JANUARY 12 - 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	$18,047	3.62%	$17,337	$18,317	0.0100%
ETH/USD	$1,382	3.66%	$1,323	$ 1,408	0.0100%
XAU/USD	$1,883.30	0.31%	$1,873.70	$1,903.10	
USD/CAD	1.3427	0.02%	$1.3347	$1.3464	
EUR/CAD	$1.4455	0.15%	$1.4401	$1.4484	

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $18,047 representing a 3.62% increase the last 24 hours and 95.81% increase in trading volume. The funding rate of BTC is 0.0100%.

ETHEREUM

ETH is trading at $1,382 as of this writing, representing a 24-Hour increase of 3.66% and a funding rate of 0.0100%. Over the last 24 Hours, the trading volume increased by 131.10%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- El Salvador Passes Law Allowing Bitcoin Bond Issuance

The Legislative Assembly of El Salvador approved on Wednesday a law for the issuance of digital assets other than bitcoin. Included in the legislation was a legal framework for the issuance of a bitcoin-backed bond, also known as the Volcano Bond. In November 2021, El Salvador President Nayib Bukele announced that the Central American country – which earlier that year established bitcoin (BTC) as legal tender – was planning to raise $1 billion via bitcoin-backed bonds. The proposed paper soon became known as Volcano Bonds as the money was to go towards – among other things – seeding a bitcoin mining industry reliant solely on renewable energy, including that generated by the country's active volcanos. In a statement released Wednesday, Bitfinex stated that it "will be an infrastructure provider for what it says should really be termed the "Volcano Token" – "a digital token which would help El Salvador to raise capital to pay down its sovereign debt, direct funds towards the creation of Bitcoin mining infrastructure, and fund the construction of 'Bitcoin City'."

2 - Samsung Bitcoin Future Active ETF to Hit Hong Kong Stock Market on Jan 13

Samsung investment arm's subsidiary – Samsung Asset Management Hong Kong – outlined plans to list Samsung Bitcoin Futures Active ETF on the Hong Kong stock market starting January 13. According to the official announcement, the fund in question is a sub-fund of Samsung ETFs Trust III, an umbrella unit trust established under Hong Kong law. The latest offering comes on the heels of Samsung Asset Management listing the Samsung Blockchain Technologies ETF and Samsung Asia Pacific Metaverse ETF in the region, catering to the growing demand for Web3-related exposure.

3 - Nexo Under Investigation in Bulgaria for Alleged Money Laundering, Tax Offenses

Crypto lender Nexo has found itself the subject of a large-scale investigation in Bulgaria, as prosecutors look into possible money laundering, tax offenses, computer fraud, and other crimes. Over 300 people are involved in the operation in the country's capital city of Sofia, according to a statement by the Bulgarian Prosecutor's Office. "Active investigation actions are underway in the capital to neutralize illegal criminal activity of the Nexo crypto bank," reads a rough translation of the statement.

(1) https://www.bloomberg.com/news/articles/2023-01-11/el-salvador-passes-law-that-would-enable-bitcoin-bond-issuance?leadSource=uverify%20wall
(2) https://cryptopotato.com/samsung-bitcoin-future-active-etf-to-hit-hong-kong-stock-market-on-jan-13/
(3) https://decrypt.co/119006/nexo-under-investigation-bulgaria-alleged-money-laundering-tax-offenses

OVERVIEW

Trader's Digest

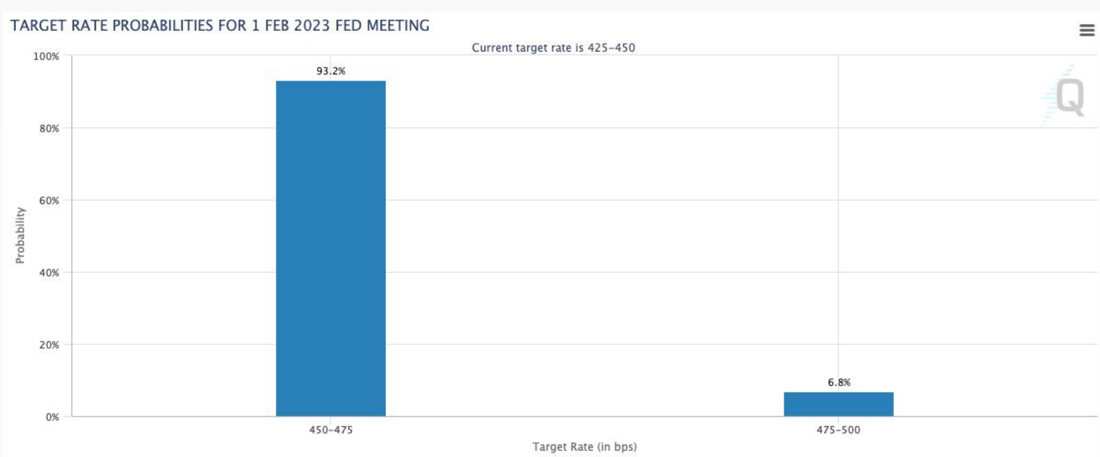
The US Consumer Price data was finally released this morning. The US CPI, headline and core numbers came in line with expectations of 6.5% and 0.3%. The headline figures were expected to go down, while the core, still quite sticky, was expected to go up. Let's look at the Inflation breakdown for a second:Headline Inflation:

*6.5% y/y vs prior of +7.1%
*m/m CPI -0.1% vs +0.0% expected
*Prior m/m reading was +0.1%
*Real weekly earnings +0.1% vs +0.2% prior

Core Inflation:

*Ex food and energy +5.7% vs +5.7% y/y expected
*Prior ex-food and energy +6.0%
*Core m/m +0.3% vs +0.3% exp
*Prior core m/m +0.2%

Now that the data is out of the way, the Fed Watch tool is showing a 93.2% chance of a 25bps fed fund rate hike versus 76.7% yesterday.



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 11 JAN 2023	1 WEEK 5 JAN 2023	1 MONTH 12 DEC 2022
450-475	93.2%	76.7%	62.6%	35.1%
475-500	6.8%	23.3%	37.4%	51.0%
500-525	0.0%	0.0%	0.0%	13.9%

* Data as of 12 Jan 2023 08:44:28 CT

Bitcoin rallied almost 5% overnight, after it shattered the $17,500 resistance. The main cryptocurrency took advantage of the vaccum zone and the low liquidity to trade all the way to the downward trend line. It then found some resistance ahead of the US CPI release now hovering around $18,000 after trading as high as $18,400.

The downtrend line also converges with the 50% fibonacci retracement and the Sept-Oct support/pivot points. I wouldn't be surprise to see a retracement around $17,700 today... Let's monitor the most recent session highs as it is directly at the breakout point. If it does break, the next resistance level is situated at the $19,165 point of control.

OVERVIEW

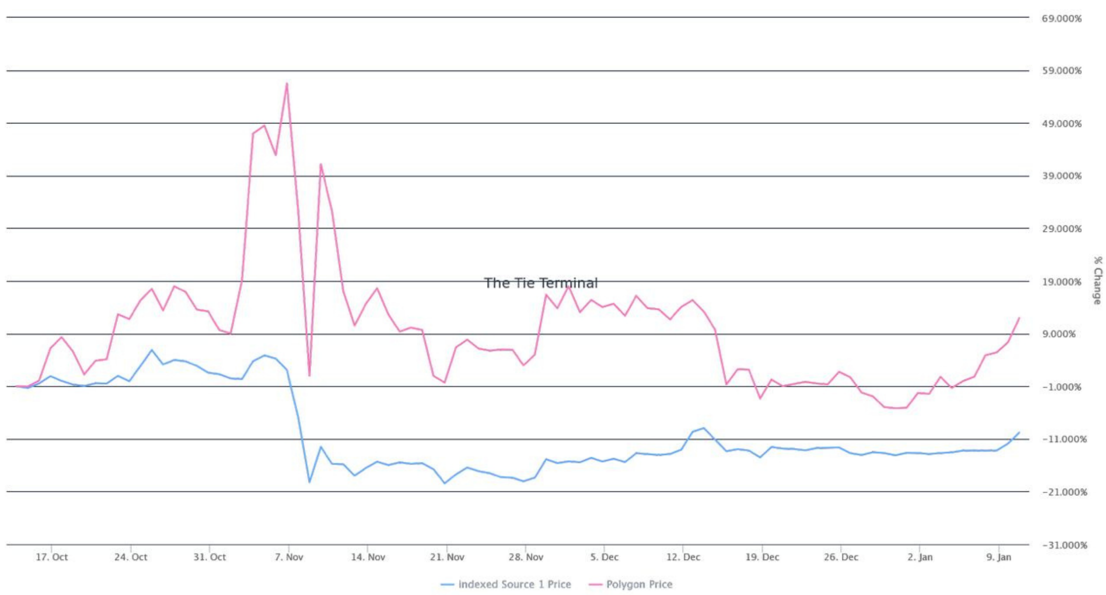
Altcoin Analysis

Altcoins have recently squeezed after Bitcoin surged overnight.

Polygon’s trading volume continues to increase while its business development and management teams continue to make promising moves.

Recently, the firm completed a partnership with Mastercard to build a Web3 incubator to help artists interact with their fans in a new way in this digital economy.

Polygon has been outperforming the top 20 coins by market cap (excluding stablecoins) as MATIC increased by 13% in the last 3 months vs. a decrease of 9% for its peers.



Time for some technicals.

MATICUSDT is currently trading near the top-end of a short-term consolidation channel. As expected, prices rebounded off its lows since the New Year.

For those who missed the long opportunity, it would be wise to wait for a pullback near $0.817 as this is the next support on the downside. An even better buy would be close from the major support near $0.75. If prices break above $0.95, it would trigger additional bullish momentum towards $1.03 and possibly $1.13.

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