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Avalanche, Solana Are Bound to Have Big Price Movements

Original:
https://www.btcc.com/en-US/academy/research-analysis/avalanche-solana-are-bound-to-have-big-price-movements

After suffering major losses in recent weeks, Avalanche and Solana are showing signs that they want to go lower.

Key Takeaways

- Avalanche could retrace to around $20 if it closesbelow $27.
- Solana could enter a 41% downtrend after losing an importantinterest zone.
- The Layer 1 assets must regain significant support to invalidate the pessimistic outlook.

Avalanche and Solana look closer to defining their trend direction after falling below vital support. Further selling pressure could lead to new annual lows for both assets.

Avalanche and Solana Under Pressure

Avalanche and Solana, two of the leading Layer 1 networks to rise to prominence in the 2021 bull run, have breached critical support areas while momentum for a significant price movement accelerates.

Solana endured a 44% correction between May 11 and May 12 and has since been locked in a tight trading range. SOL's price action led to the formation of a symmetrical triangle on its four-hour chart. As the token approached the pattern's apex, it built enough pressure for a spike in volatility.

Over the past few hours, Solana appears to have sliced through the $47.60 support level. If it prints a four-hour close below this price point, SOL could enter a 41% downswing toward $28.85. This target is determined by measuring the height of the triangle's Y-axis and adding that distance downwards from the breakout point.

Likewise, Avalanche has dipped below the X-axis of a descending triangle formation that developed on its four-hour chart. This technical formation was created by the series of swing highs AVAX has made since May 11, which formed a descending trendline, while the swing lows developed a horizontal trendline around $28.

A sustained four-hour close below this vital support level could encourage traders to exit their position and increase the selling pressure behind AVAX. Under such circumstances, the Layer 1 token could dive toward $19.80.

A decisive four-hour close below the key support levels would provide more credence to the bearish thesis, particularly as the cryptocurrency market has experienced a prolonged period of stagnation. If market participants use the recent decline to buy lower, prices could recover quickly. That said, Solana would probably have to break above $53 to have a chance to rise to $75.50, while Avalanche would need to recover $32 as support to rise to $39.