



High Alert: An E.O. Can Make or Break the Crypto Sector

Description

The cryptocurrency sector is on high alert as investors await the fate of **Bitcoin** ([CRYPTO:BTC](#)), **Ethereum** ([CRYPTO:ETH](#)), and all [cryptos](#). ABC News reports that U.S. President Joe Biden is expected to sign an executive order (E.O.) on cryptocurrency.

According to some market analysts, the E.O. is the first step toward regulating the trading of digital currencies in America. The timing might have something to do with the concerns in some quarters regarding the potential use of cryptocurrencies by a government to evade economic sanctions.

Struggling cryptos

The world's top two cryptocurrencies are struggling to breach their [support levels](#). Bitcoin remains below US\$40,000, while Ethereum has fallen 16% from its recent high. James Wo, founder of crypto fund DFG, said, "We are looking at a highly volatile market at the moment due to the geopolitical situation we are witnessing in Europe."

Wo, adds, "We expect that markets will continue with rapid and deep (upside and downside) movements, similar to the risk assets in traditional finance, until there are signals of a reestablishment of a new status quo." Given the consensus of analysts that no upward trend is forthcoming, stay away from BTC and ETH in the meantime.

Several possibilities

According to the published article of ABC News, preparation of the E.O. has been in the works long before the Russia-Ukraine war. Many people expect it to state the need of the Treasury Department and other government agencies to develop policies and regulations on digital currencies.

Some analysts say it could include a request for the State Department to ensure U.S. cryptocurrency laws align with American allies. The Financial Stability Oversight Council (FSOS) might be tasked to study illicit finance concerns too. FSOS monitors the stability of the U.S. financial system.

The E.O. might also instruct to explore the possibility of the establishment of a central bank for digital currency. ABC News said there was a paper by the Federal Reserve in January 2022 regarding the topic. The paper explores the risks and benefits of U.S.-backed digital currency. Crypto investors should be happy if the E.O. would imply cryptocurrency will be a part of the U.S. economy in the coming years.

U.S. Treasury Secretary Janet Yellen said cryptocurrency is a channel to be watched. Its Financial Crimes Enforcement Network issued an alert advising financial institutions to be vigilant.

Greater volatility

Crypto analysts are keenly observing the trading volume of Bitcoin and Ethereum. Besides the low trading volume, there's a loss of short-term buying pressure. They say it indicates a limited upside in prices. For BTC, the year-long trading range (US\$28,000 and US\$69,000) is wide.

Bitcoin's price has been swinging wildly due to economic conditions, regulatory threats, and geopolitical tensions. ETH rose to US\$3,000 only twice during trading on the first two days of March 2022. It has been struggling since to climb above the threshold. The crypto [bear market](#) also impacts Ethereum-killers **Cardano** and **Solana**.

David Duong, institutional research head at Coinbase, said, "Crypto markets will need to see a period of stabilization." He said it should happen in the next two or three months before a more sustainable recovery. Meanwhile, Biden's E.O. could be the turning point for cryptocurrencies.

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