

Weekly Crypto Analysis: Will the Narrow Range End?

Last week, the focus among investors was the World Economic Forum (WEF) meeting in Davos, and the central banks of Europe (ECB) and Japan (BoJ) which had monetary policy decisions to make.

At the Davos meeting, investors wanted to hear the opinions of finance and political leaders on the issue of cryptocurrencies.

Of all the interviews I watched, the answer to this question was the same. Most of them had no confidence on the current cryptocurrencies but had all the confidence on the underlying blockchain technology.

On Friday, renowned economist, Nouriel Roubini who predicted the 2008 crash, poured cold water on the idea that blockchain would be a game changer. In an opinion article on Project Syndicate, he argued that blockchain technology's only product, cryptocurrencies, was a fad. On bitcoin, he wrote that, like in all bubbles, people were buying bitcoin not because of its usefulness, but on the hope that it would appreciate in value.

Among the cryptocurrency enthusiasts, last week was also the week when they received the first ratings. On Wednesday, Weiss Ratings released ratings on most cryptocurrencies, which showed that ethereum was among the best with a rating of B. Ripple and bitcoin had a C.

Another significant event from last week was on Coincheck. On Friday, the Japanese exchange halted all trading and withdrawals on its platform bringing panic to the market.

After weeks of turmoil, the cryptocurrencies market could see some stabilization this week. Traders will pay close attention to the upcoming Fed meeting and their press conference which will happen on Wednesday. They will want to hear the thinking among the Fed officials about cryptocurrencies and their plans to counter them.

This week, they will also focus on South Korea. In the past few weeks, the country has initiated a crackdown on cryptocurrency exchanges, which has seen the closure of a few exchanges. The finance ministry has also threatened to follow China's example and shut down the exchanges.

Recently, the blockchain community in South Korea has initiated steps to improve their trust with the regulators. They have formed an organization called Korean Blockchain Association, which has so far attracted more than 66 members. Some of the largest exchanges like Upbeat, Bithump, and CoinOne are members. This week, the organization will talk to government agencies on how to move forward on improving the cryptocurrencies industry in the country.

To traders, the move by the South Korean exchanges is a positive one. Potentially, it could help the cryptocurrencies move from the narrow price range we have seen in the last few weeks.

Against the dollar, ethereum is currently trading at a narrow range which means a new trend could be formed in either direction. If it moves higher, traders should watch out for the resistance area of \$1259.83. If the pair moves lower, they should look at the support area of \$1178.32.



The same could happen to bitcoin, which has been struggling to find direction. A move downwards could see the pair touch the week's low of \$9215 while a move upwards could see it touch the week's high of \$12927 or the monthly high of \$15,05.

