



MARCH 9 - 2023

DAILY MARKET REPORT



Institutional research.

OVERVIEW

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	20,200	21,400	23,100	24,000	-1.71%	-7.75%	-3.10%	30.90%
Ethereum	1,365	1,500	1,680	1,780	-0.42%	-4.52	-6.32%	30.23%
Nasdaq	11,650	11,950	12,500	12,900	0.4	1.73%	-2.81%	10.60%
US Dollar Index	102.65	103.60	105.65	108.00	-0.31%	0.29%	2.05%	1.75%



BITCOIN

A snapshot of Bitcoin's spot price as of this writing is \$21,743 representing a 1.79% decrease the last 24 hours and 10.74% decrease in trading volume. The funding rate of BTC is 0.0100%.



ETHEREUM

ETH is trading at \$1,538 as of this writing, representing a 24-Hour decrease of 1.43% and a funding rate of 0.0056%. Over the last 24 Hours, the trading volume decreased by 5.57%. 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 25bps hike → 25%
- Probability of a 50bps hike → 75%



OVERVIEW

Latest Digital Asset News

1- Bankrupt Mt. Gox's Largest Creditor Plans to Keep Returned Bitcoin

The largest creditor of the failed Mt. Gox crypto exchange intends to hold rather than sell the Bitcoin that's due to be disbursed to it this year. The Mt Gox Investment Fund — which bought claims against the bankrupt digital-asset platform — doesn't plan to sell the tokens that are scheduled to be returned in October, according to a person familiar with the fund's thinking, who asked not to be identified discussing private information. The fund chose an early payout instead of waiting for all the litigation over the collapsed exchange to be resolved. It will get 90% of what's collectible in a ratio of roughly 70% Bitcoin and 30% cash, the person said. They declined to specify the amount of Bitcoin the fund expects to receive.

2 - Silvergate Capital stock tanks as company plans to wind down its crypto-friendly bank

Silvergate Capital Corp shares plunged more than 30% in after-hours trading Wednesday after the company said it intended to wind down operations and voluntarily liquidate its subsidiary Silvergate Bank, a crypto-friendly lender. The stock's plunge would take it to a record low if losses hold through regular trading Thursday. The La Jolla, Calif.-based lender made the announcement after it said last week in a regulatory filing that it was at risk of "being less than well-capitalized," and discontinued its crypto-payments network. As one of the few crypto-friendly banks, the liquidation of Silvergate Bank points to uncertainty in the future relationships between crypto companies and banks

3 - Biden wants to double capital gains and clamp down on crypto wash sales

U.S. President Joe Biden's upcoming budget proposal has a few surprises for crypto traders and investors, including a proposed doubling of capital gains for certain investors and a crackdown on crypto wash sales. The Biden administration is set to release its fiscal 2024 budget plan on March 9, which is reportedly aimed at reducing the deficit by almost \$3 trillion over the next decade. It also includes changes to crypto tax treatment with the aim of raising around \$24 billion, according to newsreports. One of these proposals includes an end to a strategy in which a crypto trader sells assets at a loss for tax purposes, known as tax-loss harvesting, before repurchasing them immediately after

4 - Bitcoin bulls' desire for a trend reversal could be obliterated by this week's \$565M options expiry

Bitcoin fell below a four-day narrow trading range near \$22,400 on March 7 following comments by United States Federal Reserve Chair Jerome Powell before the Senate Banking Committee. During the congressional appearance, the Fed chairman warned that he bank is prepared to tame inflation by pushing for more significant interest rate increases. Powell added that "the ultimate level of interest rates is likely to be higher than previously anticipated" and that recent economic data was "stronger than expected." These remarks significantly increased investors' expectations of a 50 basis point interest rate hike on March 22, putting pressure on risk assets such as stocks, commodities and Bitcoin.

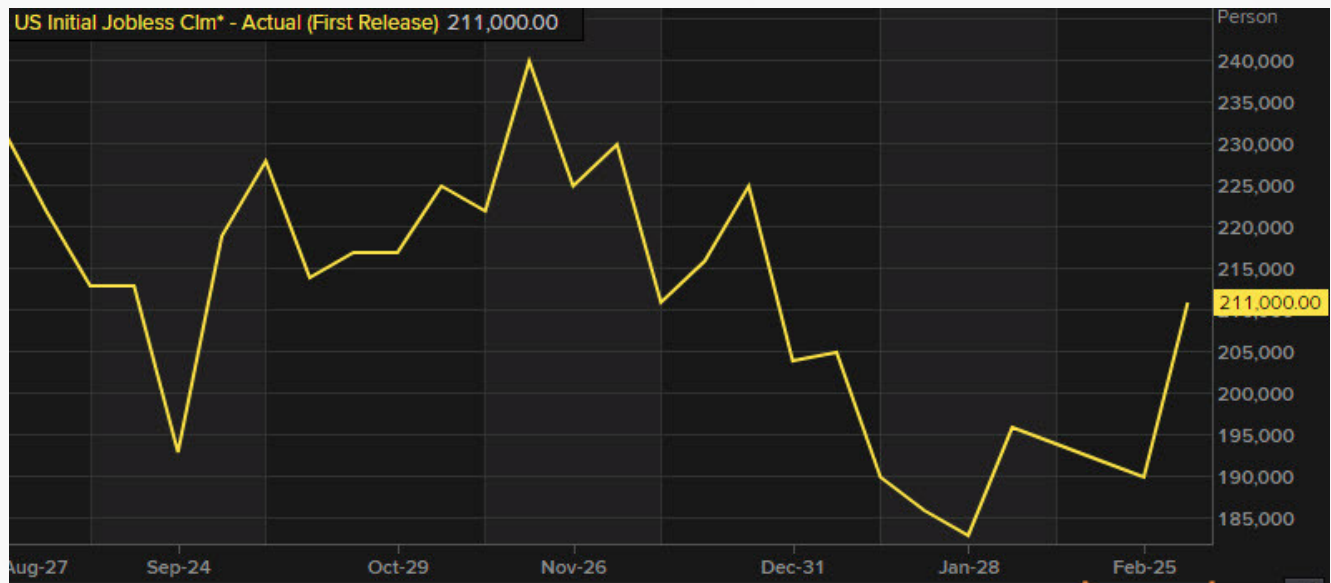
(1) <https://www.bloomberg.com/news/articles/2023-03-08/bankrupt-mt-gox-s-biggest-creditor-won-t-sell-returned-bitcoin-btc/leadSource=verify%20wall>
(2) <https://www.marketwatch.com/story/silvergate-capital-shares-tank-after-company-announces-plan-to-wind-down-bank-51618e7c>
(3) <https://cointelegraph.com/news/biden-wants-to-double-capital-gains-and-clamp-down-on-crypto-wash-sales-reports>
(4) <https://cointelegraph.com/news/bitcoin-bulls-desire-for-a-trend-reversal-could-be-obliterated-by-this-week-s-565m-options-expiry>



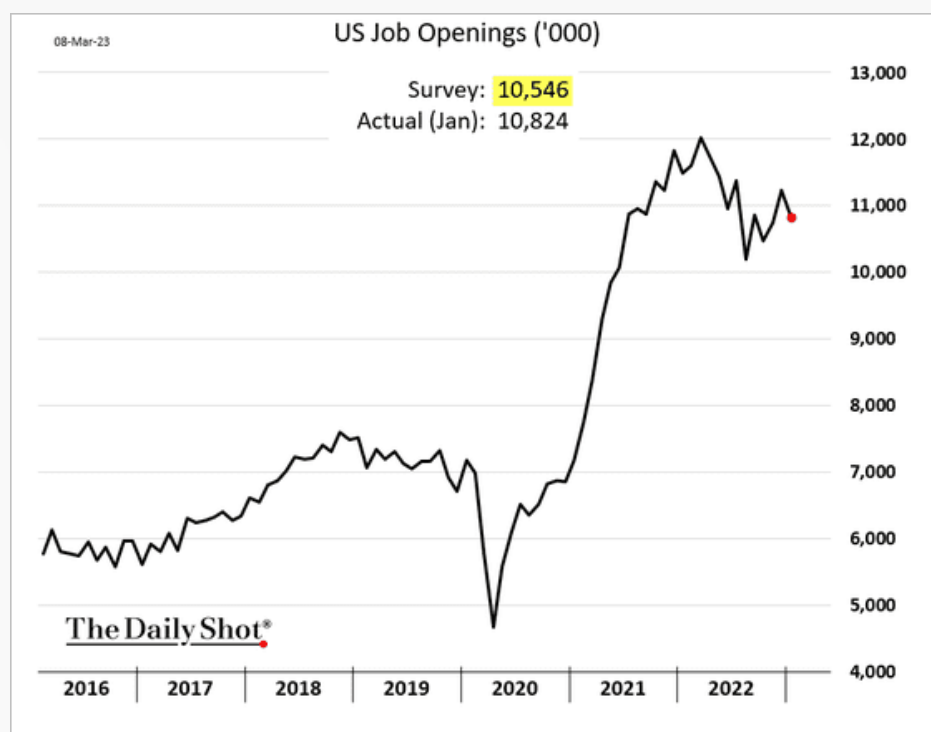
OVERVIEW

TradFi

US weekly jobless claims were released on 8:30am EST and increased to 211k vs. 195k expected and 190k the previous week which is the highest since the week of December 24th. Once the data was released, we noticed an uptick in Nasdaq while the US dollar traded lower on the news as it eased concerns about a sharp rise in interest rates.



US Job openings surprised everyone to the upside and reached 10.82m beating estimates of 10.55m as the labor demand remains robust in January. The Fed is tracking these metrics closely which further reinforces their view that the job market is too strong. There were 1.9 job openings per unemployed American.



Nasdaq continues to hesitate around its 20-day moving average and is looking for clear direction. We most likely won't notice any significant positioning until the big jobs number on Friday morning at 8:30am EST. The market is technically still bullish especially as the index trades above its 50-day and 200-day moving average near 11,950.



Bullish above 11,950
Neutral between 11,950 and 11,650
Bearish below 11,650

Upcoming

- March 10th → Non-Farm Employment Change
- March 14th → CPI
- March 15th → Retail sales & PPI
- March 22nd → FOMC meeting

OVERVIEW

Bitcoin

It's official: Silvergate Capital is closing up shop and will liquidate its crypto-friendly bank. The firm is expected to repay its deposits but we aren't sure how it's planning on resolving the claims against the business. Silvergate is currently being investigated by the US Justice Department. The stock \$SI is down 38% in pre-market.

Despite a declining correlation to the equity market, Bitcoin has been very resilient in this challenging macroeconomic environment. However, the end of Silvergate is concerning for the industry. Many crypto desks are going to struggle to find alternative solutions to secure inbound flows of capital. The Fed, the FDIC and the OCC have recently reached out to banks to warn them about the liquidity risks of banking crypto companies which is not expected to help the situation. Is the opportunity worth the regulatory risk? The US risks losing its market share overseas as Europe looks well positioned to step in due to the Markets in Crypto-Assets (MiCA) regulation. Since last week, the market has witnessed a spike in euro volumes for BTC compared to the US dollar.

Another sign of pressure ahead? Over 50,000 Bitcoin, worth \$1 billion, were moved from multiple wallets connected to US Government law enforcement seizures, relating to the Silk Road marketplace in November 2021, and were transferred to new addresses, with some moved to Coinbase on March 8th. This raises concerns about the coins being sold on the open market.

Moving on with price action: BTCUSD continues to slowly grind lower. Bitcoin dipped 2% to \$21,640 while Ethereum was down 1.5% and traded towards \$1,530. The crypto market had already priced in the Silvergate news last week on Thursday evening but since reaching a weekly low of \$21,970, we broke that level to the downside and reached lower levels towards \$21,600 meaning the effect of this news isn't exactly done.

We are about to reach our first target of \$21,400. It is possible that we rebound from here to retest the \$22,500 area but in general, we are ready to trade lower towards our next target of \$20,200 which also intersects with the 20-week moving average.

- Bearish below \$23,100
- Neutral between \$24,000 and \$23,100
- Bullish above \$24,000



OVERVIEW

Altcoin Analysis

Polygon remains very popular despite the recent downturn.

Binance NFT recently announced adding support for the Polygon network. Only a handpicked amount of ERC-721 NFT collections on the Polygon's network will be available on the Binance marketplace.

In other news, the firm launched a new product last week: Polygon ID. This new feature will use Zero-Knowledge (ZK) technology to allow users to verify their identities without revealing sensitive information. According to the company, the new Polygon ID "toolset can be used by developers to unlock features such as an enhanced signup user interface, assist in regulatory compliance, help verify user identities and restrict access control to certain areas or features via token-gating."

From a chartist point of view, MATICUSDT continues to trade within a rising trend channel since June. Prices have pulled back towards the bottom-end of the pattern. For now, prices are still capped by a declining trend line, advocating for further downside.

It is possible to witness further pressure towards the \$0.95 level. However, as long as prices remain above this level, we expect a rebound towards \$1.16 and \$1.31 in extension, just as long as BTC remains stable above the key support of \$21,400.



OVERVIEW

DAILY INSIGHTS

1. Instadapp's Avocado Wallet Pioneers Network, Gas and Account Abstraction

<https://twitter.com/Instadapp/status/1633497978894798850>

"Avocado enables you to perform multi-network transactions, while connected to a single RPC, Avocado Network. Gas is paid in \$USDC on all networks, eliminating the need to manage multiple native gas tokens."

2. Coinbase' Wallet-as-a-Service Makes it Easy for Projects to Onboard Users

<https://twitter.com/coinbase/status/1633473042000101378>

"Users can create, access and restore their wallets with authentication as simple as a username and password without needing to worry about seed phrases."

3. A DYDX User Forcibly Withdraws 1M \$USDC From the Exchange

<https://twitter.com/l2beat/status/1633525963496587265>

"The forced withdrawal mechanism is a key StarkEx feature that ensures users can retrieve their funds from L2 in a permissionless manner by interacting only with Ethereum."

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