

BITCOIN CME FUTURES (BTC!)
DAILY (JUL 2019- TODAY)



Short term supply zones. Aggressive absorption on the way up. Altcoin market leading the rally. Long term context very bullish for cryptos.

ABSORPTION AND ROTATION

Bitcoin is rallying toward its first target zone as predicted in the last weeks. In the meanwhile, **altcoins are leading the rally**. The rotation from Bitcoin to undervalued assets like ETH, ETC, XRP announced in the Best Of Wyckoff conference 2019 is now compelling. LINK has resumed its leadership and has almost reached its all time high. Laggard coins, like XRP, mentioned in the previous report, have marked +60% gains in few days. Let's analyze the volume signature on the most recent price action in Bitcoin. Is the increasing volume on the current rally a bullish or bearish sign? Points **[1]**, **[2]**, **[3]** and **[4]** are significant supply levels. By simply projecting the supply levels (red arrows), we observe that supply is systematically absorbed on the way up.

The decreasing volume bars **[i]**, **[ii]**, **[iii]** indicate that supply is not able to produce a significant result. What's the **Wyckoff Story?**

After the prolonged correction throughout the second half of 2019, Institutional trend followers that have been away from bitcoin until January 2020 are now entering the crypto market at any cost, accepting higher prices each time. The supply levels on the red arrows are important liquidity spots. Crypto firms are buying not only for the major altcoins, but also cheaper, undervalued assets, like mid and low cap coins.

Until a CHOCH occurs we raise our SL and stay in the uptrend. Any pullback is a long term opportunity to add crypto assets in your portfolio.

ETHEREUM (ETHUSD)
3D (AUG 2018- TODAY)



ETHEREUM CONFIRMS OUTPERFORMANCE

The 3D timeframe is very common in the crypto ecosystem. Several crypto funds and analysts look at this timeframe, since it represent a good compromise between Weekly and Daily charts. Look at the synchronicity between up effort and up result on the last parabolic rally. Supply is increasing as we penetrate the red area, but the last bar has still a very bullish close.

STRATEGY:

We raise our stop loss at \$262 (at the half of the last significant upbar)

BNBUSD (LOG SCALE)
WEEKLY (DEC 2017-TODAY)



CRYPTO THROUGH LOGARITHMIC GLASSES
Binance Coin has been of the leadership of the bull run in 2019. Log scale are usually used for very long term timeframes in the market. In the case of cryptocurrencies however, log scales help us to understand the price cycle of extremely volatile ranges. After the bull run following the launch of the new crypto exchange [1], BNB has not completely lost its gains in 2018, unlike the majority of cryptocurrencies [2]. Institutions aggressively accumulate BNB on the way up in early 2019 [3]. After the quick rally from \$5 to \$50 [4], massive take profit occurs [5]. Look the high volume signature at [5] with no result to the upside. The consequent reaction lead price back to \$18. At [6] the picture is clear. Look at the local reaccumulation above the downsloping resistance. It could look not conventional to apply Wyckoff labeling on the last reaction (LPS), but remember: the Wyckoff structure is a sequence of events, not a geometrical entity. Finally, on the last few bars we are seeing synchronization between up effort and up result again [7].

VETUSD (VECHAIN)
2D (AUG 2018 - TODAY)



IPO DISEASE IN THE CRYPTO ECOSYSTEM. HOW DOES IT AFFECT THE PRICE STRUCTURE?
In the WMD classes, Bruce and Roman often show several examples of stocks that after an extreme speculative stage following the IPO, fall to very low value. This dynamic is very common in the crypto space as well, and we could talk of "ICO disease" (ICO and IEO are the unregulated IPO equivalent of the crypto space). Like in the stock world, crypto traders should always wait for the real accumulation that follow the IPO stage.
We have analyzed the accumulation range on VeChain (VET) in our previous reports. After the initial speculative phase, the cryptocurrency falls to an extremely low value area [2], where accumulation is evident. Let's focus now on a historical market analog.

HISTORICAL ANALOG 2017 -EOS (EOSUSD)
DAILY (AUG 2017 - DECEMBER 2017)



EOS is one of the major capitalization cryptocurrencies. Let's analyze its price history during the previous crypto bull cycle (2017). After the speculative stage at point [1], price falls to \$0.5, and signs of institutional interest are evident only at point [4].
The price action at [1] does not only depresses price, but also the overall liquidity. Are institutions accumulating EOS at point [4]? Yes, but what's the level of institutional participation in the asset? It's still low, at least for one reason. Liquidity is very poor at these level. As the whole market crypto market entered the speculative stage in late 2017, more and more crypto funds want to participate in the uptrend. They inevitably look for low priced laggards, and are forced the accumulate EOS on the way up. Look at the high volume at [5]. When the supply on the ATH is cleared [6], price accelerates. EOS reached \$18 in just two months.

“What are the best cryptocurrency trading platform? Thank you, S.”

- There are countless ways to trade crypto assets. Here is a list from the easiest to the hardest.

1. REGULATED FUTURES AND OPTIONS (US)

Great for option traders

If you come from the stock world and you are simply looking for small size option contracts on Bitcoin price, the **LedgerX Bitcoin Mini Option (Puts and Calls)** is the most straightforward and regulated way.

Contract size: 0.01 bitcoin (around \$100)

<https://www.ledgerx.com/products/>

Curiosity: In 2017 the hedge fund BlockTower Capital, one of the best-known crypto hedge funds, bought US\$1 million worth of options on LedgerX, forecasting that Bitcoin would hit US\$50,000. The call was reported by several newspapers. Bitcoin instead entered a two years bear market.

CME and ICE provide Futures and Options, but their contract size is still not very attractive for average retail investors.

2. SPOT EXCHANGES FOR CASH POSITIONS

Great for campaigners in the “alt-season”

Crypto markets are very volatile. One year of accumulation can easily generate x10 PnF target in the altcoin world. Prolonged period of inactivity are followed by very quick trends. If your timing is correct, even cash positions can be extremely efficient in terms of capital use. Cryptocurrencies: think as a long term campaigner, but act as a short term trader.

We recommend only the major exchange platforms, especially for beginners. Coinbase Pro/GDAX, Binance US, Kraken. Crypto exchanges are today very easy to use. If you are not familiar with these platform, you just open an account and deposit few dollars.

Recommendation: 99% of cyber-security issues are caused by users, not by the exchanges. By definition, Bitcoin transactions are **not** reversible. Store your password in a secure place. Always use 2FA authentication.

<https://pro.coinbase.com/>

<https://www.binance.us/en>

<https://www.kraken.com/>

Coinbase Pro has also a useful guide for Crypto Taxation available here: <https://www.coinbase.com/bitcoin-taxes#doyouowe>

Coinbase Pro offers also a **Visa debit card**, funded by your Coinbase balance, like a traditional bank account. In this way you can easily trade digital assets, convert them to US, GBP, EUR and then spend your money everywhere. Moreover, international transfers between two Coinbase accounts have 0 fees.

3. GRAYSCALE BITCOIN TRUST (US)

Traditional investment vehicle with shares titled in the investors name. IRA-friendly.

Grayscale Bitcoin Trust /Ethereum Trust /Ethereum Classic Trust. Symbols: **GBTC, ETHE, ETCG**

ETHE and ETCG reflect the altcoin market – specifically Ethereum and Ethereum Classic – and offer extra volatility.

4. BITCOIN ETN (EU)

Bitcoin Tracker One Provider

Bitcoin Tracker One bitcoin-based security available on a regulated exchange on NASDAQ in Stockholm.

Symbols: BITCOIN_XBT, ETHEREUM_XBTE

[Investopedia: Bitcoin ETN](#)

5. CRYPTO FUTURES & INDEXES #1 (OUTSIDE US)

Great for swing and intradays traders

FTX is the most flexible option for traders outside US. ID verification is required. All the major assets are available. FTX offers also Crypto Indexes. Very high leverage is offered, but we do not recommend to increase your risk on extremely volatile assets!

FTX <https://ftx.com/>

6. CRYPTO FUTURES #2 (OUTSIDE US)

Great for swing and intradays traders #2

Liquidity is extremely important for future trading.

Binance is one of the most liquid exchanges on the planet and has a great support team.

Binance Futures

<https://www.binance.com/en/futures/BTCUSD>

Kraken Futures <https://www.kraken.com/>

7. OFFSHORE DERIVATIVE EXCHANGES (OUTSIDE US)

In the speculative crypto world, big crypto trading firms use offshore platforms like Deribit and Bitmex to trade huge amount of money. We do not recommend these platforms, but it's important to study their tapes (XBTUSD) on TradingView, because they represent important activity data from professionals.

Deribit

<https://www.deribit.com/>

8. DECENTRALIZED EXCHANGES (DEXs)

Only for crypto purists and advanced users

DEXs offer Peer-to-Peer without ever having to entrust your digital assets to a third party service. DEXs bypass the middleman thanks to automation, but their liquidity is still low compared to traditional exchanges.

<https://oceanex.pro/en>

<https://waves.exchange/>

<https://bisq.network/>

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