APRIL 3 - 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	29,750	31,800	-2.39%	3.11%	23.41%	70.00%
Ethereum	1,475	1,610	1,860	2,030	-2.08%	3.37%	12.20%	49.80%
Nasdaq	12,350	12,625	13,250	13,700	1.74%	3.37%	4.56%	16.77%
US Dollar Index	99.25	100.85	103.65	105.90	0.40%	0.05%	-1.38%	-0.59

Next FOMC meeting: May 3rd 2023.

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

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $28,320 representing a 0.11% decrease the last 24 hours and 59.90% increase in trading volume. The funding rate of BTC is 0.0083%.

ETHEREUM

ETH is trading at $1,808 as of this writing, representing a 24-Hour decrease of 0.38% and a funding rate of 0.0037%. Over the last 24 Hours, the trading volume increased by 44.30%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- U.S. Futures Watchdog Issues Compliance Rule for Crypto Activities Among Members

In the absence of formal crypto rules from U.S. government agencies, the National Futures Association is setting up standards for its members that deal in digital-assets commodities. The NFA – which as a so-called self-regulatory organization occupies a space between the federal government and industry – has more than 100 members involved in digital assets, the organization said in a statement on the new rule, which is set to go into effect on May 31. The NFA's self-regulation of the derivatives industry allows it to impose standards on its members under penalty of fines and other punishment, and this rule extends that power more explicitly to the crypto sector. The compliance rule – now limited to involvement with bitcoin (BTC) and ether (ETH) – gives the NFA “the ability to discipline a member or take other action to protect the public if a member commits fraud or similar misconduct with respect to its spot digital asset commodity activities,” the group said in the statement on Wednesday.

2 - US Government Dumps Bitcoin Stolen From Silk Road, $1.2B To Go

The US government sold off more than 9,800 BTC connected to the Silk Road darknet marketplace for about $215 million earlier this month, a court filing released Friday shows. James Zhong pleaded guilty to hacking Silk Road in 2012 and stealing more than 50,000 BTC (worth less than $1 million at the time), which the government seized in November 2022. On March 14, the government sold about 9,861.2 BTC for around $21,800 per token. On this date, bitcoin was trading on most exchanges at a high of around $26,500 and a low of around $24,000, according to Blockworks Research. Government officials racked up more than $215,000 in transaction fees for the sale, court documents note. Officials added that they plan to sell the remaining 41,500 BTC ($1.2 billion) in a series of four batches this year. The method of sale wasn’t disclosed.

3 - UK banks are turning away crypto clients

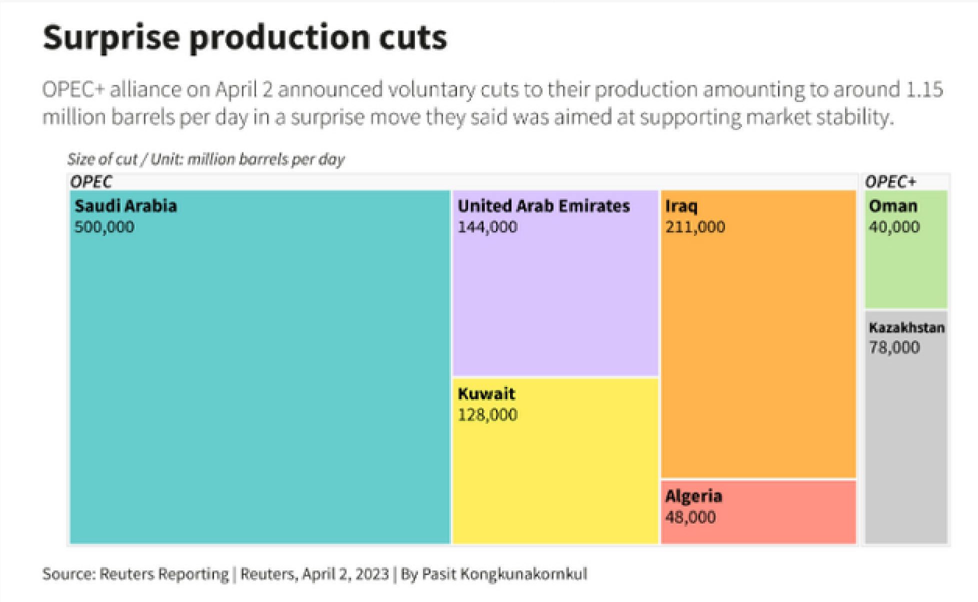
Crypto companies are facing difficulties accessing banking services in the United Kingdom, according to multiple sources interviewed by Bloomberg. The few banks still working with crypto firms are requesting more documentation and information about how they monitor clients’ transactions. Challenges include having applications rejected, accounts frozen and overwhelming paperwork. Crypto companies have even complained to the government of Prime Minister Rishi Sunak, as the situation worsened in the past weeks. The move goes in the opposite direction of Sunak’s plans to prioritize financial technology disruption and make the U.K. a global crypto hub.

(1) https://www.coindesk.com/policy/2023/03/31/us-futures-watchdog-issues-compliance-rule-for-crypto-activities-among-members/
(2) https://blockworks.co/news/us-government-dumps-bitcoin-silk-road
(3) https://cointelegraph.com/news/uk-banks-are-turning-away-crypto-clients-report

OVERVIEW

TradFi

Crude Oil got a boost over the weekend as OPEC+ decided on Sunday to cut their production by 1.16m barrels per day to support market stability. Prices are 7% higher this morning and have increased by over 25% since March 20th.



Stock futures are trading lower this morning as market participants are fearful that the recent price surge in oil prices could potentially fuel global inflation, prompting a more hawkish stance on interest rate hikes from central banks across the world. S&P500 and Nasdaq futures are down 0.20% and 0.80% respectively.

The S&P500 gained 7% in 1Q2023. Since 1954, every time the index gained 7% or more in the first quarter, it ended the year in positive territory with an average of +23.1%.

The Full Year Has Never Been Lower

S&P 500 Returns After A >7% Gain In The First Quarter

Date	First Quarter Return	Full Year Return
3/31/1954	8.6%	45.0%
3/30/1961	12.0%	23.1%
3/31/1967	12.3%	20.1%
3/31/1971	9.0%	10.8%
3/31/1975	21.6%	31.5%
3/31/1976	13.9%	19.1%
3/31/1983	8.8%	17.3%
3/29/1985	8.0%	26.3%
3/31/1986	13.1%	14.6%
3/31/1987	20.5%	2.0%
3/28/1991	13.6%	26.3%
3/31/1995	9.0%	34.1%
3/31/1998	13.5%	26.7%
3/30/2012	12.0%	13.4%
3/28/2013	10.0%	29.6%
3/29/2019	13.1%	28.9%
3/31/2023	7.0%	?
	Average	23.1%
	Median	24.7%
	% Of Time Higher	100.0%

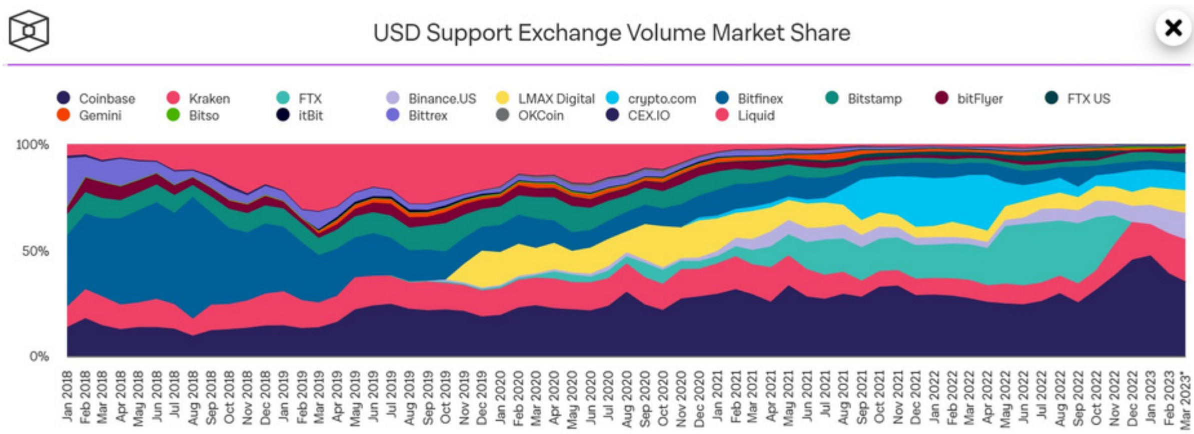
Source: Carson Investment Research, Factset 03/31/2023
@ryandetrick
CARSON

Upcoming:
Monday → ISM manufacturing PMI
Tuesday → Job openings
Wednesday → ISM services PMI
Friday → Non-farm payroll

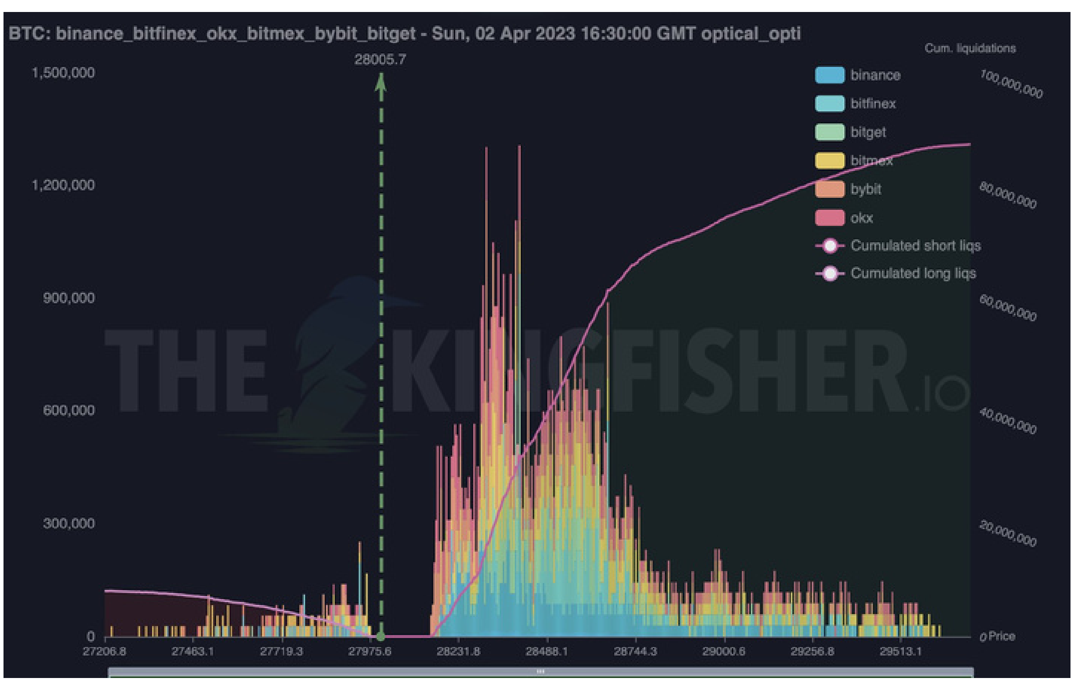
OVERVIEW

Bitcoin & Ethereum

The crypto exchange Bittrex, once a U.S. leader, is shutting down in the country after volumes tanked to less than 1% of the market. The firm only recorded BTC volume of $4.5 million on Friday. Bittrex had a market share of USD of 23% at the start of 2018 but it collapsed to below 1% in 2021 and hasn't recovered since.

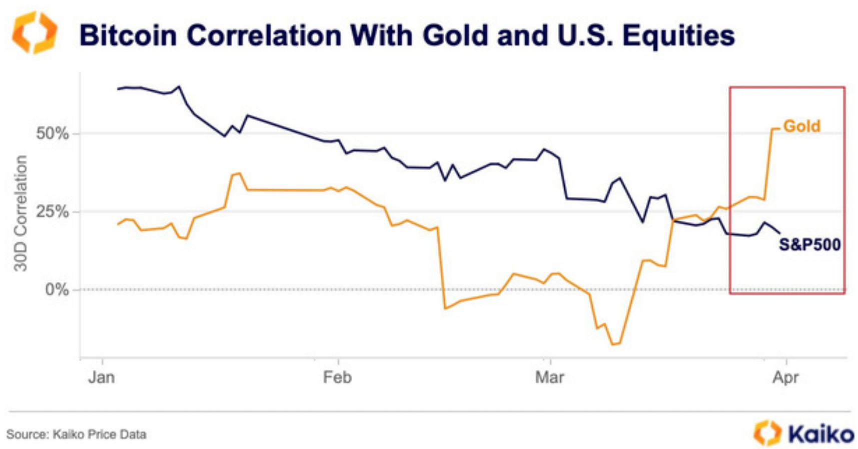


According to TheKingfisher, there is a cluster of short-term high leverage short liquidations until 28,850.



According to a court filing, the US government sold 9,800 BTC on March 14th and intends to sell a further 41,500 BTC connected to Silk Road in four tranches throughout the year.

In other news, Bitcoin's correlation to Gold has surpassed its correlation with the S&P500, reinforcing the idea that Bitcoin is being perceived as a safe-haven asset in this market environment.



yacine.ouldchikh published on TradingView.com, Apr 03, 2023 09:42 UTC-4

TradingView

Altcoin Analysis

Let’s talk about Dogecoin.

Elon Musk recently asked a judge on Friday to dismiss the $258 billion lawsuit which accuses the billionaire of running a pyramid scheme to support Dogecoin prices.

Dogecoin Foundation, a nonprofit, is also a defendant and seeking the lawsuit's dismissal.

Looking at the chart, prices have been on a serious downtrend for a while now. Even the RSI has been capped by a declining trend line since November. As long as prices remain below $0.09, we should expect lower prices towards $0.066 and possibly $0.055 if the overall market feels a lot of pressure.

OVERVIEW

Daily Insights

1. UK Banks Are Turning Away Crypto Clients

https://cointelegraph.com/news/uk-banks-are-turning-away-crypto-clients-report

“Challenges include having applications rejected, accounts frozen and overwhelming paperwork. Crypto companies have even complained to the government of Prime Minister Rishi Sunak, as the situation worsened in the past weeks. The move goes in the opposite direction of Sunak’s plans to prioritize financial technology disruption and make the U.K. a global crypto hub.”

2. Moody’s Analyst Examines Risks that TradFi Poses to Crypto

https://www.coindesk.com/consensus-magazine/2023/04/02/usdcs-depeg-laid-bare-the-risks-traditional-finance-poses-to-stablecoins/

“In Moody’s view, the risks have now been laid bare. What the depeggings highlighted is that stablecoin issuers’ reliance on a relatively small set of off-chain financial institutions limits their stability. And broader awareness of these risks could actually make the situation worse for stablecoin issuers.”

3. Arbitrum Breaks Up AIP-1 Proposal Into Parts Including Sending 750M ARB to the Foundation After Community Backlash

https://twitter.com/arbitrum/status/1642653013062868992

“750m ARB (7.5% supply) being sent to The Arbitrum Foundation. This will be voted on in its own AIP and we’re working on options to add more accountability. For example, a vesting period of 4 years. Furthermore, tokens held by the Foundation cannot be used to vote.”

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