MARCH 20 - 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	28,600	29,750	0.96%	20.55%	14.40%	69.14%
Ethereum	1,475	1,595	1,910	2,030	0.71%	8.90%	5.63%	48.75%
Nasdaq	11,950	12,300	12,900	13,250	-0.74%	4.41%	-1.33%	11.12%
US Dollar Index	100.85	102.65	105.90	108.00	0.03%	0.15%	0.13%	0.22%

Next FOMC meeting: March 22nd 2023.

- Probability of a 0bps hike → 35%
- Probability of a 25bps hike → 65%
- Probability of a 50bps hike → 0%

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $27,957 representing a 2.53% increase the last 24 hours and 59.61% increase in trading volume. The funding rate of BTC is 0.0100%.

ETHEREUM

ETH is trading at $1,771 as of this writing, representing a 24-Hour decrease of 0.60% and a funding rate of 0.0100%. Over the last 24 Hours, the trading volume increased by 41.71%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- Microsoft testing crypto wallet in its web browser Edge

Tech giant Microsoft is working on a non-custodial crypto wallet for its web browser Edge, Bleeping Computer reported Friday, citing testing of the new feature. Bleeping Computer said Microsoft has partnered with Ethereum development studio Consensys to offer a built-in crypto swap feature between ether (ETH), Uniswap (UNI), the dai stablecoin (DAI), and the USD coin (USDC) and Tether (USDT) stablecoins. "At Microsoft, we regularly test new features to explore new experiences for our customers," a Microsoft spokesperson told Bleeping Computer. "We look forward to learning and collecting feedback from customers but have nothing further to share at this time."

2 - EU's MiCA Crypto Law Debate Scheduled for April 18

The European Union's Markets in Crypto Assets Regulation, known as MiCA, will be the topic of an April 18 discussion in the European Parliament, heralding final formal agreement of the landmark law that will bring a crypto licensing regime across the bloc, according to an agenda published on the Parliament's website. The law's political outlines were made final last June, but there have been multiple delays in definitively agreeing on a legal text, which must be translated into the EU's 24 official languages. Under normal Parliament procedures the final vote on MiCA will take place the following day, April 19.

3 - More than 186 US banks well-positioned for collapse, SVB analysis reveals

The perfect mix of losses, uninsured leverage and an extensive loan portfolio, among other factors, resulted in the fall of Silicon Valley Bank (SVB). Comparing SVB's situation with other players revealed that nearly 190 banks operating in the United States are potentially at risk of a run. Monetary policies penned down by central banks can hurt long-term assets such as government bonds and mortgages, creating losses for banks. The report explains that a bank is considered insolvent if the mark-to-market value of its assets, once uninsured depositors are paid — is insufficient to repay all insured deposits. The recent rise in interest rates, which brought down the U.S. banking system's asset market value by $2 trillion, combined with a large share of uninsured deposits at some U.S. banks, threatens banks' stability.

(1) https://www.theblock.co/post/221014/microsoft-testing-crypto-wallet-in-its-web-browser-edge-bleeping-computer
(2) https://www.coindesk.com/policy/2023/03/20/eus-mica-crypto-law-debate-scheduled-for-april-18/
(3) https://cointelegraph.com/news/more-186-us-banks-well-positioned-for-collapse-svb-analysis-reveals

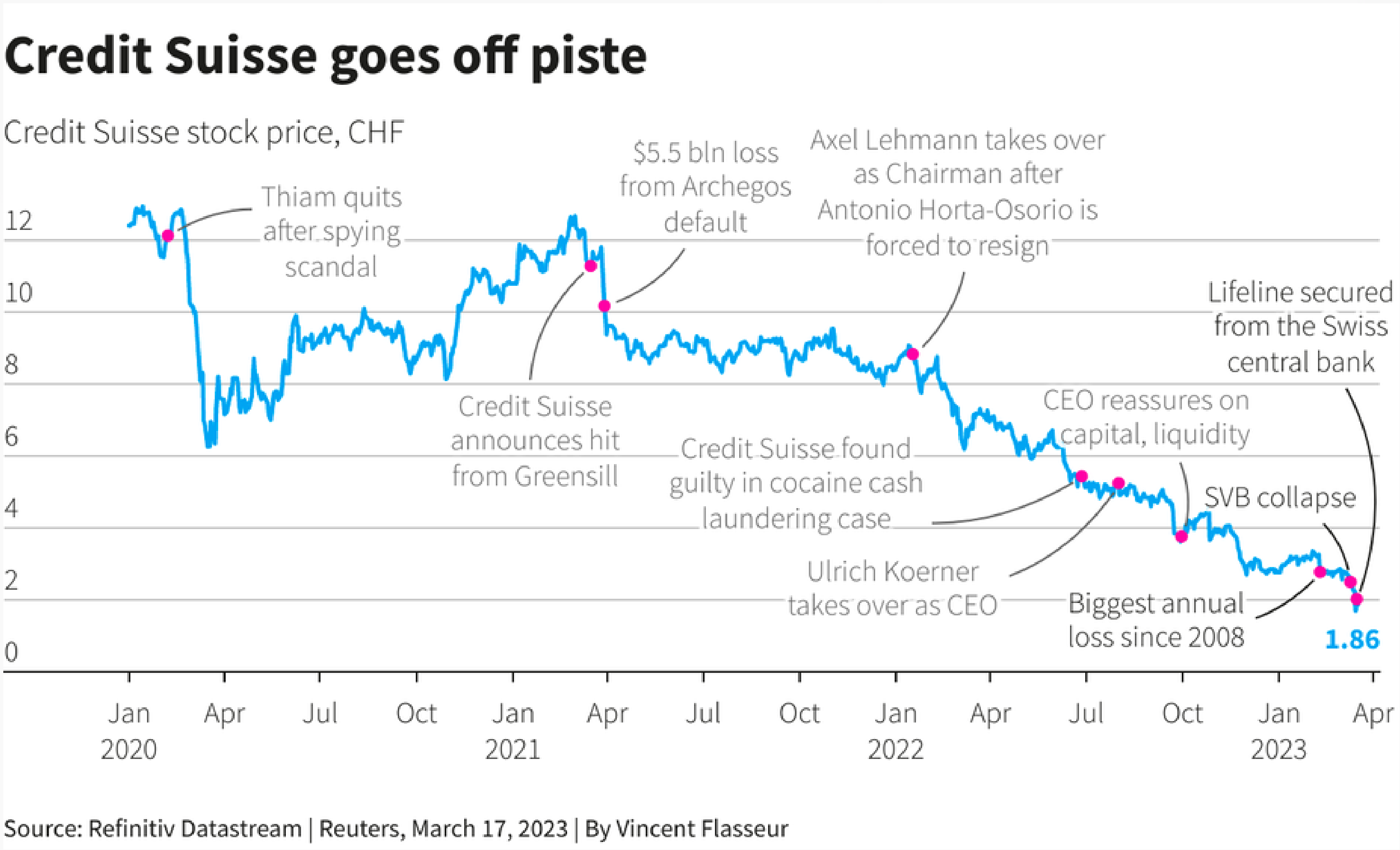
OVERVIEW

TradFi

Banking fears remain all over the headlines just like they remain on everyone's mind lately.

First Republic Bank, which has become the barometer of the regional bank crisis, is down 20% in premarket trading as Standard&Poor's cut its credit rating to B+ from BB+. The stock is down 80% this month following the collapse of Silicon Valley Bank as it is triggering investors to question the viability of banks with large uninsured deposit bases.

The banking crisis is unfortunately not limited to North American borders. In order to stop spreading the banking crisis globally, UBS agreed to an arranged marriage and buy out Credit Suisse over the weekend for $3.2 billion which is expected to create a banking behemoth with more than $5 trillion in total invested assets. Credit Suisse is down 60% in premarket trading this morning while UBS is down 2%.



The Federal Reserve announced a joint liquidity operation with other central banks including the Bank of Canada, Bank of England, Bank of Japan, European Central Bank and Swiss National Bank, in order to increase the frequency of their U.S. dollar swap line arrangements from weekly to daily. According to the Fed's press release, "these daily operations will commence on Monday, March 20, 2023, and will continue at least through the end of April".

U.S. stock futures were flat this morning as market participants are assessing the state of the global banking system. Word on the street is that people expect more to happen to fully restore confidence in the banking system. Nasdaq (NQ) broke above a double bottom pattern and has been shooting upwards since. The index is flirting with the recent highs near 12,900. A break above this level would send prices much higher towards 13,250 and possibly 13,700.

All eyes are on Jerome Powell as he gets ready to deliver one of the most anticipated interest rate decisions. The Fed Chair may start to ease his aggressive tightening campaign that began in March 2022 in the face of the recent banking crisis. There is a 35% probability of no rate hikes compared to a 65% probability of a 25bps rate hike.

Upcoming
- March 22nd → FOMC meeting

Bitcoin & Ethereum

Bitcoin continues to gain traction as investors are turning to the golden coin as a flight-to-safety amid a crisis in the traditional banking sector. To those that ignored the idea that Bitcoin could one day be a store of value like “digital gold”, checkmate.

Bitcoin was created for this exact reason, to avoid the dependence of such a weak and fragile system. With its correlation to equities coming down, we are witnessing the rise of an uncorrelated asset. Gold is up 9% this year while Bitcoin has surged more than 70%. It is tough to estimate how much Bitcoin will cannibalize Gold’s performance in the future but there is no doubt that BTC is expected to gain more market share vs. Gold with time.

Interestingly enough, other crypto currencies did not jump as much as Bitcoin, mostly due to the fact that there are no other coins out there, including Ethereum, that is seen as a “digital gold”, reinforcing the idea that this recent surge is based on a flight-to-safety.

Bitcoin is the ideal alternative to the current system.

Looking at price action, BTCUSDT has been on an absolute tear recently and isn’t showing any signs of slowing down as we surged by 40% in slightly more than a week. Prices are testing the next resistance level of $28,600. Eventually, prices are going to have to pullback as the distance between current price and the 20-day moving average is very wide. It hasn’t been this wide since the meltdown in May 2022.

Looking at the weekly chart, we can see a clear breakout of the 50-week and 200-week moving averages, advocating for further advance. The one potential negative element of this chart is the idea that we are approaching a major resistance zone between $30k-$33k.

Moving on with Ethereum, prices haven't witnessed the same surge as Bitcoin as they are holding up near the 1,800 market looking for a clear direction. A clear break and close above 1800 would send prices towards 1910 and possibly 2030.

Looking at ETH/BTC, we can see right away that BTC has been outperforming ETH by 14% since Sunday March 12th, the day the Fed announced its support of SVB.

yacine.ouldchikh published on TradingView.com, Mar 20, 2023 09:26 UTC-4

TradingView

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Altcoin Analysis

Binance coin is gaining momentum.

Binance CEO announced his intention to convert what remains of its $1 billion industry recovery fund to assets such as Bitcoin, Ethereum and Binance Coin.

Looking at the recent price action, BNBUSDT is currently trading right at the top-end of the ascending triangle pattern. A break and close above this level would result in a breakout and push for prices to reach higher levels near 355, 377 and 398 in extension.

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Daily Insights

1. Bitcoin Price Gains Momentum as 'Store of Value'

https://blockworks.co/news/bitcoin-momentum-store-of-value-banking-turmoil

"The majority of this flow is hedge funds and other large market players positioning themselves in anticipation of a flight to safety more so than the actual flight to safety itself."

2. A Date Has Been Set for Staked ETH Withdrawals

https://twitter.com/terencechain/status/1636372120581324801

"Time: 4/12/2023, 10:27:35 PM UTC; Epoch: 6209536"

3. A Look at Bank Solvency by Lyn Alden

https://www.lynalden.com/march-2023-newsletter/

"From a depositor perspective, banks are basically highly-leveraged bond funds with payment services attached, and we treat it as normal to keep our savings in them."

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