

FINANCIAL SERVICES

As the crypto market declines, many remain uncertain about its future

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Cryptocurrencies are largely unregulated. Image credit: Unsplash

By KATIE TAMOLA

Concern is mounting over the cryptocurrency market which has shown continued volatility in recent weeks.

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The sector has had plenty of challenges to face, from sizeable company layoffs to market value decreasing by billions of dollars. The future of cryptocurrency remains unclear as some experts believe the current landscape is indicative of eventual destruction while others believe there is still hope for prosperity.

"Bear markets can persist longer than you think," said Aaron Samsonoff, chief strategy officer and cofounder of **InvestDEFY**, Victoria. "The bear market will only be over once the majority of participants reach the stage of apathy and have given up on the industry, while smart money continues to accumulate from those who have given up.

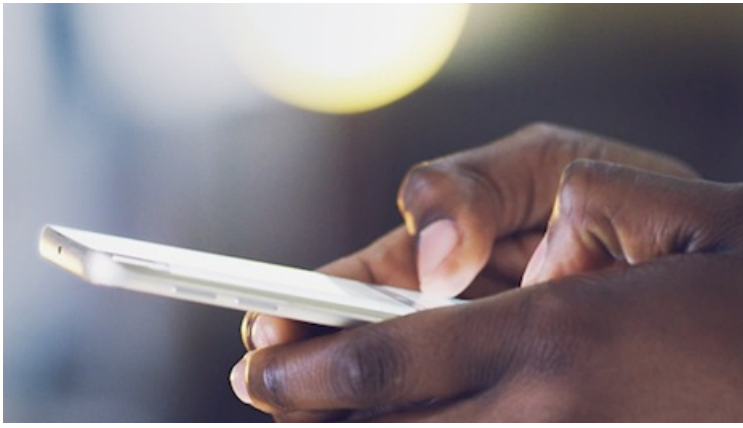
"Recovery takes time the crypto market will unlikely experience a V-shaped recovery," he said. "The recovery and accumulation stage of the crypto market will take time and so investors needn't have fear about missing the recovery.

"Similarly, it will take time for risk appetite to return once the market bottoms."

Going down

Cryptocurrency, specifically Bitcoin, has continuously mirrored the general directions of the U.S. stock market, which has also faced a challenging year.

April's consumer price index, a measurement of prices for goods and services, soared to 8.3 percent, past the 8.1 percent expected and approaching the highest level in more than 40 years. Although inflation technically slowed last month, U.S. consumers remain apprehensive, and continued supply chain issues, global tension and other factors are making it difficult to find a light at the end of the tunnel ([see story](#)).



The cryptocurrency has faced several setbacks. Image credit: Bank of America

"It is hard to say whether we are on the verge of a financial crisis or are already at the bottom of a financial downturn that will soon resolve," said Valentin Saitarli, CEO of Exclusive PR Solutions, New York. "But the fact remains that a financial crisis is in the room with us."

"The global upheavals we're experiencing affect all areas of our lives and cryptocurrency is no exception," he said. "The crypto market depends on many factors, including technological nuances, energy resources, traders' behavior, and not insignificantly, international conflict and inflation."

The volatility of cryptocurrency has had far-reaching effects from investors to those who work for companies within the sector.

Insider reports that "crypto winter" is imminent, a term indicating the continued fall of the market. The publication also reported that cryptocurrency companies laid off an estimated 1,700 employees in June alone.

According to **Forbes**, earlier this month, Bitcoin and other cryptocurrencies saw record lows, with Bitcoin prices down 50 percent year to date.

CNBC reported that Bitcoin, the largest cryptocurrency in the world, fell below \$20,000 earlier this week, and was trading up by less than 1 percent. On Wednesday Bitcoin fell as low as \$19,841.

Over the past two weeks, the leading cryptocurrency has struggled to move above \$22,000.

Cointelegraph reported that on June 30, Bitcoin lost 3 percent an hour while Ether, a separate leading cryptocurrency, moved towards \$1,000 as malaise continued to permeate the market.

Why is this happening? The answer is multifaceted and begins with the reality that cryptocurrency is not government-related, and thus is inherently volatile.

Volatility is not something investors appreciate.

The struggling market has also released several liquidity issues within the cryptocurrency sphere.

Cryptocurrency lending company Celsius temporarily suspended withdrawals earlier this month, releasing a statement saying the decision stemmed from "extreme market conditions." Withdrawals have not yet resumed.

Movements by the U.S. Federal Reserve responding to inflation and implementing higher interest rates have also impacted the cryptocurrency market.

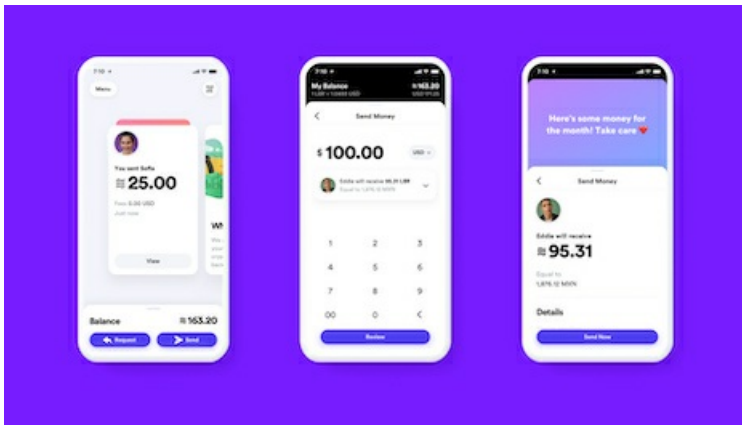
Many still believe Bitcoin will bounce back and ultimately cause a chain reaction.

"BTC will always be king," said Mr. Samsonoff. "BTC dominance will likely continue to rise whether the price of BTC goes up, down, or sideways."

"Once the bottom is in, BTC should rally first and then will come the opportunity to shift from BTC into altcoins."

Does luxury know?

Over the past few years, companies like Sotheby's and Space Perspective have accepted cryptocurrency as payment for certain activations, while other companies like Meta and J.P. Morgan have introduced their own.



Facebook's cryptocurrency, introduced in 2019, was called Libra. Image credit: Facebook

Although the cryptocurrency space has faced several challenges, several luxury brands continue expanding acceptance of the currency as well as their presence in the metaverse, where crypto is accepted.

Earlier this year, Swiss watchmaker Hublot captured its appreciation for cryptocurrency with a special-edition timepiece.

The watchmaker introduced the Big Bang Unico Ledger, a timepiece launched in collaboration with crypto and digital asset platform Ledger. The watch symbolizes a melding of high-end crypto technology and traditional craftsmanship ([see story](#)).

Last month, LVMH-owned Swiss watchmaker Tag Heuer partnered with crypto payment service provider BitPay to bring cryptocurrency as a payment option to the U.S. market.

As of May 19, the watchmaker now accepts Bitcoin, Ethereum, Litecoin and 10 other cryptocurrencies at online checkout. This business move echoes CEO Frdric Arnault's vocal embrace of innovative digital technology like non-fungible tokens and the metaverse ([see story](#)).

In April, the CFDA announced its first steps into Web3 with its first metaverse and NFT partnership and education program.

In collaboration with 5Crypto, The Sandbox and Polygon Studios, CFDA is working to develop an infrastructure for American fashion within the digital space to educate, innovate and foster community. With this partnership, CFDA hopes to bridge fashion and crypto by providing its members with the necessary knowledge and connecting them to the right resources ([see story](#)).

While some are alarmed by crypto's struggles, many remain optimistic, believing leading currencies and the overall market and destined to bounce back.

"It's hard for many to see this right now as we are still on the early end of the crypto adoption curve; we're maybe in the bottom of the first or the top of the second inning," said Frank Corva, senior crypto and blockchain analyst, [Finder](#), New York. "The prices for all new technologies at this stage tend to be volatile.

"Many would benefit to recognize that BTC's price is not indicative of the expanding Bitcoin network, and the size of the network is where the true value lies," he said. "BTC's price will eventually catch up to its network's value."