



## Crypto Market: The Raging Volatility Might Lead to a Free Fall

### Description

Things don't look good in the [cryptocurrency market](#) because of raging volatility. The prices of **Bitcoin** ([CRYPTO:BTC](#)) and **Ethereum** ([CRYPTO:ETH](#)) fell below US\$30,000 and US\$2,300 on May 10, 2022. Holders of both are losing money already.

Oanda's senior market analyst Edward Moya said, "Bitcoin is breaking below some key technical levels as the never-ending selloff on Wall Street continues." Ethereum and altcoins like **Solana** and **Cardano** are also under pressure. The interest rate hike (0.5%) recently by the U.S. Federal Reserve are hurting risky assets.

Dexterity Capital's Michael Safai, said, "In highly volatile markets, all [asset classes](#) will move in lockstep." The managing partner of the crypto trading firm adds that soaring inflation and fears over more rate hikes are worrying investors. If BTC's downward spiral continues, the whole gang will follow.

### Turning point

Yuya Hasegawa, Bitbank's crypto market analyst, said, "All is not lost for Bitcoin yet." He believes a lower consumer price index (CPI) reading in April 2022 could be the relief and turning point for the price. Nayib Bukele, the president of El Salvador, even bought on the dip.

On May 9, 2022, he announced buying 500 Bitcoins at US\$30,744 each. It was the largest purchase by the country since the crypto became a legal tender. Panama recently approved a law allowing the use of Bitcoin and other cryptocurrencies as a means of payment. The Central African Republic might officially embrace Bitcoin, too.

However, some quarters, including international financial institutions and rating agencies, are against El Salvador's shift to Bitcoin. The International Monetary Fund (IMF) said El Salvador's move entails large risks for financial and market integrity, financial stability, and consumer protection.

## Volatility issues

Volatility issues also hound the world's second-largest cryptocurrency. Crypto analysts said Ethereum missed a chance to make a comeback and struggling to breach the US\$3,000 resistance. They also note that since Bitcoin is the first mover in the space, it influences Ethereum and other cryptocurrencies.

Ethereum mirrors Bitcoin's movement in that it also misses the breaking point if BTC fails. However, some market analysts said the negative market sentiment is a sign that investors seek safer alternatives to digital assets.

## Mini-bounce or crash

Crypto expert Wendy O said, "Bitcoin could potentially get a mini-bounce at US\$35,000, but unless we break the trend line at approximately US\$37,000, I'm calling for \$29,000 in the coming weeks or week." For Ethereum, Bitcoin's retreat might not be the sole reason for the rapidly declining price.

There's also anticipation for the coming massive software upgrade. Ethereum is moving from proof-of-work (PoW) to proof-of-stake (PoS). "The Merge" will change how transactions on Ethereum are ordered. It should make them more efficient and sustainable for widespread use.

Tim Beiko, Ethereum's developer, confirmed recently that "the Merge" could happen before the end of 2022 but not on mid-year. His tweet read, "No firm date yet, but we're definitely in the final chapter of PoW on Ethereum." Because of extreme volatility, the chances of a crash are also high.

## Experts' advice

If you want to stay invested in Bitcoin and Ethereum, crypto experts say you must be ready to deal with sharp price drops. However, if you're a [newbie](#), invest money that you can afford to lose.

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