

# Cryptocurrency Market Analysis, Bitcoin Price and Technical Indicators

## Cryptocurrency Market Analysis



Cryptocurrency prices plunged during a widespread market sell-off this week, which analysts have attributed to concerns of a potentially catastrophic debt default in China. Drawing parallels to the 2008 financial crisis, Evergrande, China's second-largest property developer, alerted banks and its clients that it would not be able to make payments due this month.

The sell-off may also have been triggered by increasing regulatory scrutiny, as Bloomberg reported over the weekends that Binance was now under investigation by the U.S. Commodity Futures Trading Commission (CFTC) for potential insider trading and market manipulation.

This was previously followed by allegations that OpenSea employees used inside knowledge to purchase NFTs before they were promoted on the site. In a blog post, OpenSea CEO Devin Finzer confirmed that one employee "purchased items that they knew were set to display on our front page before they appeared there publicly".

In other regulatory news, it appears that the Biden administration is intending to nominate former policy advisor Saule Omarova to be the head of the Office of the Comptroller of the Currency (OCC). This may signify a significant shift from the previous administration, as

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Omarova is expected to seek tighter regulations for cryptocurrencies, having once cited the sector as a threat to the stability of the economy.

However, all is not lost in the crypto markets, as it staged a magnificent recovery on 22nd September following comments made by the U.S. Securities and Exchange Commission (SEC) Chairman Gary Gensler. Gensler has declared that the Fed would commit to the current monetary policy, and the nation should expect a higher-than-usual inflation rate in the short term.

At the same time, the Evergrande Group has "resolved" an interest payment due on one of its domestic bonds on Wednesday, while many experts believe that the Chinese Government would eventually bail the company out to avoid a rippling effect that may devastate the entire economy.

On a side note, El Salvador President Nayib Bukele announced on Twitter that the nation has taken advantage of the price crash to accumulate more Bitcoin. The nation now has a total of 700 coins, after purchasing 150 more on Monday.

## Bitcoin's Price Action



The crypto markets appeared to have made a roaring comeback after the crash earlier this week. Bitcoin is currently trading at \$43,720 at the time of writing, having being rejected at

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\$44,200. While it is trading far below the previous highs of \$48,800 last week, the coin has recovered by more than 10% after the low of \$39,600 just a day ago.

Other cryptocurrencies have posted similar gains, with notable coins like AVAX bouncing from its support at \$52 to reach a new all-time high in USDT at \$79.80. Similarly, Ethereum has shot up from \$2,650 to \$3,150 too.

The RSI appears to be showing a bullish divergence in the 4H chart, while the Bollinger bands appear to be tightening, which may signify a period of consolidation over the next few days before another major movement. For Bitcoin to challenge \$46,000 again, it needs to reclaim \$44,800 and flip it into a support zone. \$42,400 may be the short-term support to look out for in the event of a pullback.

The next support zones after that will be the psychological zone at \$40,000, then all the way down at \$37,300. Macroeconomic conditions may also play an important part in the weeks ahead, and there may be plenty of uncertainty and doubt over the next few days.

Interestingly, Ethereum appears to have formed a head and shoulders pattern on its 1D chart, with a potential price crash to around \$2,000 in the horizon if the pattern proves to be true. However, some analysts believe that Ether would recover again if its price held above historic support levels, such as \$2,850.

## What Does the Technical Indicators Say?



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The BTC TradingView indicators (on the 1 day) is indicating Bitcoin as a sell recommendation overall. The moving averages are recommending a strong sell (as compared to 'strong buy' last week), while the oscillators are leaning towards a neutral recommendation (similar to last week). This is different from last week, when the overall recommendation was a buy.

## What will the Future Be?

Once again, September is proving to be a bad month for the cryptocurrency markets overall, and Bitcoin is poised to make a 10% loss on this tumultuous month. NFTs released on the Solana blockchain seem to be retaining their value, while NFTs on Ethereum seems to have been affected by the recent price crash. As usual, keep an eye out for the upcoming volatility, and employ risk management techniques to protect your capital.