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Document

# CRYPTO BROKER MONTHLY ROTATION REPORT



CRYPTO BROKER

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## 1 Rotation Analysis

### Market correction

Altcoins have been trading in a wide range: approx. 15% between 60 and 70. We have therefore revised the support and resistance levels. ETH was on a roller coaster ride in terms of price movement: USD 320 and USD 480. The MID Index and Shit Index experienced a similar market environment, as the DeFi space began to correct and consolidate. The MID Index eventually began trading in a narrow bandwidth, with good potential to break the resistance level of 82.50. The SHIT Index has shown strength during the course of the market correction that began in September; it has recovered very quickly.

During the last 30 days, there has been quite a shift in sector performances. Platform and Interoperability are still among the winners, but Exchange, Entertainment, and File Storage outperformed all of the sectors. The ongoing DeFi hype is serving to create many new interesting projects. This has led to the relevant coins being traded on decentralised platforms and finally being listed on centralised exchanges.

Attached you will find our short-term view on support and resistance levels for all three indices:

Alt: Support 63.50 / Resistance 70.00

Mid: Support 77.40 / Resistance 82.50

Shit: Support 104.00 / Resistance 122.00

Alt (4h): <https://www.tradingview.com/x/kzIUctjU/>

Mid (4h): <https://www.tradingview.com/x/O3KoCv6t/>

Shit (4h): <https://www.tradingview.com/x/e1YWcAFg/>

In general, trading volume has been high, but also very volatile due to the current market situation. The volume peaked during the market correction at the beginning of September. The MACDs for BTC have not changed greatly and remain in an oversold zone. It has been another month of smaller coins being in favorr, but due to the market corrections they shifted from overbought to the neutral zone. Coins ranked between 2 and 50 remain overbought. Correlation has smoothed out a bit, but this very much depends on the sector in question and on which coins are specifically being compared to each other.

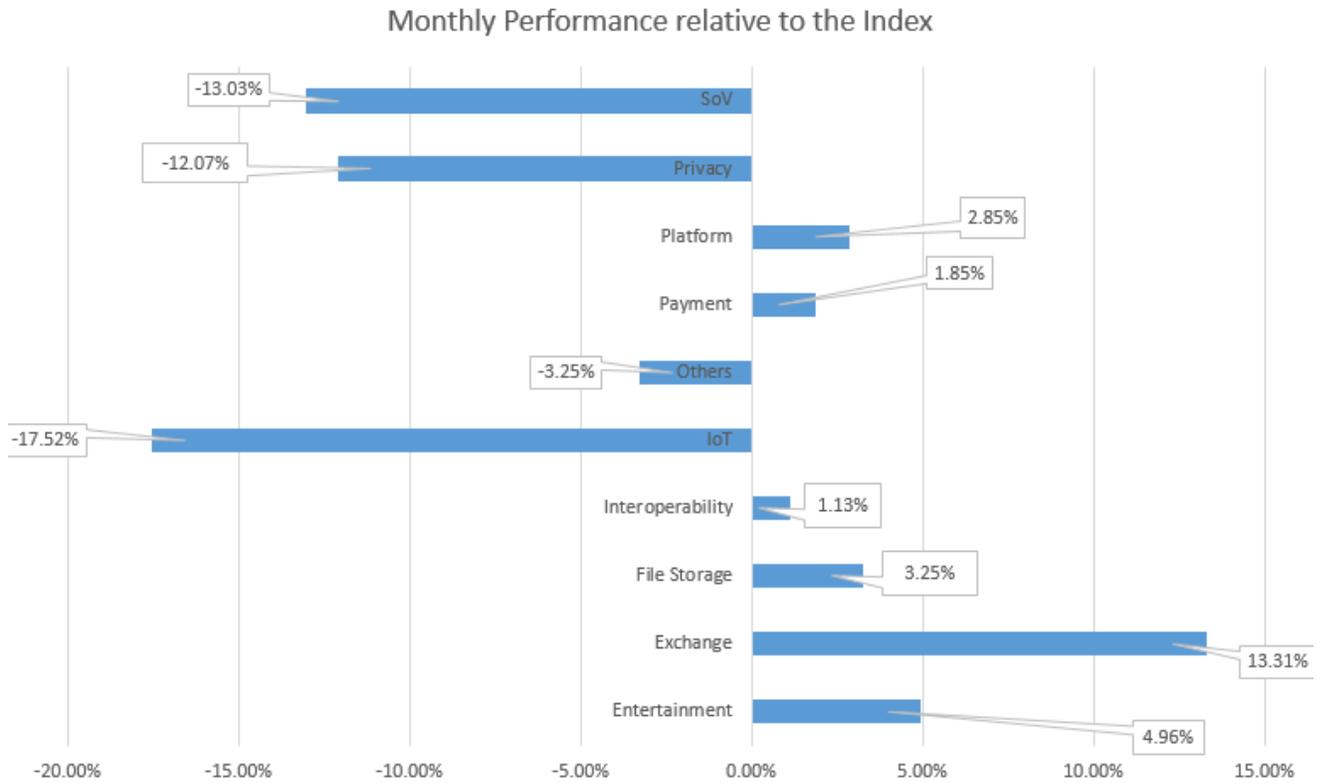


Figure 1: Sector Rotation

## 2 Altcoin Futures Basis Analysis

The overall situation for term futures has changed from contango to neutral; we are sometimes even seeing backwardation depending on the market situation. The September expiry is coming up soon, and the premium has nearly evaporated. Longer term futures are still trading with a slight premium between 1% and 1.5%.

Altcoin term futures moved in a similar fashion, and gave up a rich premium; some of them are clearly trading in backwardation.

The market correction that began in September has changed the picture quickly, and the overstretched situation has been eased for the moment. As the market showed strong support and resilience over the last couple of days, there is a very good chance that the premiums will build easily again.

ALTCOIN FUTURES BASIS																		
Expiry Sep-20																Dec-20		
	BTC\$	Δ	ETH\$	Δ	LTC\$	Δ	XRP\$	Δ	BCH\$	Δ	EOS\$	Δ	TRX\$	Δ	ADA\$	Δ	BTC\$	Δ
Kraken	-1.23%	-1.12%	0.03%	-0.24%	-0.59%	-0.40%	-0.45%	-0.03%	-1.23%	-1.12%	-	-	-	-	-	-	-	-
FTX	0.10%	-0.02%	-0.07%	-0.04%	0.53%	0.13%	-0.19%	-0.10%	0.18%	-0.09%	0.16%	0.93%	-0.38%	0.74%	-0.58%	-	1.72%	-0.18%
BitMEX	0.14%	0.03%	0.33%	0.25%	-0.41%	-0.14%	-0.88%	-0.30%	0.18%	0.12%	0.10%	-0.01%	-0.47%	1.51%	-1.05%	0.27%	0.64%	0.03%
	LINK\$	Δ	ALGO\$	Δ	ETC\$	Δ	MATI\$	Δ	DOGE\$	Δ	ATOM\$	Δ	TOMO\$	Δ	XTZ\$	Δ		
FTX	-0.17%		-0.47%		-2.10%		-0.91%		0.45%		0.39%		0.38%		0.66%			

Figure 2: Altcoin Futures Basis Overview

### 3 Top Ten Comparison

#### Comparison of the top ten cryptocurrencies

CCY	30d close change vs BTC	90d close change vs BTC	% down ATH vs BTC (daily close)	Vola daily ret. vs BTC (60d, ann.)	Vola daily ret. vs USD (60d, ann.)
ETH	2.05% (-13.41)	41.66% (-21.90)	-15.31%	63.18% (+8.16)	89.06% (+15.15)
XRP	-4.71% (+2.24)	16.12% (-2.29)	-76.56%	46.41% (-4.60)	69.75% (+2.29)
LINK	1.66% (-75.25)	201.96% (-17.92)	-24.91%	162.18% (+9.18)	171.21% (+16.37)
BCH	-12.93% (-2.74)	-14.85% (-1.29)	-77.45%	48.81% (+3.38)	85.14% (+12.28)
DOT	nan% (-)	nan% (-)	-18.06%	299.64% (-26.25)	308.21% (-20.44)
BNB	21.40% (+6.75)	40.52% (+16.46)	-48.88%	71.93% (+21.15)	85.52% (+31.47)
LTC	-3.89% (-3.21)	0.21% (-5.28)	-74.44%	53.13% (+3.92)	89.53% (+13.51)
BSV	-12.03% (+6.95)	-16.52% (+7.05)	-65.43%	48.27% (-19.60)	85.35% (-9.15)
CRO	2.45% (-0.61)	33.58% (-26.43)	-43.39%	28.01% (-1.61)	53.27% (+8.29)
BTC vs USD	-12.28% (-15.54)	9.88% (-6.59)	-21.31%	-	53.06% (+7.40)

Table 1: Data source: Coinmarketcap; change to last month in parentheses

#### 60-day Pearson correlation of daily close prices

	BTC	ETH	XRP	LINK	BCH	DOT	BNB	LTC	BSV	CRO
BTC	-	<b>0.93 (-0.04)</b>	<b>0.95 (-0.01)</b>	<b>0.72 (-0.08)</b>	<b>0.90 (-0.04)</b>	<b>0.14 (0.45)</b>	<b>0.84 (-0.1)</b>	<b>0.97 (-0.01)</b>	<b>0.72 (-0.05)</b>	<b>0.93 (-0.01)</b>
ETH	<b>0.93 (-0.04)</b>	-	0.94 (-0.02)	0.81 (-0.04)	0.73 (-0.15)	0.42 (0.09)	0.92 (-0.05)	0.90 (-0.06)	0.52 (-0.17)	0.88 (-0.05)
XRP	<b>0.95 (-0.01)</b>	0.94 (-0.02)	-	0.72 (-0.07)	0.86 (-0.07)	0.10 (0.49)	0.85 (-0.09)	0.93 (-0.02)	0.71 (-0.08)	0.84 (-0.04)
LINK	<b>0.72 (-0.08)</b>	0.81 (-0.04)	0.72 (-0.07)	-	0.47 (-0.17)	0.31 (0.04)	0.77 (-0.07)	0.68 (-0.1)	0.19 (-0.17)	0.68 (-0.1)
BCH	<b>0.90 (-0.04)</b>	0.73 (-0.15)	0.86 (-0.07)	0.47 (-0.17)	-	0.01 (0.62)	0.61 (-0.23)	0.91 (-0.03)	0.93 (0.01)	0.80 (-0.03)
DOT	<b>0.14 (0.45)</b>	0.42 (0.09)	0.10 (0.49)	0.31 (0.04)	0.01 (0.62)	-	0.30 (-0.17)	0.10 (0.43)	-0.05 (0.51)	0.44 (-0.23)
BNB	<b>0.84 (-0.1)</b>	0.92 (-0.05)	0.85 (-0.09)	0.77 (-0.07)	0.61 (-0.23)	0.30 (-0.17)	-	0.80 (-0.13)	0.42 (-0.24)	0.78 (-0.15)
LTC	<b>0.97 (-0.01)</b>	0.90 (-0.06)	0.93 (-0.02)	0.68 (-0.1)	0.91 (-0.03)	0.10 (0.43)	0.80 (-0.13)	-	0.72 (-0.02)	0.92 (-0.01)
BSV	<b>0.72 (-0.05)</b>	0.52 (-0.17)	0.71 (-0.08)	0.19 (-0.17)	0.93 (0.01)	-0.05 (0.51)	0.42 (-0.24)	0.72 (-0.02)	-	0.58 (-0.04)
CRO	<b>0.93 (-0.01)</b>	0.88 (-0.05)	0.84 (-0.04)	0.68 (-0.1)	0.80 (-0.03)	0.44 (-0.23)	0.78 (-0.15)	0.92 (-0.01)	0.58 (-0.04)	-

Table 2: Data source: Coinmarketcap; change to last week in parentheses

## 4 Volatility and Correlation Comparison

Annualised volatility of daily returns (running 60 days, EWMA smoothed with lambda 0.85)

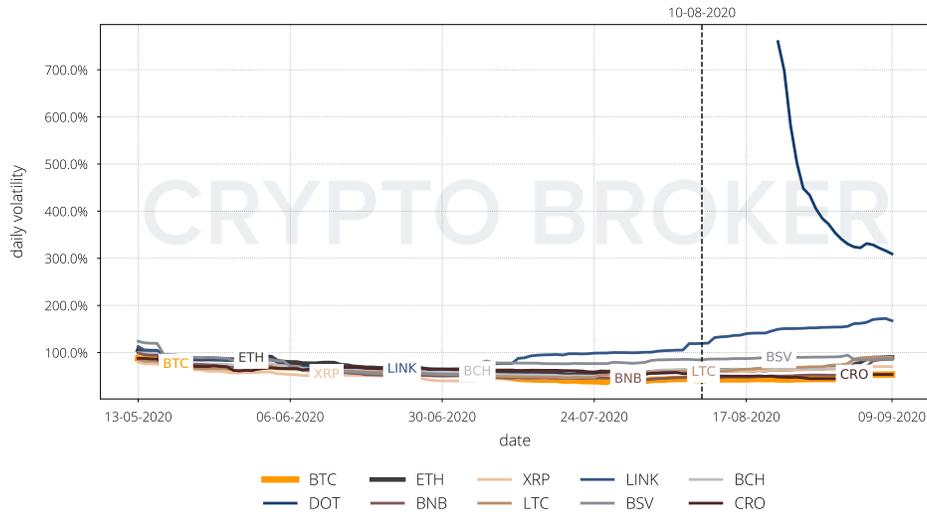


Figure 3: Volatility comparison; Data source: Coinmarketcap

Correlation of daily close prices to bitcoin (running 60 days, EWMA smoothed with lambda 0.85)

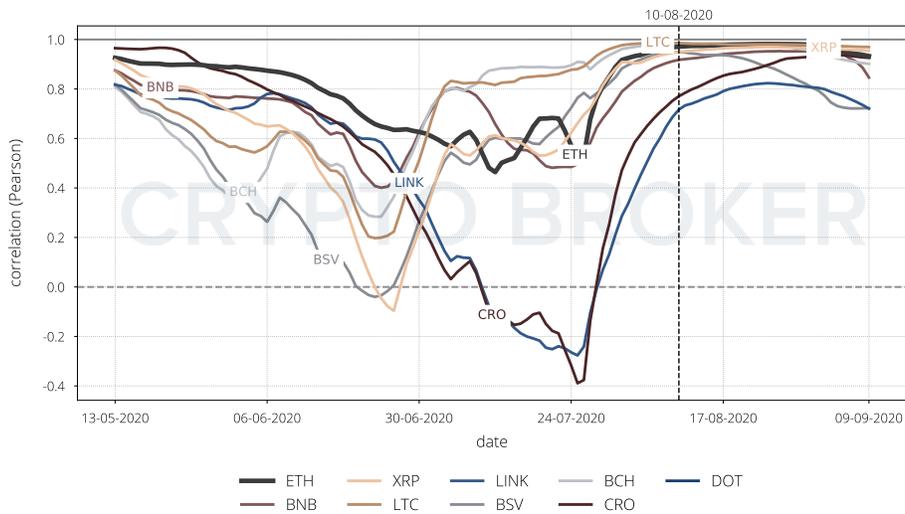


Figure 4: Correlation comparison; Data source: Coinmarketcap

## 5 ETHBTC 4h Technical Chart Analysis



Figure 5: Data source: Bittrex; Chartsystem: Tradingview

ETHBTC is a good DeFi health barometer

So, we had our first parabola break in the DeFi sector. The ETHBTC chart shows this very nicely (red circle). The market tanked as quickly as it had gone up just days before. The 0.031 and 0.033 levels worked well as support during the fire sale.

In my view, the 0.033 level needs to hold on a daily closing, otherwise we will be due for a bigger correction to the downside. To get a better view of the upside target, we need to zoom out and look at the daily chart. Currently, we are sitting on top of a very large liquidity pool. The topside resistance looks to be between 0.040-0.042. If we can push through this level, there is a liquidity vacuum up until 0.055, which would be my most likely target.

It looks like it is a long way up, but during the beginning of the DeFi hype, we saw the brutal force that DeFi has exerted on ETH. I recommend you keep an eye on the ETHBTC levels and regularly check your Twitter feed. If you see the combo of breaking through the resistance and a lot of chatter about DeFi, then fasten your seatbelts!

ETHBTC chart 4h <https://www.tradingview.com/x/TMuuA8LB/>

ETHBTC chart daily <https://www.tradingview.com/x/yWnVASKU/>

## 6 Market Capitalisation Overview

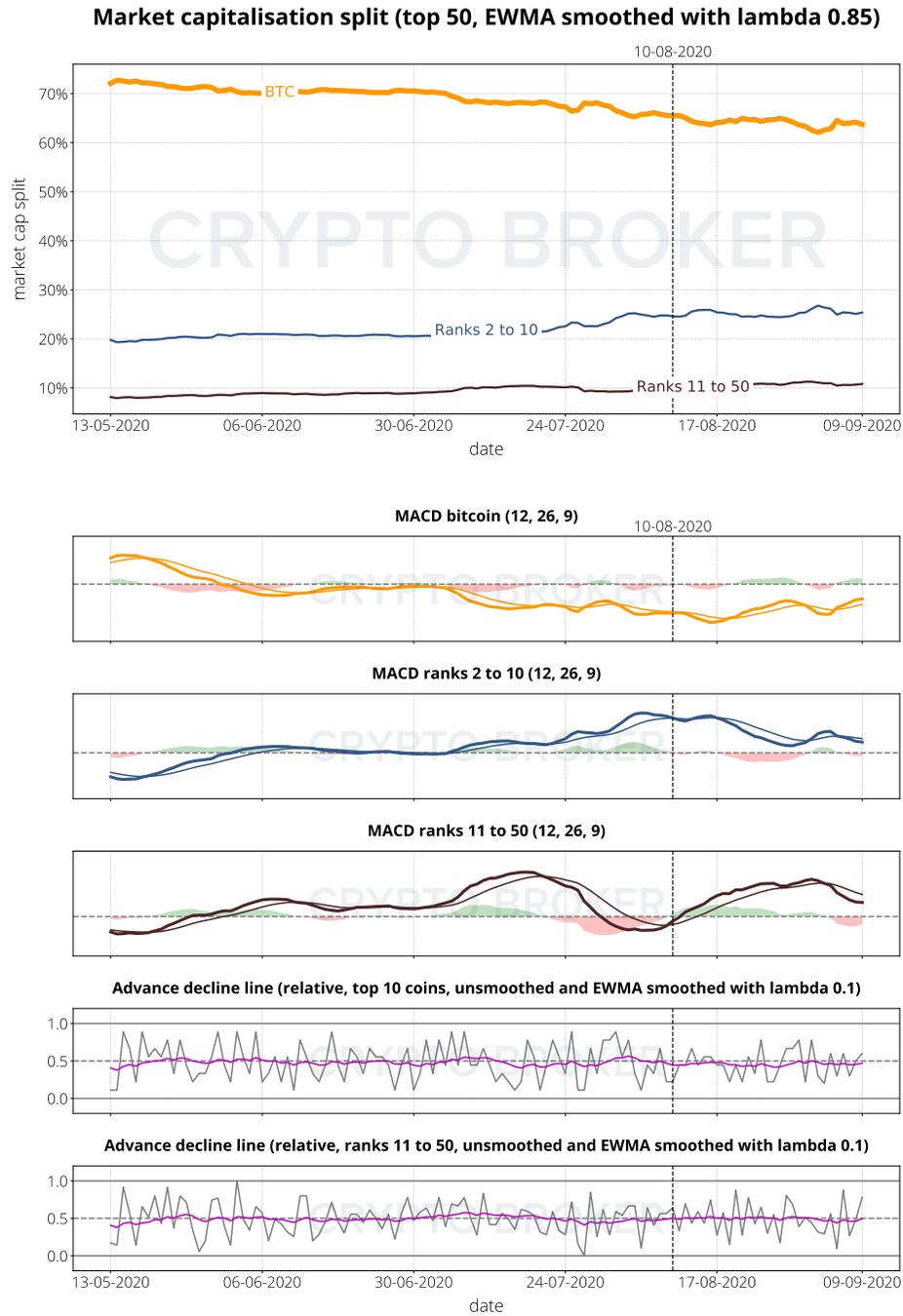


Figure 6: Market capitalisation overview; Data source: Coinmarketcap

## Glossary

**Advance Decline Line** - shows the ratio of coins for which the market capitalisation increased relative to the market capitalisation of bitcoin for each day.

**ATH** - all time high (maximum lookback period of 730 days).

**Data source** - tables and charts are based on daily close prices provided by Coinmarketcap.

**EWMA** - exponentially weighted moving average.

**MACD** - moving average convergence/divergence is a popular technical indicator to identify trends in the underlying instrument. It consists of the MACD and signal line, and the area shown in the background. The MACD line (strong) is the difference of two exponential moving averages, which are defined by the first and second parameter of the indicator. The signal line (weak) is the exponential moving average of the MACD line defined by the third parameter. The area in the background illustrates the difference between the MACD and signal line.

**Pearson Correlation** - quantifies the linear relationship between two variables.

**Spearman Correlation** - quantifies the monotonic relationship between two variables. As such, the Spearman Correlation is based on the ranked values of each variable and is used to detect non-linear relationships between the two.

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