

Bitcoin: Entity-Adjusted LTH-NUPL (7d Moving Average)



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Pro BTC Trader

Hello, it's Nathan here, SIMETRI's lead Bitcoin analyst and long-time financial markets trader.

Bitcoin's price dropped below \$17,000 as bearish crypto industry-specific developments started to mount.

Firstly, Grayscale found itself on the receiving end of a lawsuit on Tuesday. A New York-based hedge fund Fir Tree Capital Management, filed the suit to initiate an investigation into Grayscale Investments.

The company's exposure to the insolvent sister firm, Genesis Global Trading, and the extent of adversity caused due to the collapse of Three Arrows Capital, still needs to be clarified. Fir Tree also moved to start redemptions of GBTC shares for BTC and a reduction in Grayscale's management fees.

If Grayscale is found insolvent, it could have a disastrous effect on Bitcoin's price. However, if Fir Tree wins the lawsuit in introducing redemptions for the shares, it can act as a positive catalyst for the market. Currently, there is more likelihood of discrepancies in Grayscale's books.

I am also concerned by the sheer number of media articles stating that the bottom is already in. The social media volume for "Bitcoin bottom" has spiked significantly since the start of November. It is usually not a great sign when we see mainstream hype around a market bottom.

Some on-chain analysts are calling out a bottom based on the dip in the Net Unrealized Profit and Loss (NUPL) tracker. The indicator currently shows a negative reading, meaning more BTC investors are underwater than in profit. The levels are close to the previous cycle low of 2018.

However, the most recent positive cycle was in the midst of a global bull market thanks to COVID-19-induced quantitative easing. Now, it's time to face the adverse effects of quantitative tightening, which should last until the first quarter of 2023. Moreover, a major catastrophe like the FTX collapse hasn't occurred since Mt. Gox hack in 2014. In my opinion, the contagion effects of the collapse are yet to reveal themselves.

In terms of short-term moves, the Token Age Consumed metric, which tracks the movement of large, old wallets, has recorded a spike over the past few hours. The spike alludes to a pending move of between \$1,500 to \$2,000. The exchange flow indicator is not providing any clues for the direction of the move.

Technically, the \$16,500 level is the strongest form of support before sellers take over. A breakdown of the \$16,000 level will risk bearish targets of \$16,000 and \$15,500. I still think \$18,000 makes more sense before \$16,000, and this latest downtick is a stop hunt of long orders.

Short-term: Bearish

A new sell signal was issued on 11. 16. 2022

Now expecting a technical test of \$18,200 to \$18,500.

Open Sell Position: \$18,200

Target/Take Profit: \$13,000

Stop Loss: \$19,890

You can find instructions on how to Buy BTC on Binance US [here](#)

You can find instructions on how to Buy-Sell BTC on Coinbase Pro [here](#)

You can find instructions on how to Short BTC on Kraken [here](#)

*Be aware that margin call levels depend on the exchange-specific liquidation ratio and the leverage size of the position. It is recommended that investors use a margin calculator in order to properly set stop loss parameters.

You can find instructions on how to Trade on Margin [here](#)

Medium-term: Neutral

The correction has happened and the medium-term signal is now activated.

Open Buy Position: \$21,000

Target/Take Profit: 63,000

Stop: \$5,000

Long-term: Bullish

The Long-term signal is now activated.

Open Buy Position: \$27,000

Target/Take Profit: \$90,000

Stop: \$3,000

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Nathan has been trading Forex, commodities, and equities since 2007, and is highly-experienced as a cryptocurrency trader. Before joining SIMETRI Research, he was a professional trader for a boutique hedge fund based in London and Sydney. His day-trading and trend following systems, along with solid risk management, allowed him to excel as a trader from 2013 to 2018. Nathan holds a degree in Finance and has an extensive background providing research to proprietary trading houses and fund managers.

Pro BTC Trader is institutional level research for Bitcoin brought to you by our lead technical analyst, Nathan Batchelor.

ABOUT THE AUHTOR

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