

2 main indicators of Bitcoin 'cool down', what will the BTC trend be like?

Two key Bitcoin (BTC) trading metrics - funding rate and annual base rate - are 'cooling', signaling to traders 'the calm before the storm'.



According to one cryptocurrency analyst, two major trading indicators are suggesting that Bitcoin may soon resume its uptrend.

'It looks like BTC is consolidating ahead of the next bull run,' Will Clemente, co-founder of Reflexivity Research, wrote in a May 7 post on Bitcoin has 'cooled down' after a short period of falling to negative levels.

Bitcoin's funding rate dropped to negative levels several times in April | Source: Will Clemente

Bitcoin funding rate is often used to track the overall sentiment of traders in the cryptocurrency market. Exchanges use this ratio to balance traders who open long positions with those who choose short positions to minimize the risk of overinvestment.

As buyers hold more positions, the funding rate will move into positive territory, showing their confidence in Bitcoin's price increase.

According to CoinGlass data, the funding rate is currently at 0.0091%, after recovering from -0.0050% on May 4.

Famous analyst Crypto Empire said: 'The calm before the storm'.

'While Bitcoin is rising again, the funding rate remaining low makes me feel extremely optimistic,' analyst Mister Crypto echoed to his 98,000 X followers.

The change in funding rate over the four-day period was also reflected by a slight increase in Bitcoin, up 1.11% to \$62,361, according to CoinMarketCap data.

However, liquidation data contradicts this, showing that futures traders are still leaning bearish and predicting a near-term price drop.

A 3.5% rise to the key \$65,000 level could liquidate \$1.36 billion of short positions, while a 3.5% decline to \$60,500 would only liquidate \$650 million of long positions.

Bitcoin Three Monthly Annual Base Rate | Source: Will Clemente

Meanwhile, some analysts note that Bitcoin's annual base rate has risen to the upper end of the 5–10% neutral range on major exchanges such as Binance, OKX, and Deribit.

The annual base rate is a way to measure the cost difference between Bitcoin futures contracts and the actual price of Bitcoin.

Analysts typically view rates above 10% as a neutral to bullish signal.

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