



SWISSREX NEWSLETTER

When does the Altcoin Rally begin?

July 2019

The name «Altcoin» stands for «alternative coin». This term covers all tokens that exist alongside Bitcoin. This distinction has prevailed as the performance of Altcoins often differs greatly from Bitcoin.

The term Altcoins stands for all tokens except Bitcoin

The graph below shows that Altcoins significantly outperformed Bitcoin from Q4 2017 to Q1 2018. In the current upward movement, it has been the opposite. The party has been almost exclusively in Bitcoin and certain Altcoins have even lost ground.

Historical development of Bitcoin and Altcoins

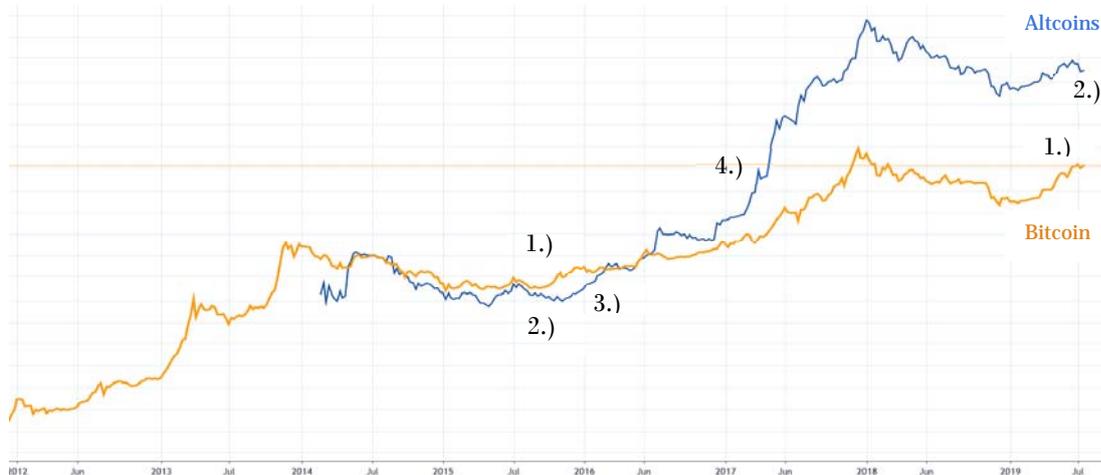


Source: www.tradingview.com

For a longer-term view, the logarithmic chart must be used and the lines rescaled. The scale then makes no sense, which is why it is omitted in the below chart.



Historical development of Bitcoin and Altcoins (logarithmic chart)



Source: www.tradingview.com

Which phases are visible?

- 1) When a new uptrend begins, investors first buy the liquid Bitcoin.
- 2) Altcoin investors lose their nerves and shift to Bitcoin. This leads to a sell-off of Altcoins and even to a negative correlation to Bitcoin. This phase lasts for several months.
- 3) Based on sell-off prices, a few Altcoins start to rise.
- 4) Only when Bitcoin reaches new highs, Altcoins start the uptrend as a class.

Currently the crypto markets are in Phase 2, where there is a negative correlation between Altcoins and Bitcoin. In 2015, this phase lasted about 3 months. In the current cycle this negative correlation already lasts for one month.

Altcoin Boom starts as soon as Bitcoin climbs to new highs

We assume that the sell-off of Altcoins will continue for several weeks. Thereafter, the positive momentum in a few Altcoins is expected to begin, but the mass will only follow once Bitcoin reaches new highs. However, investors have learned from the past. As a result, the uptick in altcoins will not be quite as spectacular as in 2017, and not all tokens will participate. In phase 3 and 4, however, high-quality Altcoins should exceed Bitcoin many times.



Token selection is crucial

Token selection will be crucial, especially in the early stages of the Altcoin boom. The graph below illustrates that during the last uptrend only a few Altcoins soared at the very beginning. Above all ETH (Ethereum) and XMR (Monero).

Performance of some Altcoins from 2016 to 2019



Source: www.tradingview.com

Most other tokens moved sideways for more than a year before they had two short but spectacular upside moves in 2017's hype. The token selection should also be the decisive factor in the current cycle - especially during the initial phase.

Disclaimer: All information provided in this publication, including all financial information, is provided for informational purposes only and does not constitute an investment recommendation, offer or solicitation to buy, hold or sell any financial or investment products. They don't represent any legal, tax and / or other advice. In particular, a previous performance is neither an indication nor a guarantee for future development. There is neither a tacit or an explicit guarantee of future performance. Investments in foreign currencies are also subject to currency fluctuations. In addition, forecasts do not provide reliable indications of future development. SwissRex AG assumes no responsibility or liability, including negligence and liability towards third parties, for any loss or direct or indirect damage or consequential damage of any kind suffered by the users of the publication arising directly or indirectly from the use, access or modification of this publication.