FEBRUARY 22 - 2023

DAILY MARKET REPORT

SECURE
DIGITAL MARKETS

Institutional research.

OVERVIEW

Markets Insights

KEY METRICS					
PAIRS	SPOT PRICE	24 HR CHANGE	LOW	HIGH	FUNDING RATES
BTC/USD	$23,750	-3.17%	$23,747	$24,705	0.0100%
ETH/USD	$1,615	-3.16%	$1,614	$ 1,682	0.0100%
XAU/USD	$1,836.30	0.04%	$1,831.50	$1,847.10	
USD/CAD	1.3546	0.07%	$1.3514	$1.3562	
EUR/CAD	$1.4424	0.07%	$1.4380	$1.4456	

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $23,750 representing a 3.17% decrease the last 24 hours and 8.36% increase in trading volume. The funding rate of BTC is 0.0100%.

ETHEREUM

ETH is trading at $1,682 as of this writing, representing a 24-Hour decrease of 3.16% and a funding rate of 0.0100%. Over the last 24 Hours, the trading volume increased by 7.52%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- Ethereum developers schedule Shanghai upgrade on Sepolia testnet for Feb. 28

The core developers of the Ethereum blockchain scheduled the launch of the Shanghai-Capella upgrade on the Sepolia test network for Feb. 28 at epoch 56832, per an official announcement. Shanghai-Capella, also known as Shapella, is an upgrade aimed at enabling ether (ETH) withdrawals from network validators — a feature that wasn't enabled during the network's transition to proof-of-stake consensus, called The Merge. The upgrade combines changes to the execution layer (Shanghai) and the consensus layer (Capella). Shanghai will upgrade the execution layer of Ethereum, while Capella will upgrade the consensus layer of the blockchain.

2 - Self-hosted wallet ban avoided in new draft of EU's anti-money laundering bill

Self-hosted addresses, formerly known as “unhosted wallets” in the European Union's policies, are back in discussion as European Parliament staff look to clarify that lawmakers do not want an outright ban on non-custodial services. Privacy-enhancing crypto assets and “anonymizing instruments," including privacy wallets or crypto mixers, may be prohibited under the current text of the anti-money laundering regulation draft bill, according to documents seen by The Block. The latest changes to the text clarify that these restrictive provisions should not apply to self-hosted wallets in most cases. Non-custodial services have been in the EU's crosshairs since the Transfer of Funds Regulation (TFR) first sparked debates on “unhosted wallets" last year when it set down crypto transaction and know-your-customer rules.

3 - Google Cloud Broadens Web3 Slate By Joining Tezos ‘Bakers’

Tezos “bakers”—the validators who help secure the blockchain’s network—will soon be able to set up nodes using Google Cloud. The Tezos Foundation has followed the lead of Aptos and Solana in supporting Google Cloud as a block-producing validator on its network. Validators on proof-of-stake networks process transactions and add new blocks to the chain. Along with becoming a validator, Google Cloud will also start providing enterprise-level support for developers building apps in the Tezos ecosystem. The hope is that it will help bring new waves of developers into the Web3 space.

(1) https://www.theblock.co/post/213921/ethereum-developers-schedule-shanghai-upgrade-on-sepolia-testnet-for-feb-28
(2) https://www.theblock.co/post/213380/self-hosted-wallet-ban-avoided-in-new-draft-of-eus-anti-money-laundering-bill
(3) https://decrypt.co/121881/google-cloud-broadens-web3-slate-by-joining-tezos-bakers

OVERVIEW

Trader's Digest

The FOMC Minutes at 2 PM is the only important data today.

It is important to remember that the Fed's tone was more dovish at the last meeting, and the US Treasury Actives Curves (Yellow one) clearly show what the market had priced in then. Indeed, the green line shows the Fed Fund Curve now, well above 5%, versus the Curve a the beginning of the month, well below 5%.

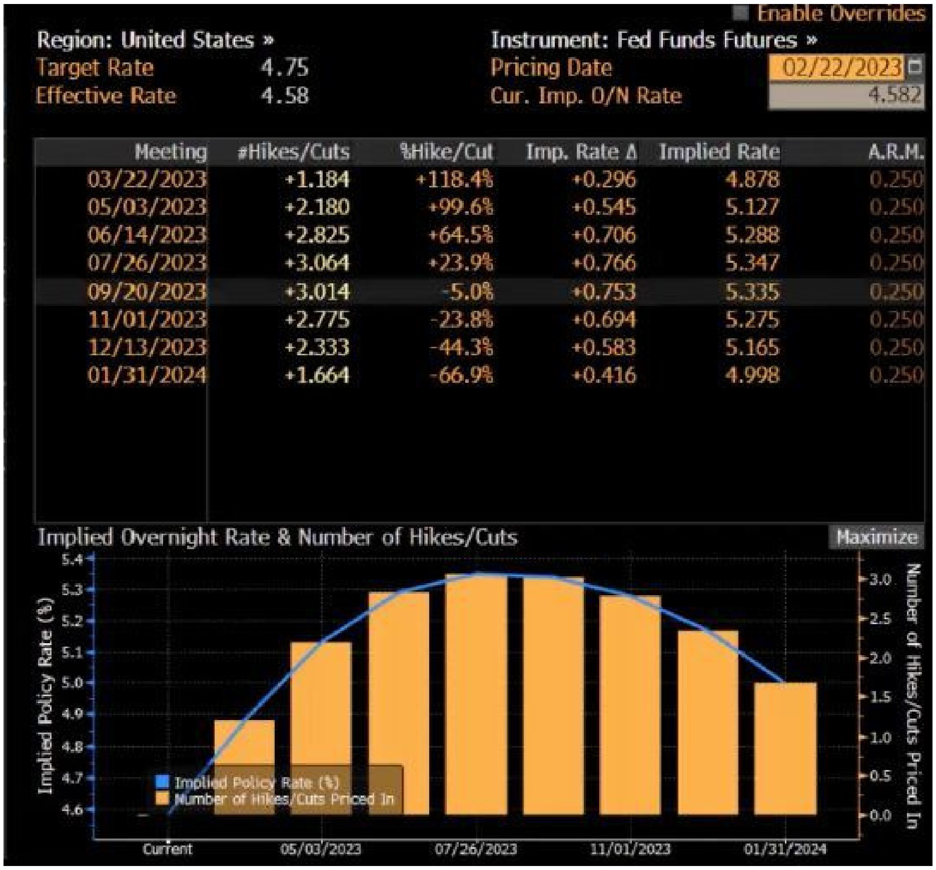
Today, we'll look at any signs of;

More than “some” members, aka Bullard and Mester, wanting bigger rate hikes (50 bps) at the last meeting.

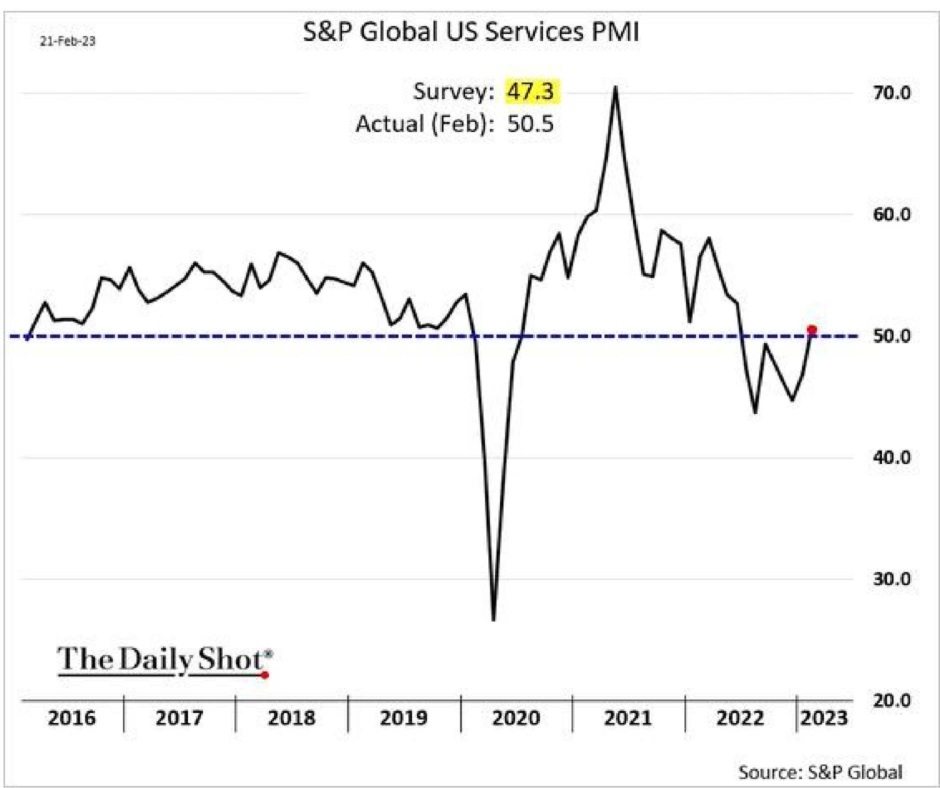
1. So the question is, who else? “Some” = more than one? “Various-Few”= more than two? More than two would be negative, and vice versa.

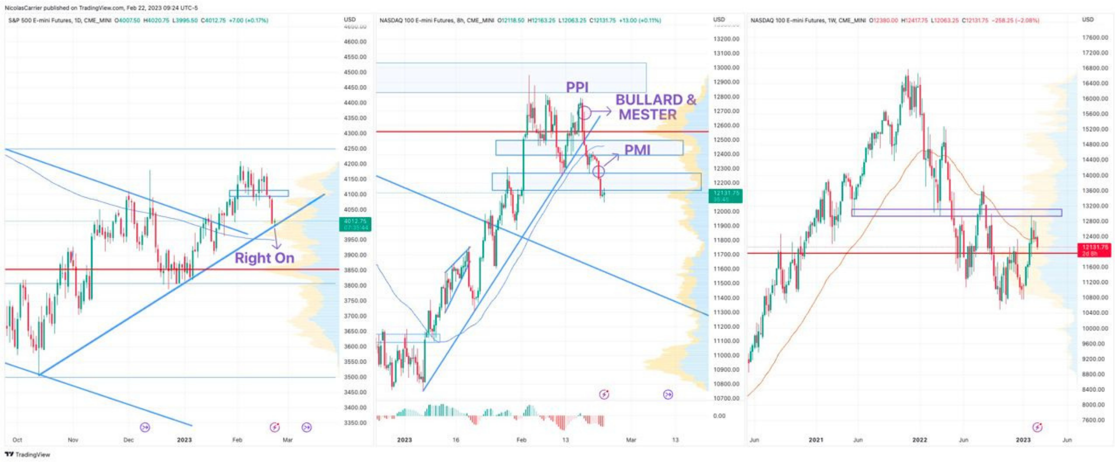
2. Will we get hints on the terminal Fed Fund Rate? Any hint above 5.25% would be negative and vice versa.

The terminal Fed Fund Rate is currently priced-in at 5.347% for July 2023, way up since the beginning of the year.



Yesterday, the US PMI (Purchaser Manufacturing Index) figures came out quite higher than expectations. Some sectors, like the Services sector, even shifted into expansion mode while employment remained above 50. Being in an good news is bad news environment, risk asset, bonds and gold sold-off on the data while the US Dollar, and US Yields rallied.





Bitcoin felt the pressure like the rest of risk assets, now trading at the $24,000 psychological level. Bitcoin is playing with fire this morning, building significant amount of volume at lower prices, and after being rejected many times trying to break above $25,000.

The next point of control to the downside is $23,000, while the same resistance stands for $25,000 pivot point.

Altcoin Analysis

It's time to analyze the largest decentralized lending protocol with TVL of over $5b.

The team behind Aave has decided to freeze the BUSD markets, the largest BUSD liquidity pool on the Ethereum network, after the New York state's Department of Financial Services ordered Paxos to stop minting new BUSD tokens on February 13th.

It will be very interesting to see if its decentralized stablecoin GHO can compete vs. DAI. According to Dustin Teander, analyst at crypto intelligence firm Messari, "given that the demand for debt is currently fairly low in DeFi, it could take some time to see significant expansion."

Let's look at the technicals.

AAVEUSDT is trading within a symmetrical triangle pattern in place since last Summer and has recently started to pullback from the top-end of the pattern.

AAVEBTC has been in a clear downtrend since the start of 2022. As this ratio continues to pullback, we should expect prices to follow.

As long as prices remain below $98.70, we expect further pressure towards $77 and $65.10 in extension.

yacine.ouldchikh published on TradingView.com, Feb 22, 2023 10:00 UTC-5

TradingView

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