



This week:

The market has once again arrived at an inflection point with Bitcoin/Dollar retesting weekly support.




We start with Bitcoin/Dollar and discuss our ideas for positioning around this high time frame structure at ~\$30000.

Ethereum is next on our list. We discuss the weekly range in the BTC pair and key levels in the USD pair.

Altcoins are as precarious as ever. We look at technical weakness in the DeFi index and also discuss Solana, one of the main bullish outliers.

We have a guest column from William Clemente, who shares his on-chain analysis of the current range in Bitcoin/Dollar.

To conclude, we share a thread about high frequency trading and market microstructure from mgnr.

 Bitcoin	BTC	\$600,607,101,488	\$32,066.36	18,730,131 BTC	\$48,937,393,729	0.09%	-10.41%	-10.99%
 Ethereum	ETH	\$279,889,778,695	\$2,408.51	116,208,826 ETH	\$41,828,531,319	0.11%	-11.90%	-5.29%
 Solana	SOL	\$10,122,459,504	\$3713	272,637,428 SOL *	\$1,574,314,528	0.70%	-11.56%	20.10%

<https://coinmarketcap.com/coins/views/all/>

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Dear reader,

Thank you for subscribing to TechnicalRoundup. We are grateful for your readership and hope that you stay with us for many future issues.

The premise behind this newsletter is simple: you get all your high time frame charts for the most important digital assets in one place. Same place, same time, every week.

Whether you are a short-term trader looking for a bias heading into the week, or a cautious investor trying to get a sense for this new asset class, we are confident that there is something you will find valuable in the coming pages.

We are not a signals service. That much is obvious. What we can offer you, however, is something better: a logical framework, a consistent method, and robust analysis. Every week.

We are not perfect. We will get things wrong. When we do, you will know because we will discuss them thoroughly. If the markets are unclear or uninteresting, we will not force out analysis that we do not believe to be compelling. Whilst we can not promise perfection, we will do our utmost to be honest and transparent.

Enough text, you must want to see some charts at this point!

We hope you enjoy TechnicalRoundup.

If for any reason you do not, or have feedback for us of any kind, it will be graciously received via email at letters@technicalroundup.com.

1. Bitcoin Back at Support

TechnicalAnalysisCharts published on TradingView.com, June 08, 2021 16:34:27 UTC
COMBINE BTCUSD, 1W, 32058.29 F, -2489.26 (-4.64%), 60.51000, 48.10100, 29.81100, 13.80 C, 32058.29



<https://s3.tradingview.com/snapshots/s/ssfi6OZN.png>

TechnicalAnalysisCharts published on TradingView.com, June 08, 2021 16:34:39 UTC
COMBINE BTCUSD, 1D, 32070.07 F, -2456.81 (-4.4%), 60.51000, 48.10100, 29.81100, 13.80 C, 32070.07



<https://s3.tradingview.com/snapshots/j/j1W3hQ6I.png>

Bitcoin/Dollar is back at support. Weekly structure at \$32300 is currently being tested.

\$32300 is weekly support. When trading higher time frames, you have to make (mental) space for wicks given these levels are not always ironclad. This consideration is especially important if you have a strong, liquidation-driven move down into the level.

As we've mentioned before, the 'blindly buy the liquidations' trade has played out. This is the third/fourth consecutive test on lower time frames, and that warrants additional caution. Not least because below \$30000 there's really not much until \$20000.

TechnicalRoundup is a pretty conservative publication. While we don't mind the odd knife-catch on our personal accounts, the newsletter 'system' is a bit more conservative. It leaves us with the following options.

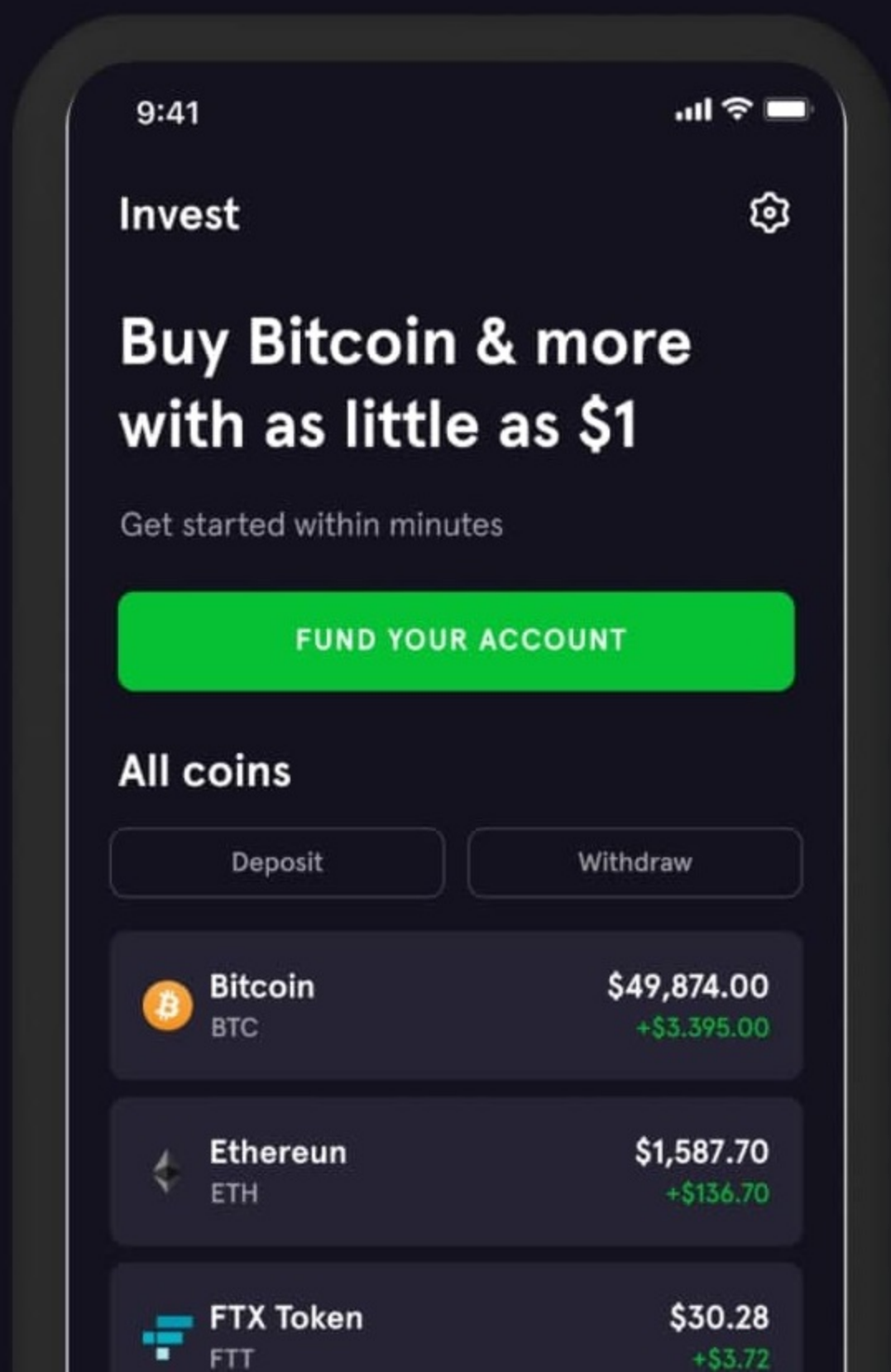
Fishing for deep, liquidation-driven wicks below \$30000 is reasonable. Waiting for a deep spike and subsequent reclaim of \$32300 is also reasonable. Waiting for a weekly close above \$32300 and then looking for strength next week is a bit slow, but not the worst idea either.

Knife-catching the drop if you're not a lower time frame specialist is a risky undertaking. A drive through \$30000 which gets bought up aggressively would at least define risk i.e. provide a logical area for a stop loss.

Don't lose sight of the fact that the market is at support. We're simply suggesting that trading the structure immediately may be difficult.



Get a free coin with every
trade over \$10



9:41



Invest



Buy Bitcoin & more
with as little as \$1

Get started within minutes

FUND YOUR ACCOUNT

All coins

Deposit

Withdraw



Bitcoin

BTC

\$49,874.00

+\$3,395.00



Ethereum

ETH

\$1,587.70

+\$136.70



FTX Token

FTT

\$30.28

+\$3.72

2. Ethereum Still Ranging



<https://s3.tradingview.com/snapshots/k/KL6FUCG6.png>



<https://s3.tradingview.com/snapshots/c/CFn7magO.png>

Ethereum is still rangebound and showing relative strength against Bitcoin.

In last week's newsletter we outlined our views on decoupling theses. You can read them [here](#). To briefly summarise, we do not believe there's enough good evidence to indicate that Ethereum can decouple from high time frame Bitcoin weakness. We also believe the best time to take advantage of stretched correlations is when the market is bullish i.e. with Bitcoin as a tailwind to Ethereum.

The USD pair looks fine. Price bounced from multi-time frame support around \$2000 and has been stuck between \$2200 and \$2900. Unlike Bitcoin/Dollar, Ethereum/Dollar is not currently at high time frame support. Price away from structure generally suggests a no trade zone for us. As mentioned in the preceding paragraph, we'd expect Ethereum/Dollar to follow Bitcoin/Dollar if the latter breaks down this week.

Not much has changed in the BTC pair. We're still well within weekly structure, with support at \$0.055 and untested resistance at \$0.084. Typically this would suggest that Ethereum is the better candidate for bounce plays. While that is true on a relative strength basis, we don't have great technical levels to work with in the USD pair.

To conclude, Bitcoin weakness is still a nuisance for Ethereum bulls. We do not currently see a strong case for a meaningful decoupling.

3. DeFi Finding Resistance



<https://s3.tradingview.com/snapshots/x/XCd4TKmp.png>

The DeFi Index is imperfect, but it's a good way to get an idea of where the market is at a glance. It is currently at resistance following a high time frame breakdown.

It has been difficult to make a good case for allocating to DeFi in the past few weeks. Technically, all altcoins broke down (DeFi was no exception) and the last couple weeks have been choppy bearish retests for the most part. Additionally, even on a relative strength basis, DeFi has been underperforming Ethereum.

While narratives around DeFi decoupling based on cash flows etc. are attractive, it seems the market just sees these instruments as collateral for the time being.

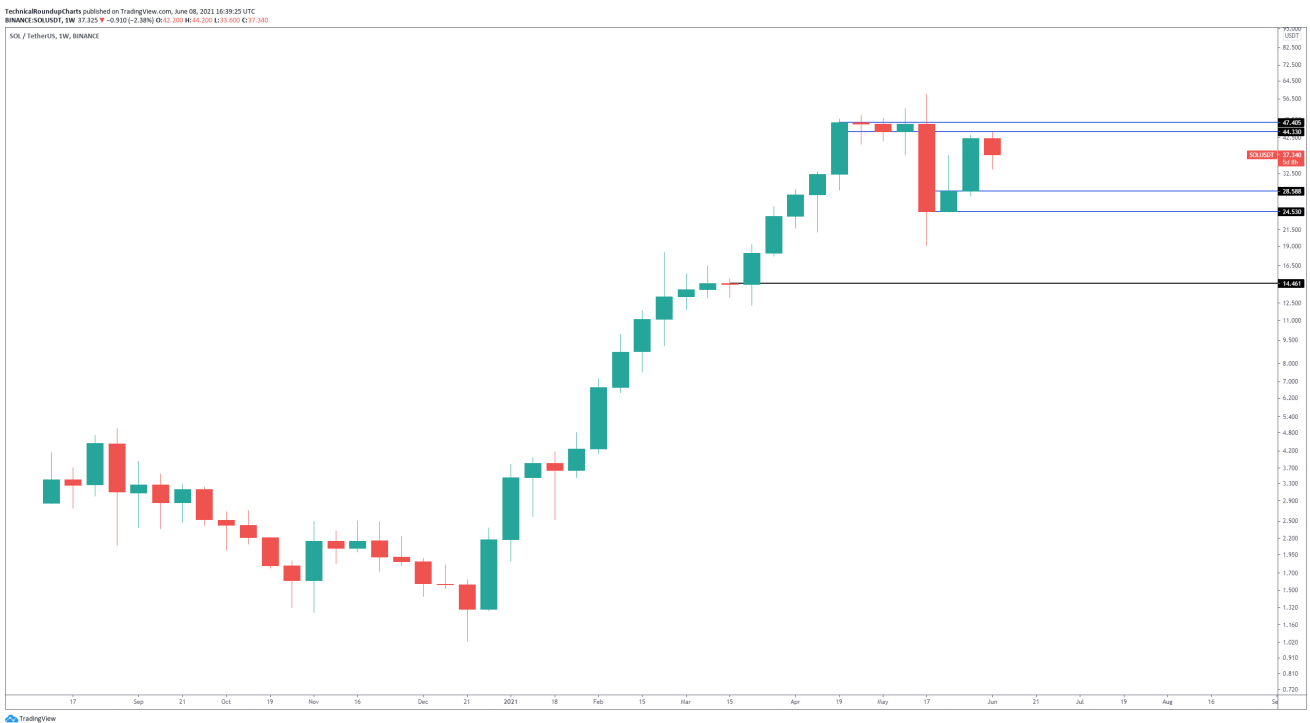
In line with most altcoins, the DeFi Index broke weekly market structure and is retesting that previous area at \$9934 as resistance. Trend support is a fair bit away. Whenever you get a rally following a bearish break in market structure, buying the rally into resistance is usually a bad decision. The better trades are above resistance on a reclaim or at support on a deeper dip. This is neither.

This, however, is a good spot to directly lift from a DonAlt DM. "We don't wanna be fighting for scraps when no one is trading it; we'll be more active when stuff looks good again." Indeed.

4. Altcoin Outlier - Solana



<https://s3.tradingview.com/snapshots/i/I62o85tT.png>



<https://s3.tradingview.com/snapshots/j/Ij5dwVb3.png>

Altcoins have been uninteresting. The past few weeks have essentially been messy bearish retests into areas of structure following the breakdown.

Solana is one of the high cap outliers, and not for the first time.

It should come as no surprise that the BTC pair has been strong. Price made a higher high on the weekly after consolidating for over a month. The chart is bullish, but there are lessons to be learnt from Ethereum. Specifically, bullish outliers don't last forever and they eventually fall in line with the rest of the market if it's weak.

Generally, quite a few Altcoin/Bitcoin pairs look okay. The reason we bring it up is to make the following important distinction: it is our view that Altcoin/Bitcoin pairs looking decent is a product of Bitcoin weakness rather than altcoin strength. That's not ideal if you're looking for a sustained bid.

The USD pair is at resistance. A nice rally from the lows has taken price to the cluster at \$44.30-\$47.40. We expect some degree of derisking from this level. The alternative is an all-time high breakout, but to be perfectly candid, we're not particularly keen on the idea of buying a breakout on one of the few altcoin outliers when the rest of the market is a coin flip at key structure.

Even the bullish outliers aren't hugely appealing to us for the time being.

5. On-Chain Analysis by Will Clemente

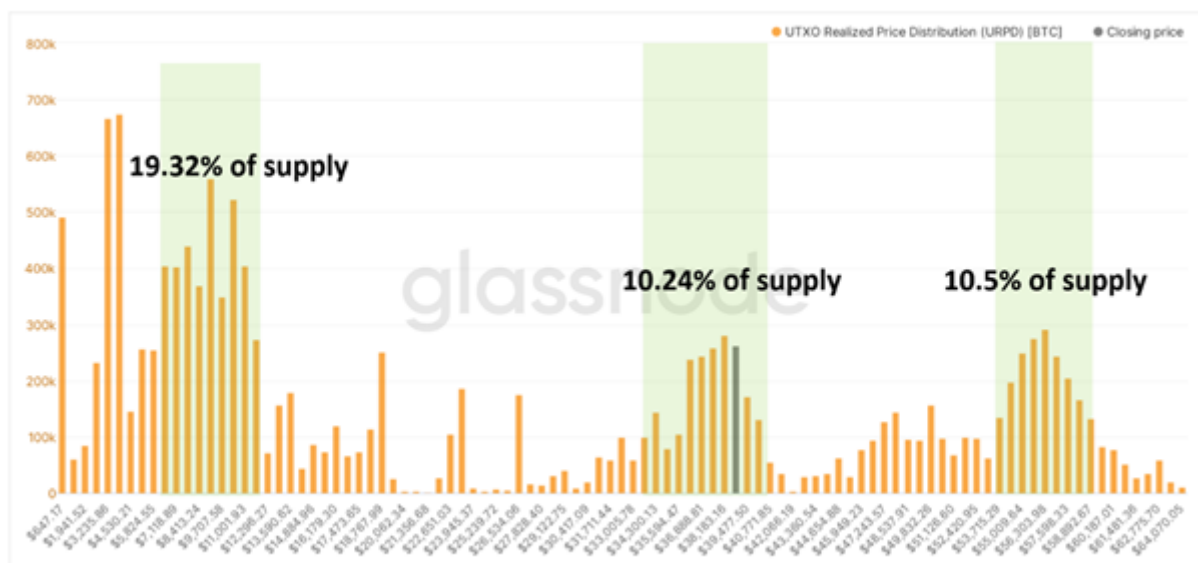
Will Clemente specialises in on-chain analysis. He has kindly agreed to share his insights about the market in this week's issue of TechnicalRoundup. We're primarily technical traders but we always keep an open mind towards different methodologies. Follow more of Will's work [via his Twitter](#).

This specific piece looks into the profiles of the market participants buying and selling Bitcoin/Dollar in this range.

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Firstly, we are carving out the third major zone of on-chain volume for this bull run between 32K-40K. The other two are both above between 53K-59K and below between 4K-11K. This shows we are building up a strong base of capital in this range. One thing to note, that zone above is now likely to serve as resistance if we head back up there. Just something to keep in mind.

Bitcoin: UTXO Realized Price Distribution (URPD)

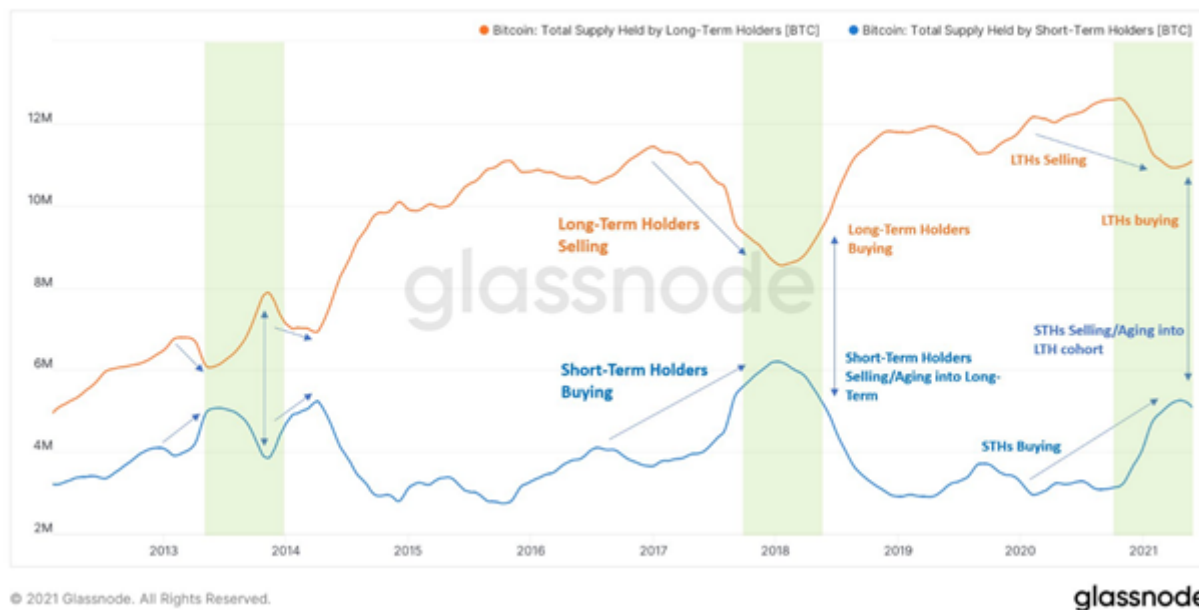


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One of the biggest trends to watch is the dynamic between short and long term holders. Short-term holders had been selling more than long-term holders sold over the last month, but in the last week long-term holders are now offsetting the selling from short-term holders. This divergence represents only two other times: 1. Consolidation between 2013 double pumps. 2. Transition into 2018 bear.

Bitcoin: Total Supply Held by Long-Term Holders vs. Bitcoin: Total Supply Held by Short-Term Holders



So above we spoke about the hodling behavior of market participants, but now let's look at the entities on the network separated into cohorts by their holdings. The current trend isn't as promising as the chart above.

The number of whales has been in steady decline since February, illustrating a drop in demand from high net-worth individuals and institutional capital. At the same time, retail has been accumulating at just about the highest rate in Bitcoin's history. The second chart shows the inverse shift of coins from larger entities to retail.

Whales dumping their bags on retail of course does not paint the most bullish picture.

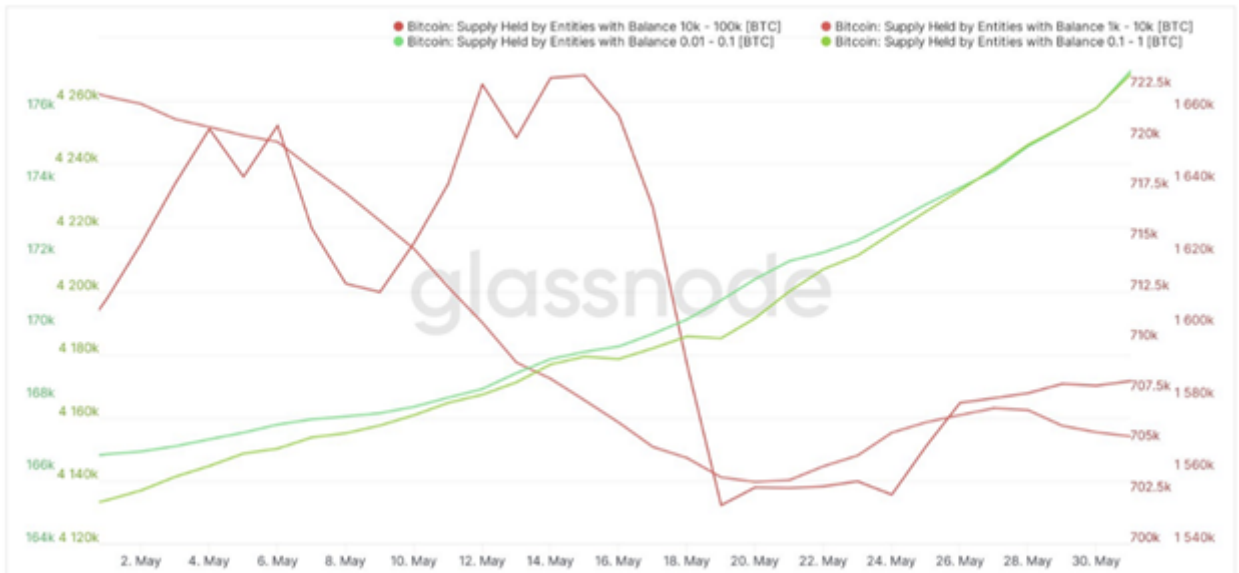
Bitcoin: Number of Entities With Balance \geq 1k



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Bitcoin: Supply Held by Entities with Balance 10k - 100k vs. Bitcoin: Supply Held by Entities with Balance 1k - 10k ...



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Overall, the age of coins being sold has been trending down since early February.

Bitcoin: Entity-Adjusted Dormancy (7d Moving Average)



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These coins have been selling at a loss since mid-May, but that process seems to almost be finished.

Bitcoin: Net Realized Profit/Loss (7d Moving Average)



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Takeaways:

- Market in consolidation: Newer market participants selling, experienced market participants buying, profit-taking levels almost reset above profit/loss threshold
- Whales selling down, retail accumulating (not ideal)
- Zooming out, macro on-chain indicators still show room for this bull run to grow

6. Caught Our Eye - Market Microstructure and Edges by mgnr

We're not quants. By virtue of drawing lines on candlestick charts and making educated (generous adjective) guesses, we may be the opposite of quants.

Nevertheless, we like learning. A recurring theme for both of us throughout this year has been picking up microstructure nuances and details from quantitative traders.

For this week's Caught Our Eye, check out [this thread](#) by mgnr. It's a discussion of how matching engines work, thinking like a quantitative trading firm, and how subtle differences can make or break an edge.

They've got many other good threads on their page, be sure to check them out and follow them.