

LE COIN TECHNIQUE

The parabolic acceleration of Bitcoin prices

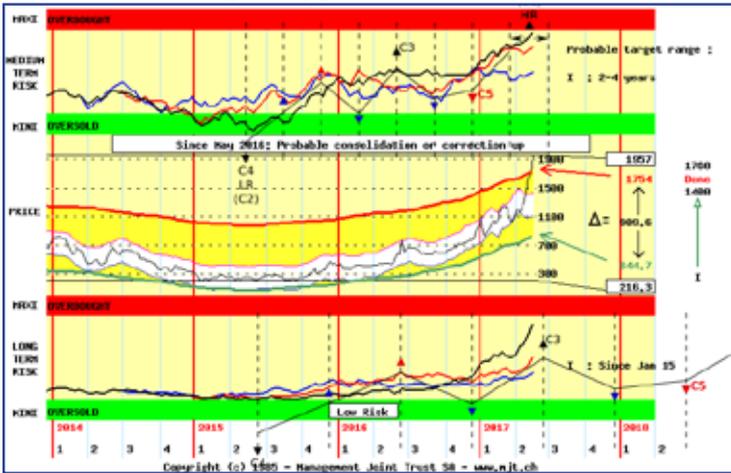
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The price of Bitcoins has risen more than tenfold since it bottomed in February 2015. Such a parabolic move can be compared to the rise in Silver or Gold towards 1980 or 2011, or the NASDAQ in the run-up to its 2000 top during the dot.com bubble. And indeed, the promise of a finite non Fiat universal currency, which is easy to store and transfer are huge. Amid capital flight out of China and legalization in Japan, Bitcoins are finding increased legitimacy either as a practical store a value or as the possible next international transaction currency. We hereby attempt to monitor this parabolic rise.

BTC/USD, BitStamp (Weekly graph or the perspective over the next 2 to 4 quarters)

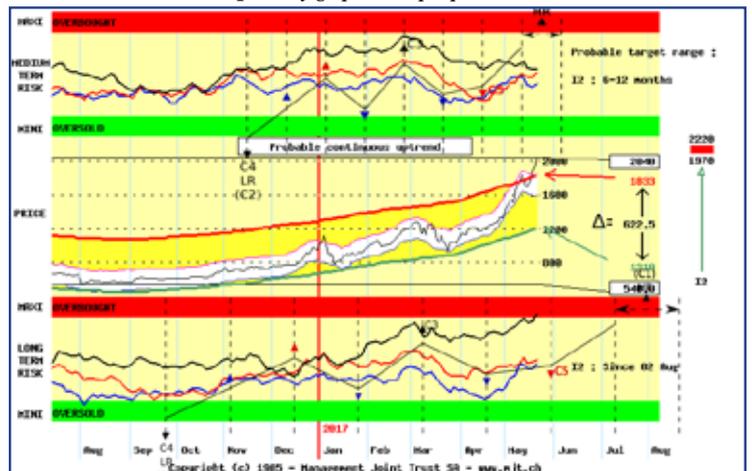


On both our oscillator series (lower and upper rectangles), an intermediate top is awaited towards mid year. Our past experience with such parabolic moves is that the timing of such moves is "broadly" accurate, which would mean that give and take a couple of months, a correction down should materialize between now and the Summer. From a Risk/Reward perspective, we have now surpassed our 'I' Impulsive targets up (right-hand scale). Our next and last level of price targets ('I2' Impulsive 2 up targets) would be between US\$2'300 and US\$ 2'700 (calculated as 2.3 to 2.7 times our historic volatility Delta added to the chart low). This is 15% to 35% above current levels. In the meantime, the 'C' Corrective down risk we can calculate is between 0.5 to 0.8 times our Delta, circa U\$ 450 to 730 or possibly 25% to 35% lower. This is more that the upside potential, yet in line with the three previous correction periods seen over the last 12 months. Hence, a top is approaching and the Risk/Reward is now at best neutral.

The two oscillator sequences we feature on our oscillator series (lower and upper rectangles) both show quite mature trends, which should top out between now and the Summer. The 'I2' Impulsive targets up have pretty much been reached (right-hand scale). The 'C' corrective downside potential we can calculate using our Delta of US\$ 622.5 are between US\$ 300 and US\$ 500. Hence, corrective potential to the downside now outweighs the current potential to the upside, again a sign of negative Risk/Reward.

Note: Monitoring such parabolic moves is often tricky. Considering a similar situation from the past may often prove quite useful. We encourage you to go back to the graph of Gold in the run-up to it peak in August 2011. The similarities between the price actions are very compelling, with what looks like an ABC 4th Wave before a final 12345 5th (when expressed in Elliott Wave terms).

BTC/USD, BitStamp (Daily graph or the perspective over the next 2 to 3 months)



Concluding Remarks:

The acceleration up in recent months has been impressive, and speculation is intense, while a large Bitcoin/Yen carry trade position has probably rapidly been built up. It might be weeks, rather than months, before the next intermediate correction takes its toll. At this stage and current levels, we believe the Risk/Reward on Bitcoin prices has very much

deteriorated for now. [this market commentary was 'coined' on May 23rd AM CET]

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