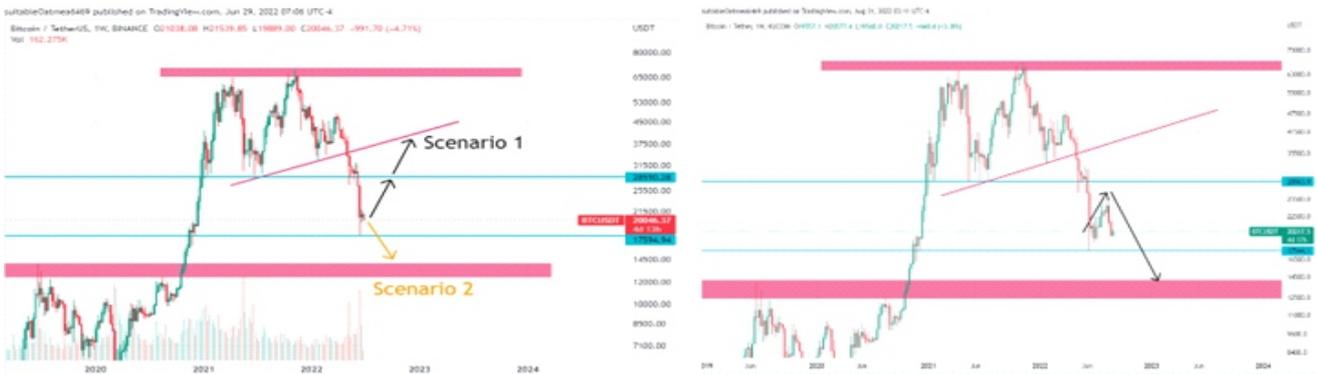


Figure 7: (Left) Scenarios described for BTC price chart in previous report. (Right) Possible direction of Bitcoin movement

In the past months, two scenarios were expressed and the bitcoin was following the scenario 1. But the price could just rise until the 25K level and the weakness of upward momentum appeared again. Therefore, it seems that the price has lost its upward momentum again and the 14K support level could be tested.

DXY



Figure 8: (Left) Scenario described for DXY chart in July 2022 report. (Right) Zoom in for DXY chart showing the current divergence condition

In the last report, with respect to the divergence condition happening for the DXY, a drop was predicted for DXY value, but it has not happened yet. Although the DXY is still trying to reach the new All-Time-High, the mentioned divergence is still in play and a DXY drop could happen in next several sessions.

Overview and Conclusion

In many regards, recent positive price action (in July and first half of August) for Bitcoin and Ethereum gave much awaited relief to the bulls, who have weathered almost nine months of persistent downtrend. The 2022 bear market has been historically negative for the digital asset space. The Bitcoin markets experienced a wave of short relief, with prices trading above the Realized Price for 23 consecutive days. However, weakness in the market was observed at second half of August, with prices falling once again below this key cost basis level. During the 2018-2019 bear market, prices fluctuated below the Realized Price for 140 days, making the current bear market duration relatively brief, and thus indicating more accumulation time may be required.

The current market structure is certainly comparable with the late-2018 bear market, however does not yet have the macro trend reversal in profitability and demand inflow required for a sustainable uptrend. Therefore, the ongoing cycle bottom consolidation phase is most likely, as Bitcoin investors attempt to lay a firmer foundation, subject of course to the persistent uncertainty and unfavourable events of the macroeconomic backdrop.

About

Binvest

Every once in a while, a new technology comes along that changes everything. The internet defined the past few decades of innovation. We believe crypto will define the next few decades.

Binvest was founded in 2019 and provides services for the blockchain hedge and venture funds. Binvest has in-depth financial and crypto knowledge that enables the company to actively manage its crypto-funds 24/7. The discretionary investment strategy currently implemented at Binvest has proven to be successful over the last years during different market crisis.