



FEBRUARY 10 - 2023

DAILY MARKET REPORT



SECURE
DIGITAL MARKETS

Institutional research.

Markets Insights

KEY METRICS					
PAIRS	SPOT PRICE	24 HR CHANGE	LOW	HIGH	FUNDING RATES
BTC/USD	\$21,884	-3.81%	\$21,738	\$22,718	0.0100%
ETH/USD	\$1,546	-5.87%	\$1,535	\$1,640	0.0100%
XAU/USD	\$1,865.70	0.16%	\$1,852.40	\$1,873.40	
USD/CAD	1.3361	-0.68%	\$1.3349	\$1.3473	
EUR/CAD	\$1.4296	-1.05%	\$1.4274	\$1.4458	



BITCOIN

A snapshot of Bitcoin's spot price as of this writing is \$21,884 representing a 3.81% decrease the last 24 hours and 4.97% increase in trading volume. The funding rate of BTC is 0.0100%.



ETHEREUM

ETH is trading at \$1,546 as of this writing, representing a 24-Hour decrease of 5.87% and a funding rate of 0.0100%. Over the last 24 Hours, the trading volume increased by 16.31%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.



OVERVIEW

Latest Digital Asset News

1- Stablecoin Issuer Paxos Is Being Investigated by New York Regulator

The New York Department of Financial Services is investigating stablecoin issuer Paxos. The full scope of the investigation is unclear. Paxos' stablecoins include the Pax dollar (USDP) and Binance USD (BUSD), a Binance-branded stablecoin offered through a white-label service. A NYDFS spokesperson said the agency could not comment on ongoing investigations. An ongoing investigation by a state regulator suggests the company, which received a provisional bank charter from the OCC in 2021, is indeed under closer scrutiny than its peers may be. Paxos also holds a virtual currency license – commonly referred to as BitLicenses – issued by NYDFS. A Paxos spokesperson did not return a request for comment by press time.

3 - SushiSwap Acquires Cosmos-Based Trading Platform Vortex Protocol

The popular Ethereum-based decentralized exchange (DEX) announced the acquisition of Vortex Protocol today for an undisclosed amount. Built atop Sei Network, a blockchain using Cosmos' tooling, the on-chain trading platform will come under the SushiSwap umbrella as another product and will take a new name. Vortex Protocol is a not-yet-launched decentralized derivatives exchange and will offer users 10x margin trading on a variety of assets. Sei Network and Sushi's newly-acquired Vortex Protocol will both launch on mainnet in Q2 of 2023. "This acquisition is a direct partnership between the SEI, Vortex, and Sushi teams to help bring to market the first fully on-chain perpetual DEX via Sushi," SushiSwap's CEO Jared Grey said.

2 - PayPal Held \$604M of Customers' Crypto as of Year-End 2022

PayPal held a total of \$604 million of bitcoin, ethereum (ETH), litecoin, and bitcoin cash for its customers as of Dec. 31, according to its annual report to the U.S. Securities and Exchange Commission (SEC). Almost 90% of the amount was divided between the two largest cryptocurrencies by market value: \$291 million in BTC and \$250 million in ETH. The remaining \$63 million is made up of LTC and BCH. PayPal did not provide a breakdown of the two. The figure compares with \$690 million held as of the end of September, and corresponds to a period that saw sharp declines in crypto valuations following the collapse of exchange FTX.

(1) <https://www.coindesk.com/policy/2023/02/09/stablecoin-issuer-paxos-is-being-investigated-by-new-york-regulator/>
(2) <https://www.coindesk.com/business/2023/02/10/paypal-held-604m-of-customers-crypto-as-of-year-end-2022/>
(3) <https://decrypt.co/121027/sushiswap-acquires-cosmos-based-trading-platform-vortex-protocol>



OVERVIEW

Trader's Digest

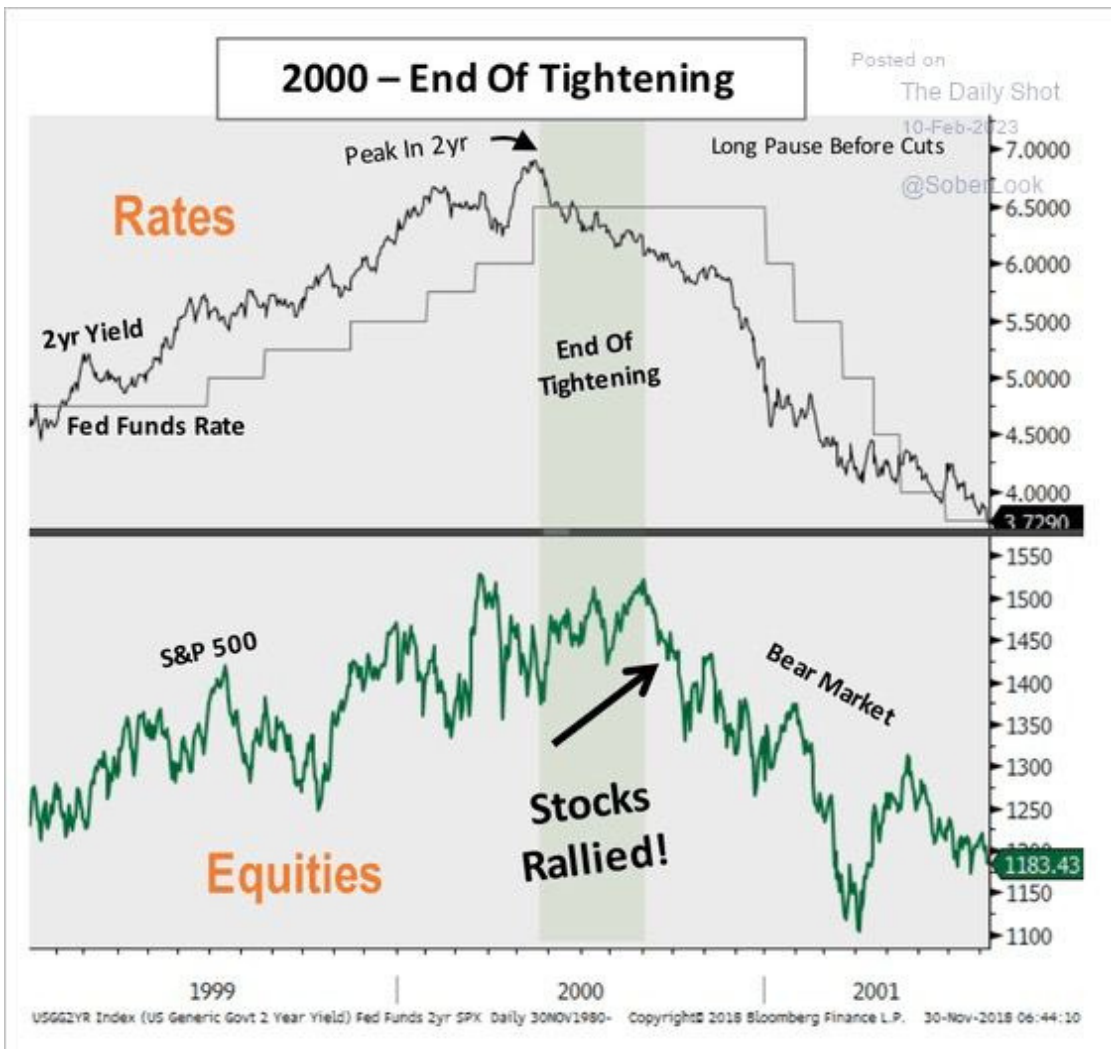
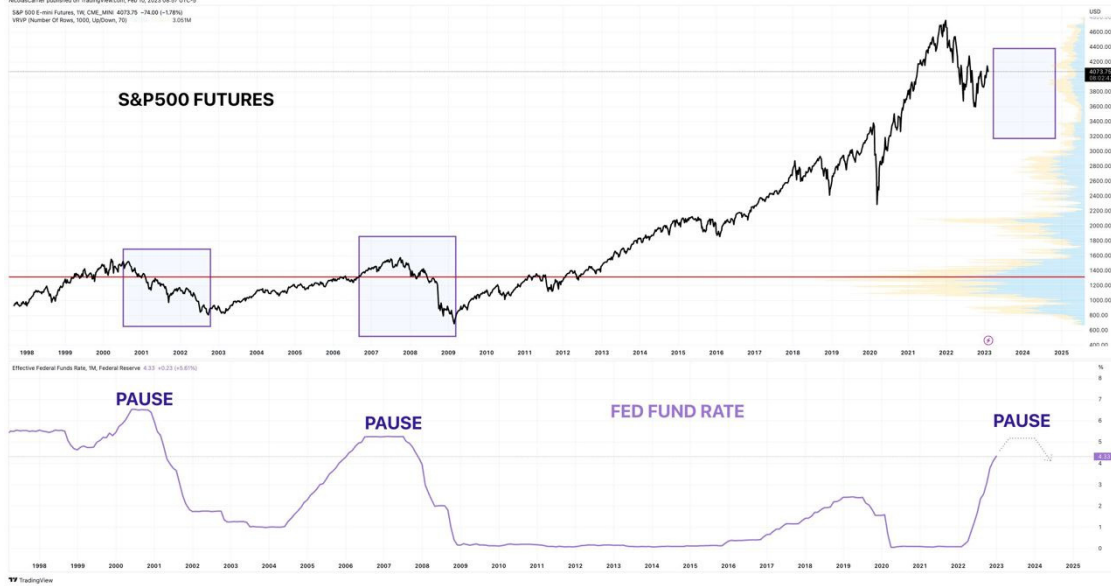
With the US CPI coming up next Tuesday, let's analyze stocks and historical scenarios.

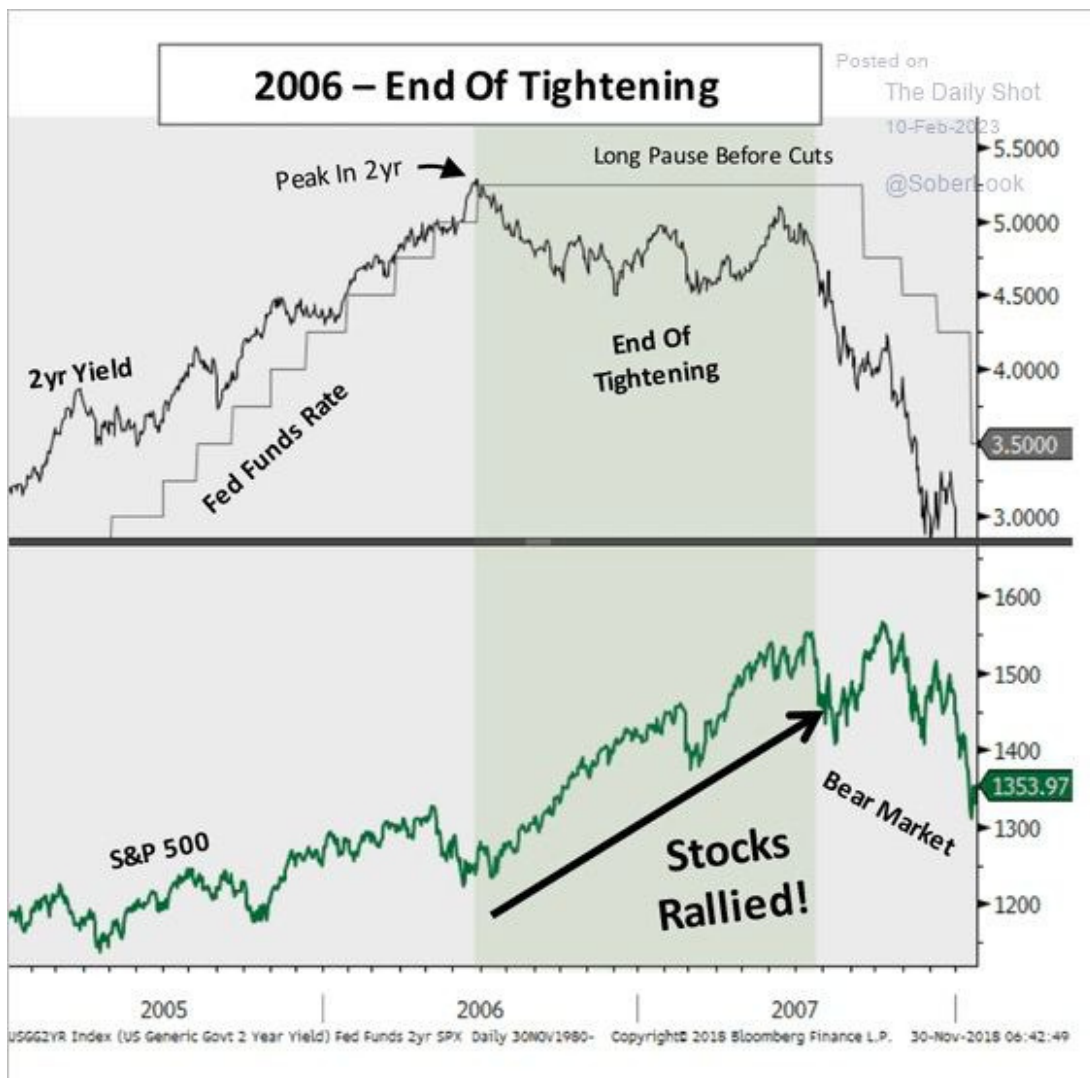
With the current market being EXTREMELY data-dependent, next week's inflation data will create a massive amount of volatility as every single investor is waiting for this reading. With all the Fed members throwing hawkish bombs this week on the fear of sticky inflation caused by the labour market, a higher-than-expected reading would confirm the most recent market price action and strengthen the case for a higher terminal Fed Fund Rate.

I also found a captivating analysis of Inflation peaks and the S&P500 that I would like to share. From the illustration below, if Tuesday's reading is softer, risk assets could find some support for the end of Q1 2023. Do I think it is going to happen? The important question is... was the bond market that much dislocated when this previously occurred? I don't think so.



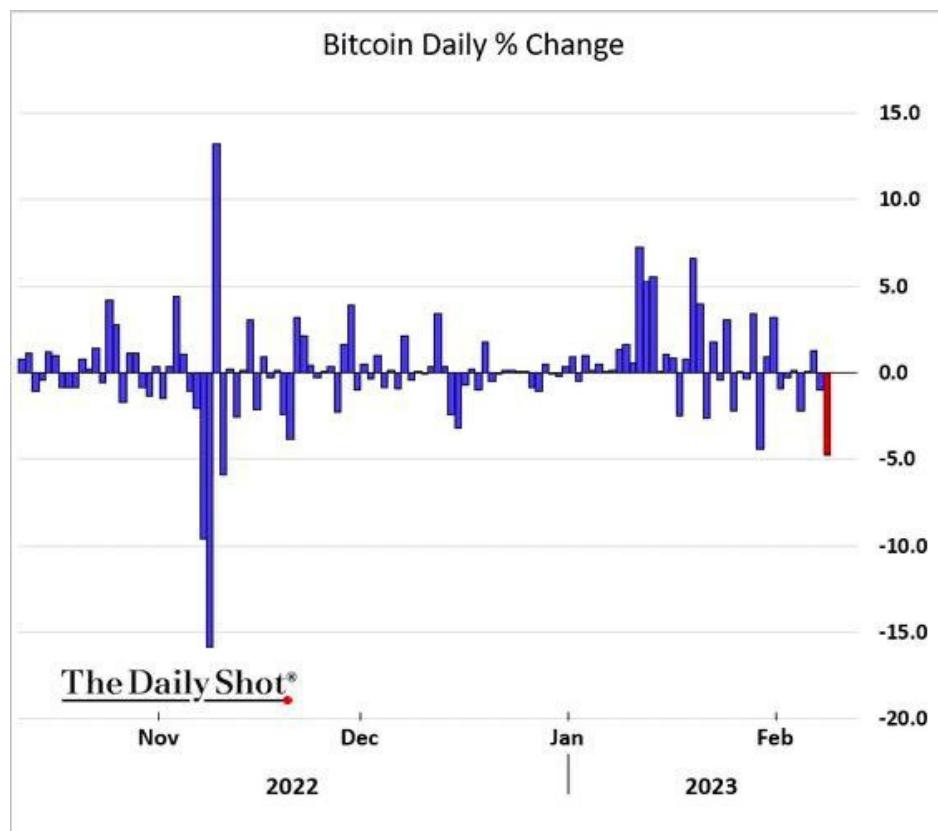
After doing all that research, I wanted to test some scenarios and started drawing a few interesting charts. Historically, stocks have rallied around the peak of the Fed hiking cycle, but immediate gains have been short-lived if the economy enters a recession. This time, however, drawdowns have been more severe during the start of the hiking phase! Below is a chart of the S&P500 and the Fed Fund Rate historical pauses... Eye-catching!





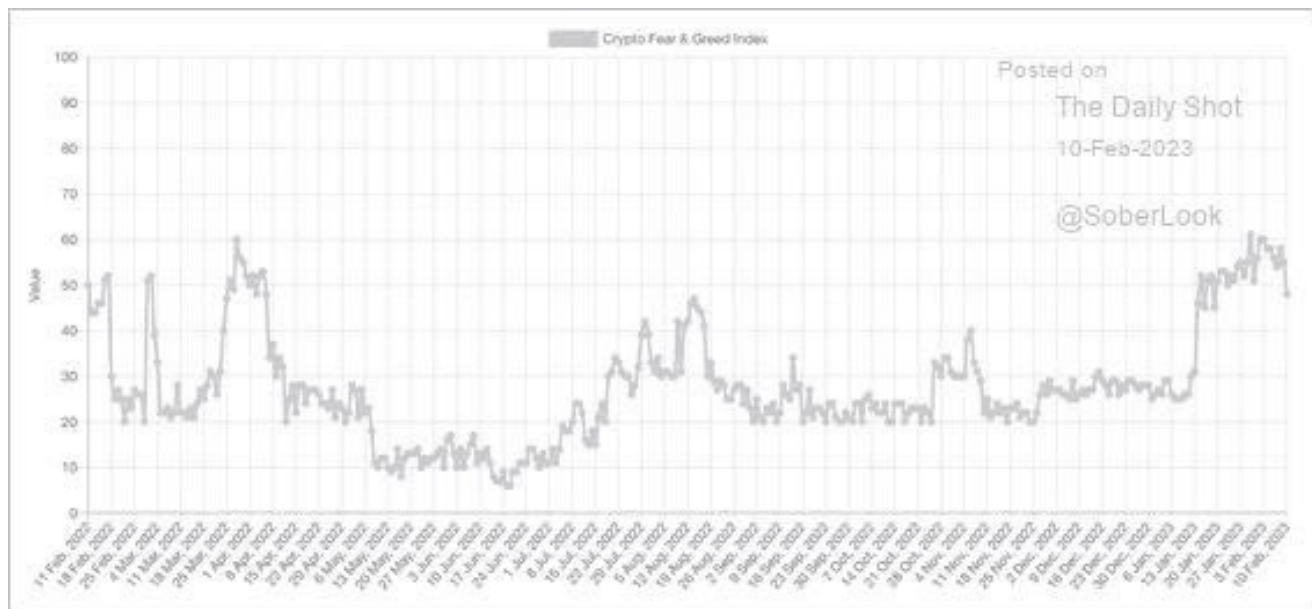
Bitcoin finally broke the three week consolidation between \$24,000 and \$22,500 yesterday, dipping almost 5% lower, and trading as low as \$21,650.

This morning, Bitcoin is finding some sort of support as the USD Index is softening, while the bond and equity market are supported. Bear in mind, the price action could change, especially with the US CPI coming up early next week.





The BTC/ETH price ratio is holding support above its 200-day moving average. A sustained rise in this ratio typically signals risk-off conditions, while the Crypto Fear & Greed Index declined from "greed" territory and returned to "neutral" over the past week.



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