



MAY 3 - 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	1,690	1,790	1,980	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: May 3rd 2023.

- Probability of a 0bps hike → 13%
- Probability of a 25bps hike → 87%
- Probability of a 50bps hike → 0%



BITCOIN

A snapshot of Bitcoin's spot price as of this writing is \$28,393 representing a 1.23% increase the last 24 hours and 8.16% increase in trading volume. The funding rate of BTC is 0.0075%.



ETHEREUM

ETH is trading at \$1,856 as of this writing, representing a 24-Hour increase of 1.59% and a funding rate of 0.0100%. Over the last 24 Hours, the trading volume increased by 1.53%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.



OVERVIEW

Latest Digital Asset News

1- White House Pushes for Punitive Tax on Crypto Mining

U.S. President Joe Biden is looking to impose a punitive tax on crypto mining operations for the “harms they impose on society,” the White House’s Council of Economic Advisers (CEA) argued Tuesday in an online post. The administration’s blog entry made the case for a U.S. tax equal to 30% of a mining firm’s energy costs – an unusual industry-specific penalty that could threaten the profits of such businesses. “Currently, cryptomining firms do not have to pay for the full cost they impose on others, in the form of local environmental pollution, higher energy prices, and the impacts of increased greenhouse gas emissions on the climate,” according to the CEA’s description of the levy known as the Digital Asset Mining Energy tax.

2 - Bhutan Plans a \$500 Million Fund for Crypto Mining in the Himalayas

Bhutan’s investment arm and Nasdaq-listed company Bitdeer Technologies Group plan to seek investors for a fund worth up to \$500 million that will be used to develop green crypto mining in the Himalayan kingdom. Fund raising targeting institutional investors will begin at the end of May and the goal is to set up carbon-free digital mining that taps Bhutan’s abundant hydroelectric power, according to a joint statement Wednesday.

3 - TUSD hits \$1.2 amidst heavy borrowing on DeFi lending protocols.

TUSD depegged on a number of exchanges yesterday, hitting a high of \$1.20 relative to USDT on Binance. Additionally, TUSD liquidity has not kept pace with its volumes, making a depegging like this more likely. Interestingly, as TUSD began to depeg, a number of users on both Aave and Compound began to borrow large amounts of the token. Most of these transactions appear to be organic rather than bot-driven. The most common strategy was borrowing TUSD and swapping for USDC, effectively shorting TUSD from its elevated price. However, neither Aave nor Compound have a large supply of TUSD, which meant that borrowing rates quickly surged, hitting over 100% APR on both protocols.

(1) <https://www.coindesk.com/policy/2023/05/02/white-house-pushes-for-punitive-tax-on-crypto-mining/>
(2) <https://www.bloomberg.com/news/articles/2023-05-03/bhutan-plans-500-million-fund-for-bitcoin-btc-and-crypto-mining-in-himalayas?leadSource=uverify%20wall>
(3) <https://research.kaiko.com/insights/tusd-depegs-amidst-heavy-borrowing>



OVERVIEW

TradFi

Today, the Federal Reserve will announce its interest rate decision at 2pm EST, with markets expecting a 25bps rate hike to be implemented at the conclusion of its two-day meeting on Wednesday. This increase will be the 10th since March 2022 and will bring the Fed's benchmark borrowing rate to a target range of 5%-5.25%.

The central bank's next move is uncertain, with speculation on whether it will signal the end of hiking or leave the option open for further tightening to combat inflation. Inflation has been a primary concern, with recent indicators showing a slight softening but still above the Fed's 2% target.

Other factors, such as financial issues and a potential recession, further complicate the situation.

The nation's 14th-largest bank by assets, First Republic, recently went under and had to be absorbed by JPMorgan. Then there's the economy. A looming recession appears to be getting closer, as GDP only grew by 1.1% in the first quarter while signs of cracks are appearing in the labor market.

Goldman Sachs predicts a policy pivot this week, with revisions to the forward guidance in the Fed's statement.

On the economic data front, private payrolls surged by 296,000 in April, beating estimates of 148,000, countering expectations for a cooling job market. Strong wage gains due to an imbalance of demand over supply in the labor market have contributed to persistent inflation pressures.

Looking at the equity market, starting with an intraday chart, the S&P500 has pulled back from the top-end of the broadening wedge pattern and has reached our first target of 4140, as expected. As long as the Dollar Index keeps grinding higher, we should expect to reach the next level at 4080 and possibly break it to the downside.

Moving on with the daily chart, the index is still hovering near the high of the ascending triangle pattern and is looking for clear direction. All indicators are pushing for a correction towards the support level of 4035.





Upcoming:

- Wednesday:
 - Fed Rate Decision + Press Conference
 - Earnings: Qualcomm
- Thursday:
 - ECB Rate Decision
 - Earnings: Apple, Shopify, Block and Coinbase
- Friday:
 - Non-farm payrolls

OVERVIEW

Bitcoin

Liquidity, as measure by market depth, has continued to decline since the FTX collapse. The market depth for both BTC and ETH have approached one-year lows.

Low market depth can lead to increased price volatility and higher trading costs. It means that there are fewer buyers and sellers in the market, which can make it harder to execute trades at desired prices. As a result, traders may need to accept worse prices to buy or sell an asset, leading to higher trading costs.

Additionally, low market depth can make it easier for large trades to move the market, which can cause sudden and significant price swings.

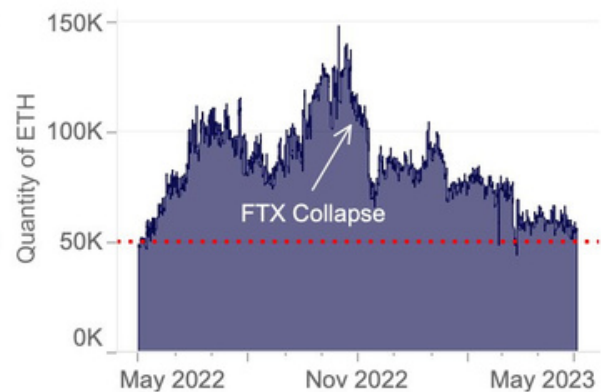


2% Market Depth USD/USDT Trading Pairs

BTC



ETH



Source: Kaiko Market Depth, 14 Exchanges incl. FTX.

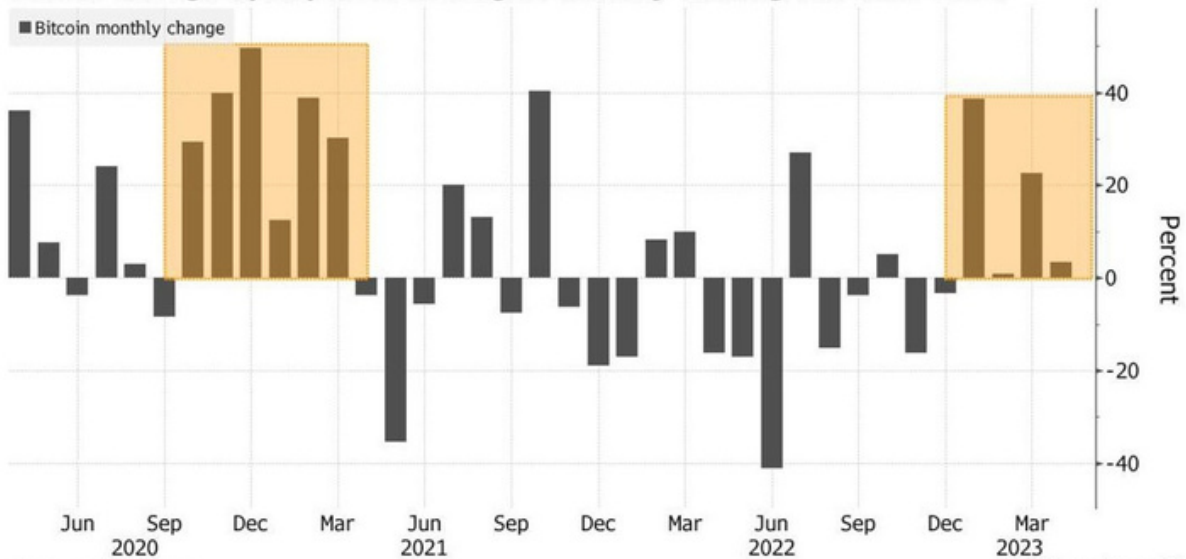


According to Bloomberg's analysis, Bitcoin's four-month winning streak that ended in April was the longest since a six-month surge that concluded in March 2021. Over the past decade, previous four-month winning streaks in Bitcoin have preceded an average increase of 260% over the following year.

Despite a 72% recovery in 2023 from last year's crypto downturn, Bitcoin's ascent has stalled around the \$30,000 mark, as market participants await further market-moving developments. The rally has been driven by speculations that the Federal Reserve will eventually pivot to a more accommodative monetary policy, as well as arguments that the US banking crisis has weakened trust in fiat currencies.

Streaker

Bitcoin through April posted its longest monthly winning run since 2021



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



OVERVIEW

Ethereum

ETHUSDT is also trading right on the 50-day moving average, after having broken it to the downside recently. On an intraday basis, prices are ranging clearly between 1785 and 1965. The breakout of this range should dictate the direction for the next couple of weeks.

ETHBTC is starting to rebound from the Shapella lows and might be ready to start a new uptrend soon which would mean that ETH would outperform BTC in the short term.

- ETH > 1790 → Bullish
- ETH < 1790 → Neutral with a bearish bias
- ETH < 1690 → Bearish





OVERVIEW

Altcoin Analysis

Polygon is looking interesting.

Franklin Templeton, one of the biggest investment firms in the US with \$1.4 trillion in assets under management as of 2020, expanded its OnChain US Government Money Fund to Polygon.

“Franklin Templeton continues to see operational efficiencies through use of a blockchain-integrated system, including increased security, faster transaction processing and reduced costs, benefiting Fund shareholders.”

FOBXX is the first U.S.-registered mutual fund that uses a public blockchain to process transactions and record share ownership.

Given the 24/7 nature of blockchains, the fund is available to trade at any time.

Currently, the fund has an AUM of over \$270 million.

From a chartist point of view, MATICUSDT recently broke below a rising trend channel. We expected a rebound from the bottom-end but unfortunately it didn't take place. Sometimes price action go through these whipsaws, where prices go in one direction then quickly move in the opposite direction.

Given that we rebounded off the same support level of 0.94 twice recently, it is possible that we can witness a rebound back to the trend channel if the overall crypto market appreciate from these levels.

As long as 0.94 holds, we expect further advance towards \$1.08 and possibly \$1.19.



OVERVIEW

Daily Insights

1. 'A Bounty on Bitcoin Miners': Industry Slams Biden's 30% Tax

<https://blockworks.co/news/bitcoin-mining-tax-biden>

"The Biden Administration has argued it should enact a 30% tax on the cost of the electricity used by Bitcoin mining to address "the economic and environmental costs." The tax is estimated to bring in \$3.5 billion in revenue over the next 10 years.

Bitcoin mining companies are now directing their ire at the Biden Administration for what they see as a blatant attempt to push crypto to the fringes. "It's hard to overstate how bad an idea this is," Riot (one of the largest public Bitcoin mining companies) said. "This proposal would push financial innovation and jobs away from America to other jurisdictions overseas, while causing harmful environmental outcomes and increased national security risks for the United States."

2. Balaji Closes Out \$1M Bitcoin Bet As U.S. Dollar Fails to Collapse

<https://twitter.com/balajis/status/1653449321185169409>

"The million dollar bet is now closed out by mutual agreement. I made \$1M+ in provable on-chain donations, which you can verify by clicking the links below:

- 1) \$500k to Bitcoin Core development via Chaincode
- 2) \$500k to Give Directly
- 3) \$500k to Medlock

I spent my own money to send a provably costly signal that there's something wrong with the economy, and that it's not going to be a "soft landing" like Powell promises — but something much worse."

3. Ethereum's High Gas Fees See Users Flock to EVM-Compatible Chains

<https://www.theblock.co/post/229176/evm-compatible-chains-ethereum-gas-fees>

"EVM-compatible chains have lower transaction costs than Ethereum while benefiting from the security and network effects of the larger Ethereum ecosystem. BNB Chain and Polygon, in particular, saw increased usage last week due to their growing ecosystems, according to The Block's Data Dashboard.

Ethereum Layer 2 networks, especially Optimism and Arbitrum, have also grown in usage this year. Daily new unique addresses on both optimistic rollups-based chains have increased since the start of the year."

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