TECHNICAL ROUNDUP

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Issue #3

This week:

In this week's newsletter we discuss the recent daily breakdowns in Bitcoin/Dollar and Ethereum/Dollar.

We also contextualise those breakdowns with reference to high time frame levels of support and resistance.

To conclude, given we have nothing constructive to say about altcoins given their weakness across BTC and USD pairs, we discuss some of our favourite discretionary exit signals in trading.

Bitcoin	BTC	$431,995,477,590	$22,370.66	19,310,806 BTC	$16,140,500,010	-0.14%	-0.29%	-4.47%
Ethereum	ETH	$191,363,723,593	$1,563.76	122,373,866 ETH *	$4,983,405,685	-0.22%	-0.37%	-4.27%
BNB	BNB	$45,165,731,398	$286.05	157,893,831 BNB *	$324,215,503	-0.27%	0.07%	-5.65%
XRP	XRP	$19,032,114,229	$0.3735	50,950,912,949 XRP *	$1,135,893,276	-0.21%	2.34%	-1.13%
Cardano	ADA	$11,322,700,421	$0.3265	34,683,123,604 ADA *	$221,733,359	-0.43%	-1.77%	-9.95%
Polygon	MATIC	$9,963,197,129	$1.14	8,734,317,475 MATIC *	$362,039,253	-0.61%	1.37%	-6.96%
Dogecoin	DOGE	$9,797,021,356	$0.07384	132,670,764,300 DOGE	$250,244,891	-0.48%	-0.46%	-9.58%
Solana	SOL	$7,790,899,062	$20.35	382,817,917 SOL *	$282,330,744	-0.61%	-2.21%	-9.09%
Polkadot	DOT	$6,769,209,833	$5.82	1,163,569,068 DOT *	$197,749,544	-0.52%	-2.58%	-10.01%
Litecoin	LTC	$6,181,177,018	$85.34	72,428,440 LTC	$541,511,870	-0.76%	-2.82%	-10.16%

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 - Higher Low or Down We Go?

https://www.tradingview.com/x/weyRMAwb/

https://www.tradingview.com/x/SRO3Xth0/

Bitcoin/Dollar has continued to pull back from monthly resistance at $23300 (alongside weekly resistance at $24300).

Our last newsletter was explicitly defensive at resistance, and the market moved lower from that point.

The monthly time frame remains clear: $23300 resistance, $19400-$20500 support, and nothing in between is particularly compelling.

At the time of writing, there is plenty of debate regarding the daily time frame. Specifically, the discussion centres around whether the current pullback could simply be a higher low before another high high. We have demonstrated the argument for that with the tentative daily trend line.

Our view is that conservatively, the case for this being a higher low becomes viable above the highest daily resistance i.e. $23700. More aggressively, the argument can be made above the lower boundary at $22600. That may seem 'late' in either case, but our cautious interpretation is based on two factors. First, this range has been very choppy. None of the range breakouts have had follow through in any direction, and therefore expecting a clean market structure pattern may be premature. Second, all the clearer support levels are closer to $20000. If the monthly time frame plays out, the 'higher low' attempt will be much deeper than what's currently on offer on the daily time frame.

In other words, while this area makes structural sense for a higher low, there are no corresponding high time frame levels of support to bolster that case, thus making it less persuasive. In the absence of clear high time frame support levels, the daily time frame and lower time frame price action have to be especially compelling for us to develop strong views. This range has been anything other than that.

Bigger picture, a range high breakout would be clear, a deeper monthly pullback would be clear, but the higher low punt based on a messy daily range is not as clear. We're cognisant that the market is pulling back from multi-time frame resistance, so we need good levels and/or good price action to step in front of it. At the moment, in our view, we have neither.

2. ETH/USD Morphing Into ETH/BTC

https://www.tradingview.com/x/Rw7153y5/

https://www.tradingview.com/x/tZpc8P83/

The Ethereum/Dollar chart is still a nuisance for technical-oriented traders.

The weekly chart essentially hasn't moved in 7 weeks.

The daily chart, reflecting the same chop with more candles, has required some creative mapping of ranges to make some sense of it.

Overall, the high time frame picture is unsurprisingly unchanged. Multi-time frame resistance at $1700 has been doing its job, and the market hasn't offered a convincing pullback out of this range to more attractive levels.

For months we've joked about the Ethereum/Bitcoin chop, and now the USD pair is increasingly looking like its Walmart counterpart.

As our audience will be well aware, in rangebound markets, we prefer to do business at the extremities. These areas provide the highest likelihood of a reaction and usually a more straightforward way to define risk on a given idea, be it for a reversion play or momentum continuation.

On the daily chart, the first worthwhile area to look for a setup is the $1510 range low. The market has spent considerable time at the range high and the range midpoint, but the range low has been untested for some time. For shorter-term trading or even a shallow pullback scenario if the market is strong, the $1510 is at least a clear level (a relative luxury in this choppy mess).

On the weekly chart, $1500 doesn't bear the same significance. The first and only reasonable pullback level is $1400. Any acceptance below that would look rough, so it is the closest equivalent to Bitcoin/Dollar's must hold $20000 area.

The story is similar across the majors: high time frame resistance resisted, and we don't currently have the luxury of the pullbacks reaching high time frame support. At best, the market clears up in the coming week(s) and offers compelling evidence of a shallow pullback and/or higher low structure. At worst, traders are stepping in front of these pullbacks too early without high time frame support confluence. In either case, not a high conviction area to do business, in our view.

3. Our Favourite Trade Exit Signals

Exiting trades can be tricky.

We've compiled some of our favourite signals for doing just that.

Generally speaking, our setups are quite technical with predetermined areas to take profit and also manage the trade if the market doesn't get there, but there are some tools we also incorporate from our experience.

Here are some of them, in no particular order.

Flexing your PnL. Ubiquitous exit (or at least caution) signal for all traders of all systems. It just works. Especially if you're feeling particularly euphoric and crossposting the same screenshot to your friends, group chats, and social media at large. Automatic red flag. Needs no further elaboration, we've all been there.

Mental PnL gymnastics. As the market moves more in your favour, you start calculating (either in your head, or worse, with the exchange's own calculator) how much money you stand to make. Bonus points if you calculate how much more you would make if you ignored your predetermined take profit level and held for longer. Anything that gets you counting your chickens before they hatch and/or ignoring your predetermined plan should be treated with great scepticism.

Large sentiment shifts at key support/resistance. The Duck's expertise. The confluence of the market reaching a high probability reversal point with participants finally throwing in the towel and changing sides is very notable. Especially stubborn bears becoming bulls at resistance and stubborn bulls becoming bears at support. This can be quantified by looking at funding rates and premia across the markets generally, but something as simple and discretionary as 'the vibe' on Twitter works for this as well.

Your entry becomes support/resistance. A very important one to be aware of for technical traders. While it is often the case that the price action immediately post-entry will be rather noisy and inconsequential (especially for you degens managing your daily time frame trade on the 5 minute time frame), there's something to be said for taking the hint when the market flips your entry. Specifically, your long entry consistently acting as resistance and/or your short entry consistently acting as support. Those reversals tend to be quite nasty when you're on the wrong side of an important level, so it helps to periodically assess whether your level is doing its job on the appropriate time frame.

Introducing new tools to cope. Another timeless classic. You long, you're offside, and so you throw the kitchen sink of indicators onto your chart to look for signs that you might be right. One moment you're trading levels, the next you've become an impromptu expert in every momentum and trend indicator under the sun. If you find yourself seeking refuge in tools that weren't originally part of your thesis to justify that same thesis, you might want to reconsider.

To conclude, all of these require nuance. Extreme conditions require signals of a higher magnitude. For example, if the market is extremely bullish and tearing everyone's face off, and you fade it because "funding is high" or some colloquial form of "everyone is bullish", you'll likely end up in a bad spot. As cycles get bigger and attract more attention, the corresponding exit signals also increase with magnitude. This works on both sides of the spectrum i.e. markets topping on gargantuan news of (perceived) positivity and adoption, and also bottoming on colossal implosions and/or disillusionment.

Thanks for reading!