APRIL 27 - 2023

DAILY MARKET REPORT

SECURE DIGITAL MARKETS

Institutional research.

OVERVIEW

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	24,800	26,600	30,600	31,800	3.55%	-3.87%	1.95%	71.32%
Ethereum	1,690	1,805	1,980	2,150	2.06%	-7.03%	5.87%	56.51%
Nasdaq	12,350	12,700	13,700	14,300	0.47%	-1.70%	-1.32%	13.26%
US Dollar Index	99.25	100.80	102.55	103.65	-0.06%	-0.43%	-0.72%	-1.71%

Next FOMC meeting: May 3rd 2023.

- Probability of a 0bps hike → 27%
- Probability of a 25bps hike → 73%
- Probability of a 50bps hike → 0%

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $29,003 representing a 2.73% decrease the last 24 hours and 23.01% increase in trading volume. The funding rate of BTC is 0.0039%.

ETHEREUM

ETH is trading at $1,888 as of this writing, representing a 24-Hour decrease of 3.18% and a funding rate of 0.0076%. Over the last 24 Hours, the trading volume increased by 33.08%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- Franklin Templeton expands its OnChain US Government Money Fund to Polygon

Franklin Templeton, an investment management giant with about $1.4 trillion in assets under management, has expanded its OnChain U.S. Government Money Fund to the Polygon blockchain. Launched in 2021, the fund was first available on the Stellar blockchain. Polygon is the second blockchain the fund is supporting, a Franklin Templeton spokesperson told The Block, adding that more networks could be supported in the future. "Extending the reach of the Franklin OnChain U.S. Government Money Fund to Polygon enables the Fund to be further compatible with the rest of the digital ecosystem, specifically through an Ethereum-based blockchain," Roger Bayston, head of digital assets at Franklin Templeton, said in a statement. "This furthers our distribution reach through a Layer 2 (L2) blockchain that has a proven track record."

2 - Hong Kong SFC to Issue Crypto Exchange License Guidelines in May

Hong Kong’s Securities and Futures Commission plans to shed more light on the city’s evolving cryptocurrency framework next month. The regulator will release guidelines on the licensing regime for virtual-asset exchanges in May, its Chief Executive Officer Julia Leung said at an event. A consultation process for the regulatory framework that will apply to crypto exchanges garnered more than 150 responses, she said Thursday in the city. Hong Kong plans to allow retail investors to trade major tokens like Bitcoin and Ether in a new licensing regime for crypto platforms due on June 1. The city aims to develop a digital-asset center to burnish its role as a financial hub.

3 - UK Tax Authority Proposes Changes to Treatment of DeFi Lending, Staking

The U.K.'s tax authority is seeking public views on a proposed change to the tax treatment of decentralized finance (DeFi) lending and staking, according to a Thursday announcement. HM Revenue and Customs (HMRC)'s proposal follows a 2022 call for evidence. The authority cited recent crypto market failures, including the collapse of the FTX exchange, as cause for regulators' heightened interest in the sector. Regulators around the world have cast their eyes on DeFi, and policymakers have "highlighted specific risks including cyber risks and other technical risks, as well as increased dependencies between traditional and decentralized financial systems and a lack of backstops in periods of market stress," HMRC said.

(1) https://www.theblock.co/post/228445/franklin-templeton-fund-polygon
(2) https://www.bloomberg.com/news/articles/2023-04-27/hong-kong-sfc-to-issue-crypto-exchange-license-guidelines-in-may?leadSource=uverify%20wall
(3) https://www.coindesk.com/policy/2023/04/27/uk-tax-authority-proposes-legislative-change-to-treatment-of-defi-lending-staking/

OVERVIEW

TradFi

Last night after the stock market closed, Meta released its earnings report:
- Unexpected increase in revenue for the first quarter after three straight periods of declines.
- Revenue reached $28.65 billion vs. $27.65 billion expected
- Daily Active Users of: 2.04 billion vs. 2.01 billion expected
- Average Revenue per User of $9.62 vs. $9.30 expected.
- Stock is up 12% in premarket trading this morning.

The majority of S&P 500 firms reporting earnings have beaten expectations. However, it’s important to note that many estimates were revised downward by around 15%. Beating lowered expectations is great but not exactly outstanding.

Tech giants Amazon and Intel will share their quarterly results after the closing bell today.

On the economic data front, growth in the U.S. slowed considerably in the first quarter as the advance reading of Q1 GDP reached a growth of 1.1%, missing estimates of 2%, down from Q4 growth of 2.6%. The US dollar slowly grinded up on the news while the equity market is mixed with a bearish bias.

Stock futures are in the green, lifted by Meta’s earnings report last night. The S&P500 continues to be dragged lower towards the support level of 4035. We might witness a short-term recovery towards 4118 and possibly 4138 but for now the trend is bearish on an intraday basis and neutral with a bearish bias on the daily chart.

Upcoming:

- Thursday →
  - Earnings: Amazon and Intel.

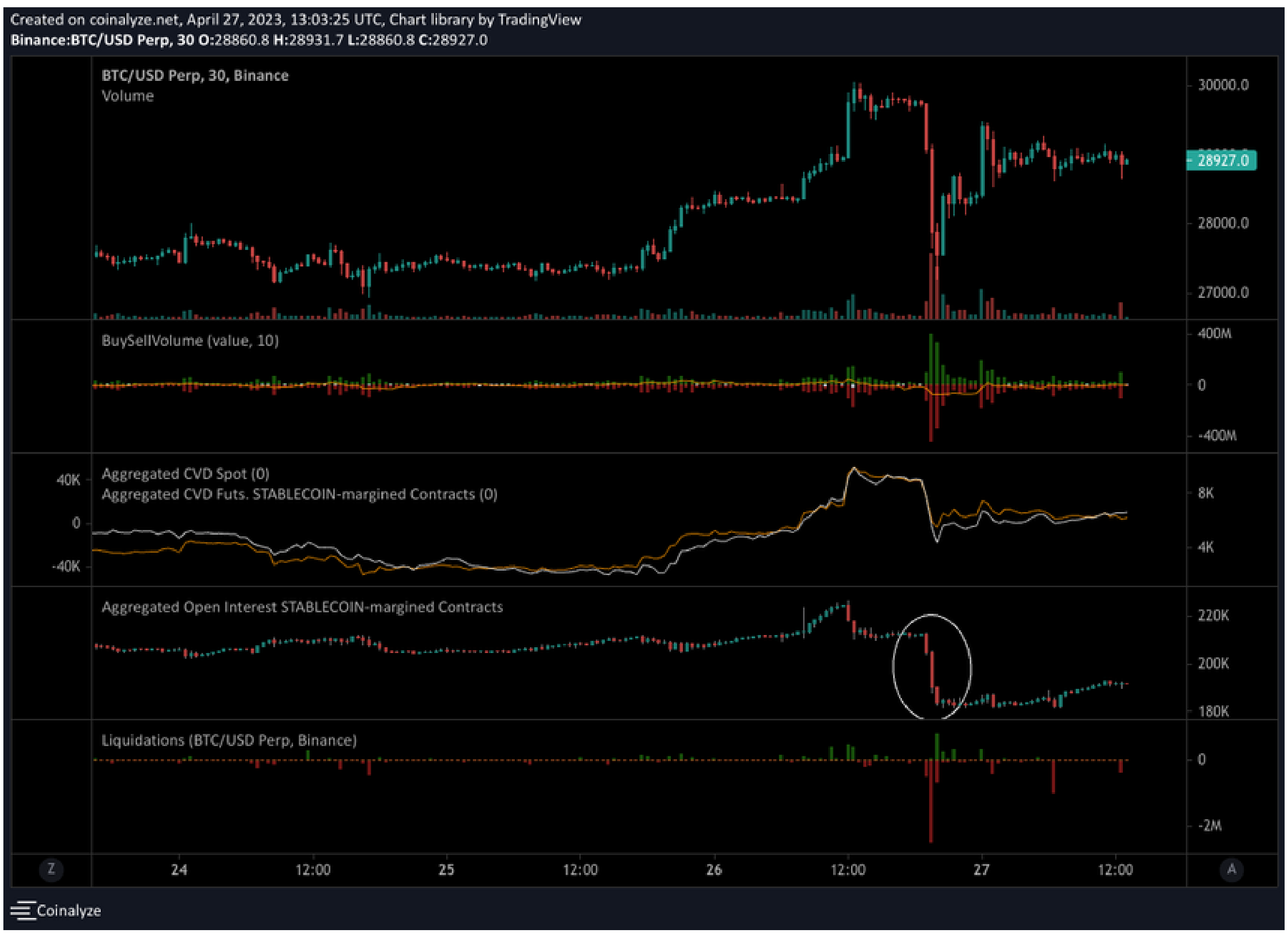
- Friday →
  - Core PCE Index

OVERVIEW

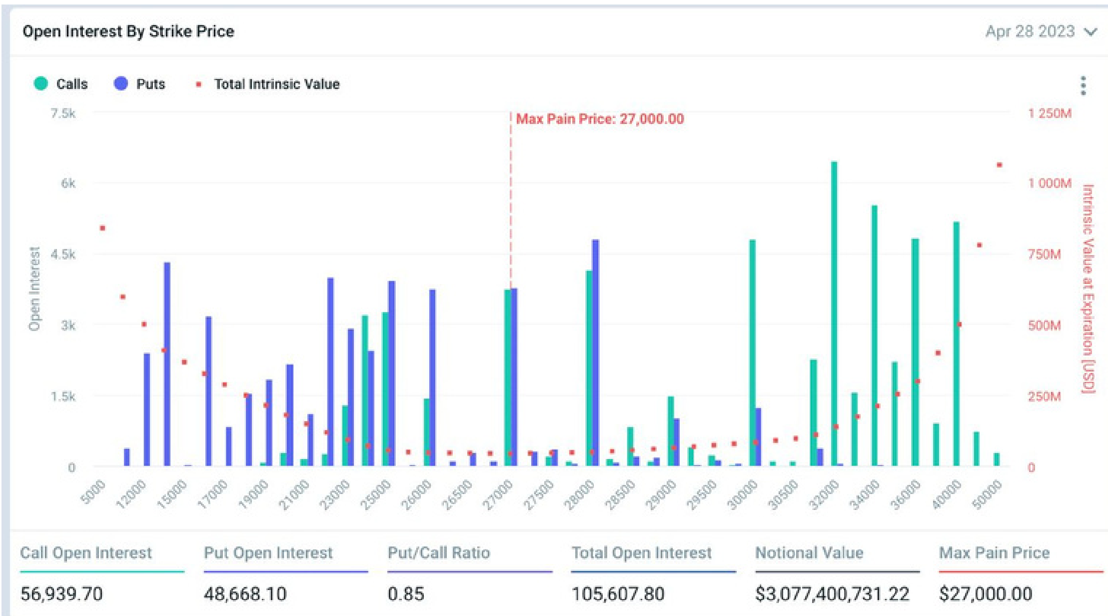
Bitcoin

Yesterday afternoon Bitcoin experienced a wild move to the downside creating around $300m worth of liquidations in the past 24hours. Open interest dropped by appx $850 million in around 1hr as princes plunged from $30,000 to $27,000. Due to the illiquidity of this market, it seems that futures are dictating price direction.

Some people online have reported that the wallets belonging to Mt.Gox and the US government have gone through a series of transactions, which spooked market participants thinking that a large amount of BTC might be sold in the open market. Market intelligence platform Arkham, confirmed that the alert was the result of an error sent following a bug fix.



This Friday at 8am UTC, $3 billion worth of option contracts are set to expire on Deribit.
Put/Call ratio → 0.85
Max pain price → $27,000

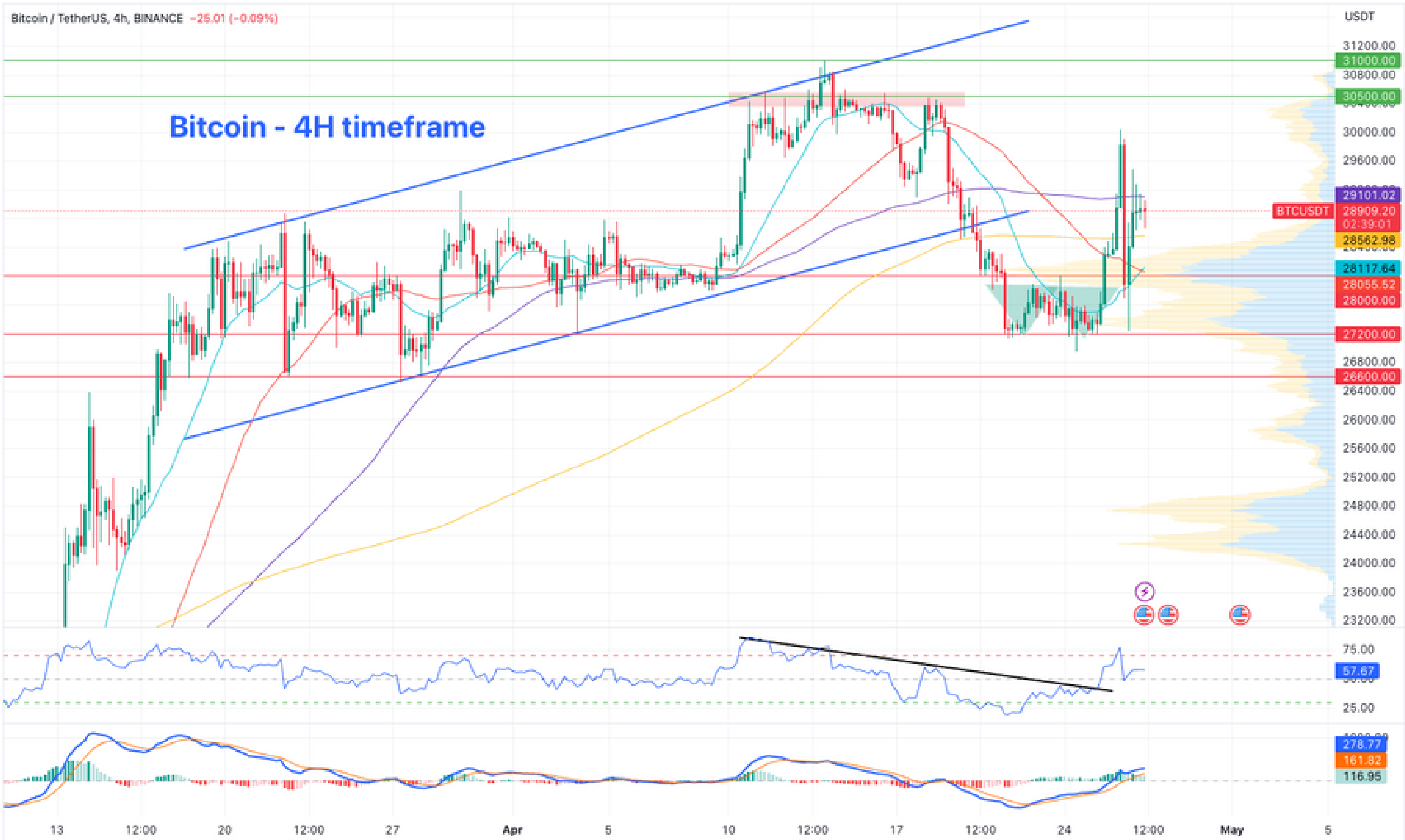


Bitcoin was very choppy yesterday afternoon but the technical outlook remains the same.

On an intraday basis, we are getting ready for more sideways action between $28,000 and $30,000. We doubt that prices will break above 30,500 in the short-term as offers keep packing up when we get close to that level. Prices should continue to rebound off the $27k or $28k support level until we find a clear direction. A break below $27,000 would send prices much lower.

On the daily chart, Bitcoin continues to trade within an uptrend. The rebound off the 50-day moving average was necessary for bulls to stay in control. The breakdown of that indicator as well as the infamous support of $26,600 should drag prices lower towards $24,800.

yacine.ouldchikh published on TradingView.com, Apr 27, 2023 09:21 UTC-4



TradingView

yacine.ouldchikh published on TradingView.com, Apr 27, 2023 09:20 UTC-4

TradingView

OVERVIEW

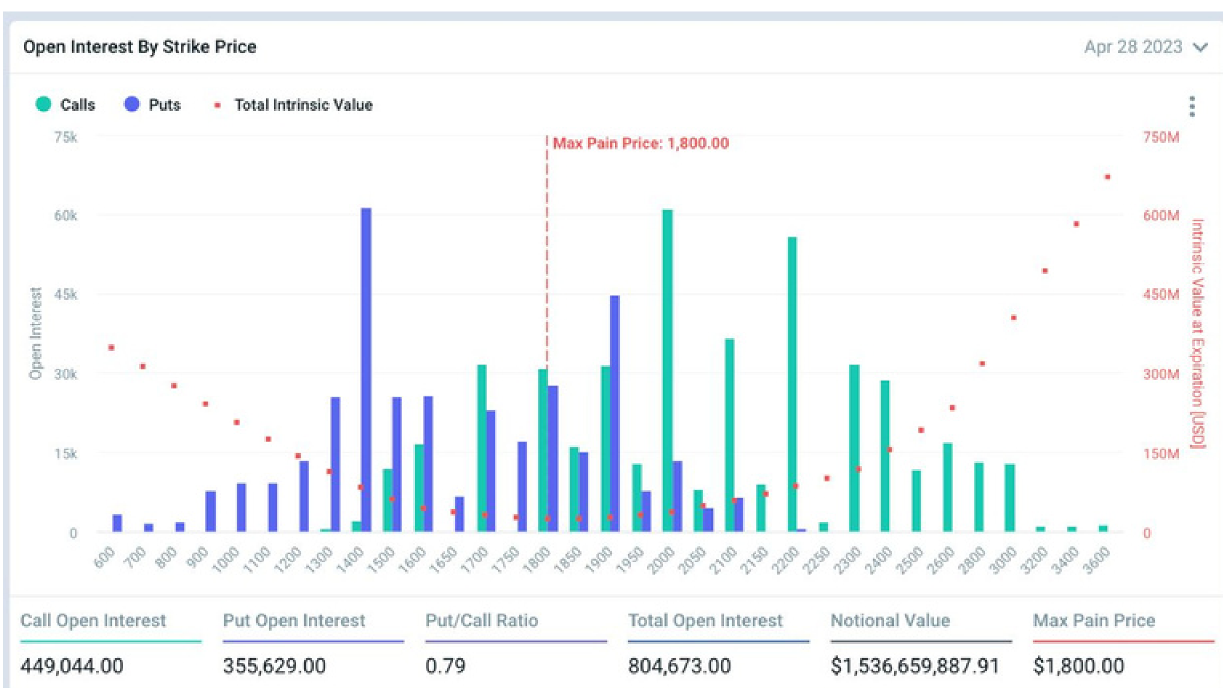
Ethereum

ETHUSDT remains above its 50-day moving average and is desperately trying to stay there. Trading volume has increased in the last week and we see more interest from the spot market compared to futures.

ETH > 1805 → Bullish
ETH < 1805 → Neutral with a bearish bias
ETH < 1690 → Bearish

Looking at ETHBTC, it seems that BTC has outperformed ETH by 8% in the past week. In the short-term, it seems that BTC can continue to outperform ETH by another 4%.

This Friday at 8am UTC, $1.53 billion worth of option contracts are set to expire on Deribit.
Put/Call ratio → 0.79
Max pain price → $1,800



OVERVIEW

Altcoin Analysis

Cosmos is picking up volume.

In the last 24hrs, the coin's volume surged by over 150% surpassing $220 million and is now sitting at a market cap of $3.25 billion with a ranking of 21.

The Cosmos community is buzzing with excitement as they begin voting for the proposal to launch Neutron on Replicated Security, the first Consumer Chain onboarding proposal. Neutron is a decentralized exchange (DEX) built on top of the Cosmos Software Development Kit (SDK).

Based on the recent update, the Cosmos Hub will receive 25% of transaction fees from Neutron, 25% of MEV revenue, and 7% of the supply of the Neutron network native token (NTRN) as an initial drop.

From a chartist point of view, ATOMUSDT recently rebounded right off the bottom-end of a symmetrical triangle pattern in place since June 2022. The MACD looks mixed but the RSI is clearly supported by a rising trend line, advocating for further advance.

As long as prices remain above $10.25, we should expect further upside towards $13.40 and possibly $15.35.

OVERVIEW

Daily Insights

1. Quant Trader Shows What Really Caused Crypto Market Plunge Yesterday, and It's Not Arkham

https://twitter.com/thiccythot_/status/1651456070546497537

“- $150M spot bid caused $1.5B derivatives bid
- Tradfi funds probably not bidding spot
- Dollar + Gold are flat, unlike in March
- Toppled later in day when spot bid stopped
- Arkham false alert likely no effect on Price Action
- Patient bulls bought dip after”

2. Weakening US Dollar Provides Tailwind For Bitcoin, Despite Rumor-Driven Flash Crash

https://blockworks.co/news/weakening-us-dollar-bitcoin

“Strong dollar dominance has put developing countries in a tough spot, as their USD-denominated debt has resulted in inflated debt-to-GDP ratios.

As interest in bitcoin grows as an alternative to the dollar and a hedge against inflation, demand for digital assets may increase over the long term. More investors are likely to diversify their portfolios to mitigate currency risk.”

3. Circle Launches Cross-chain USDC Transfer Protocol for Ethereum, Avalanche

https://cointelegraph.com/news/circle-launches-cross-chain-usdc-transfer-protocol-for-ethereum-avalanche

“Unlike a traditional bridge, it doesn’t lock tokens sent to its contract. Instead, it completely destroys them and issues new tokens on the receiving network. Users can redeem these new tokens for bank deposits directly, by depositing the tokens with Circle or its partners.

The team said that it expects Cross-Chain Transfer Protocol (CCTP) to solve the problem of “fragmentation” in the Web3 ecosystem. Currently, there are multiple unofficial versions of USDC floating around on various networks, most of which are the result of tokens on one network being bridged to another. Now that there is an official way to transfer coins from one network to another, the team expects these unofficial copies to slowly decline in use, making the token less confusing to use.”

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