



MARCH 16 - 2023

DAILY MARKET REPORT



SECURE
DIGITAL MARKETS

Institutional research.

OVERVIEW

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	22,700	23,900	25,300	26,700	1.96%	12.81%	6.75%	49.53%
Ethereum	1,230	1,565	1,780	2,030	1.60%	10.04%	5.81%	-34.20%
Nasdaq	11,650	11,950	12,350	12,900	2.14%	-1.28%	-5.32%	9.19%
US Dollar Index	102.65	103.60	105.90	108.00	0.14%	-1.82%	-0.18%	5.18%



BITCOIN

A snapshot of Bitcoin's spot price as of this writing is \$24,921 representing a 3.91% decrease the last 24 hours and 10.57% decrease in trading volume. The funding rate of BTC is 0.0327%.



ETHEREUM

ETH is trading at \$1,676 as of this writing, representing a 24-Hour decrease of 3.73% and a funding rate of 0.0100%. Over the last 24 Hours, the trading volume decreased by 13.53%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

Next FOMC meeting: March 22nd 2023.

- Probability of a 0bps hike → 47%
- Probability of a 25bps hike → 53%
- Probability of a 50bps hike → 0%



OVERVIEW

Latest Digital Asset News

1- European Parliament passes EU digital wallet legislation

The European Union's proposal on a digital identity framework has passed the European Parliament's plenary vote, with 418 in favor, 103 against and 24 abstentions. The EU-wide framework would give citizens access to public services, and they would have their own wallet. The legislation includes zero-knowledge-proof technology to protect users' privacy. ZK-proof protects privacy by verifying a position without revealing unnecessary data. "The implementation of ZK-proof is foreseen in the European Digital Identity Wallet as one the technologies that will give users more control over sharing of personal data," socialist MEP Romana Jerkovic, who led Parliament's negotiations on the file, told The Block in an email. "At the same time, it will reinforce the principles of selective disclosure and data minimization."

2 - U.S. Federal Reserve's Real-Time Payments System Coming In July

The U.S. Federal Reserve is activating its long-awaited real-time payments system in July, the central bank said in a Wednesday statement, marking a transition that some have seen as a government challenge of the crypto sector's instant-transaction advantages. The FedNow Service, meant to solve the existing delays for clearing financial transactions between institutions, will begin certifying its first participants at the beginning of next month. The system will operate around the clock and provide immediate, full access to funds.

3 - SBF's inner circle received \$3.2B, mainly from Alameda

FTX and Alameda Research's former top brass received \$3.2 billion in payments and loans from FTX-linked entities, according to the FTX administrators handling the firm's restructuring. FTX, now helmed by CEO John Ray III, has been tracking missing funds from the exchange since its collapse. It estimates a total of \$8.9 billion is missing. According to a March 15 statement from FTX Debtors, financial statements it filed in the Delaware Bankruptcy Court point to billions of dollars worth of loans and payments that allegedly flowed to Sam Bankman-Fried and high-ranking executives, which came mainly from trading house Alameda Research.

(1) <https://www.theblock.co/post/220515/european-parliament-passes-eu-digital-wallet-legislation>
(2) <https://www.coindesk.com/policy/2023/03/15/us-federal-reserves-real-time-payments-system-coming-in-july/>
(3) <https://cointelegraph.com/news/sbf-s-inner-circle-received-3-2b-mainly-from-alameda-court-filings>



OVERVIEW

TradFi

The equity futures market is slightly down this morning as struggles for regional bank stocks continue despite the recent support from U.S. regulators over the weekend. The collapse of Silicon Valley Bank is creating panic amongst investors seeking to identify other regional banks with similar financial difficulties such as a high number of uninsured deposits and bonds with a long time to maturity. First Republic is down 36% in premarket trading as “Bloomberg News reported the bank was weighing its options to stabilize itself, including a potential sale”.

Nasdaq is currently flirting with the important resistance zone near 12,350. We have raised our upside target from 12,350 to 12,500 matching the recent high posted on March 6th. The index is trading above its 20-day moving average and the technical indicators are all suggesting that we're still in a bullish trend. Everything is ready for the index to continue higher. However, we doubt that we will witness any significant moves before the Federal Reserve's meeting on March 22nd.

On the economic data front, housing construction has gone up by 9.8% MoM in February reaching 1.45m units, beating estimates of 1.31m. Import prices were higher than estimates while initial jobless claims were also better than forecasted which placed a bit of pressure on risk assets like Bitcoin and Nasdaq on fears of potential rate hikes.

In other news, the ECB raised their rates by another 50bps to 3.5%, as expected, despite the recent shocks in the banking sector with Credit Suisse falling by 30% and seeking help from the Swiss central bank. Credit Suisse now has a probability of default of 47%, up from 38% just a few hours ago. EURUSD was tumbling leading up the news but then recovered slightly right after. In February, preliminary data pointed to a headline inflation of 8.5%, higher than their target of 2%.

Upcoming
- March 22nd → FOMC meeting



OVERVIEW

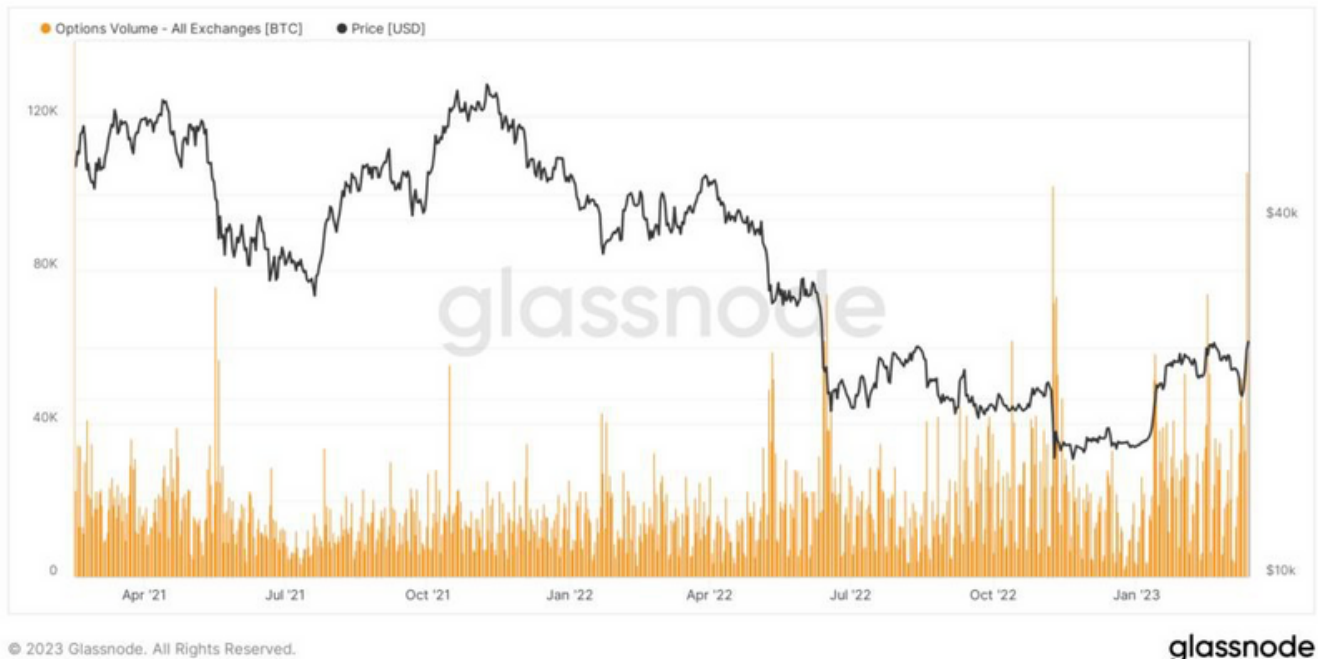
Bitcoin

Bitcoin continues to seek direction while flirting with the recent highs, trying to push higher. BTCUSDT is trading within a broadening wedge pattern above its 20-day, 50-day and 200-day moving average, a clear sign of a bullish trend. A clear breakout and close above \$25,300 would trigger bullish implications to higher levels near \$26,700.



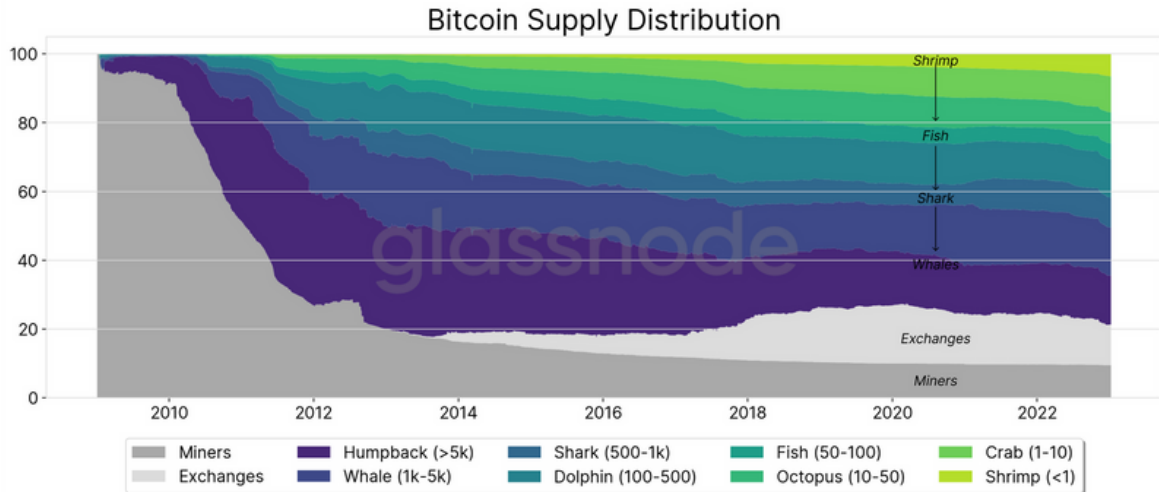
In the options market, we can see that the volume recently reached its highest level in almost two years as market participants are constantly seeking to hedge their exposure and speculate on short term price fluctuations. Also, it might be due to the recent U.S. banks that have collapsed in the past week, injecting volatility into the marketplace. In BTC terms, this has surpassed over 100,000, or over \$2.5 billion, in the past 24 hours. Implied Volatility has surged and surpassed YTD levels at 78%.

Bitcoin: Options Volume [BTC] - All Exchanges



In other news, Ark Invest has raised \$16.3m for a new crypto fund in the US and the Cayman Islands. The firm has also recently invested \$30m in Coinbase and \$20m in Block.

In the last two years, it seems that entities with less than 50 BTC have absorbed the largest volume of coins. Bitcoin's supply can be shown to continually evolve, driven from the production side with miners, but also across market cycles with investors/holders. What is interesting is the growth in dominance of the smallest wallet by balance size, especially through 2022, which reflects increased retail participation at all-time-highs, an encouraging metric to witness.



OVERVIEW

Altcoin Analysis

We're witnessing relatively high volume across small caps like Conflux (CFX), Filecoin (FIL) and Aptos (APT), Optimism (OP) and SingularityNET (AGIX) as traders are using Bitcoin's meteoric rise to earn additional yield elsewhere. It's important to note that your returns might be higher when Bitcoin is up, but in a downtrend these tokens usually get demolished in the double digit range on a daily basis.

Shiba Inu (SHIB) has been under pressure lately due to drama surrounding its upcoming Shibarium blockchain release. The project recently released its beta version for the Layer 2 network. Apparently, a top-ranked community member on Discord flagged potential concerns with the project relating to the idea of using the same Chain ID as an existing blockchain.

According to a community member, "using an ID that already exists is just incompetent as your chain wouldn't work properly and everyone trying to interact with your chain would instead interact with the other chain."

Let's dive into a daily chart.

SHIBUSDT recently broke out of a declining trend channel and has recently started to feel the pressure. The coin is down 38% since February 4th and is looking for further downside. Since then, prices have been ranging within a smaller declining trend channel.

As long as prices are trading below \$0.0000119 we expect further pressure towards \$0.0000094 and possibly \$0.000008.



OVERVIEW

DAILY INSIGHTS

1. Bitcoin Leads Rally As Banks Teeter

<https://blockworks.co/news/bitcoin-leads-rally-ether-banks>

“When traders are unsure about crypto prices, they flee to stables. When they’re unsure about stables, they flee to banks. But when they’re unsure about banks? It’s bitcoin’s time to shine.”

2. Rep. Tom Emmer Sends Letter to FDIC Chairman

<https://twitter.com/GOPMajorityWhip/status/1636008298481680384>

“The Administration’s demonstrated effort to choke off digital assets from the United States financial system is a lazy and destructive regulatory strategy that is stagnating innovation and subjecting American users of digital assets to less sophisticated regulatory jurisdictions.”

3. Federal Reserve Announces July launch for the FedNow Service

<https://twitter.com/gaborgurbacs/status/1636125532155781125>

“Suspicious timing around bank failures. This may be the first leg into CBDC rails/reset.”

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