

The **Crypto-Currency** Market Analysis Report



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Introduction

So, another month has passed. Bitcoin has not shown any significant dynamic, mostly coiling between 19 and 20K levels. But although market stands the same on a first glance, recent headlines tell that investors' sentiment is changing slowly. Despite that BTC price has not changed – big events have happened in October. Few central banks have switched the backpedal and turns to QE again, or combine QE with interest rate hike – Bank of Japan, Bank of England, ECB. Bank of Canada has changed the rate only for 0.5% instead of 0.75% expected, while the US GDP has shown 2.6% growth in IIIQ of 2022.

Finally, seasonal factor also has strong impact on the minds of investors. Besides, it is pre-election October, which might promise pre-election rally. More and more publications are released on a subject that BTC sets the bottom and pivoting. But the market has proven before that no one can predict its next moves.

In this report, we analyze the market from three different aspects and draw our conclusion at the end:

- Macroeconomics
- On-Chain Metrics
- Market Technical

Macroeconomics

Bitcoin Heads for Best Week in 3 Months

The largest cryptocurrency's push past \$20K this week has turned the market more bullish. The outlook hinges on the Federal Reserve's messaging next week – about its plans for December.



Figure 1: BTC price chart in an artistic frame.

Bitcoin rose after a U.S. government report showed the Federal Reserve's preferred inflation gauge rose slower than expected last month. The reason that matters is because it shows progress in the Fed's campaign to tamp down the pace of price increases, in turn signaling that it might be able to let up sooner rather than later in tightening monetary policy – seen as a negative for prices of risky assets, from stocks to bitcoin.

The oldest cryptocurrency's push past \$20,000 has turned the market mood more bullish. But the crucial test will come next week when the Federal Reserve's Federal Open Market Committee meets. Most traders expect the U.S. central bank to raise the main interest rate by 75 basis points (0.75 percentage point), but the drama is likely to come from whatever Fed Chair Jerome Powell signals about the committee's plans for its December meeting.

The US economy grew an annualized 2.6% on quarter in Q3 2022

Beating forecasts of a 2.4% rise and rebounding from a contraction in the first half of the year.

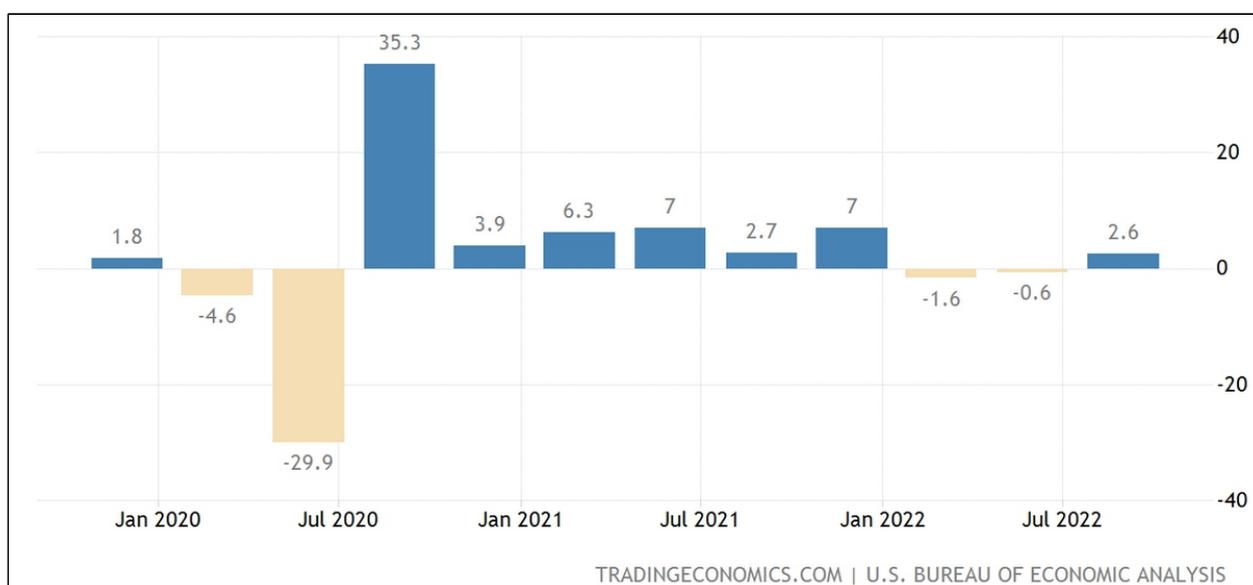


Figure 2: US GDP annualized rate.

The biggest positive contribution came from net trade (2.77 pp vs 1.16 pp in Q2), as the trade gap narrowed. Imports sank 6.9% (vs +2.2%) while exports were up 14.4% (vs 13.8%), led by petroleum products, nonautomotive capital goods, and financial services. At the same time, nonresidential investment jumped 3.7% (vs 0.1%), boosted by increases in equipment and intellectual property. On the other hand, residential investment sank for the 6th quarter (-26.4%) as the housing market has been hit by soaring mortgage rates. Finally, consumer spending grew at a slower pace (1.4% vs 2%) but remained resilient as higher outlays on services (led by health care) offset a decrease in goods, namely motor vehicles and food and beverages. Also, the drag from private inventories was smaller (-0.7 pp vs -1.91 pp)

The US GDP growth rate of 2.6% in Q3 can be both a positive and a negative sign for the crypto market. The rate of 2.6% can indicate that the possibility of recession in the US economy is decreasing and the financial markets will not suffer much pressure. But on the other hand, the reported GDP growth rate allows the Federal Reserve to raise interest rates to beat the inflation which causes the crypto market to bear more pressure.

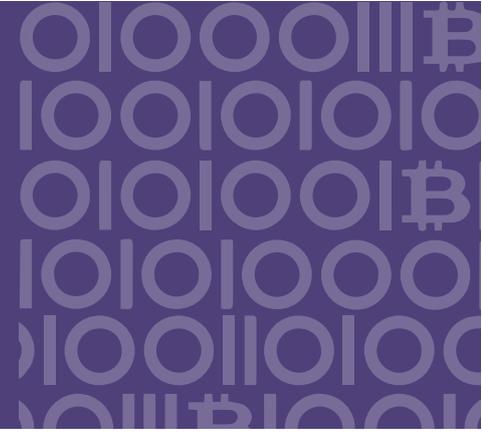
On-chain Metrics

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 are cashing their bitcoins and saving their profits.
7days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
14days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
30days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
60days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.
90days ago	Old holders desire to buy many more bitcoins and they are grabbing the bitcoins from the weak hand investors.



The above results could show the fact that although the bitcoin holders are cashing their short-term benefit, they still desire to buy and hold the bitcoin for the long-term.

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.

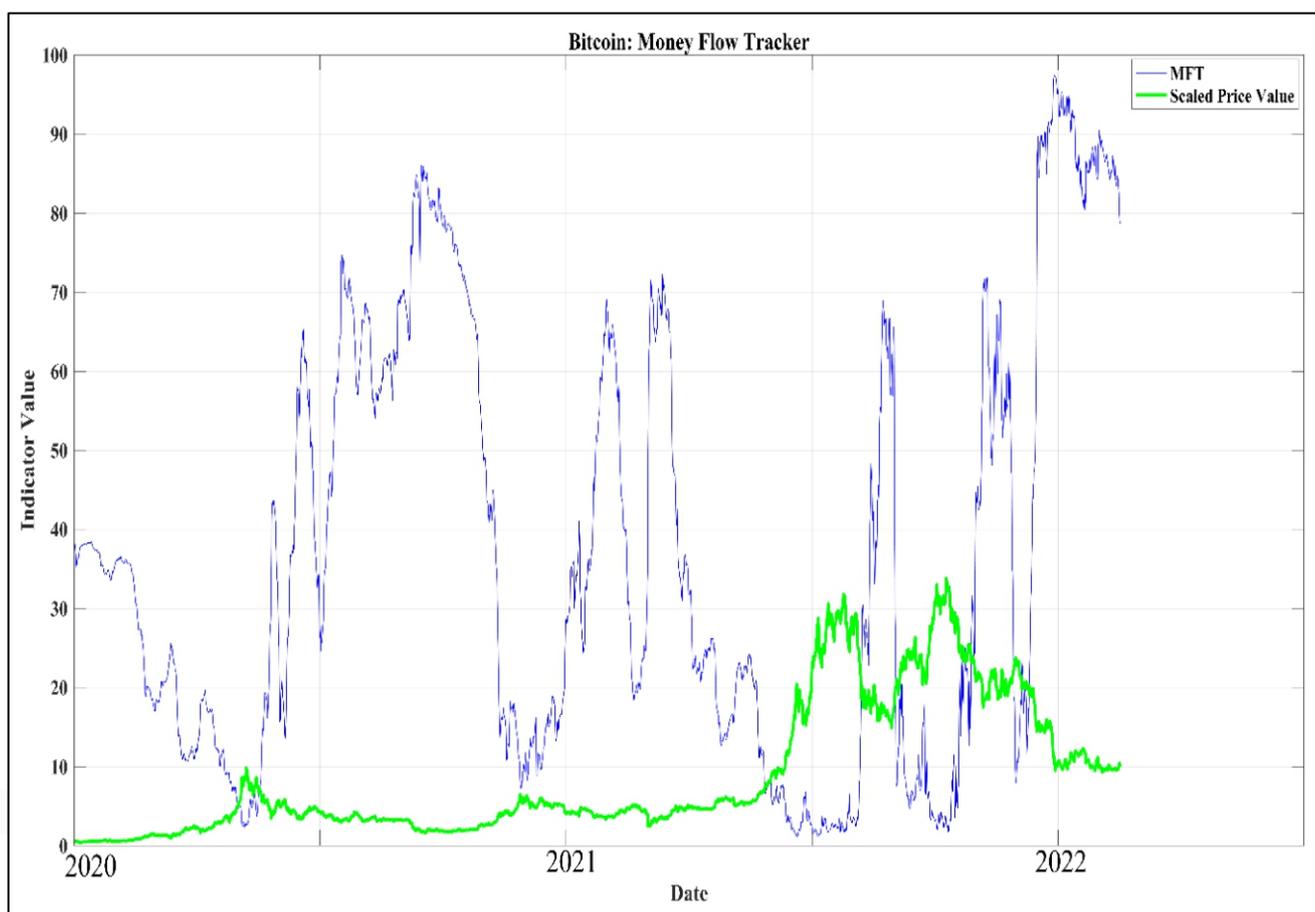


Figure 3: Money Flow Tracker output since 2020.

As it could be seen, the indicator value is about 79, meaning old and big holders are intensely buying Bitcoin. According to the history of the Money Flow Tracker chart, the bear market of the cryptocurrency market is probably spending its last days and the new bull run could start soon.



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 (Alpha = 0), it means that the big whales are selling their coins and if the number is lower than 30 (Alpha = 100), it means the market is in the accumulation phase and the whales are buying more Bitcoins.

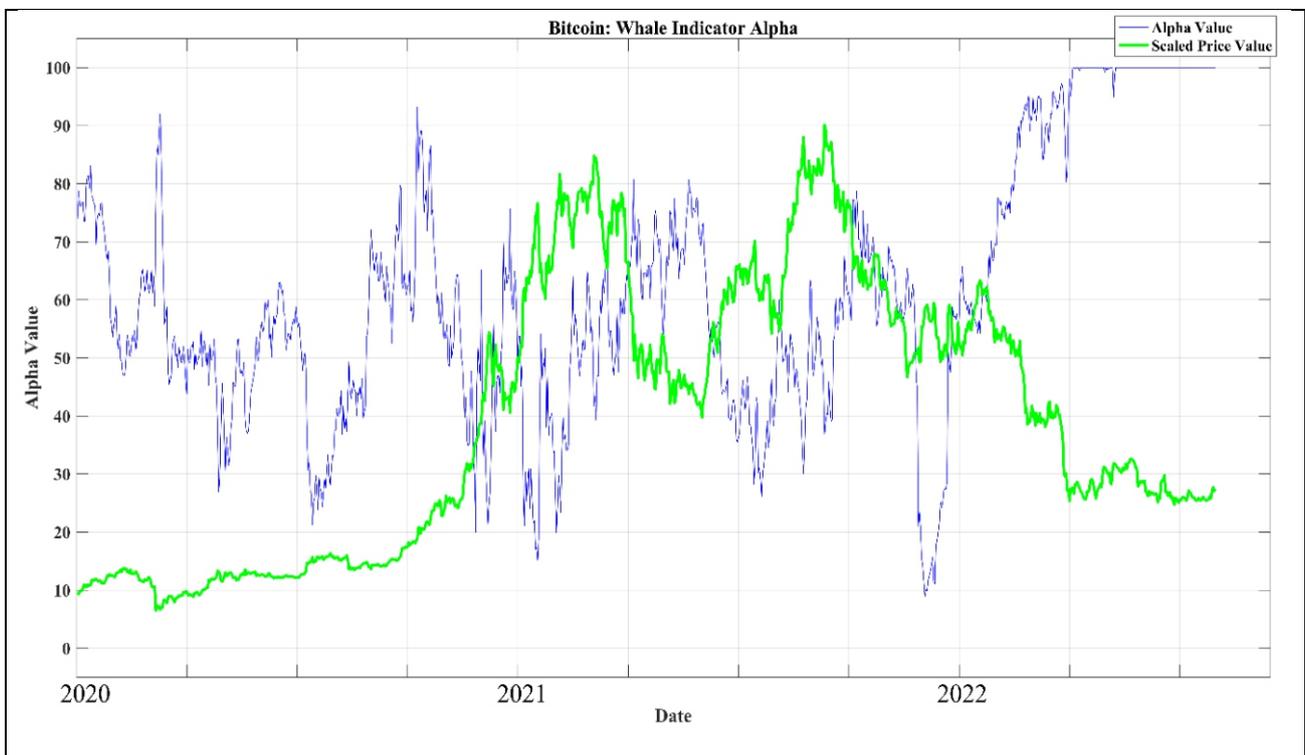


Figure 4: Whale indicator output since 2020.

As it has been shown in the above figure, the current value of the whale indicator alpha is 100. It means the big wallets are accumulating bitcoin and a high amount of bitcoin has been exited from the exchanges which is considered a bullish sign.

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.

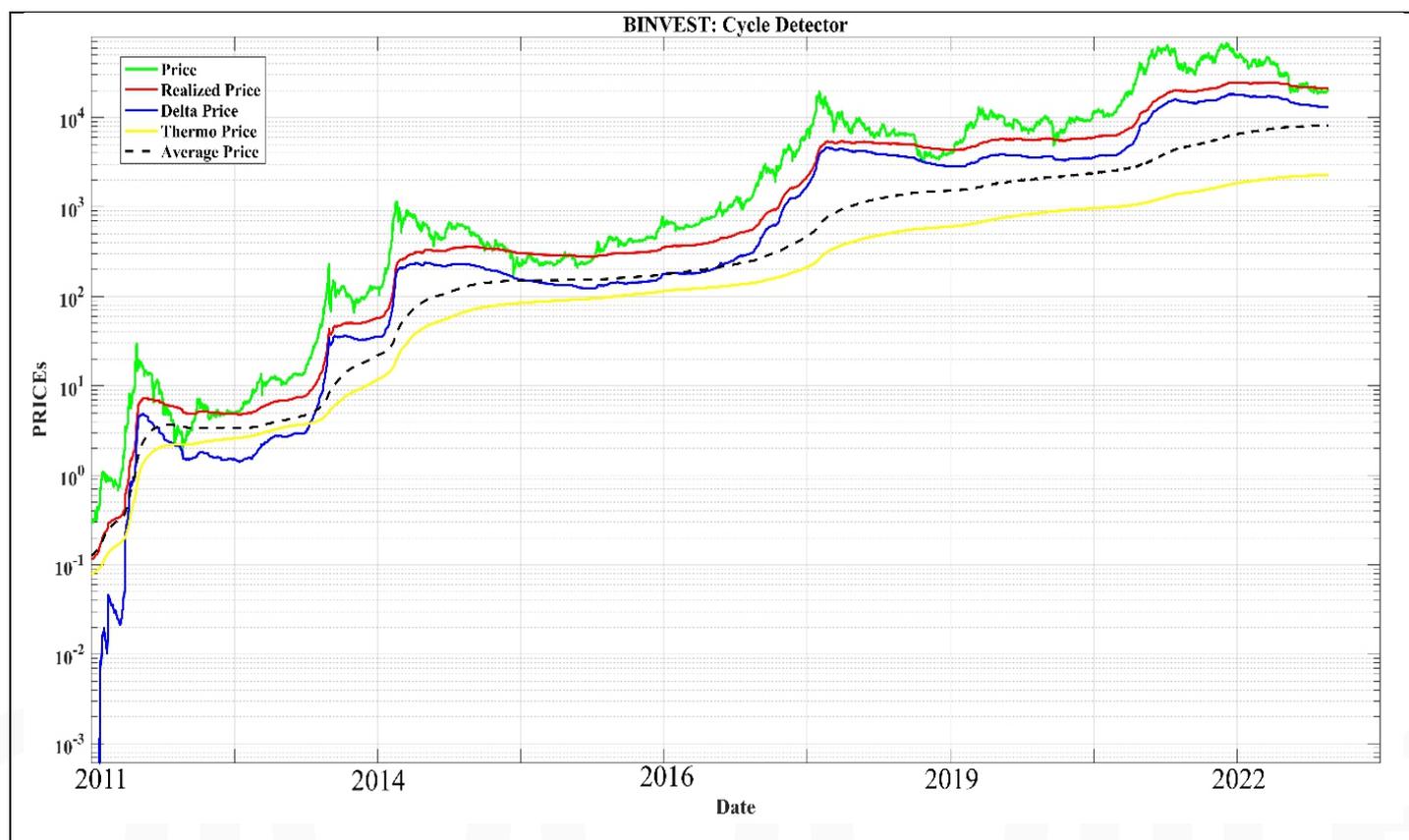


Figure 5: Cycle detector output since 2011.

As could be seen in fig.5, the price is trying to break the red line (Realized Price) upward. If the price breaks it upward and holds above it, it could be a strong sign for the new bull run..

Technical Analysis

BTCUSDT



Figure 6: The possible trend for Bitcoin in the next weeks.

According to fig.6 and in the weekly timeframe, the bitcoin breaks the blue trend line by the strong green candle. If the pullback process occurs in the next few days and the breakout process is confirmed, bitcoin could move toward the 28K target.

DXY



Figure 7: Weakness in the DXY shown by the divergence of the RSI indicator.

In the last report, with respect to the divergence condition happening, the dropping was predicted for DXY indicator, and it seems that more severe dropping will follow in the next weeks. A level around 104 could be the first target for the DXY if the further dropping scenario occurs.

Overview and Conclusion

Bitcoin has rallied back above the \$20k level last week, pushing off a low of \$19,215, and trading as high as \$21K. After consolidating in an increasingly tight range since early September, this is the first relief rally in many months.

Bitcoin is back on track to respect a history of climbing in October amid speculation that the Federal Reserve is getting closer to pivoting toward less aggressive interest-rate hikes. The Fed may be starting to show some signs of potentially pivoting according to many analysis reports.

Many investors and market analysis institutions are focused on BTC's bottom and suggest that it stands at the verge of upside reversal. Almost all major BTC analysis agencies, such as Glassnode, Bloomberg Intelligence, Arcane research, LookIntoBitcoin, a lot of private analysts start talking about the Pivot. Media gives more headlines on this subject as well. In fact, as it was proven in previous cycles, when the majority of the market believes that price must go lower, price then reverses to the upside away from the bear market lows.

There are many signs signaling that the pivot might be close. But at the same time, one should note that the Fed might still show some hawkish actions in next months which might still make some drop in stock market and crypto.

About

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Every once in a while, a new technology comes along and 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 crypto currency asset management for private and institutional investors. 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 crises.