MARCH 8 - 2023

DAILY MARKET REPORT

SECURE DIGITAL MARKETS

Institutional research.

OVERVIEW

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	20,200	21,400	23,100	24,000	-1.30%	-6.03%	4.19%	33.34%
Ethereum	1,365	1,500	1,680	1,780	-0.42%	-4.52	-6.32%	30.23%
Nasdaq	11,650	11,950	12,900	13,700	-1.25	0.65%	-4.82%	10.16%
US Dollar Index	102.65	103.60	105.65	108.00	0.08%	1.17%	2.22%	2.11%

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $21,995 representing a 1.51% decrease the last 24 hours and 51.07% increase in trading volume. The funding rate of BTC is 0.0100%.

ETHEREUM

ETH is trading at $1,549 as of this writing, representing a 24-Hour decrease of 0.93% and a funding rate of 0.0100%. Over the last 24 Hours, the trading volume increased by 49.70%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- Judges Express Skepticism of SEC Arguments in Grayscale Bitcoin ETF Hearing

A panel of judges appeared skeptical of the U.S. Securities and Exchange Commission's (SEC) arguments during an appeals court hearing in Grayscale's ongoing bid to convert its Grayscale Bitcoin Trust into an exchange-traded fund (ETF). The company went to court Tuesday to argue the SEC's denial of its ETF application was "arbitrary," telling the panel of judges that Grayscale is "asking to be regulated" by the SEC through its conversion of GBTC to an ETF. Chief Judge Sri Srinivasan and Judges Neomi Rao and Harry Edwards of the District of Columbia Circuit Court of Appeals in Washington, D.C., asked SEC Senior Counsel Emily Parise a number of questions about the agency's argument that bitcoin futures prices underlying futures ETFs were more resistant to manipulation than spot bitcoin markets might be if a spot bitcoin futures ETF was approved.

2 - Mt. Gox creditors have until March 10 to register and choose repayment method

Creditors from Mt. Gox have until the end of the week to register and select a repayment method as part of the plan by which they will be compensated for their losses with the defunct crypto exchange. In a recent announcement, Mt. Gox trustee Nobuaki Kobayashi reiterated a January notice reminding creditors who had not registered for repayment they had until March 10 to do so — two additional months as part of the rehabilitation plan proposed in October. Kobayashi did not provide a reason for the extension, which would allow individuals who suffered losses at Mt. Gox to select a repayment method and register their information in an online rehabilitation claim filing system. Creditors have the option of a lump-sum payment, bank remittance, fund transfer service provider, or going through a cryptocurrency exchange or custodian.

3 - Silvergate reportedly talks with FDIC on ways to avoid shutdown

Regulators are reportedly in urgent talks with Silvergate to find ways to save the crypto-friendly bank from a possible shutdown. Citing “people familiar with the matter,” Bloomberg reported on March 7 that Federal Deposit Insurance Corporation officials have been discussing with management ways to salvage the company. The FDIC is an independent government agency in the U.S. tasked with supervising financial institutions for safety, soundness and consumer protection, its website states. However, a decision has yet to be made on how it would deal with its financial strife, nor does FDIC involvement suggest a solution can’t be reached without the regulator’s input.

(1) https://www.coindesk.com/policy/2023/03/07/judges-express-skepticism-of-sec-arguments-in-grayscale-bitcoin-etf-hearing/
(2) https://cointelegraph.com/news/mt-gox-creditors-have-until-march-10-to-register-and-choose-repayment-method
(3) https://cointelegraph.com/news/silvergate-reportedly-talks-with-fdic-on-ways-to-avoid-shutdown

OVERVIEW

TradFi

What a day.

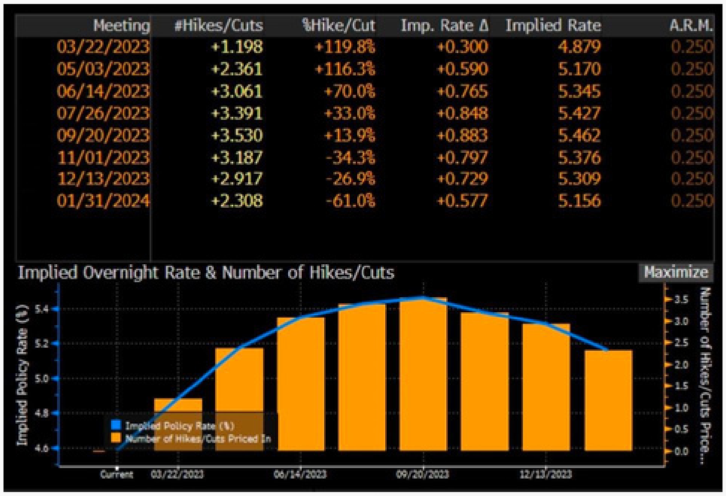
The Fed Chair Jerome Powell moved the markets substantially during his speech with the Senate Banking Committee.

“The latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated.”

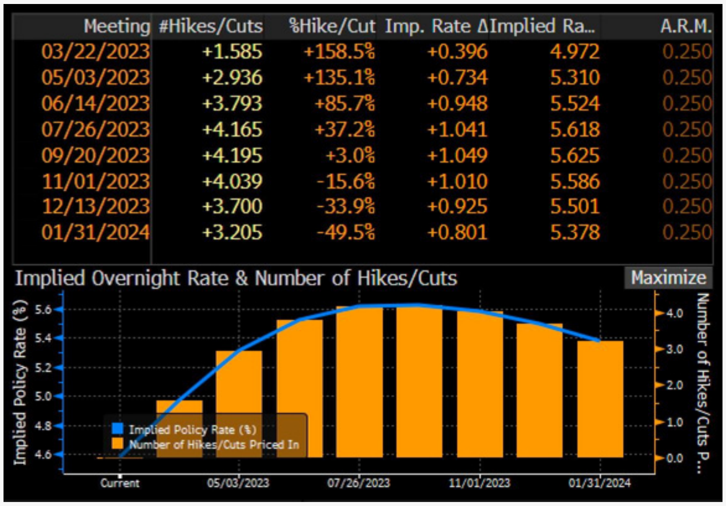
“If the totality of the data were to indicate that faster tightening is warranted, we would be prepared to increase the pace of rate hikes.”

“The historical record cautions strongly against prematurely loosening policy. We will stay the course until the job is done.”

The terminal rate was shifted higher from 5.46% in September to 5.61% in July. The first graph on the left indicates what the market was pricing in on Monday morning while the second on the right is the updated curve from Tuesday afternoon.

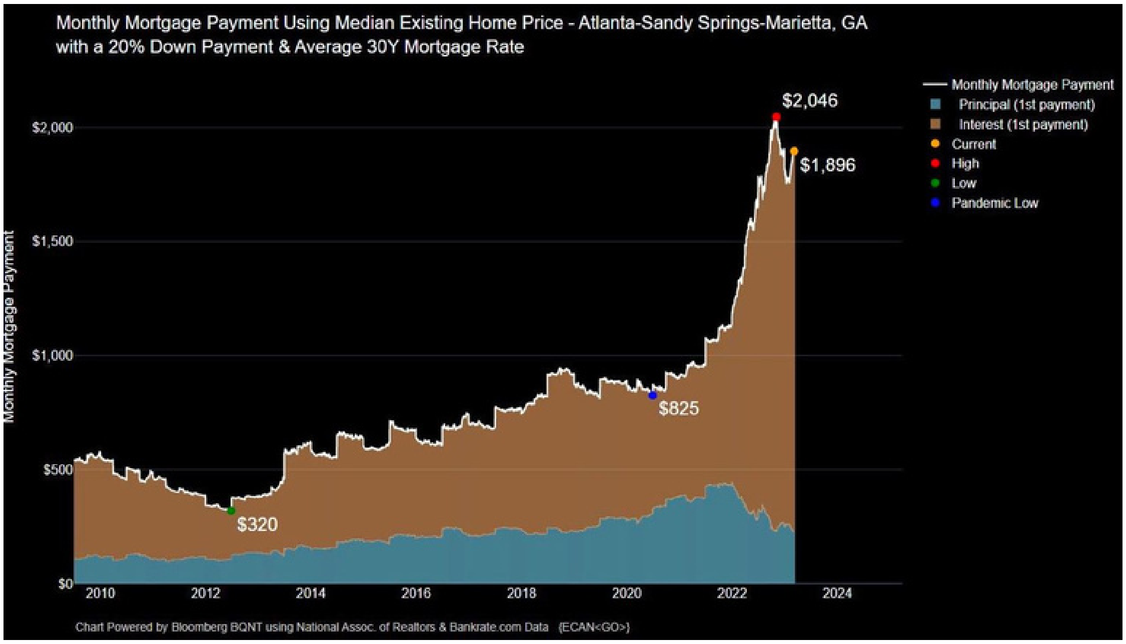


Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
03/22/2023	+1.198	+119.8%	+0.300	4.879	0.250
05/03/2023	+2.361	+116.3%	+0.590	5.170	0.250
06/14/2023	+3.061	+70.0%	+0.765	5.345	0.250
07/26/2023	+3.391	+33.0%	+0.848	5.427	0.250
09/20/2023	+3.530	+13.9%	+0.883	5.462	0.250
11/01/2023	+3.187	-34.3%	+0.797	5.376	0.250
12/13/2023	+2.917	-26.9%	+0.729	5.309	0.250
01/31/2024	+2.308	-61.0%	+0.577	5.156	0.250



Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Ra...	A.R.M.
03/22/2023	+1.585	+158.5%	+0.396	4.972	0.250
05/03/2023	+2.936	+135.1%	+0.734	5.310	0.250
06/14/2023	+3.793	+85.7%	+0.948	5.524	0.250
07/26/2023	+4.165	+37.2%	+1.041	5.618	0.250
09/20/2023	+4.195	+3.0%	+1.049	5.625	0.250
11/01/2023	+4.039	-15.6%	+1.010	5.586	0.250
12/13/2023	+3.700	-33.9%	+0.925	5.501	0.250
01/31/2024	+3.205	-49.5%	+0.801	5.378	0.250

The rise of interest rates clearly has an impact on the economy but keeping rates high for a long period of time also has a devastating effect as companies and households must reprice their medium-term expectations for the cost of capital. The housing market in the US is really feeling the pain with monthly mortgage payments skyrocketing from a pandemic low of $825 in Atlanta, US to a recent high of $2,046.



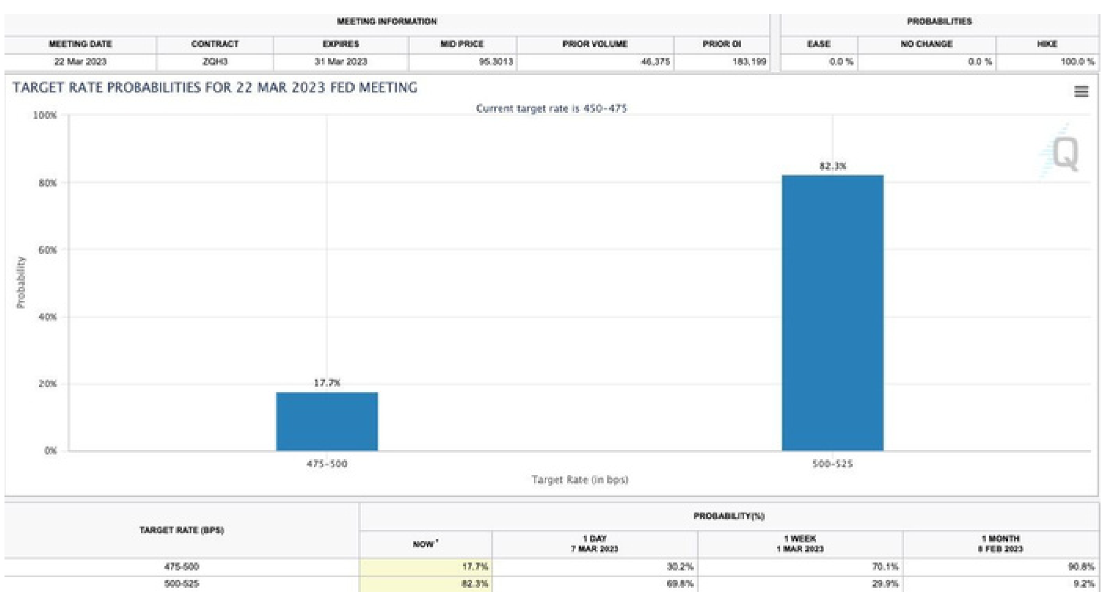
The inverted yield curve (10y yield - 2y yield) keeps getting worse and worse, reflecting investors' expectations of deteriorating economic performance.

The February private payrolls report unveiled that 242k jobs were created, beating estimates of 197k suggesting that the economy and the job market remain strong despite the rate hike campaign, which is fueling concerns amongst market participants that a bigger rate hike may be right around the corner. The jobs number on Friday may turn out to be a determining factor in the Fed's decision.

Moving on with Nasdaq, the index wasn't able to close above its 20-day moving average. We had warned our clients that this zone would serve as a potential resistance area. Prices are now pulling back and looking to retest the previous recent lows of $11,950 near its 200-day and 50-day moving averages.

The probability of a 50bps rate hike shifted from 30% on Monday to over 80% on Wednesday morning. Clearly the market is expecting a higher rate hike this time to control inflation.

Finally, This morning we will be closely watching Powell speak before the House Financial Services Committee at 10m est.



MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
22 Mar 2023	ZQH3	31 Mar 2023	95.3013	46,375	183,199	0.0 %	0.0 %	100.0 %

TARGET RATE (BPS)	PROBABILITY(%)			
	NOW*	1 DAY 7 MAR 2023	1 WEEK 1 MAR 2023	1 MONTH 8 FEB 2023
475-500	17.7%	30.2%	70.1%	90.8%
500-525	82.3%	69.8%	29.9%	9.2%

Upcoming
- March 8th → Bank of Canada interest rate decision
- March 10th → Non-Farm Employment Change
- March 14th → CPI
- March 15th → Retail sales & PPI
- March 22nd → FOMC meeting

OVERVIEW

Bitcoin

Bitcoin continues to feel the pressure of potentially higher rate hikes as the #1 crypto currency made lower lows Tuesday overnight. We have warned clients of potential pressure ahead due to the breakdown of the rising wedge pattern as well as the 50-day moving average.

As long as prices trade below $23,100, we are expecting further downside ahead towards $21,400 and $20,200 in extension which line up almost perfectly with the 38.2% and 50% Fibonacci levels taken from the lows to the recent highs.

In the last 24 hours, 48,113 traders were liquidated with total liquidations coming in at $101.50 million.

In other news, Silvergate is currently in talks with FDIC officials on ways to salvage the bank which should be interesting for the rest of the industry. One possible option involves lining up crypto investors to help the bank shore up its liquidity.

OVERVIEW

Altcoin Analysis

The Solana network suffered another setback.

On February 25th, the Solana network faced performance degradation issues, resulting in transaction disruptions. This isn't the first time so community members jumped on Twitter to express their discontent, questioning how Solana can be a top 10 coin. According to the Solana Foundation, "the root cause of the problem remains unknown and is still under investigation".

From a chartist point of view, SOLUSDT has been trading within a declining trend channel in place since the meltdown in May. Recently, prices pulled back from the top-end of this pattern and have formed a double top pattern. In the last couple of days, the coin broke this pattern to the downside, advocating for further pressure ahead.

As long as prices remain below $22.50, we expect further downside towards $17.70, $14.75 and possibly $11.75.

OVERVIEW

DAILY INSIGHTS

1. US Court Likely to Overturn SEC Denial of Grayscale Spot Bitcoin ETF

https://twitter.com/BitcoinMagazine/status/1633172145936248838

“If Grayscale’s application is eventually approved, it would unlock $5.5 billion in value for GBTC investors.”

2. 5 Tools for Crypto Whale Watching

https://newsletter.banklesshq.com/p/5-tools-for-crypto-whale-watching

“Whale watching has its pros and cons. It’s one way to try to score big wins, but it’s also a potential avenue for racking up big losses.”

3. Yuga Labs Ordinals NFT Auction Draws Criticism from Ordinals Founder

https://twitter.com/rodarmor/status/1632573965897170948

“(Yuga Labs) are taking custody of bidders’ bitcoin with a promise to send back unsuccessful bids.. this model is a scammer’s dream.”

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