

## ETH/USD Price Analysis \$1,700 Broke... What Next?

### Foreword

As stated in our last article, this is written from the perspective of a long-term ETH holder. The goal of this analysis is to examine the market for a potential buying opportunity while assessing how bad the bear market may truly get. This analysis is for informational purposes only, the only investment advise I will give is the following... Do not over-leverage your holdings or invest any capital in this space you are not truly ready to lose in its entirety. It is a wild world out there.

### Recap

Here is where we ended our last analysis on May 9<sup>th</sup>, 2022...

“The \$1,700 level is highlighted on the chart, because that is our best guess for where we are headed if \$2,150 does not hold this week. This was the final reversal point in January of this year after the late Q4 sell-off and has served as a support level multiple times since. Many may be watching the psychologically important \$2,000 per ETH. But we believe the market will have made up its mind about its direction if \$2k is tested.

In summary, there will likely be a decisive move to the \$1,700 level if this year’s low of \$2,163 does not hold. Do not wait till the \$2k level to position yourself in this market.”

We feel this analysis held up relatively-well in hindsight. ETH did not hold \$2k for long when tested and \$1,700 did serve as a short-term support as you can see from our first chart today. However, we should have gone one step further and indicated the potential for an aggressive near-term downtrend if \$1,700 did not hold. The break of \$1,700 support in ETH/USD is where we will begin today’s analysis.

This analysis is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The information, opinions and views contained herein have not been tailored to the investment objectives of any one individual, are current only as of the date hereof and may be subject to change at any time without prior notice. Crypto Learn Lab does not have any obligation to provide revised opinions in the event of changed circumstances. All investment strategies and investments involve risk of loss. Nothing contained in this analysis should be construed as investment advice. Any reference to an investment’s past or potential performance is not, and should not be construed as, a recommendation or as a guarantee of any specific outcome or profit.

Any ideas or strategies discussed herein should not be undertaken by any individual without prior consultation with a financial professional for the purpose of assessing whether the ideas or strategies that are discussed are suitable to you based on your own personal financial objectives, needs and risk tolerance. Crypto Learn Lab expressly disclaims any liability or loss incurred by any person who acts on the information, ideas or strategies discussed herein.

The information contained herein is not, and shall not constitute an offer to sell, a solicitation of an offer to buy or an offer to purchase any securities, nor should it be deemed to be an offer, or a solicitation of an offer, to purchase or sell any investment product or service.

## ETH/USD Price Analysis \$1,700 Broke... What Next?

### Industry-wide Liquidity Crunches



As mentioned in the recap, there was an aggressive sell-off once the \$1,700 support level broke in the ETH/USD chart. Now the questions become, **how low can ETH/USD go? When will it be safe to re-enter a long position in this volatile market?**

Before diving into a technical analysis of ETH/USD charts, we would be remiss to not mention the contagion breaking out in crypto lending markets with Celsius freezing withdrawals, 3 Arrows Capital (3AC) facing insolvency, and other major players dealing with rippling liquidity crunches and potential liquidations with counter-parties. The 'run-on-the-banks' scenario currently in play does not bode well for price action, but watch for sentiment to reverse quickly.

Compounding issues, there are concerns about accessing the liquidity of staked ether on the Ethereum 2.0 beacon chain. The Lido Protocol offers a 'liquid' version of staked ether, stETH, which is utilized as collateral throughout decentralized finance. However, now the market is questioning whether 1 stETH should really be worth 1 ETH with the current liquidity situation and risks related to 'Merging' Ethereum. **Discounted stETH (currently at a 6% discount) stacks pressure on distressed borrowers, and could continue to 'break banks' across the industry.**

This analysis is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The information, opinions and views contained herein have not been tailored to the investment objectives of any one individual, are current only as of the date hereof and may be subject to change at any time without prior notice. Crypto Learn Lab does not have any obligation to provide revised opinions in the event of changed circumstances. All investment strategies and investments involve risk of loss. Nothing contained in this analysis should be construed as investment advice. Any reference to an investment's past or potential performance is not, and should not be construed as, a recommendation or as a guarantee of any specific outcome or profit.

Any ideas or strategies discussed herein should not be undertaken by any individual without prior consultation with a financial professional for the purpose of assessing whether the ideas or strategies that are discussed are suitable to you based on your own personal financial objectives, needs and risk tolerance. Crypto Learn Lab expressly disclaims any liability or loss incurred by any person who acts on the information, ideas or strategies discussed herein.

The information contained herein is not, and shall not constitute an offer to sell, a solicitation of an offer to buy or an offer to purchase any securities, nor should it be deemed to be an offer, or a solicitation of an offer, to purchase or sell any investment product or service.

## ETH/USD Price Analysis \$1,700 Broke... What Next?

### ETH\_USD Technical Analysis



Taking a look at the 1-year chart, we overlaid a Fibonacci fan on the early '22 retracement from the all-time ETH\_USD high of \$4,900 to the local low of \$2,150. Extending the fan to today's price action, it seems the price has remained nicely bound between the 50% and 61.8% trend lines. In fact, looking at this Fibonacci fan, we can even see there was signal of new lower price discovery when the 61.8% trend line flipped from support to resistance around \$2,500 on May 9<sup>th</sup>.

The market hovered near resistance at the 61.8% trend line until the middle of last week, where it moved sharply down to the 50% trend line support after the break of \$1,700 support. **The 50% Fib trend line is still currently functioning as support. However, a break below \$900 over this weekend will threaten the 50% trend line support, potentially flipping it to future resistance. Look for ETH\_USD to break above the 61.8% trend line and hold it as support before re-entering long positions.** Currently this is at about \$1,800.

This analysis is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The information, opinions and views contained herein have not been tailored to the investment objectives of any one individual, are current only as of the date hereof and may be subject to change at any time without prior notice. Crypto Learn Lab does not have any obligation to provide revised opinions in the event of changed circumstances. All investment strategies and investments involve risk of loss. Nothing contained in this analysis should be construed as investment advice. Any reference to an investment's past or potential performance is not, and should not be construed as, a recommendation or as a guarantee of any specific outcome or profit.

Any ideas or strategies discussed herein should not be undertaken by any individual without prior consultation with a financial professional for the purpose of assessing whether the ideas or strategies that are discussed are suitable to you based on your own personal financial objectives, needs and risk tolerance. Crypto Learn Lab expressly disclaims any liability or loss incurred by any person who acts on the information, ideas or strategies discussed herein.

The information contained herein is not, and shall not constitute an offer to sell, a solicitation of an offer to buy or an offer to purchase any securities, nor should it be deemed to be an offer, or a solicitation of an offer, to purchase or sell any investment product or service.