



Bitcoin, Ethereum, Stocks Jump as Fed Confirms Tapering Schedule

Fredrick Vold
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With inflation well above 2% and a strong labor market, the US **Federal Reserve** (Fed) said it expects it will soon be appropriate to raise the target range for the federal funds rate. The Fed also decided to continue to reduce the monthly pace of its net asset purchases, bringing them to an end in early March. *(This article is being constantly updated.)*

At 19:05 UTC, BTC jumped by 1.7% within just five minutes of the release of the statement, while ETH gained more than 3% at the same time.

For the past 24 hours, BTC remained up by 2.4% to a price of USD 38,057, while ETH was up by 5.1%, trading at USD 2,624.

Meanwhile, the technology-heavy Nasdaq stock index rose 0.56% and the S&P 500 index gained 0.9% in the first five minutes following the release.

Ahead of the release today, analysts expected that the Fed would confirm that interest rate hikes will start in March this year.

“We see the Fed building towards a March hike, but at the same time creating flexibility,” the European financial services firm **Nordea** wrote in a note ahead of today’s statement. It added that the statement “should dismiss” speculation about a 0.5% hike, and that it does not expect a faster pace of tapering to be announced.

“This could make for a brief market relief,” the bank wrote.

Commenting on how the market might react to the statement, George Selgin, an economist at the libertarian think-tank the **Cato Institute**, wrote on Twitter that he does not expect “modest” tapering to have a substantial impact at all.

“Tapering has become the latest market bugbear. Yet, in theory at least, unlike actual rate hikes, modest changes in the size of the Fed's balance sheet, in either direction, shouldn't have *any* substantial consequences,” Selgin said.

Meanwhile, others hinted that the market may not react so calmly to what the Fed has to say, with fund manager Steven Van Metre writing that getting inflation under control is now the most important task for the Fed, which necessarily means that any market reactions would be secondary.

“The President and Congress told [Fed chair Jerome Powell] to get inflation down, and he's going to do it,” Van Metre said.

Commenting to the Wall Street Journal earlier today, Luca Paolini, Chief Strategist at **Pictet Asset Management**, said that all eyes are on the Fed today, adding that the tone of the press conference will be as important as the content of the statement.

“It's more about the tone of the press conference. People may have an expectation that given the market turmoil and the geopolitical tensions, the Fed may tone down its rhetoric,” the strategist said.

Lastly, with crypto markets having already fallen significantly from the top last year, former **BitMEX** CEO Arthur Hayes wrote in a blog post on Tuesday that bitcoin appears tempting below USD 30,000, regardless of the tone of the Fed's statement.

For BTC, a notable resistance level can be found around USD 28,500, while USD 1,700 will be an important level for ETH, the outspoken former CEO said.

“I don't believe in a bottom until these levels are retested. If the level holds, amazing. This prong has been met. If it doesn't, then I believe a mega liquidation candle will happen in the USD 20,000 to USD 28,500 range for BTC and the USD 1,300 to USD 1,700 range for ether,” Hayes predicted.