

BITCOIN (BTCUSD) WEEKLY (SEP 2018- TODAY)



CHAINLINK (LINKUSD) WEEKLY (SEP 2018- TODAY)



ETHEREUM (ETHUSD) WEEKLY (SEP 2018- TODAY)



BINANCE COIN (BNBUSD) WEEKLY (SEP 2018- TODAY)



Long term bullish scenario in play. Short term profit taking at intermediate resistance levels.

CYCLICAL BULL MARKET IN PLAY, SHORT TERM PROFIT TAKING

The long-term bullish scenario in crypto assets is still in play. After the quick bull run in the first two months of 2020, we are now consolidating around intermediate resistance levels. All the charts above do not present signs of persistent supply: volume has decreased in the current week (red arrows), suggesting that the current pause has not distributional nature but it is the result of **profit taking**.

THE WYCKOFF STORY

The Composite Operator is still holding his long positions, but smaller market participants have taken advantage of the increased liquidity to secure the gains. Profit taking can cause short term volatility.

As supply is absorbed and volatility decrease, we expect a continuation of the uptrend toward much **higher price objectives**. As predicted in our previous reports, altcoins are leading the rally, outperforming Bitcoin. ChainLink (LINK) has reached its all time high, confirming its leadership in the crypto space.

OUR STRATEGY

Long term campaigners can keep their stop losses around the level of the last significant up bar. Swing traders must accurately analyze intraday timeframes to recognize the first signs of resumption of the uptrend. In the next pages we will consider several short term strategies on both daily and intraday charts.

BITCOIN (XBTUSD) DAILY (OCT 2019-TODAY)



BITCOIN FACING SHORT TERM VOLATILITY SCENARIOS AND TACTICS

Bitcoin has reached its first Point and Figure target at \$10500. At point [1], a downbar with high supply signature near the overbought trendline suggests some profit taking. The next downbar [2] has a large spread on diminishing supply signature, a change of behavior, warning that demand is deteriorating. The last big downbar at point [3] adds more clarity to the picture. Effort to the downside increases, but the downbar barely commits below the support cluster. Demand is definitely present on the oversold trendline. A short term **consolidation** is in play.

TRADING TACTICS

Wait for the retest of the last downbar as a Higher Low on decreased supply [4]. A break of the local high would act as a bullish confirmation, suggesting continuation to the upside (green line, **scenario #1**). A failure followed by the break of the trendline (red line, **#2**) would negate the absorption scenario.

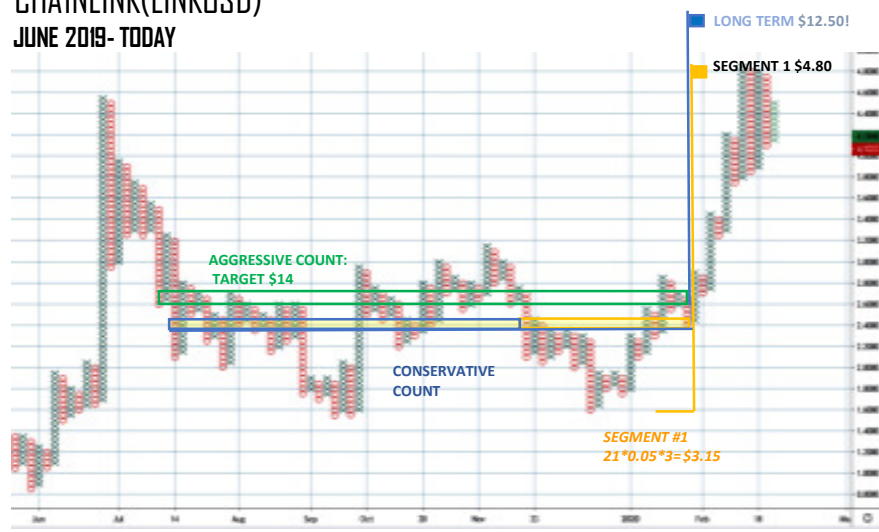
CHAINLINK(LINKUSD) JUNE 2019- TODAY



THE LEADER

After a x10 bull run in the first half of 2019 [1], ChainLink has entered a long reaccumulation range [2]. The down sloping projections (grey lines) do not belong to the conventional Wyckoff arsenal, but are useful tools to identify important resistance levels in this kind of formations. Look also how the regression channel (green dotted lines) help us to define the stride of the uptrend. Most large-cap cryptos are still below significant resistance levels, while Chainlink has already reached its all time high, a **major sign of strength** [3]. Volatility is still present on the last upbars, suggesting that **more testing is required for the resumption of the uptrend**. The mean of the uptrend (green dotted line) would be a first level to watch. In the meanwhile we start to look for higher objective on the Point and Figure chart.

CHAINLINK(LINKUSD) JUNE 2019- TODAY



HORIZONTAL COUNTS

The Point and Figure chart refers to the period Jun 2019 – today. For this low price cryptocurrency, we have adopted a User Defined Box Scaling (\$0.05, about 1% of current price), 3 box reversal.

The current rally has fulfilled the horizontal count of Segment #1, suggesting a **short term pause**. As we complete the long term structure forming a Last Point of Support, we can start looking for more aggressive horizontal counts. The conservative count highlighted in blue suggest a \$12 target. In the next weeks we will provide regular updates on LINK.

STRUCTURAL ANALOG MSFT (Monthly) - ChainLink (Daily)



A big mistake that crypto traders often make is to focus only on the crypto market. The stock market offer thousands of case studies and analogies that help us to improve our understanding of the demand and supply dynamics. The first stock on the left is a **monthly** chart of Microsoft (MSFT). After a formidable bull run [1] in the late 90s , price collapses to \$20 during the dot-com crash [2], and a multi-year reaccumulation begins.

It's very common to see hypodermic tops followed by prolonged down sloping formations. Even though the volume signatures are very different, the daily chart of **ChainLink** offers several structural analogies. Once again, a hypodermic followed by a prolonged downsloping reaccumulation (8 months in the crypto world are a long period!).

“Thanks for another great article. The large number of crypto assets offer an infinite number of spread trade opportunities. It would be great if the future reports could touch more on relative strength analysis/scan across the most liquid top 10-15 assets. This is an area we can all learn more about. D.”

Thank you for your suggestion! Spread charts are extremely popular in the crypto world, where rotation dynamics are very fast. The small universe of cryptocurrency has still limited liquidity and fragile connections with the traditional banking infrastructure. For this reason, crypto funds are highly specialized in the 24/7 rotation of capitals *within* the crypto circuit.

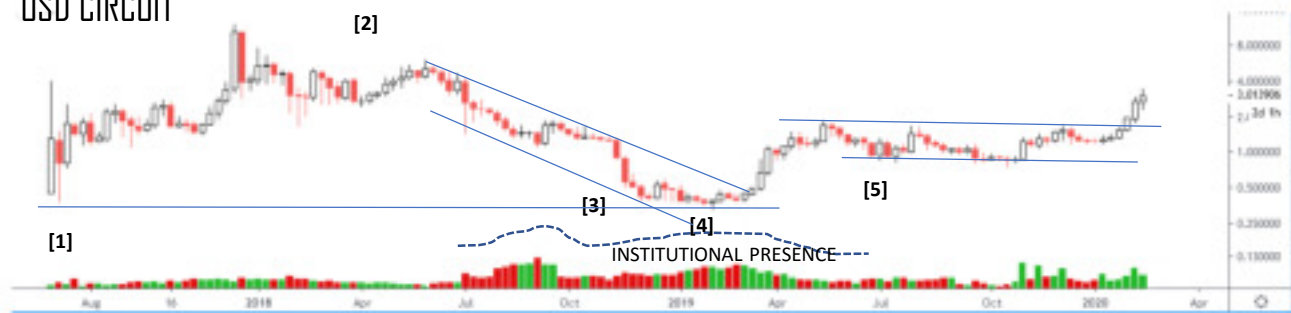
Crypto funds are not the only major players in the game. For example, mining firms –the «Oil extractors» of the crypto industry - are extremely important. Miners have huge quantities of Bitcoins and are deeply interconnected with the ecosystem. In a bull cycle, they usually hold long term positions and use options and derivatives to hedge their risk.

Some analysts suggest that they could have an important role in the *Wyckoff story* too.

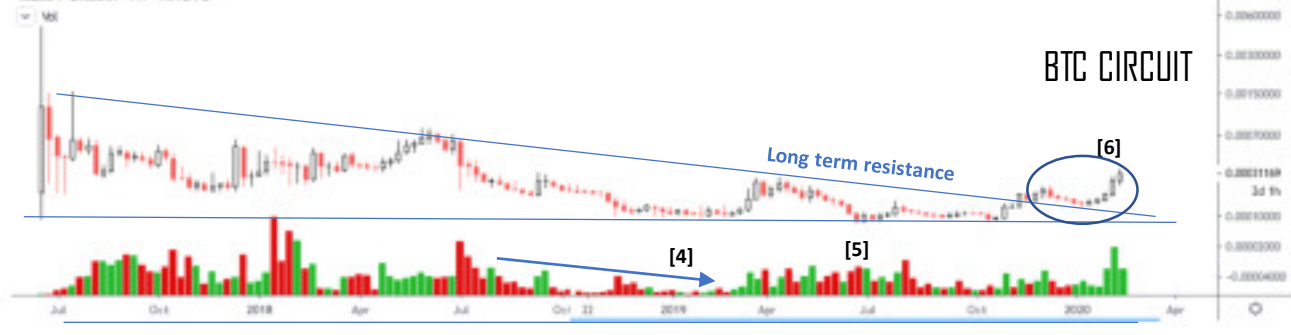
In the last few years, thousands of startups have created blockchain projects ranging from financial services to healthcare. Due to the lack of regulation of the crypto market, these young companies have limited access to the financial system, but they were able to bypass jurisdiction-based fiat currencies and raise funds in cryptocurrencies, mainly Bitcoin. All these factors can easily explain the remarkable interasset flows in the crypto world, especially between Bitcoin and altcoins. Moreover, several crypto assets shows signs of accumulations on the spread charts too. **When a crypto assets show evident signs of accumulation and outperformance on both USD and BTC pairs, a long term bullish story is in play. Let’s analyze Tezos (XTZ).**

TEZOS (XTZ) WEEKLY (JULY 2017-TODAY)

USD CIRCUIT



Tezos / Bitcoin 1W HTBTC



After the initial ICO, the cryptocurrency follows the speculative cycle of late 2017. During this first phase, the interasset flow is very important. XTZ holds better than its peers during the 2018 bear market [2], but a severe downtrend starts in July [3]. Institutional presence is evident in the last half of 2018: look at the bell curve on the volume signature [4]. The Composite Man is buying behind the scene. At the same time, the interasset circuit is silent. Look at the volume signature, it is totally flat. It’s only in mid 2018, when Bitcoin forms a local top at 14000\$, that several

market players start to sell a part of their Bitcoin holdings into other crypto assets, like XTZ. [5]

At this point, the XTZUSD volume signature is silent, while the activity on the XTZBTC chart increases. On the XTZ chart we finally see a break of the long term resistance, followed by a retest and continuation to the upside [6]. XTZ looks very bullish long term, and the XTZBTC chart suggest a potential long term outperformance. Short term, we want to see absorption around the \$4 level in order to see continuation to the upside.

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