

FOMO Vs. Responsive Sellers

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- For Bitcoin, \$4,000-\$6,500 is primary range on volatility bounce
- Bitcoin is too hot, based on transaction indicators
- Addresses-used, supply, volatility still bearish indicators
- Crypto rabbit Litecoin is at elevated risk of returning to \$25

Note - Click on graphics to get to the Bloomberg terminal

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[BI COMD](#) (the commodity dashboard)

Most data as of April 3

Performance: Bloomberg Galaxy Crypto Index (BGCI) March +5.9%, 2019 +37.2 thru April 3
Bitcoin: March +7.1%, 2019 +44.1%, thru April 3

FOMO vs. Deflated Bubble Sellers: Bitcoin Range of \$4,000-\$6,500

(Bloomberg Intelligence) -- Overdue for a sharp bear-market bounce, April's recovery transitions Bitcoin to an extended \$4,000-\$6,500 range, in our view, with primary indicators making it vulnerable to breaching the low end. The fear of missing out (FOMO) in cryptos should run into resistance from the deflated bubble. Most of the indicators that preceded prior price foundations -- greater transactions, a bottoming network value-to-transactions (NVT) ratio, low volatility, increasing addresses used and stagnant supply -- remain unfavorable.

Litecoin, 2019's rabbit in the top 10, is at elevated risk, similar to the 2015 peak that corrected 70%, then took two years to recover. Risk-on led by the S&P 500 is catching cryptos, but the bubble hangover should prevail.

[Bitcoin Risk-On is Limited](#)

Bitcoin and Crypto `Risk-On' Should Meet Plenty of Resistance. The recent Bitcoin and crypto-market recovery has the appearance of a speculative pump-up that's at a high risk of reverting, as indicated by declining transactions volume. Increasing transactions have formed foundations for past price bottoms. This primary bull-market guide is notably absent.

Bitcoin Risk-On Recovery Should Be Limited. Bitcoin's recovery above \$5,000 is an overdue trading bounce limited by layers of resistance, in our view. The 12-month mean is \$5,414 vs. the \$5,735 average of 2017-18. The

overhang of offside positions from 2017's buying frenzy should prevail. Our graphic depicts the Bitcoin price returning to its downward-sloping 12-month trendline, with transactions volume in decline. "Risk-on," along with the sharp recovery in the S&P 500, support similar in cryptos.

Bitcoin Risk-On Runs Into Layers of Resistance



Bitcoin last crossed above a downward-sloping 12-month mean in October 2015. That recovery was preceded by strongly increasing transactions volume (Blockchain.com), a new low in 180-day volatility, a very low NVT ratio, stagnant crypto supply and about a two-year bear market. None of these conditions are in place now.

Bears Have Upper Hand: Bitcoin Transactions. One of the most consistent Bitcoin price indicators -- transaction volume -- remains bearish. Our graphic depicts the tendency of the 30-day average of Bitcoin estimated dollar-transactions value from Blockchain.com to lead price movements. Based on a best-fit scale of this metric and Bitcoin in the past seven years, the price should be closer to \$3,000 than \$5,200 (April 3). Perhaps of greater significance is our bullish vs. bearish measure that

Bloomberg Crypto Outlook – April 2019 Edition

compares 30-day average transactions volume vs. 200-day.

Transactions Volume Indicate Enduring Bear Market



The bull market to 2017 that began with a 36% Bitcoin-price gain in October 2015 was preceded by the 30-day average of transactions crossing above the 200-day three months prior. Indicating a more enduring bear market, the last failed spike in this volume-velocity indicator coincided with November's price plunge.

[\\$4,000 - \\$6,500 Bitcoin Range](#)

For Bitcoin, \$4,000-\$6,500 Is Primary Range on Volatility Bounce. Last year's Bitcoin breakdown from \$6,500 established that level as the key resistance point, and the early April recovery sets \$4,000 as good support. Our indicators signal that there's a greater chance of breaching the lower end than the upper, but a prolonged range-trade within these levels should be expected.

Volatility Breakouts Set Key Bitcoin Levels. The spring in Bitcoin's step in April is an overdue follow-up to a similar volatility spurt in November, and is part of an enduring bear market, in our view. Bitcoin's 30-day volatility reading has recovered from about 25%, the same depressed level that preceded the November price plunge. Our graphic depicts the key resistance from the last volatility breakout near \$6,500, and the recent recovery establishing \$4,000 as support. We expect longer-dated 180-day volatility of about 60% to reach new lows (below 41%) to indicate a price bottom that's similar to October 2015.

Increasing volatility has been consistent with speculation and higher prices. Market maturation should continue to pressure volatility, which is also indicative of Bitcoin transitioning from a highly speculative asset to a digital version of gold.

30-Day Volatility Bounces From Extreme Low



Bitcoin's History Points to Consolidation. History may not repeat, but past price bottoms in Bitcoin weigh more heavily in favor of a prolonged bear-market range trade. Showing strength above its downward-sloping 20-week average is an initial sign of recovery. The last time this occurred (July 2015), Bitcoin couldn't sustain a recovery until 180-day volatility set a new low in October. We expect a similar occurrence, but one that's more enduring. Not since the 2017 bull market has Bitcoin managed to get more than the recent 30% above its 20-week mean in an uptrend.

Bitcoin Overselling Alleviated With Correction



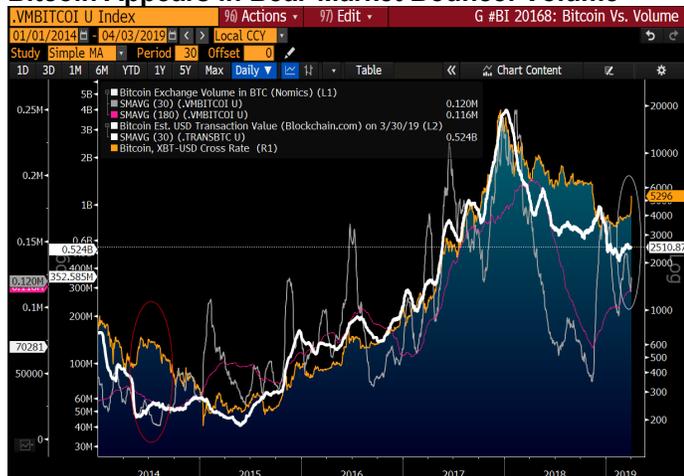
If the market is transitioning away from a downtrend, it needs to sustain above this downward-sloping mean, which was a good guide on the way up in 2017 and down in 2018. October's consolidation mean (about \$6,500) is the next good-resistance level. Sustaining below \$4,000 would indicate rally failure.

Bitcoin Bear Indicators

Overdue Bitcoin Bounce Is Likely a Bear-Market Correction. Bitcoin has returned to levels indicating an extended range trade and possible end of the bear market. We view it as a hibernating bear that's rolling over, marking time as downward-sloping trend lines catch up to extreme oversold conditions, with a key indicator (transactions volume) pointing lower.

Bitcoin Too Hot, Based on Transaction Indicators. Expecting a return of Bitcoin's (BTC) high-flying 2015-17 run may be too optimistic, based on two volume measures. Our graphic depicts the best fit of highly correlated volume-to-price measures in the past five years. Bitcoin's condition appears to be too hot, similar to June 2014. The 30-day measures of estimated dollar-transaction value from Blockchain.com, and BTC exchange trading volume from Nomics, are at levels last equivalent with a price below \$3,000.

Bitcoin Appears in Bear-Market Bounce: Volume



These indicators, which turned positive ahead of the 2015 recovery and reversing for the 2018 decline, remain unfavorable for sustained Bitcoin price appreciation. Though recovering, the 180-day measure from Nomics was last equivalent with Bitcoin near \$1,500. Blockchain.com 30-day transactions value is at levels when Bitcoin was about \$2,500.

Bitcoin NVT Ratio Indicates Prolonged Bear. Bitcoin's NVT ratio remains historically elevated, indicating a nascent bear market. The 60-day average of the ratio derived from market capitalization vs. estimated dollar-transaction volume from Blockchain.com (about 140) is well above the typical level near 84 that marked previous price lows. Toward the end of 2015, when Bitcoin embarked on its rally to 2017's peak, the 60-day NVT bottomed at 46. Bitcoin's history shows that rallies have been unsustainable at NVT readings above 84.

Elevated NVT Is Bitcoin-Price Headwind.



Addresses-Used, Supply Still Bearish Indicators

Unfavorable indications from key Bitcoin price companions that preceded the previous bull-market foundation -- addresses used and crypto supply -- warrant caution. The 30-day average of unique addresses used from Blockchain.com was a bull-market indicator when it was increasing, then bearish when the gauge plunged in 2018. It remains near 2017's low, with a current level that was last equivalent with Bitcoin near \$2,000.

Addresses Below 2017 Low, With Supply Increasing



The increasing measure of alt-coins from Coinmarketcap.com is an indication of overenthusiastic supply. Velocity has slowed from the 2016-18 pace, but history suggests it needs to flatline or decline. The foundation for the 2015-17 bull market was led by this supply measure's 5% retreat in February 2016 from the 2014 peak.

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Litecoin, A High Risk Rabbit

Crypto Rabbit Litecoin Is at Elevated Risk of Returning to \$25. Litecoin is prone to about a 70% decline and a prolonged bear market, if history is a guide. Its recent runup appears similar to 2015, with an extremely extended beta vs. Bitcoin and transaction volume equivalent to the price of about \$25 vs. near \$90 on April 3.

Few Tricks Left in the Litecoin Rabbit. Litecoin finds itself in an overextended condition, similar to 2015, just before its peak, which wasn't extended for almost two years. There's one brief moment in Litecoin history when its 60-day beta to Bitcoin exceeded the recent 2.3x high. That two-week period in July 2015 carved out a high near \$7.50, then Litecoin promptly declined about 70% by September. The peak was so extreme that it took about a 70% gain in Bitcoin before Litecoin (one of the first alt-coins) got back to break-even.

Current Volume Is Equivalent to Last, Near \$25



Pumped up on speculation of mining-supply reductions in August, Litecoin's 2019 appreciation of over 200% leads among the top 10 cryptos. If history is a guide, Litecoin's risk of decline far outweighs further appreciation potential.

{CRYP} Page on the Bloomberg Terminal

Index	Last	Net Chg	% Chg	Open	Yest Close	2D Chart	30D Rng	Time
BGCI Bloomberg Galax	330.10	-27.39	-7.66%	358.23	357.49			07:26

Coins	Last	Net Chg	% Chg	Bid	Ask	2D Chart	30D Rng	Time
10 Bitcoin	4939.58	-356.42	-6.73%	4939.01	4940.15			07:26
12 BitcoinCash	294.02	-48.11	-14.06%	293.68	294.37			07:26
13 Dash	126.675	-10.852	-7.89%	126.270	127.080			07:26
14 EOS	5.1825	-0.6535	-11.20%	5.1716	5.1934			07:26
15 Ethereum	160.210	-18.130	-10.17%	160.100	160.320			07:26
16 Ethereum Classic	5.426	-0.663	-10.89%	5.406	5.445			07:25
17 Litecoin	85.960	-10.340	-10.74%	85.840	86.080			07:26
18 Monero	64.916	-7.479	-10.33%	64.796	65.036			07:26
19 XRP	0.3357	-0.0361	-9.71%	0.3356	0.3358			07:26
20 Zcash	67.365	-8.910	-11.66%	67.210	67.504			07:26

Futures	Last	Net Chg	Volume	Open	Settle	2D Chart	30D Rng	Time
20 CBOE Bitcoin	4940.00	-277.50	4038.00	5215.00	5217.50			07:23
20 CME Bitcoin	4940	-210	14077	5210	5150			07:26

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- 40 Bitcoin Falls 6.3% to \$4,963; Ripple Down 9.3% BN 07:00
- 40 CCN: \$300M Indian Bitcoin Ponzi Mastermind Amit Bhardwaj Bails Out of Jail NSI 06:43
- 40 Cointelegraph: Canada Seizes \$1.4 Million Bitcoin Holdings in Reportedly Largest Ever Forfeiture NSI 06:39

As of the morning of April 4, 2019 EDT

{BI COMD} Cryptos, Under Data Library

Name	1 Mth % Change	3 Mth % Change	YTD % Change	1 Yr % Change	
Bloomberg Galaxy Crypto Index					
Bloomberg Galaxy Crypto Index (BGCI)	-13	29.9	18.3	26.8	-41.9
USD Cross					
Litecoin (LTC)	-44	89.8	163.6	192.7	-26.5
EOS (EOS)	-22	56.8	85.4	103.0	
Bitcoin Cash (BCH)	-22	139.0	82.2	93.2	-54.4
Dash (DASH)	-22	59.5	56.2	58.3	-58.0
Monero (XMR)	-22	36.9	25.2	43.0	
Bitcoin (BTC)	-22	33.6	29.0	34.6	-27.6
Ethereum (ETH)	-11	27.8	3.9	23.2	-58.0
Zcash (ZEC)	-11	37.4	12.4	16.8	
Ethereum Classic (ETC)	-11	32.2	0.4	6.9	-60.4
Ripple (XRP)	-99	11.5	-5.8	-2.8	-32.1
MVIS CryptoCompare Indices					
Single Asset Indices					
Litecoin (LTC)	-44	89.7	175.6	184.5	-25.6
Bitcoin Cash (BCH)	-77	141.6	121.4	90.1	-36.8
NEO (NEO)	-33	53.3	68.1	63.5	-73.2
Dash (DASH)	-22	63.1	61.2	59.1	-58.4
Monero (XMR)	-11	38.2	29.4	37.5	-62.2
Bitcoin OTC (BTC)	-22	33.8	30.6	34.5	
Bitcoin (BTC)	-22	32.0	29.9	30.0	-28.1
Ethereum (ETH)	-11	28.9	9.0	20.1	-56.5
Zcash (ZEC)	-11	39.4	17.9	16.8	-63.5
Ethereum Classic (ETC)	-11	34.9	7.2	6.3	-60.0
NEM (XEM)	-22	66.9	5.1	4.7	-70.4
Ripple (XRP)	-99	10.5	-4.8	-6.1	-32.0
Iota (MIOTA)	-88	21.7	-10.4	-8.7	-66.4
Multi-Asset Indices					
Digital Assets 100 Small Cap	-11	49.8	53.1	54.3	-65.0
Digital Assets 25	-11	50.2	46.2	47.4	-43.6
Digital Assets 100 Mid Cap	-11	48.6	43.9	44.0	-64.7
Digital Assets 100	-11	35.9	30.1	31.3	-39.6
Digital Assets 100 Large Cap	-11	35.0	29.0	30.2	-36.9
Digital Assets 10	-11	36.3	26.4	28.7	-38.5
Digital Assets 5	-11	32.2	21.5	23.6	-39.2
MVIS IP owned by Van Eck, distributed by ...					
Bitwise Crypto Indices					
Multi-Asset Indices					
Bitwise Hold 10 Large Cap Crypto In-	-11	32.2	21.5	23.6	-39.2
Bitwise IP Owned by Bitwise Asset Manage...					
BTC Cross					
Litecoin (LTC)	-1	41.7	107.5	117.5	1.5
EOS (EOS)	-0	17.6	44.0	51.1	
Bitcoin Cash (BCH)	-4	79.3	43.2	45.7	-37.3
Dash (DASH)	-5	19.3	21.1	17.7	-42.0
Monero (XMR)	-0	2.4	-2.9	6.2	
Ethereum (ETH)	-4	-4.4	-19.2	-8.4	-41.8
Zcash (ZEC)	-0	2.8	-12.9	-13.2	
Ethereum Classic (ETC)	-1	-1.1	-22.1	-20.5	-45.3
Ripple (XRP)	-0	-14.1	-24.8	-25.7	-3.5

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