



Will the Crypto Market Rally Into the End of the Year or Finish Lower?

Description

Wall Street has recently taken a risk-on approach to the crypto market of late. That's great news for [cryptocurrency](#) investors who have been hit hard of late.

Now, the question is, can this rally be sustained into the end of the year? Or is this rally just the latest bear market fakeout to materialize?

The key token many investors and analysts have their eye on right now is **Bitcoin** ([CRYPTO:BTC](#)). The oldest and largest cryptocurrency by market cap, what Bitcoin does generally precedes moves in other, smaller tokens. Accordingly, many believe that should Bitcoin be on the verge of stabilizing, perhaps a bottom could be built around these levels.

Let's dive into how likely this is to play out.

Is a crypto market rally in the cards for Bitcoin?

Since November, cryptos have been highly correlated to the S&P 500 and NASDAQ. While Bitcoin has been difficult to value, it's clear that the link between stock market price action and Bitcoin's price swings may throw some light on how cryptocurrencies will perform amid the upcoming complex macroeconomic environment.

Despite increasing yields during previous tightening cycles of the Fed, equities posted nominal gains in 12 out of 13 previous times. Cryptos may be going through a similar process presently.

As per Deutsche bank, the S&P 500 could still hit 4,750 points by the end of 2022. Considering that as a baseline, some economists forecast that BTC could end this year at an approximate price of \$27,000.

What's next for the crypto space?

About a month ago, cryptocurrencies saw one of their worst-ever-experienced market crashes. Coins

like **Ethereum** and Bitcoin were cut down by more than 70% since the peak of the bull run of 2021.

But potential investors are hopeful that the shakeout over the last few weeks is coming to an end.

Prices of cryptocurrencies have taken a bullish turn higher, as sentiment has begun to shift in the crypto space. While I'm not so sure this can be maintained, given the macro environment, if the Fed does slow its pace of rate increases and eventually cut, such an environment would be undoubtedly bullish for riskier assets, such as cryptos.

Bottom line

Even though we saw positive momentum over the past few days, the cryptocurrency space is still suffering. Between April and June, Bitcoin reported its worst quarterly loss in over a decade.

Indeed, we actually are in a full-blown bear market and not a bear cycle. And we cannot consider being out of the clear just by seeing some positive price action.

Investors must note that this recent crypto rally does not guarantee a long-term reversal. Cryptocurrency prices can simply fall back down in the same manner in which they are going up now.

Thus, with so much uncertainty prevailing right now, the smart move may be to wait and see. It's likely to be a bumpy end to the year.

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