FEBRUARY 7 - 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	$22,978	0.54%	$22,692	$23,119	0.0100%
ETH/USD	$1,637	0.41%	$1,611	$ 1,653	0.0100%
XAU/USD	$1,870.20	0.10%	$1,865.50	$1,878.60	
USD/CAD	1.3455	0.11%	$1.3400	$1.3465	
EUR/CAD	$1.4372	-0.32%	$1.4359	$1.4433	

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $22,978 representing a 0.54% increase the last 24 hours and 8.21% increase in trading volume. The funding rate of BTC is 0.0100%.

ETHEREUM

ETH is trading at $1,637 as of this writing, representing a 24-Hour increase of 0.41% and a funding rate of 0.0100%. Over the last 24 Hours, the trading volume decreased by 3.64%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- UK's Bank of England launches digital pound project as 'new form' of money

The Bank of England, the UK's central bank, launched its long-awaited digital pound project, pitching the potential to create a new payment system and form of money. The potential digital currency would be issued solely by the central bank, with households and businesses able to hold the currency in a digital wallet accessible via smartphones or cards, a consultation document published on Tuesday said. "A UK central bank digital currency – a ‘digital pound’ – would be a new form of digital money for use by households and businesses for their everyday payments needs," Chancellor of the Exchequer Jeremy Hunt, and Bank of England Governor Andrew Bailey said in a statement.

2 - Bitcoin Miners Hut 8, US Bitcoin Corp. Announce Merger

Bitcoin mining firms Hut 8 Mining (HUT) and U.S. Bitcoin Corp. (USBTC) agreed to merge, forming a company with access to about 825 megawatts (MW) of energy capacity. The two firms will be wholly owned subsidiaries of the newly formed Hut 8 Corp. Shareholders of the two will each own about 50% of the merged company, they said in a Tuesday press release. The deal will see Hut 8 shares consolidated five-to-one in the new company. The industry has been consolidating as the bear market has battered miners, leading to acquisition opportunities. While some miners have been able to buy new mining rigs and sites on sale, others have been forced to go bankrupt. The merger will give the new company access to capital and the possibility of being including in indexes in the U.S., whilst also diversifying the geographic distribution of mining sites across North America.

3 - Dubai Mandates Licensing for Crypto Companies as It Sets Out Regulatory Requirements

Crypto firms must obtain authorization and relevant licenses to operate in Dubai, the jurisdiction's new virtual asset rulebooks say. The extensive rules published Tuesday detail requirements for companies from cyber security norms to compliance and risk-management standards. A separate set of rulebooks address specific activities like issuance, advisory, custody and exchange services. All activities and firms fall under the supervision of the Virtual Assets Regulatory Authority, set up last year, to oversee the sector as Dubai aims to attract crypto and blockchain companies. Since then, VARA published some guidelines for crypto advertising, with plans to publish a comprehensive rulebook by the end of 2022.

(1) https://www.theblock.co/post/209304/uks-bank-of-england-launches-digital-pound-project-as-new-form-of-money
(2) https://www.coindesk.com/business/2023/02/07/bitcoin-miners-hut-8-us-bitcoin-corp-announce-merger/
(3) https://www.coindesk.com/policy/2023/02/07/dubai-mandates-licensing-for-crypto-companies-as-it-sets-out-regulatory-requirements/

OVERVIEW

Trader's Digest

Earlier, we heard from Fed members Kashkari and Bostic that the strong payroll data showed a need for more hikes. Yes, we did hear that from Chairman Jerome Powell during the press conference last week, but most investors still bought the dip in risk assets...

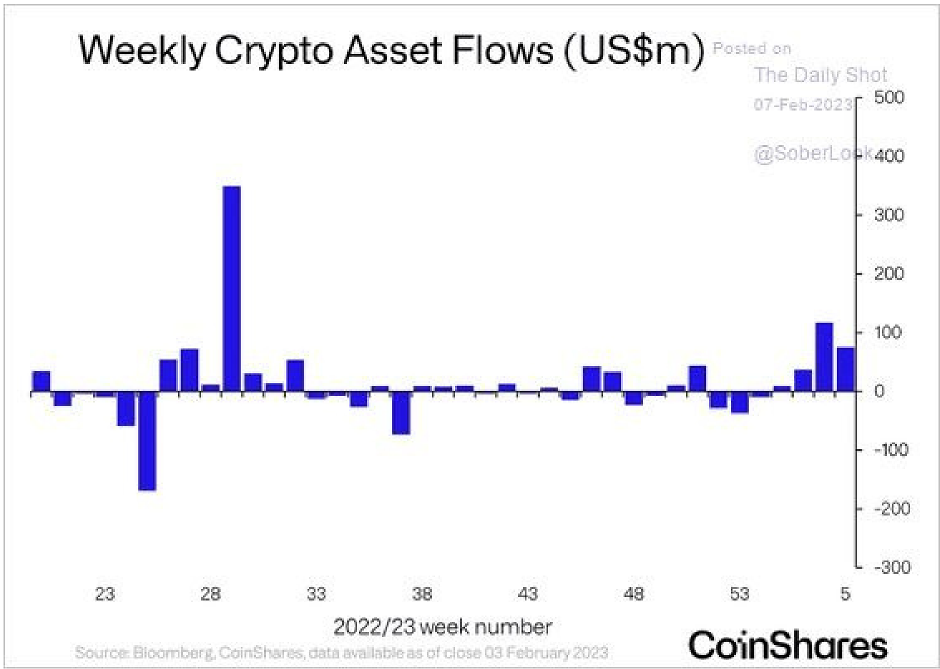
Today at 12:40 PM, Powell speaks before the Economic Club of Washington. It will be closely monitored after a strong jobs report and ISM-Non Manufacturing last week stymied rising hopes of less aggressive monetary policy.

My question is: Will he be ultra-hawkish for the markets to believe them? Or will he disregard the heavy stickiness in the services and employment sectors?

On the other hand, the market is finally showing signs it believes Powell's hawkish stance. This morning, the Fed Fund Curve is back above a terminal rate of 5%.

Yesterday, Crypto exchange Binance said it was temporarily suspending U.S. dollar bank transfers starting on Wednesday while in the interim, all other methods of buying and selling crypto remain unaffected.

On a good note, Crypto investment products had a fourth consecutive week of inflows, with long-bitcoin funds accounting for most inflows last week, while multi-asset funds continued to see outflows.



Flows by Asset (US$m)

CoinShares

	Week flows	MTD flows	YTD flows	AUM
Bitcoin	68.5	30.5	193	19,522
Ethereum	0.7	0.6	10	7,287
Multi-asset	-2.5	-1.6	-18	2,399
Binance	0.1	-	-0	346
Litecoin	-	-	0	162
Short Bitcoin	8.2	3.9	38	142
Solana	0.5	0.2	3	68
Tron	-	-	-0	62
XRP	-	-	0	38
Polygon	0.3	0.1	1	37
Other	-0.2	-0.2	3	174
Total	**75.6**	**33.6**	**230**	**30,235**

Source: Bloomberg, CoinShares, data available as at 03 Feb 2023

* Independent daily attestation by Armanino

Techincally, Bitcoin is still hovering around $23,000, a 6.25% 17-day consolidation between $24,000 and $22,500. The current correlation with the US Equity market is quite strong, and today's chairman's speech could affect Bitcoin's price. The same analysis sticks, any significant break to the upside or downside would create a directional move therefore, alll eyes on these two levels.

Finally, the top 4 crypto AI coins are massively overperforming the rest of the market before the US Equity Open.

Once again, the impressive price performance for AI-adjacent crypto tokens comes amid the growing interest surrounding the capabilities of artificial intelligence technologies, not the least caused by last month’s reports of Microsoft investing an additional $10 billion into OpenAI, the development studio behind popular artificial intelligence tool ChatGPT.

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