



CREBACO

Bitcoin Price Analysis

(14th May 2022)

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Why a CREBACO report?

CREBACO is a research, intelligence, and rating company focused on blockchain, cryptocurrencies, and other emerging technologies. The primary inclination of the company is more towards regulation, compliances, and setting standards for the new and emerging tech industry. The company has experienced stalwarts on board who have an expert perspective towards the new-age tech projects. CREBACO has thus developed a unique matrix to assess a project based on the traditional methods and new age systems such as legal, tech, financials, and due diligence of the team, keeping in mind over 150+ core parameters and thousands of data points. The method by which data is processed and fetched is unique and new (patent applied), making the results more reliable and updated. Based on this, CREBACO has already processed information about over 2500+ projects in Emerging Technologies like Blockchain, AI/ML, and Crypto Industry.

About this report

This unique overview and research report mainly help to understand a project's direction and standing. While making this report, we run a comprehensive search about the project using our thousands of available data points and reliable sources, including government databases. We mainly focus on providing brief details on the Legal, token economics, and team's background in this report and have not conducted any financial and tech audits/in-depth evaluations for this report. The received information is mentioned as it is with inputs from our research team.

Hi, Vishal here, Bitcoin Analyst at CREBACO Global.

Bitcoin started the week under pressure after a massive sell-off by US futures traders due to growing concerns over rising interest rates. On Wednesday, the United States Consumer Price Index soared 8.3%, higher than the expected numbers by 0.2% but lower than March's 8.5%.

CPI numbers are essential, especially this month's, as the market will know if the interest rate hikes are working or not to bring down inflation. With CPI numbers for April higher than the estimated rates, it is pretty evident that the inflation is not slowing down, which raises the question among investors whether the Federal Reserve will increase the rates by 75 bps in a single meeting.

Apart from Bitcoin's correlation with the US equities, the crypto market continued to plunge after Terra's algorithmic stablecoin, TerraUSD (UST), lost its peg to the US Dollar. Terra's inability to regain its peg led its native token, LUNA, to crash 99.99% within a week.

Soon after this incident, USD Tether (USDT), crypto's biggest stablecoin, depegged and went below 95 cents. Though it recovered to its original peg of 1:1, the fear surrounding stablecoins plunged Bitcoin to as low as \$27,000, wiping off nearly \$300 billion from the crypto market.

Order book data shows that a large stack of BTC/USD buy orders is placed around the \$21,000 level. This level has gained a lot of psychological importance, as it marks the liquidation point for MicroStrategy's \$200 million BTC-backed loans.

MicroStrategy's Bitcoin holding is the largest among any publicly traded company, with 129,218 BTC worth nearly \$4 billion. The company's CEO, Michael Saylor, claimed that they'd use their reserves to avoid liquidation, putting a more significant part of their reserves at risk and likely having adverse effects on the \$MSTR stock price.

The S&P 500 bounced more than 2% from one of its support levels of \$3,900, indicating a possible relief rally. However, for the S&P 500 to continue its relief rally, it needs to go past \$4,035. In addition, to completely reverse its direction, the S&P 500 needs to break and close above the resistance level of \$4,450. If the S&P 500 breaks and closes below \$3,900, we can expect a further drop of 10% to 15%, and the support region we should be looking at is the area around \$3,370.

The bounce in the S&P 500 also helped Bitcoin buyers. Bitcoin is currently trading at around \$29,000. If Bitcoin can close its daily candle above \$31,320 we can expect a relief rally to \$36,000 or \$39,000. However, I find it difficult to move past \$31,320.

Kvishal published on TradingView.com, May 14, 2022 11:33 UTC



TradingView

BTC/USDT - Daily chart. Source: TradingView.

With many buy orders stacked at \$21,000, if Bitcoin closes its daily candle below \$27,000, we can expect Bitcoin to drop to \$21,000. Bitcoin can even wick anywhere between \$19,200 to \$17,600 to liquidate highly leveraged long orders.

The call: Bearish

The long wick formed on May 12 candlestick signifies that Bitcoin might be at a bottom. To confirm a base, Bitcoin has to close its daily candle above \$31,320. If Bitcoin rejects \$31320 in the coming week, I'll issue my sell order accordingly.



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