



Dear [REDACTED]

Welcome to the March edition of the Newsletter. The focus on this edition will be to point the minimum conditions required for recovery in the markets, in particular for Crypto's.

Not much beating around the bush, I have more to show than to tell you and I will keep this edition brief and concise.

The purpose and rationale is to look at only the most relevant charts, with a simple strategy to follow so that you can make your own conclusion in the end.

Hence, we will cover the following charts in this edition, starting with the Macro through Gold, US Equities (S&P and Nasdaq) and the US Dollar.

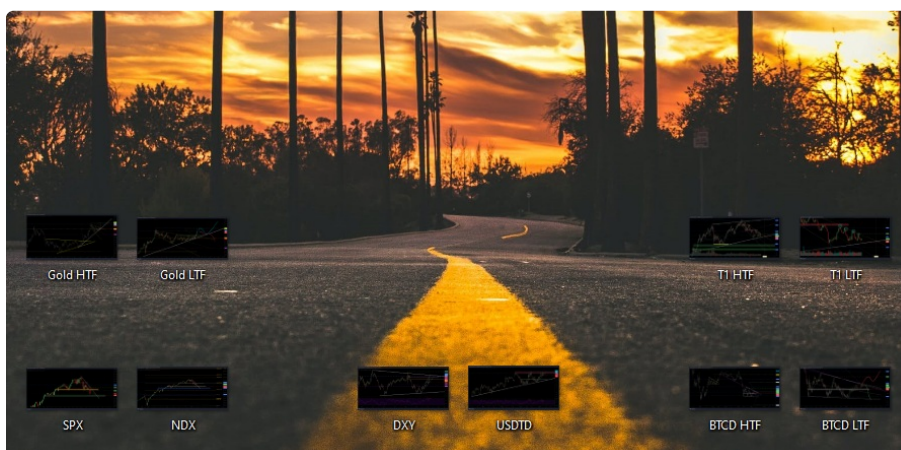
Then transition to Crypto with USD Tether, Crypto Total and the Bitcoin Dominance chart.

The framework is illustrated below. Once all the ducks line up, the hunting season for Crypto's can begin.

Cheers,

Faro

Macro & Crypto Visual Framework



Global Macro Section - Gold, S&P500, Nasdaq, US Dollar (DXY)



Gold - High Time Frame

Key Points on Gold from previous Public Newsletter:

*It is very close to the Apex of its pattern it has been forming since August 2020 and is expected to break **by end of February this year at latest.***

We saw that when it broke out in Summer 2019 that it preceded a massive run in Crypto's which you can argue we are still in.

In the current context where the official inflation numbers are now 7% on year basis, as shared by the Federal Reserve last week I would almost say it is "expected" to break to the upside.



Gold - Low Time Frame

Gold did indeed break-out to the upside and had quite an explosive move, technically reaching its first target of \$2050 already from the broadening Megaphone pattern.

After busting through \$2000 (key psychological level) it is holding up strong and my expectation is for it to potentially cool a bit off as it reached target and is now pulling back from a bit in the short-term. But for it to ultimately resume its ascend.

It has a clear supporting trendline (white diagonal line) as is visible in the HTF chart above. The pace of its rise could pick-up after breaking the previous All Time High of \$2075. Therefore, probabilities are much higher it following the blue trajectory rather than the red one.

I should also mention that although Gold did break to the upside, I expected Bitcoin to follow Gold more promptly but

it's showing to be more correlated to Equities rather than Metals (and Commodities) for now...



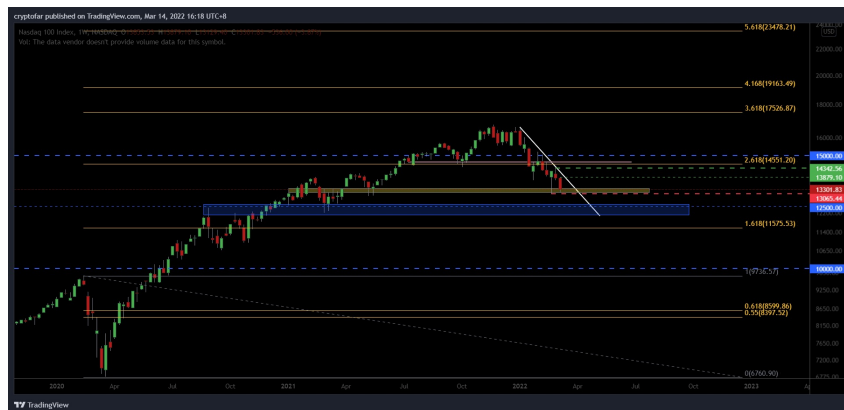
S&P 500 (SPX)

The S&P chart looks more like most Crypto charts and that should tell you a few things. The more dangerous strategy would be to try to pick the bottom, but since the previous support area of ~4300 broke, it's now resistance.

Therefore, the safest approach would be to wait for the following to happen:

1. The white trendline needs to be broken first
2. The previous swing high/lower high broken afterwards (4417)
3. Previous resistance area (orange box) to be reclaimed as support, which in this case will likely happen once previous swing high is broken.

This technical setup will be the same for the Crypto and Nasdaq charts.

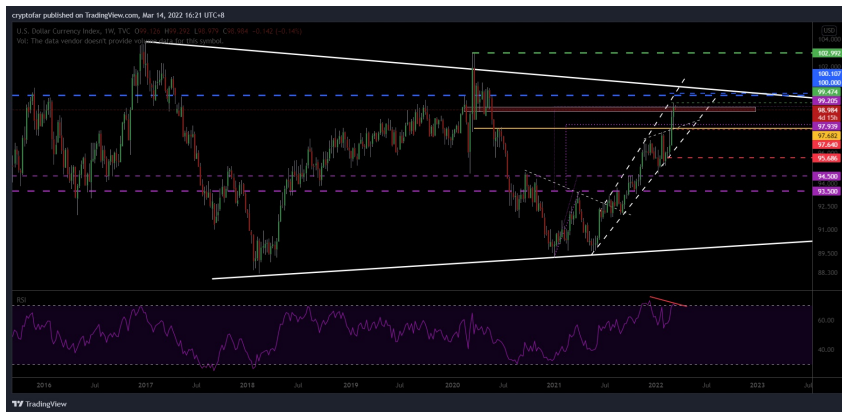


Nasdaq (NDX)

For Nasdaq the previous swing high/lower high is at 14343. While it is tempting to pick some key potential support levels here, such as the 12,500 level (which coincides with the next area of horizontal support and is the median between two psychological levels: 15,000 and 10,000).

Then there is also the ~11,600 level which is the 1.618 Fib level taken from the 2020 Covid downtrend.

Nevertheless I'd say, unless the price would get to those levels, it will be safer to wait for the white trendline to be broken here as well.



US Dollar (DXY)

The DXY chart is potentially good for Crypto's as it's currently at confluence of a few key levels, which increase the probabilities of a reversal.

We have three main reasons for thinking so:

1. It reached its inverse head & shoulders target from both the 93.5 and the 94.5 level by breaking 98 and 99 respectively.
2. It's approaching the key psychological level of 100 which acted as resistance in 2020 and 2017.
3. The RSI is oversold on the weekly and has a bearish divergence which is notable.

The level where a reversal would be invalidated and which could signal further upside for the US Dollar would be if it takes out the previous swing high on the weekly at ~103.

Crypto Section - Crypto Total, BTC & USDT Dominance



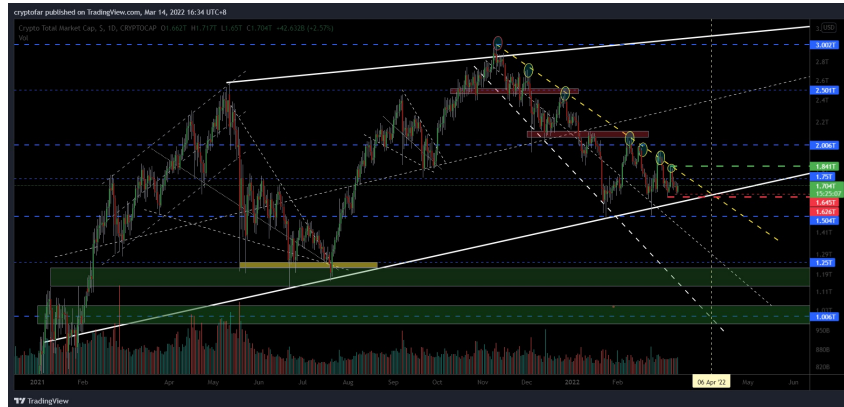
USD Tether (USDT) Dominance

The Tether dominance chart is personally one to keep a close eye on because it resembles the DXY chart, but is much cleaner. Looking at this chart in 2021 would have caught you both the top and the bottom, but that's besides the point.

Breaking the white trendline here which currently acts as support is key. Whilst it is looking stronger (=more bearish

for Crypto) in this case at the top compared to last summer, there is also a more significant RSI divergence which we also saw on the DXY.

Again here, my personal preference and safest signal would be to wait for the white trendline to be broken to the downside.



Crypto Total Market Cap (Total1) - High Time Frame

The Crypto Total chart is one which was shared numerous times in the private community as well on Twitter and LinkedIn.

The key here is also for the trendline to be broken (Yellow) which has been tested now a few times. The rejections are indicated in the little circles.

Just like with the Gold chart before it broke out, we have a technical deadline, which is first week of April, before a resolution has to be made either to the upside or downside.

There is a chance of a fake-out (to either sides) before the move will take place. Therefore also here I would rather wait for the trend to be broken and the swing high/lower high to be taken out at \$1.841 Trillion.



Crypto Total Market Cap (Total1) - Low Time Frame

The series of lower highs can be clearly observed on the lower time frame. It also demonstrates that buying after a pump without the previous swing high being taken out has been dangerous as the market has been volatile in recent weeks.

For now there's no need to be looking at the Bitcoin chart, simply because the data is more cohesive and the chart is cleaner on the Total chart.



Bitcoin Dominance (BTC.D) - High Time Frame

Finally the last chart to look at is the Bitcoin Dominance to further assess a potential inflection point in the market.

One thing which stands out to me is the major purple trendline which (although technically not valid because it's drawn through the candles). But nonetheless it's been acted as resistance so far and could potentially continue to do so.

In this case, the technicality can be discarded because connecting the three previous lower highs (white trendline) is almost overlapping with the purple. So both lines will give the same outcome.



Bitcoin Dominance (BTC.D) - Low Time Frame

Looking closer we see that it's approaching the purple resistance line (and the 45% psychological level). If it acts as resistance again, this will be good for Crypto's as Altcoins will outperform BTC (Green scenario).

Whilst this would be nice to happen, if it doesn't it could continue to trend up and if also breaks the previous swing high/lower high at ~48%, then this could signal a shift which would be overall bearish (Red scenario).

In both cases the inflection point seems to also align with April here.

This brings some validity that something big (and hopefully positive) could be brewing up.

Still, you have to be prepared for anything and I will end it with the following quote:

"There's a war going on outside no man is safe from. You can run but you can't hide forever."

~Mobb Deep



Dear [REDACTED]

Thank you for your support!

Stay grinding and if you need any help, contact me freely.

Cheers,

Faro



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