



MAY 9 - 2023

DAILY MARKET REPORT



SECURE
DIGITAL MARKETS

Institutional research.

OVERVIEW

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	24,800	27,000	30,600	31,800	1.30%	6.11%	8.77%	77.86%
Ethereum	1,710	1,810	1,995	2,150	0.01%	0.82%	9.05%	56.51%
Nasdaq	12,350	12,700	13,700	14,300	2.43%	0.58%	-0.65%	16.01%
US Dollar Index	97.75	100.35	102.30	103.20	0.20%	-0.11%	-0.78%	-1.76%

Next FOMC meeting: June 14 2023.

- Probability of a 0bps hike → 88%
- Probability of a 25bps hike → 12%
- Probability of a 50bps hike → 0%



BITCOIN

A snapshot of Bitcoin's spot price as of this writing is \$27,493 representing a 1.19% decrease the last 24 hours and 2.93% increase in trading volume. The funding rate of BTC is 0.0031%.



ETHEREUM

ETH is trading at \$1,838 as of this writing, representing a 24-Hour decrease of 0.85% and a funding rate of 0.0051%. Over the last 24 Hours, the trading volume increased by 4.22%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.



OVERVIEW

Latest Digital Asset News

1- German Fintech Unstoppable Finance to Launch Europe's First 'DeFi-Native Bank'

The ink still hasn't dried on the passing of the EU's new Markets in Crypto Assets (MiCA) bill, a landmark in comprehensive crypto legislation for the bloc's 27 states, and already the furnaces of invention are fired up for at least one European crypto company. Berlin-based fintech startup Unstoppable Finance, currently most well known for its self-custodial crypto wallet called Ultimate, announced today it will be rolling out Europe's first compliant "DeFi-native bank" alongside a fiat-backed Euro-pegged stablecoin following MiCA's guidance. The DeFi banking arm will ensure that the stablecoin is fully backed by reserves, as outlined by the new legislation from Brussels, says co-founder and CTO Peter Grosskopf.

2 - U.S. Crypto Exchange Bittrex Files for Bankruptcy in Delaware

Crypto exchange Bittrex has filed for bankruptcy in the U.S. state of Delaware on Monday, months after announcing it would wind down operations in the country and weeks after being sued by the Securities and Exchange Commission (SEC). The exchange believes it has more than 100,000 creditors, with estimated liabilities and assets both within the \$500 million to \$1 billion range, according to a court filing shared by Randall Reese of Chapter 11 Dockets, a bankruptcy tracker. Bittrex's U.S. branch has had a rough 2023 so far, laying off 80 people in February and announcing in March that it would end all operations by the end of April. These changes have not affected Bittrex Global, the non-U.S. crypto exchange.

3 - 189 crypto firms shut down following Estonia's recent regulations

According to a recent press release from the Financial Intelligence Unit of Estonia, the amendments to the country's Money Laundering and Terrorist Financing Prevention Act which was made in March last year, led to nearly 400 crypto firms going out of services due to invalid licenses. Most of the expirations were based on the decision of the regulator. Regardless, almost 200 virtual asset service providers voluntarily had their authorization revoked. The Financial Intelligence Unit revealed that, as of 1 May, 2023, there were 100 licensed virtual asset service providers operating in Estonia. The new financial regulations caused hundreds of crypto firms to abandon their authorization. The amendments resulted from various lapses identified by the regulator in the conduct of digital asset firms.

(1) <https://decrypt.co/139439/german-fintech-unstoppable-finance-launch-europes-first-defi-native-bank>
(2) <https://www.coindesk.com/policy/2023/05/08/us-crypto-exchange-bittrex-files-for-bankruptcy-in-delaware/>
(3) <https://ambcrypto.com/189-crypto-firms-shut-down-following-estonias-recent-crypto-regulations/>



OVERVIEW

TradFi

This morning, we are witnessing a downward trend in stock futures with the S&P500 futures (ES) declining by 0.35% and the Nasdaq100 futures down by 0.5%. This has led to a 1% dip in the SPDR S&P Regional Banking ETF (KRE). These market movements reflect ongoing concerns among investors about the state of the U.S. banking system.

Looking ahead, market participants are eagerly anticipating the release of April's Consumer Price Index (CPI) report on Wednesday, and the Producer Price Index (PPI) on Thursday, as they seek the latest data on inflation trends.

President Joe Biden will meet with congressional leaders Tuesday as Washington scrambles to lift the debt ceiling with less than a month before the federal government is set to run out of money.

- The U.S. risks a default and economic damage if it fails to hike the borrowing limit.
- Treasury Secretary Janet Yellen warned Monday that failure to hike the debt ceiling would cause an "economic catastrophe."
- Congressional Republicans are united in their refusal to vote to raise the limit without concessions. They view Tuesday's meeting as a long-awaited face-to-face negotiation with the president.
- Biden will meet with Republican leaders Kevin McCarthy and Mitch McConnell, and Democratic leaders Chuck Schumer and Hakeem Jeffries.

Looking at an intraday chart, the S&P500 index is currently pulling back from the 61.8% Fibonacci level as well as a price zone with high volume. Both of these elements together would lead us to believe that a correction is in sight. As long as prices remain below 4167 we should expect to witness lower prices towards 4115 and possibly 4070.

Upcoming:

- WEDNESDAY
 - US CPI
 - China new loans + M2 money supply
- THURSDAY
 - BOE Rate Decision
 - US PPI + unemployment claims
- FRIDAY
 - US prelim consumer sentiment





OVERVIEW

Bitcoin

Galaxy Digital (GLXY) posted Q1 profit of \$134M compared to a net loss of \$112 million the year-earlier. "The income was primarily attributable to gains on digital assets and unrealized gains on investments", according to the firm. The firm's asset-management business, Galaxy Digital Asset Management, or GDAM, recorded assets under management of \$2.4 billion (40% QoQ) which is 11% less than the \$2.7 billion recorded a year ago.

From a technical perspective, BTCUSDT has broken below its 50-day moving average which has confirmed the bearish divergence that we've been noticing for months now. There seems to be the formation of a potential Head-and-Shoulders pattern in the daily chart. We say "potential" because it hasn't been confirmed yet. The bearish reversal pattern is only confirmed if prices break below its neckline which is the line at the bottom connecting everything together. A break of this level should send prices to the profit target of \$24k - \$25k. Also, we've noticed that every time the MACD crosses in negative territory, it signals bearish momentum for price action. Finally, we believe a rebound is in sight towards \$28,000 - \$28,600.

- BTC > 27,000 → Bullish
- BTC < 27,000 → Neutral with a bearish bias
- BTC < 24,800 → Bearish

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OVERVIEW

Ethereum

There is much speculation about whether the recent increase in ETH fees indicates a bullish or bearish trend.

ETH is a major player in the industry, and its network has generated consistent demand for its blockspace, making it one of the only blockchain that generates a substantial amount of fee revenue. Despite the high fees, developers around the world continue to build and launch on L1, but it is possible that the rise of L2s may provide more competition for market share.

These gas fees represent the opportunity cost associated with participating in the growth of the ecosystem.

Moving on with price action, ETHUSDT also broke below its 50-day moving average and is trying to find a clear direction moving forward. Looking at ETHBTC, as long as the ratio remains capped by this declining trend line, we should expect BTC to continue to outperform ETH.

- ETH > 1810 → Bullish
- ETH < 1810 → Neutral with a bearish bias
- ETH < 1710 → Bearish

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Ethereum / TetherUS, 4h, BINANCE +0.83 (+0.04%)



Ethereum / TetherUS, 1D, BINANCE -0.55 (-0.03%)



Ethereum / Bitcoin, 1D, BINANCE -0.000212 (-0.32%)



OVERVIEW

Altcoin Analysis

Bitcoin Cash is one of the top gainers this morning.

Most altcoins in the top rankings are down this morning including MATIC, SUSHI, DOT and more.

An upcoming update slated for May 15th is set to equip Bitcoin Cash (BCH) with smart contracts comparable to those found on the Ethereum network. This development is anticipated to result in a significant efficiency advantage of up to 1000x when compared to Ethereum's smart contract framework, according to Jason Dreyzehner, the developer. Smart contracts are now an essential aspect of the blockchain ecosystem as they enable automated and trustless transactions among participants. Furthermore, decentralized applications constructed on Bitcoin Cash can scale to millions of users without incurring additional transaction costs, even during times of high network activity.

BCHUSD is trending within a declining trend channel that has been in place since July. For now, a rebound is likely towards \$135. As long as prices keep trading within this pattern and below \$145, we should expect further downside towards \$105 and \$95.

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OVERVIEW

Daily Insights

1. Lido Schedules On-Chain Vote for Staked ETH Withdrawals Upgrade on Friday

<https://twitter.com/LidoFinance/status/1655656843501355009>

"The vote will last 3 days and conclude on Monday, May 15th.

Following a successful vote, stakers can expect the following:

- Direct in-protocol stETH:ETH withdrawals.
- Staking router architecture, paving the way for new staking modules."

2. Bank of Canada Launches Public Consultations On a Digital Dollar

<https://www.bankofcanada.ca/2023/05/bank-canada-launches-public-consultations-digital-dollar/>

"A digital Canadian dollar issued by the Bank would have to be designed to serve Canadians' needs. That's why the Bank is holding this online consultation: to understand which features are most important to Canadians. The Bank is also seeking opinions about topics related to a digital dollar, such as:

- How people would likely use it
- What security features are important
- What concerns you have about accessibility and privacy

The Bank will publish a report summarizing this consultation later this year."

3. Rise in Crypto Ownership as a Hedge Against Currency Devaluation

<https://www.reuters.com/technology/cryptoverse-digital-coins-lure-inflation-weary-argentinians-turks-2023-05-02/>

"Ownership of digital currencies in Turkey was the highest in the world at 27.1% followed by Argentina at 23.5% -- well above global crypto ownership rate estimated at 11.9% -- according to data from research firm GWI.

What's common to Turkey and Argentina besides their pole positions in crypto adoption is high inflation, which has led to crumbling currencies and capital controls to deter local residents from taking money out. Turkey's annual inflation was 50.51% in March, Argentina's was even higher at 104%.

"Folks, whether they're on the retail side or institutional side, are thinking about how can we hedge against currency devaluation," said Ehab Zaghloul, chief research scientist at Tribal Credit."

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