MAY 15 - 2023

DAILY MARKET REPORT

SECURE
DIGITAL MARKETS

Institutional research.

OVERVIEW

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	22,700	25,250	29,500	30,600	1.81%	1.81%	-7.09%	65.21%
Ethereum	1,570	1,710	1,995	2,150	0.93%	1.93%	-12.28%	52.27%
S&P 500	3,970	4,065	4,210	4,325	-0.14%	-0.48%	-0.80%	7.26%
Nasdaq	12,700	13,000	13,700	14,300	-0.14%	0.22%	1.78%	21.76%
US Dollar Index	99.50	100.35	102.30	103.20	-0.20%	-0.11%	0.37%	-1.01%

Next FOMC meeting: June 14 2023.

- Probability of a 0bps hike → 80%
- Probability of a 25bps hike → 20%
- Probability of a 50bps hike → 0%

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $27,371 representing a 1.72% increase the last 24 hours and 2.55% increase in trading volume. The funding rate of BTC is 0.0005%.

ETHEREUM

ETH is trading at $1,824 as of this writing, representing a 24-Hour increase of 0.70% and a funding rate of -0.0019%. Over the last 24 Hours, the trading volume increased by 2.84%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- Ethereum developers release patches for recent beacon chain finality issues

Ethereum developers have released software updates to resolve recent finality issues that hit Ethereum's beacon chain and restore stability to the network. The patches have been released for Ethereum clients Prysm and Teku, allowing them to update their systems. The beacon chain experienced finality issues on Thursday and Friday, although end users of Ethereum did not face any transaction issues. "This was made possible due to client diversity as not all client implementations were affected by this exceptional scenario. After all clients caught up, the network finalized again," the Ethereum Foundation said in a blog post that was shared by Superphiz.eth, a self-proclaimed "Ethereum beacon chain community health consultant," on Twitter.

2 - North Korean crypto thefts target Japan, Vietnam, Hong Kong

North Korea is using cyberattacks to target Japanese cryptocurrency assets. Hacker groups affiliated with North Korea have stolen $721 million from Japan since 2017, according to a study by a U.K.-based compliance specialist. That is equal to 30% of the total of such losses worldwide. Pyongyang is believed to have targeted the crypto assets of other countries to obtain the foreign currency that it uses for its missile program. This could, in turn, threaten the security of Asia. Elliptic, which conducted the analysis on behalf of Nikkei, has technology that tracks and identifies money transfers on the blockchain where cryptocurrency is traded.

3 - Tether Generated $1.5B in Profits in Q1, 2023, Holds 2% Bitcoin in Total Reserves

The resurgence was evident in its latest attestation report, which revealed that the stablecoin issuer recorded a net profit of nearly $1.5 billion in the first quarter of 2023. According to the official statement, Tether's excess reserves reached an all-time high of $2.44 billion in Q1, as compared to $960 million at the end of Q4 2022. The stablecoin ended the first quarter of the year with $81.8 billion in consolidated total assets, while its consolidated total liabilities stood near $79.4 billion. Tether's reserves included additional categories such as bitcoin, physical gold, overnight repo, and corporate bond allocations. Its Bitcoin holdings were recorded to be $1.5 billion, while that of precious metals accounted for $3.3 billion.

(1) https://www.theblock.co/post/230723/ethereum-beacon-chain-patches-finality-issues
(2) https://asia.nikkei.com/Spotlight/Cryptocurrencies/North-Korean-crypto-thefts-target-Japan-Vietnam-Hong-Kong
(3) https://cryptopotato.com/tether-generated-1-5b-in-profits-in-q1-2023-holds-2-bitcoin-in-total-reserves/

OVERVIEW

TradFi

Stock futures are bouncing back on Monday morning following back-to-back weekly losses for the Dow Jones Industrial Average and S&P 500 as investors hoped Democrats and Republicans would reach a debt ceiling deal.

The S&P500 futures is up 0.35% while Nasdaq futures is up by 0.30%. The S&P 500 index has recently undergone a two-week period of decline, marking its first such occurrence since February. The drop in value has been attributed to concerns regarding the potential for an economic recession, as well as a perceived lack of progress in talks related to the debt ceiling.

However, over the weekend, Treasury Secretary Janet Yellen provided some reassurance, indicating that the United States is likely to avoid a default on its debt. Yellen expressed optimism regarding ongoing negotiations, noting that some points of agreement have already been identified.

In other news, the probability of a 25bps hike at the next Fed meeting on June 14th increased from 10% last week to 20% this morning.

Looking at the daily charts of both Nasdaq (NQ) and S&P500 futures (ES), nothing new to report there.

- NQ is trading within a rising wedge pattern and recently broke above yearly highs, indicating bullish momentum. If prices break below their 50-day moving average near 13,000, it would confirm the breakdown of the rising wedge which is usually a bearish reversal pattern
- ES remains within an ascending triangle pattern with a resistance at 4210. On an intraday basis, lots of choppy price action between 4065 and 4210.

Upcoming:

MONDAY →

- US Empire State Manufacturing Index
- —HINA unemployment rate & retail sales

TUESDAY →

- CAD CPI
- US Retail Sales

THURSDAY

- US Unemployment claims + Home sales

FRIDAY

- US Fed chair speaks "Perspectives on Monetary Policy" at Research Conference in Washington DC

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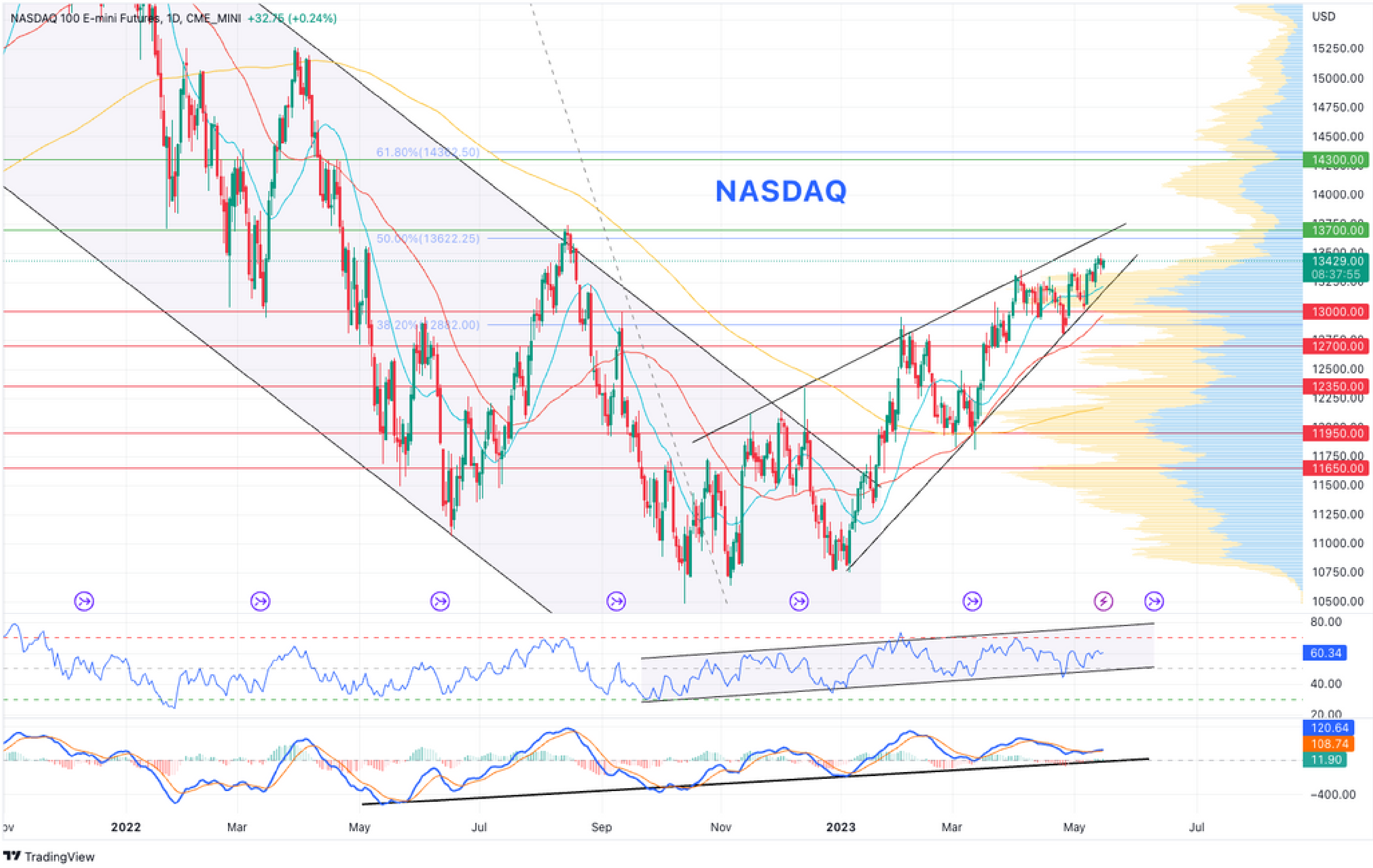

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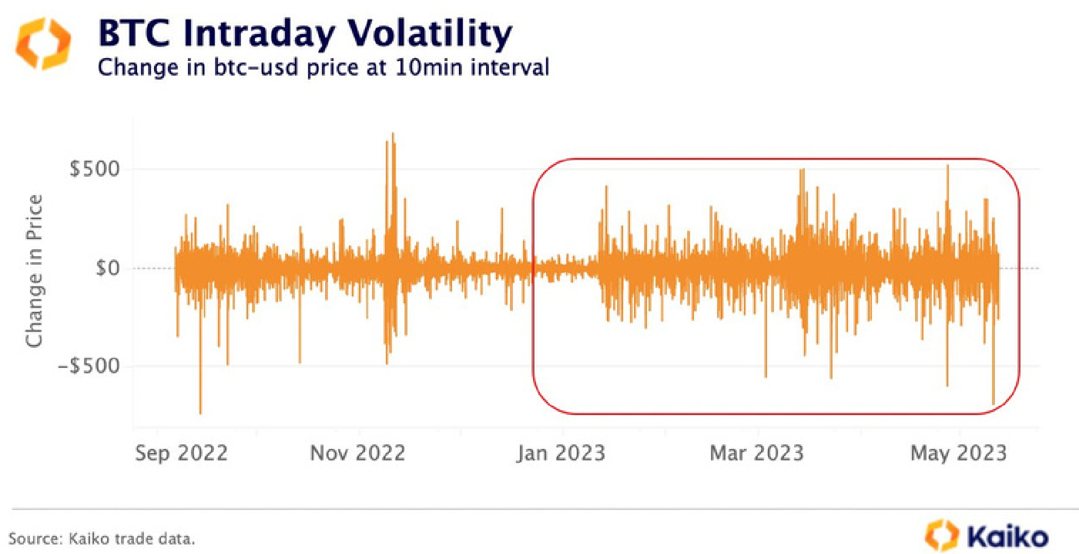
TradingView

Bitcoin

We are still trading in a low liquidity environment which translates to higher volatility. Since January/February, we've noticed an uptick in intraday volatility for BTC/USD at 10min intervals. The market is facing a ton of volatility due to the lack of liquidity, mostly due to the FTX collapse. We've also faced a dramatic market shift following the banking crisis which adds fuel to the fire as the crypto industry is still very data dependent to macro factors.



BTCUSDT rebounded sharply by almost 7% after prices broke below a symmetrical triangle pattern on Monday last week. Despite the RSI having bounced back, it remains capped by a declining trend line, meaning the trend is technically still bearish. We are approaching a level of high volume near 28,000 which should act as resistance in the short-term.

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

Ethereum

Per Beaconchain as of April 12th, there were 18m ETH staked and total ETH supply of 120.4m for a staking ratio of 15%

Post-Shapella, staking activity increased:

- Total ETH staked in the week ending May 2nd were 4x higher than stake added in the week before Shapella.
- Average daily deposits now are 6.5x higher than in April
- There were more staked ETH in 6 days after Shapella than the entire month of March.

Based on the increased staking demand, the firm “Staked” expects the ETH stake rate to go from 15% to 20-35% in the next 12-18 months.

ETHUSDT continues to trade below its 50-day moving average which is an important psychological level that market participants are tracking. As long as prices remain below this level which is around 1890, our stance remains neutral with a bearish bias.

ETH/BTC is currently pulling back from a level that may act as resistance in the short-term. As long as this ratio is capped by this declining trend line, we should expect ETH to underperform BTC.

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

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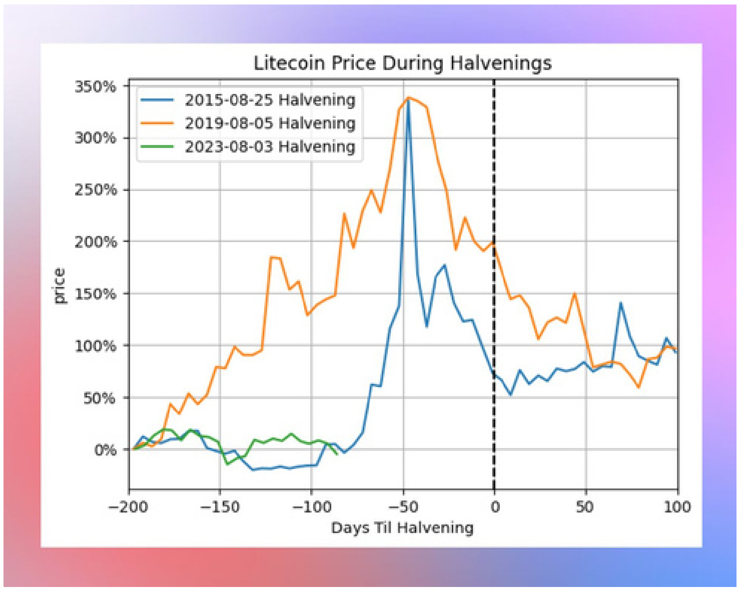
Altcoin Analysis

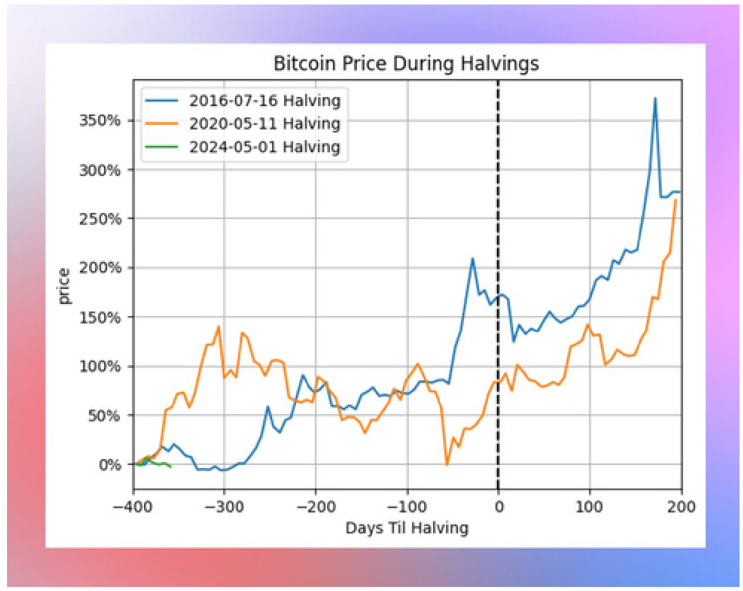
Litecoin remains on our watchlist.

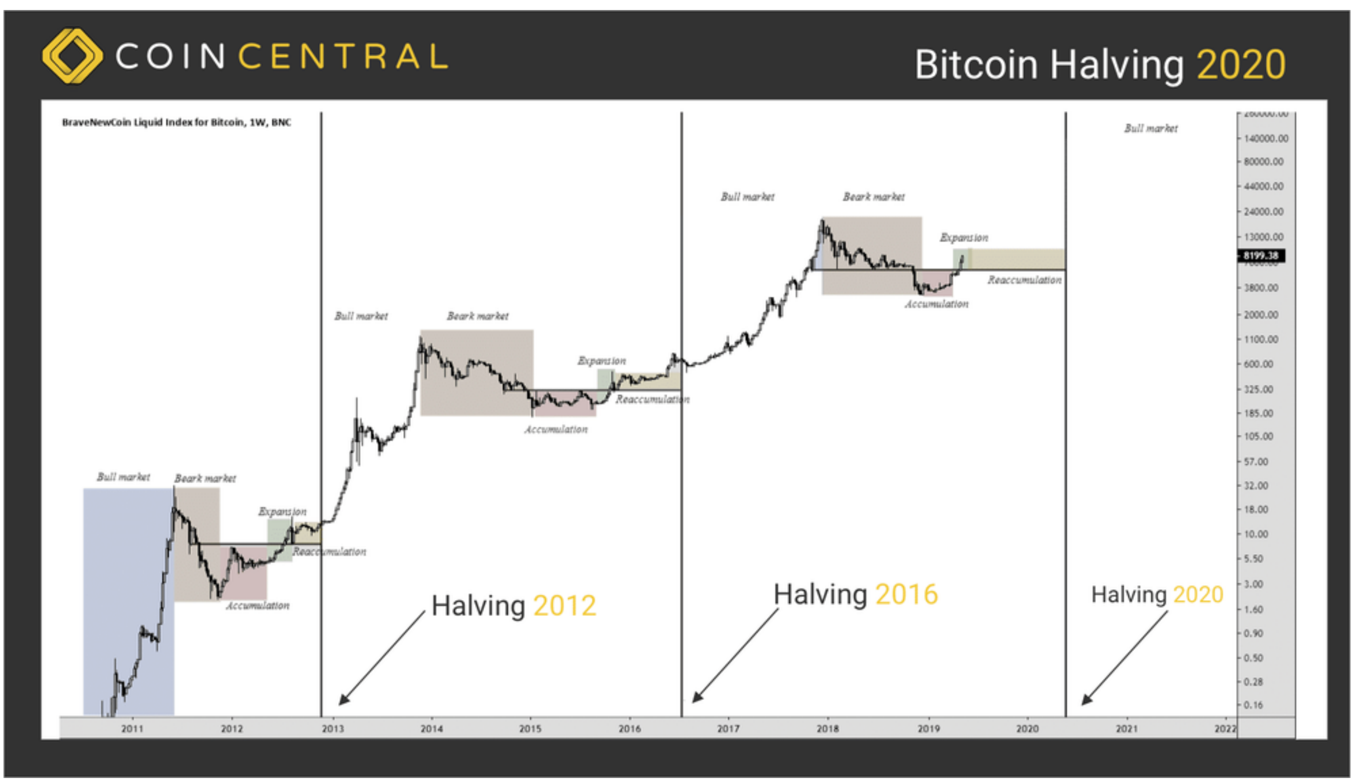
Later this year, Litecoin (LTC) is set to undergo another Halvening event, which serves as a demonstration of confidence in the network's security. However, as the event approaches and with less than 70 days left, market bids for the cryptocurrency have yet to show significant strength.

Historically, Litecoin's past Halvenings have seen a peak in price around 50 days prior to the event.

A failure to observe a substantial price surge during this period would suggest a lack of interest in preserving the network's security. It is worth noting that Litecoin experienced a recent resurgence in active addresses, leading to renewed interest after dropping from the top 10 cryptocurrency list due to increased competition.







LTCUSDT rebounded off the bottom-end of an ascending triangle pattern which has served as an interesting entry for a long position. As long as prices remain above 75.25 we expect further upside towards 94.25 and 101.90 in extension.

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