MAY 24 - 2023

DAILY MARKET REPORT

SECURE DIGITAL MARKETS

Institutional research.

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	24,000	25,250	28,500	29,500	2.15%	2.15%	-1.98%	60.94%
Ethereum	1,570	1,710	1,995	2,150	1.75%	0.95%	-2.68%	51.67%
S&P 500	4,065	4,120	4,230	4,315	-0.51%	-0.83%	1.69%	3.66%
Nasdaq	12,700	13,000	14,300	14,850	-0.38%	0.19%	6.37%	24.52%
US Dollar Index	100.35	101.70	103.20	104,3	+0.10%	-0.11%	2.06%	1.48%

Next FOMC meeting: June 14 2023.

- Probability of a 0bps hike → 68%
- Probability of a 25bps hike →32%

BITCOIN

Price: $26,650

Change (24hrs): -2.2%

Trading Volume (24hrs): -13%

Funding rate: 0.0053%

ETHEREUM

Price: $1,814

Change (24hrs): -1.8%

Trading Volume (24hrs): -16%

Funding rate: 0.0111%

Latest Digital Asset News

1- Global securities watchdog urges governments to regulate crypto like traditional financial assets

Organization of Securities Commissions (IOSCO), a global securities watchdog, believes that the current regulatory framework for crypto-assets is fragmented and inadequate, posing risks to investors and market integrity. The organization emphasizes the need for robust regulations to protect investors, address market manipulation, prevent money laundering, and ensure fair and efficient markets. IOSCO's recommendation aims to provide clarity and stability to the rapidly growing crypto industry, fostering investor confidence and promoting responsible innovation.

2- Vitalik Buterin's Solana jokes misinterpreted as an endorsement

These jokes were misinterpreted by some as an endorsement of Solana, leading to speculation and excitement within the cryptocurrency community. Buterin's comments were intended to be humorous and should not be misconstrued as a formal endorsement or investment advice. It highlights the importance of accurate interpretation and caution when interpreting statements made by prominent figures in the cryptocurrency space.

3- Research: Liquid staking tokens remain in the red five weeks after Ethereum's Shapella upgrade

Liquid staking allows users to stake their Ethereum and receive a corresponding token that can be traded or used in DeFi protocols, providing liquidity and potential additional returns. However, a study revealed that these tokens have not been performing well, with negative returns being observed during the analyzed period. The potential reasons behind this underperformance could include market dynamics, lack of awareness, and the complexities associated with liquid staking.

TradFi

On Wednesday morning, the S&P 500 futures and Nasdaq futures experienced a decline of -0.30% and -0.40% respectively. Investors remain attentive to the ongoing debt ceiling negotiations. Should the officials in Washington opt to raise the debt ceiling, the market may experience some pressure due to the substantial issuance of debt required by the Treasury to replenish its general account.

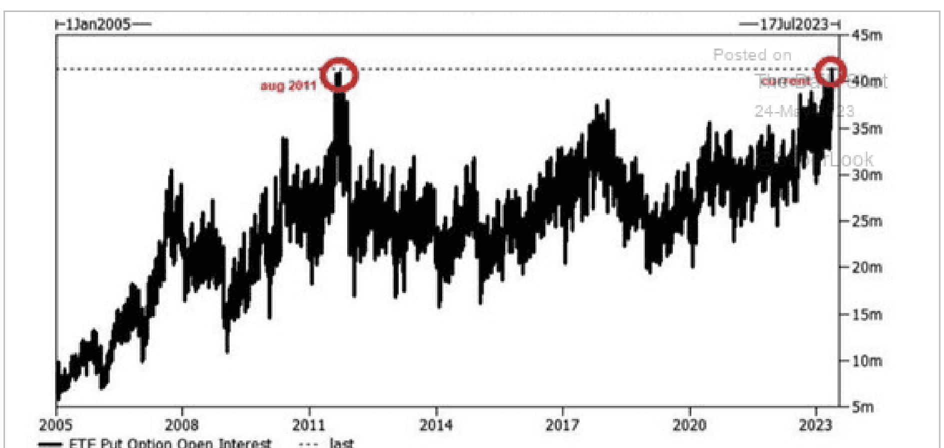
Market participants are eagerly anticipating the release of the minutes from the Federal Reserve's May meeting, scheduled to be published at 2pm EST today.

The Volatility Index (VIX) has rebounded off the lows, indicating that investors are starting to increase their put options on the S&P500 index, a sign of potential pressure ahead if this trend continues.

Upcoming:

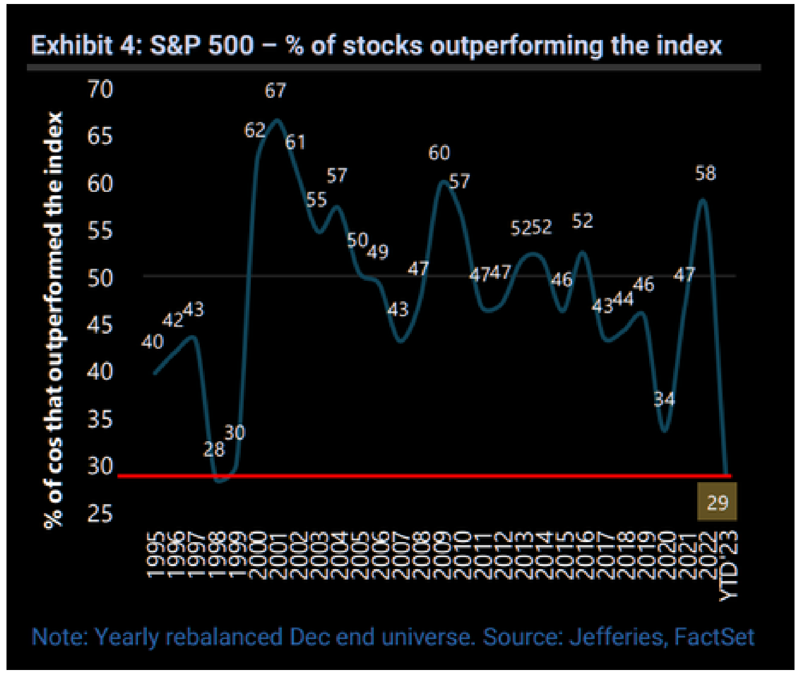
- Wednesday:
  - US → Treasury Sec Yellen Speaks
  - US → FOMC meeting minutes
- Thursday:
  - US → Preliminary GDP & unemployment claims
- Friday:
  - US → Core PCE + Consumer Sentiment

The open interest in ETF put options is also at multi-year highs.



Source: Bloomberg data / gs ficc and equities / past performance not indicative future returns
ETFs : SPY, QQQ, IWM, XLF, XLE, XLI, DIA, XLK, XLU, XLY, XLV, XLP, XLB, MDY

Finally, the number of stocks outperforming the S&P500 has crashed to 1999 levels.



The S&P500 continues to pullback from the top-end of this rising wedge pattern on the daily chart and from the broadening wedge pattern on an intraday chart, as expected. We are entering the previous consolidation area where prices hesitated for over 10 days with a support near 4113. Expect buyers to come in around that support level or lower near 4065, the ultimate support level on an intraday basis. If that level breaks, we can be trading to the lowest levels since March near 4035.

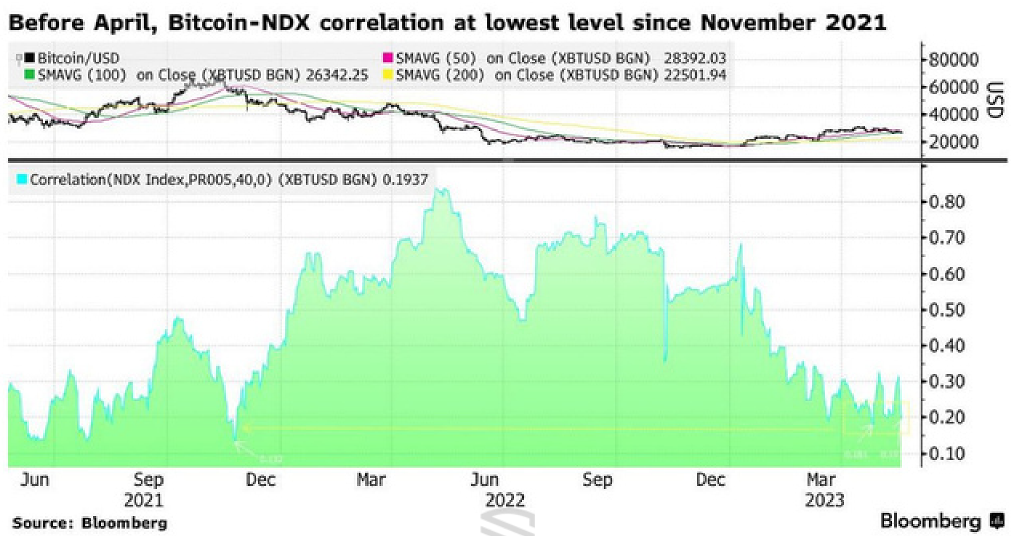
- SPX > 4120 → Bullish
- SPX < 4120 → Neutral
- SPX < 3970 → Bearish

yacine.ouldchikh published on TradingView.com, May 24, 2023 08:45 UTC-4

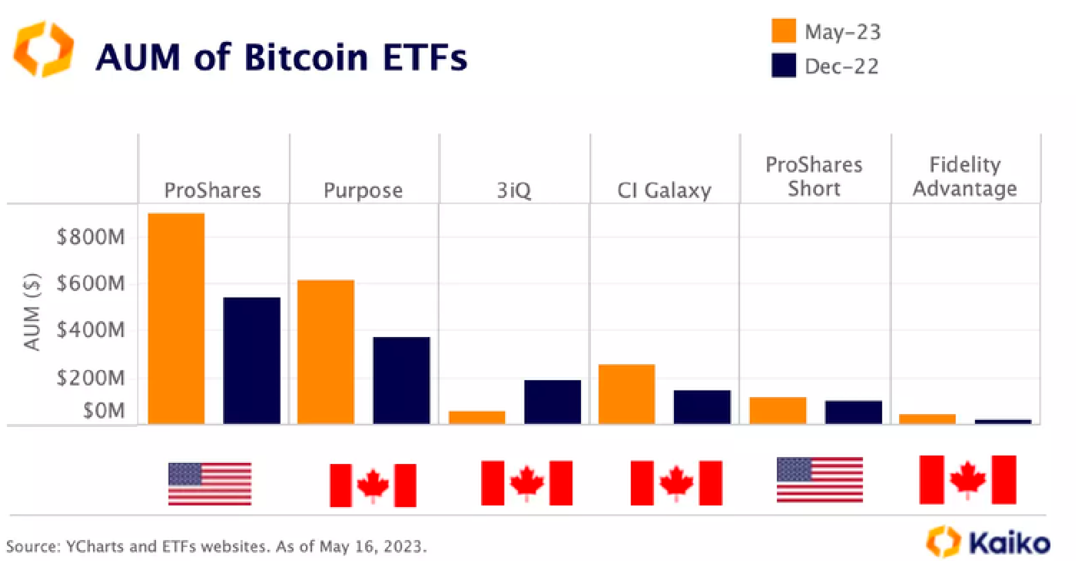
TradingView

Bitcoin

The correlation coefficient between Bitcoin and Nasdaq has reached its lowest point since November 2021, as tech shares experience a surge while Bitcoin remains stagnant. Over the past few weeks, the cryptocurrency market has demonstrated relatively weaker performance compared to the broader equity market. This discrepancy highlights the divergence in trends between the tech sector and the cryptocurrency industry during this period.

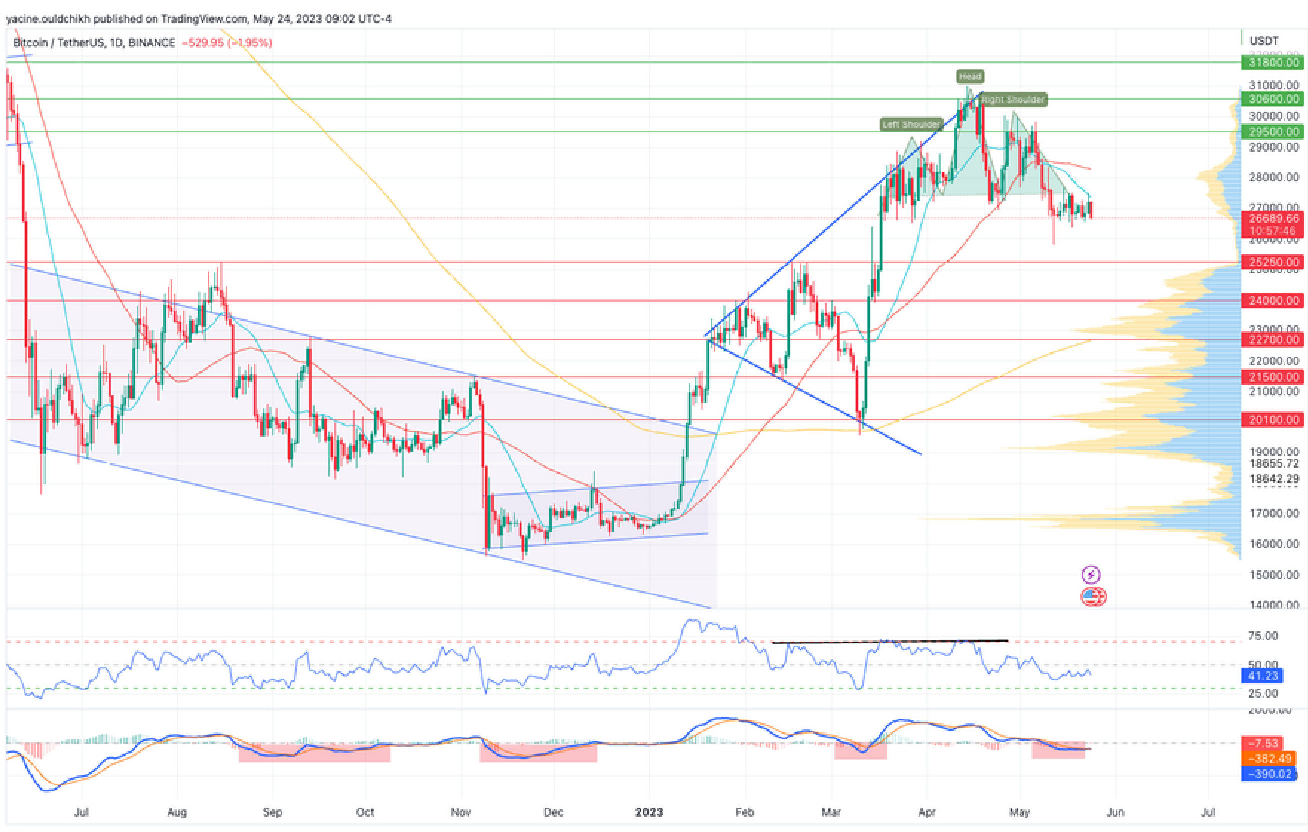


Notwithstanding the impressive year-to-date price surge of 63% for Bitcoin, the expansion of assets under management (AUM) in BTC-linked exchange-traded funds (ETFs) has been relatively sluggish, indicating a lack of substantial influx of new capital. The collective AUM of the leading six BTC futures and spot ETFs traded in Canada and the US has experienced a 44% increase year-to-date, reaching approximately $2 billion. Increased regulatory oversight has likely played a role in tempering the demand for crypto ETFs, which have enjoyed popularity among retail investors seeking convenient exposure to BTC.



BTCUSDT briefly touched its 20-day moving average yesterday before pulling back. Bitcoin has been trading in a tight range between 26,300 and 27,675 for the last 2 weeks. Given the recent squeeze in the US dollar index, it seems that risk assets as a whole might be under pressure. We are adding a new resistance level at 28,500 to match the 50-day moving average, an important psychological level.

- BTC > 27,000 → Bullish
- BTC < 27,000 → Neutral with a bearish bias
- BTC < 25,250 → Bearish



Ethereum

ETHUSDT has pulled back straight off the declining trend line, as expected. Just like Bitcoin, Ethereum is now trading in the previous consolidation range with high volume. A breakdown of that range on the downside near 1785 would serve as a warning sign that pressure could be on its way.

- ETH > 1890 → Bullish
- ETH < 1890 → Neutral with a bearish bias
- ETH < 1710 → Bearish

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TradingView

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TradingView

Altcoin Analysis

Sushi looks fishy.

The famous decentralized exchange is down over 45% since the start of February when prices peaked at $1.63. Prices are now trading around $0.87.

SushiSwap has recently embarked on a strategic initiative to launch new liquidity pools across 13 networks, with the goal of facilitating seamless trading and liquidity provision across these networks. The introduction of version V3 concentrated liquidity pools will be made available on several prominent chains, including Ethereum, Arbitrum, Polygon, BSC, and Avalanche. This launch is intended to enhance liquidity providers' exposure to larger trading volumes and increased liquidity, while simultaneously mitigating financial risks.

In the aftermath of SushiSwap's RouterProcessor2 contract exploit in early April 2023, which resulted in hackers gaining unauthorized access and acquiring $3.3 million, investor confidence has been shaken. Although the vulnerability has been addressed through subsequent patches, the incident has inflicted reputational damage, impacting investor sentiment.

Furthermore, the path ahead for SushiSwap entails addressing potential regulatory challenges, particularly those originating from the United States. Some policymakers in the country have adopted a skeptical stance towards cryptocurrencies, leading users to exhibit reluctance in engaging with decentralized finance (DeFi) protocols due to the perceived legal ramifications.

SUSHIUSDT is trending lower within a declining trend channel in place since February. Also, prices broke below a major consolidation channel formed in May, advocating for further downside. As long as prices remain below $1, we should expect further pressure towards $0.715 and $0.59 in extension.

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TRADING@SECUREDIGITALMARKETS.COM

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