



Dear [REDACTED]

A warm welcome to the **first Newsletter of 2022** and the first in what's been a while!

In the hopes of making it up to you after a three month pause with the newsletters, I could only do it by giving you my most exquisite piece of analysis I have yet created - *if I may say so*.

In this edition I want to give you a full 360° degree analysis of everything you need to know of what is coming in the global financial markets, which will set the tone for what will be **a tough year**, hence the title.

In my worldview the time for easy money in Crypto's was 2020 and 2021. If you're thinking, well...wait a second both years were actually pretty tough to trade, given we had the Covid crash back in March 2020 and didn't get the \$100K BTC we all desired in 2021...

It's true. As it the nature of the markets unfortunately, the majority of the people were wrong and would have been best being diversified (outside of Crypto as well) and holding quality only Crypto's whilst keeping trading limited to long-term swings.

Does that mean it's all doom and gloom and we won't see **\$100K BTC** anytime soon? Well that is a tough question to answer right and I got some good news and bad news on that.

Please sit down, take a cup of coffee or tea depending on which timezone you are in currently and let me take you around the markets, where we will start with the Global Macro and end with **Crypto** as always.

Please take your time to read and digest the data (it's tad longer than usual) and I honestly don't know when the next issue will be, so no promises on my end.

Also make sure to read to the very end where I am sharing **3 Crypto projects** that I think will do well (relatively) regardless if we will be in a bull market or bear market.

Hope it makes you money and keeps you on the right side of the markets!

Much love,

**Faro**

# Global Macro



## Gold

All eyes will be on Gold this year as it has a **big move** coming up. As you can see on this chart from 2011 Gold hasn't been doing much after it broke out of \$1350 back in June 2019. It's price target from there was \$1760 which has now become a key level of significance where price is currently being supported on.

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

The direction of the move will have a large impact on the markets and Crypto's in particular. We should hope it will break up for Crypto's sake which it would confirm with price going above \$1900 and holding that level as support afterwards.

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.

However should it not that could mean trouble and potentially the start of a bear market for Crypto's if price would break below \$1670 in my eyes.

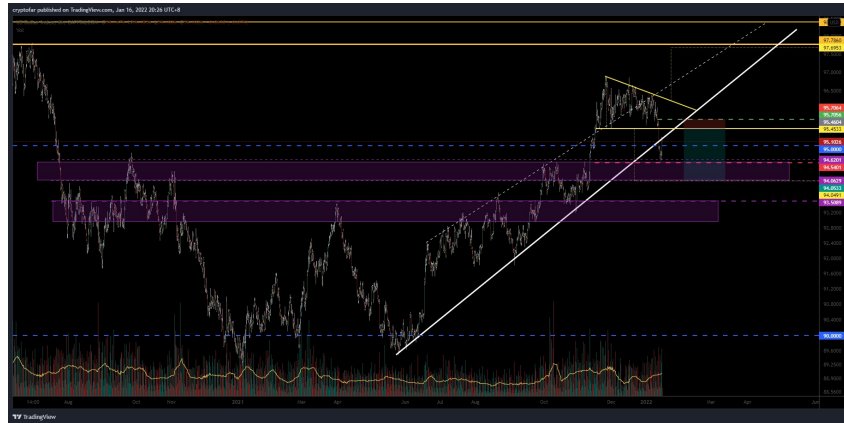


## Silver

To get a better view of the state of the metals let's look at the second largest one - Silver in shorter timeframe. We see that it's rejection at key price level of \$25 correlated

with the Top for BTC at \$69K and subsequent strenght in the US dollar. It is now in the bottom of it's range, whilst looking decent in the short-term and trying to create support above \$22, it is of utmost importance for it to break above and out of the descending trendline and establish itself above \$24.

On the other hand, **breaking below \$21 would mean trouble** and very likely be lead with what **Gold** will do.



## US Dollar

The US Dollar - also being called the "Godfather of the fiats" is the #1 Enemy of Crypto's due to it's mostly inverse correlation. This correlation is not always obvious and tradable due to it's limitation (being that it isn't that as easy that one chart will rule everything).

Having said that, we did see that when it broke the 94 level on November 10th where it was forming an inverse head & shoulders pattern since September 2020, that the Dollar surged to close to 97 which was correlated with the downside action in Crypto's.

Whilst it was expected for it to continue to march up having an outstanding target of 99 still active from it's inverse H&S break of 94 (which would have been negative for Crypto's as well as other FX such as Euro and those of Emerging countries and Precious Metals), that whilst also having to say it is on **weekly support currently and retesting the key 94 level**.

**It did break down in the shorter timeframe and if it will continue to do so that would be a net positive for Crypto's**. For now it is unclear as cases can be made for both Bulls and Bears. **Bears have the upper hand as long as it stays above 94 realistically, which should be a warning for Crypto's**.



## Euro

Just like with Gold and Silver, the closest second set of data available to us to assess what the US Dollar will likely do next is to look at the **Euro against the USD**. You can observe the inverse correlation here with the Dollar which makes the Euro somewhat of an ally to Bitcoin for the time being.

Note the complex head & shoulders (with two heads) and breakdown from \$1.17 which occurred end of September (first red circle), then retested the breakdown (second red circle) on November 1st.

Therefore, in hindsight we can clearly see the Euro chart gave a warning 10 days before the USD chart that Dollar strength was probable and could cause trouble for Bitcoin (and stockmarket/precious metals).

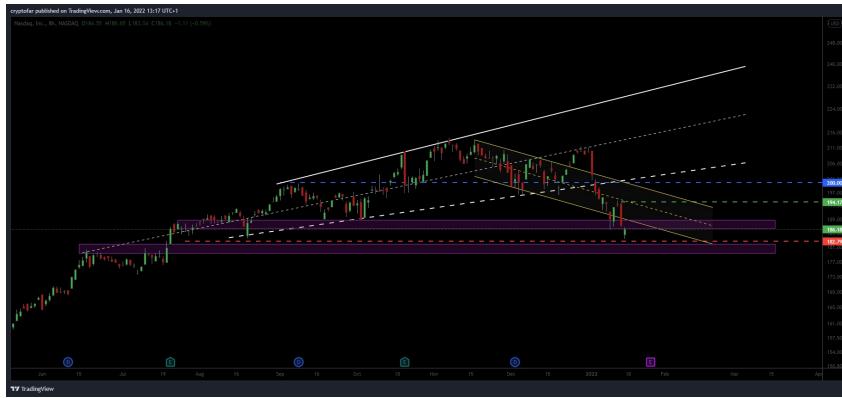
Furthermore, similar to the US Dollar the Euro also has an **outbound target active still from the H&S breakdown of \$1.10.**

For now it broke out to the upside just as the USD broke down which is good for Crypto's for now but **might it go back down and break below \$1.12** This would then be an indication that the bottom might not be in yet for Bitcoin.



## S&P 500

The S&P is in a clear uptrend still and has notable support still. Unless it breaks trend and as long as it keeps making new highs (as is the current expectation) it is of no major concern to Crypto's yet.



## Nasdaq

The Nasdaq (indication for the US Tech Sector) has been more correlated with Crypto's and has also seen a larger drawdown than the S&P, which makes sense due to the higher risk.

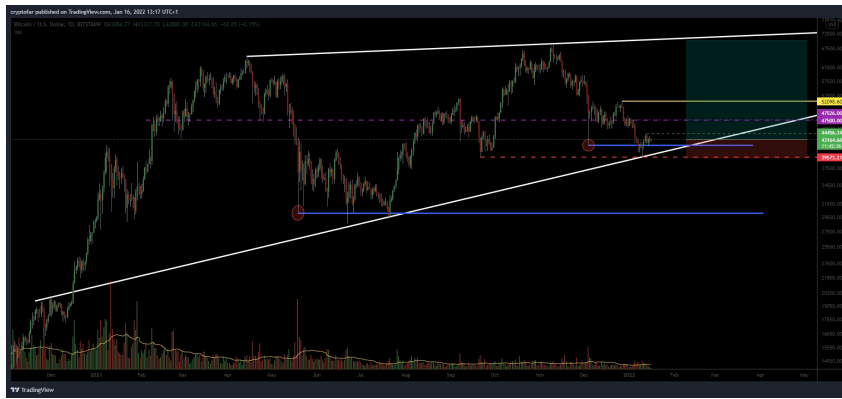
The chart might not look that great, but should also be of **no major concern yet as long as the S&P is in an uptrend**. Something you can't see on this chart but is important to mention is that the **Nasdaq has its current lowest daily RSI read since March 2020 Covid crash, which is bullish**.



## US Tech 100 (ETF)

Because I wanted to make sure I didn't misread the slightly "ugly" looking chart on the Nasdaq and jumping to any conclusions, I cross-checked it with the **US Tech 100 ETF** (consisting of 100 largest Tech companies).

This chart alone would make me sleep well at night, because it is in a **clear and beautiful uptrend channel and showing steady rise since Covid with healthy pullbacks before continuation to the upside**. Have a look for yourself and you can see that **the legs up are much longer duration and higher than the drawbacks**. Also here, **until it breaks the trend and the channel, the chart indicates to remain bullish and risk-on**.



## Bitcoin

This chart only shows **the most important key levels to watch** so you will know when to potentially run towards the exit or are still safe with your investment.

Please pay extra attention to the following info: As long as BTC keeps closing on daily basis above **\$42,000 it is safe**.

**\$42,000 is a key level** because of the following analogy. I'm sure some of you have noticed the similar fashion of how this pullback happened with the previous one last summer (From \$64K to \$30K).

Notice how, when it had its capitulation moment on May 19th (first red circle) the price of BTC was **\$30,000** and note that throughout the entire consolidation that followed which lasted around two months, the price did not close below the capitulation price of \$30,000 the entire time, except in the very end on July 21st but rose back above the very next day. This officially marked the **low and start of reversal**.

Now by applying the same method, we see that the more recent capitulation took place on December 4th (second red circle) bringing the price down to (you guessed it)...**\$42,000**. Notice again how the price did not close below \$42,000 and held above it each time (so far) **which is good**.

Now you can say who cares? And you have a point because there is **more good news**. Yes \$42,000 is crucial but **even if it closes a daily candle below** it is not yet doom and gloom **as long as \$40,000 holds** (preferably not even being pierced by a wick). If the price would come back down to \$40,000 I would start worrying because there is **nothing** that would stop it from dropping down straight back to **\$30,000**.

Trust me nobody wants to see that happen because not only would that be another 25% down but it would also **break the current rising structure** and for me this would all but surely **put a nail in the coffin for \$100K BTC in 2022**.

On the other hand \$30,000 for BTC wouldn't be the end of the world and many would be waiting to smash with cash for what would be another buying opportunity of a lifetime.

Let's make it clear, Bitcoin won't go up unless the major US Indices (S&P, Nasdaq) hold ground at the very least and preferably do reasonably well while Gold & Silver should break up, the Euro as well and the DXY down. This would

create the perfect environment for Crypto's.

Even if BTC were to hold the \$42,000 and break up from there, it needs to clear the **\$47,500 level** which is also a key price level that was previous support and has now turned into **resistance**. This would be the first milestone for BTC to accomplish.

But if we want to see **\$100K for Bitcoin this year**, then it needs to not only clear \$47,500 but also **\$52,100 and hold that level as support**. Meaning that even if BTC breaks above \$47,500 it can still roll-over and break \$40K.

Once BTC is above **\$53,000** the odds increase significantly and I would say a new ATH would be then coming soon.

Finally for \$100K BTC to happen in 2022 there is also the element of **time**. It would have to be above **the second blue line** significantly **by end of February**. And then, you should pray that **Gold won't break down**.



### Bitcoin Market Dominance vs Altcoins

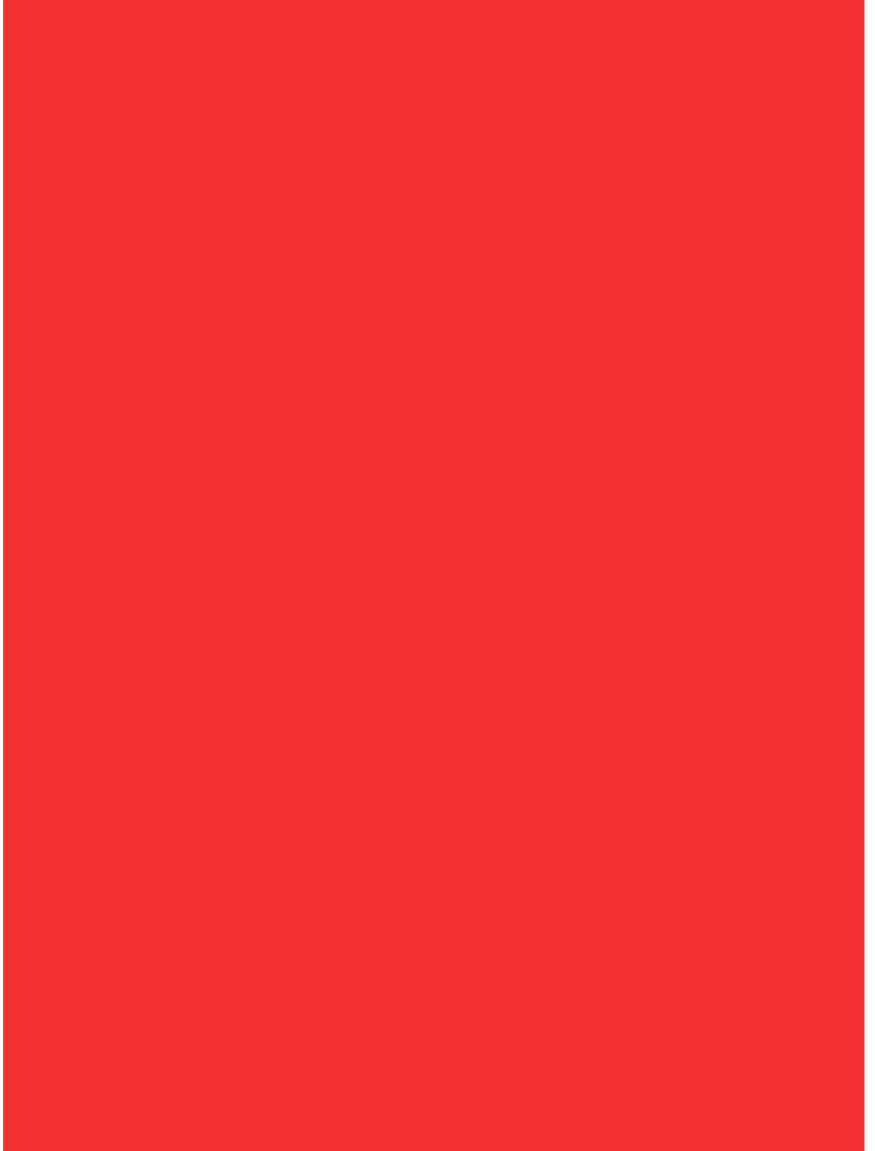
Bitcoin dominance is making lower lows as expected and has technically broken the **40% level** which served as support so far in May and September last year. It looks like it will continue sloping down, perhaps regardless if BTC will go up or down but that is a dangerous assumption to make. I think if BTC were to break the \$40K level that BTC dominance could surge to 45% but I'm not expecting it to go above that level. For now I'm assuming a slow trajectory down to 35% and for few select good Alts that play in the hot narratives (*L1, L2, Metaverse, Defi, NFT and Gaming amongst others*) to outperform.

**3 Crypto Gifts**

**Part of Premium Community**









If you found this having value kindly share the info with your friends and family to help them weather the storm! **Let them know Faro said "Keep an eye on Gold during Feb/March"**

Stay strong and remember that good creme, always rises to the top.

Warm wishes,  
**Faro**



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