

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



### Crypto World Awaits Fed Rate Decision

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The crypto world has taken a tremendous hit over the last ten months. In November of 2021 Bitcoin sold for \$67,000 and in mid-September of 2022 as we await the Fed's next rate hike Bitcoin has fallen to \$18,000. The assumption that cryptocurrencies and especially Bitcoin would be a hedge against inflation and a reservoir of value as currencies like the dollar fell has turned out to be untrue. Every market from crypto and commodities to stocks, bonds, and foreign currencies has been driven by the worst inflation in forty years and Fed rate increases that are driving the US dollar higher and higher.

### Higher Interest Rates Drive Markets Lower

Investors who hold [US Treasuries or corporate bonds](#) will see the value of their holdings fall if the Fed pivots to higher-than-expected increases in interest rates. On the other hand, higher rates will encourage investors to purchase Treasuries and corporate bonds as higher rates will be attractive after more than a decade of near-zero rates. Higher rates will also drive crypto values down. The immediate response to rate increases will be to drive the US dollar higher against foreign currencies as well as cryptocurrencies. The next effect will be stocks falling in value as investors fear a recession. Because Bitcoin has gone up and down along with the Nasdaq, that index will be a useful guide to the near-term future of Bitcoin and the rest of the crypto world. The response of the markets will be based more on predictions of what the Fed will do over the coming months more so than one single rate increase.

### War, Covid Policy, and the Weather Drive Prices

Investors have many options regarding where to put their money. Today cryptocurrencies are heading down while investment opportunities like commodities have gone up. Sanctions on Russia due to their war in Ukraine and China's zero-tolerance Covid policy have driven up prices of strategic minerals, fossil fuels, and grains while also putting downward pressure. Investors who would otherwise have been betting on the next price surge in Bitcoin are now concerned about reports of massive [Bitcoin wash trading](#) and investing their money elsewhere. While Putin's war has driven prices of corn, wheat, and sunflower seed oil higher, so has the weather with drought in major US wheat-growing areas like Kansas. Food shortage projections have an immediate effect on [commodity markets](#). But the potential for political, social, and financial repercussions from food shortages have an effect on the stock markets as well. To the degree that Bitcoin follow the Nasdaq we can expect to see it fall as chaos drives the broader markets lower.

### World Central Banks Join Federal Reserve in Raising Rates

Inflation is not limited to the USA. Thus, [central banks worldwide](#) are also raising rates and their actions are affecting markets. One region where rate increases will be less will be in the European Union as high energy prices caused by sanctions and Putin cutting off natural gas supplies make higher rates somewhat dangerous.

However, the worldwide effect of higher rates will, in our opinion, exert downward pressure on the crypto market in the coming months and perhaps for the coming years. Investors have increasingly returned to [fundamental analysis](#) and use of [intrinsic value](#) to guide their investment decisions. Market sentiment for cryptocurrencies has fallen along with prices and the fundamental outlook is not conducive to making bet on a crypto rebound.

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