APRIL 11 - 2023

DAILY MARKET REPORT

SECURE DIGITAL MARKETS

Institutional research.

OVERVIEW

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	26,600	27,800	31,800	33,000	4.62%	3.05%	43.83%	73.56%
Ethereum	1,690	1,790	2,030	2,150	2.73%	4.13%	33.56%	56.75%
Nasdaq	12,350	12,700	13,700	14,300	-0.03%	-1.13%	8.49%	15.36%
US Dollar Index	99.25	100.85	103.65	105.90	-0.06%	0.92%	-1.04%	-0.97

Next FOMC meeting: May 3rd 2023.

- Probability of a 0bps hike → 34%
- Probability of a 25bps hike → 66%
- Probability of a 50bps hike → 0%

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $30,213 representing a 6.89% increase the last 24 hours and 91.26% increase in trading volume. The funding rate of BTC is 0.0100%.

ETHEREUM

ETH is trading at $1,918 as of this writing, representing a 24-Hour increase of 3.48% and a funding rate of 0.0071%. Over the last 24 Hours, the trading volume increased by 66.63%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- New tax rules could mean a US exodus for crypto companies

The new R&D law has overly broad language that states “any and all” software development must be amortized over five years if the development took place in the United States, or over 15 years if the work was done overseas. The change doesn’t sound so bad on its surface; some argue it might even create more tech jobs in the U.S. But that isn’t how it will play out. Many countries have better R&D credits than the U.S. Much of U.S. software development will shift to countries such as the United Kingdom, where the rules are simpler and more lucrative. For tax-smart companies, U.S. entities will just be for marketing and sales.

2 - Employees of South Korean Crypto Exchange Coinone Arrested

Employees of South Korean cryptocurrency exchange Coinone have been arrested in connection with exchanging money in return for listing certain crypto assets, CoinDesk Korea reported on Tuesday. "There is concern about escaping," said Seoul Southern District Court Chief Judge Kim Ji-Sook, who issued a warrant for the arrests on Monday. Coinone's listing team leader Kim Mo has been accused of violating the Concealment of Criminal Proceeds Act and a breach of trust. Listing broker Hwang Mo was also charged with breach of trust. According to the report, Hwang paid as much as 2 billion won ($1.51 million) to Kim and Coinone's former director of listing "Mr Jeon" in return for listing certain virtual assets.

3 - CleanSpark buys 45,000 Bitcoin miners for $145 million to nearly double its capacity

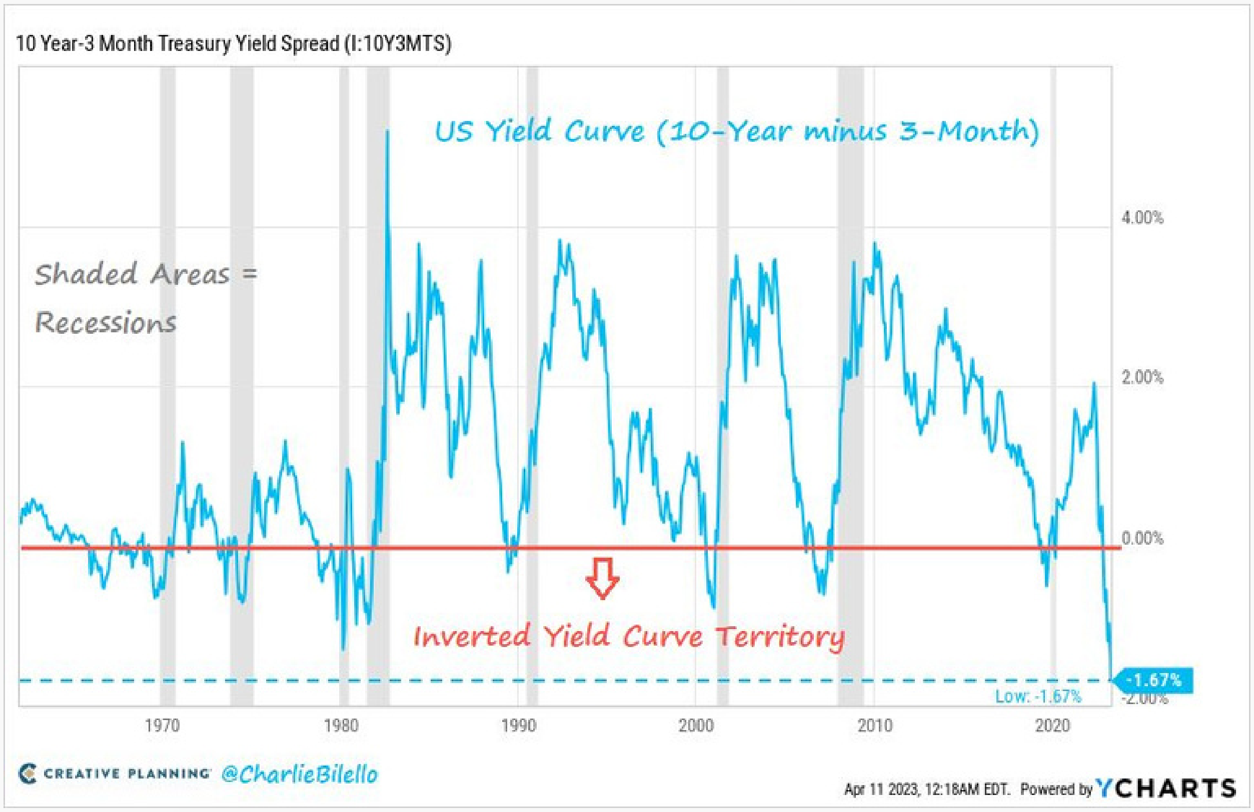
Bitcoin mining company CleanSpark spent $145 million on 45,000 Bitcoin mining machines, planning to double its mining capacity by the end of the year. All of the mining units are Antminer S19 XPs, which CleanSpark CEO Zach Bradford claims are the most efficient miners available on the market. “This bear market has continued to provide us with opportunities to maximize ROI including the opportunity to purchase the industry’s best miner at an industry leading price,” said Bradford in a press release. The manufacturer will aim to deliver 25,000 machines in August, with the rest arriving in September.

(1) https://cointelegraph.com/news/new-r-d-tax-rules-could-bankrupt-your-blockchain-startup
(2) https://www.coindesk.com/policy/2023/04/11/employees-of-south-korean-crypto-exchange-coinone-arrested-report/
(3) https://www.theblock.co/post/225511/cleanspark-buys-bitcoin-miners-double-capacity?utm_source=cryptopanic&utm_medium=rss

OVERVIEW

TradFi

The 3m-10y yield curve inversion is now the deepest in history, greater than what we experienced during the dot-com bubble and the global financial crisis. This is also Jerome Powell's favourite 'yield curve' to watch. It has a perfect record in predicting recessions over the last 50 years, however the timing is much more difficult to predict. Clearly, the bond market is flashing red but the equity market doesn't want to hear it.



Wall Street is heading toward another season of earnings announcements which will be important to track in order to get an idea of what these corporate firms are doing or preparing for. Sometimes it's not exactly the financial numbers that move the markets but their comments and outlook moving forward.

Stock futures are flat this morning as market participants are looking toward the release of important economic data this week. Both inflation metrics (CPI on Wednesday and PPI on Thursday) will provide insights into how the Fed might proceed on its rate-hiking campaign.

Upcoming:

- Wednesday →
  - US CPI
  - Bank of Canada interest rate decision.
  - FOMC meeting minutes
- Thursday → US PPI
- Friday →
  - US retail sales
  - US consumer sentiment

OVERVIEW

Bitcoin & Ethereum

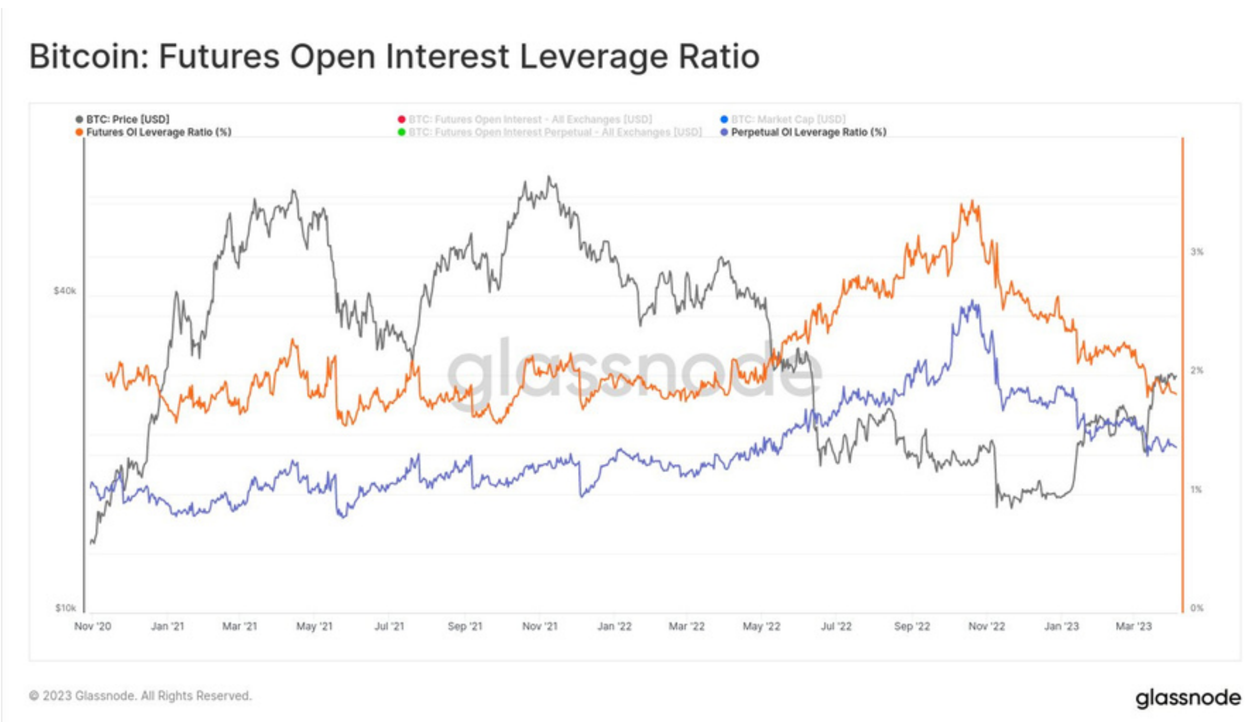
Bitcoin reached an impressive milestone of $30,000 overnight.

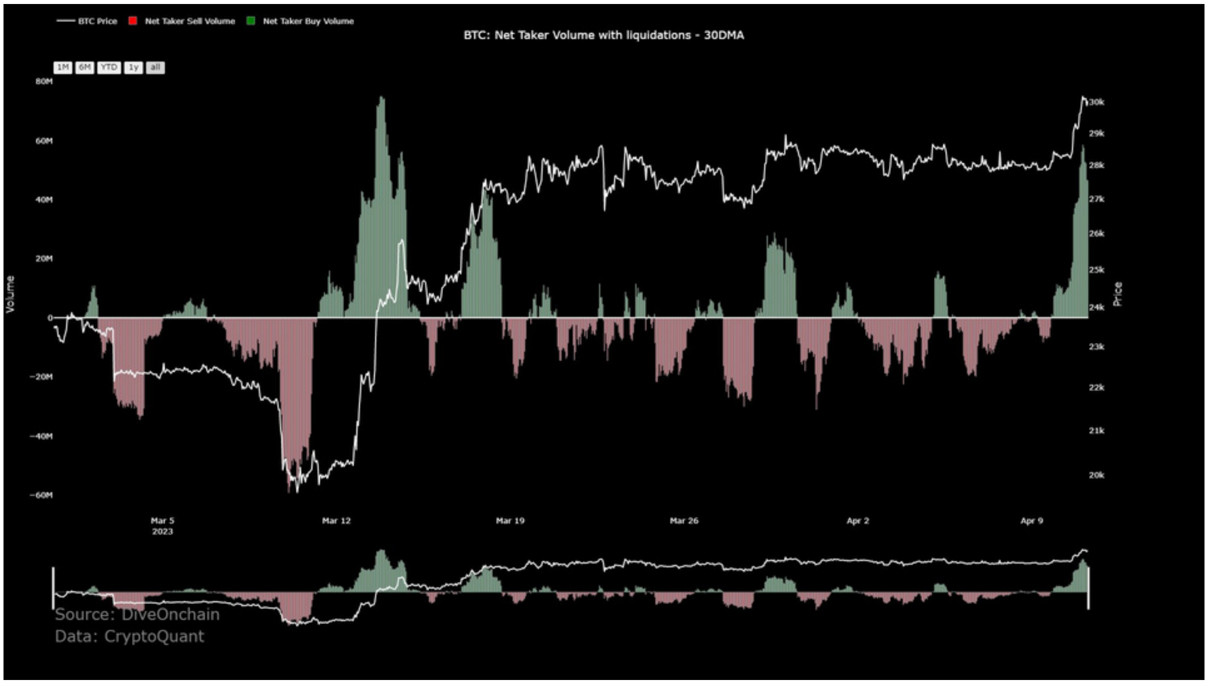
Clearly, traders are speculating that the CPI figure on Wednesday will be better than estimates which may push the Fed to think about pausing raising rates at the next meeting in May, giving a boost to risk assets like Bitcoin.

Bitcoin gained more than 80% since the start of the year while Ethereum increased by over 60%. Normally both of these cryptocurrencies would surge together, and if one would surpass the other it would be ETH gains surpassing BTC gains. This time it's different: Both crypto assets decoupled in March as BTC was treated as a true flight-to-safety following the bank closures.

As much as Bitcoin's correlation to the equity market has been coming down, there is no doubt that an important figure like the CPI can have an important impact on price action.

What is interesting with this recent upside move is that it's not tied to the futures market. The futures open interest leverage ratio has been decreasing as the spot market is leading the move here which is usually a healthy sign for a sustainable trend.





Bitcoin is now in resistance territory (between $29k and $33k) as you can see clearly on the weekly chart. It is hard to estimate when prices will cool down and take a breather, but there is a high probability that the recent rise will take a pause towards $25k before reaching higher levels. The market is very data driven these days, so the fundamentals and what the Fed says will be much more important than any form of technical analysis.

yacine.ouldchikh published on TradingView.com, Apr 11, 2023 09:11 UTC-4

yacine.ouldchikh published on TradingView.com, Apr 11, 2023 09:10 UTC-4

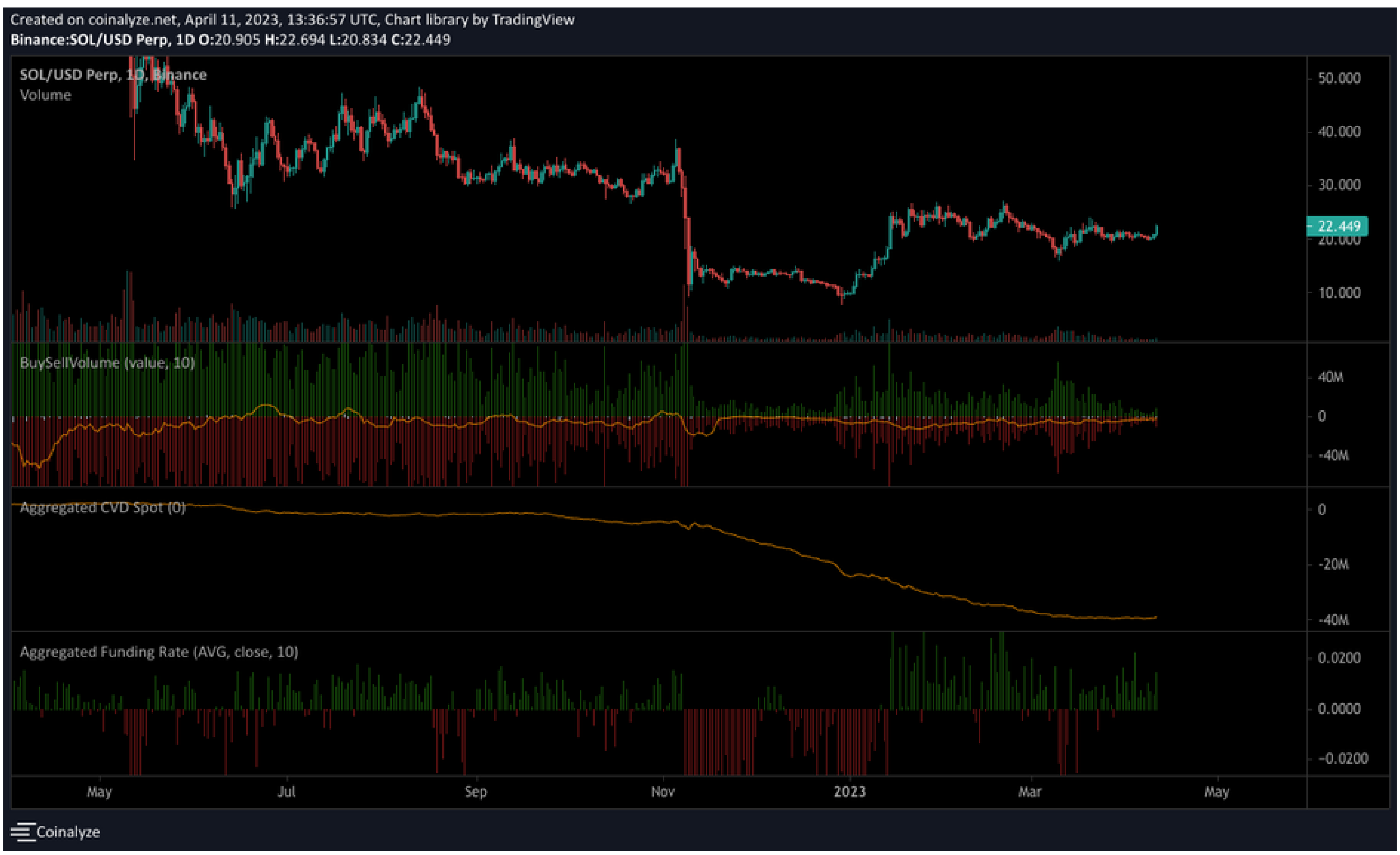
Altcoin Analysis

Solana is cooking something in the background.

The coin's on-chain staking is gaining more and more traction amongst crypto enthusiasts. According to staking rewards, Solana ranks as the second largest staking network after Ethereum, with a staking market cap of $7.95 billion and a staking ratio of 72.55%. The number of stakers over the last seven days currently stands at 589k.

The funding rate remained negative for a long time but entered into positive territory starting in mid-March, most likely following the bank problems in the market. Prices are lifted by a rising trend line in place since the yearly low and have recently broken above an almost 1 year long declining trend channel formed in May 2022.

As long as prices remain above $19.75, we should be bullish on SOL. If prices break above $26.75, then the coin might enter a vacuum zone pushing it towards $30.20.



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