



JANUARY 3 - 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	\$16,759	0.29%	\$16,666	\$16,760	0.0049%
ETH/USD	\$1,218	0.05%	\$1,212	\$ 1,219	0.0027%
XAU/USD	\$1,849.50	1.31%	\$1,830.60	\$1,851.30	
USD/CAD	1.3605	0.24%	\$1.3521	\$1.3681	
EUR/CAD	\$1.4405	-0.52%	\$1.4342	\$1.4523	



BITCOIN

A snapshot of Bitcoin's spot price as of this writing is \$16,759 representing a 0.29% increase the last 24 hours and 4.64% increase in trading volume. The funding rate of BTC is 0.0049%.



ETHEREUM

ETH is trading at \$1,218 as of this writing, representing a 24-Hour decrease of 0.05% and a funding rate of 0.0027%. Over the last 24 Hours, the trading volume decreased by 13.37%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.



OVERVIEW

Latest Digital Asset News

1- Valkyrie Unveils Proposal for Grayscale's Troubled Bitcoin Trust

Valkyrie Investments is out with a proposal for a much larger rival product: to become the new sponsor and manager of the crypto industry's largest fund, the Grayscale Bitcoin trust. The Nashville, Tennessee-based asset manager, which oversees roughly \$180 million, on Friday announced the launch of the Valkyrie Opportunistic Fund, which seeks to take advantage of the massive discount in Grayscale Investments' \$10.5 billion product (GBTC). The Valkyrie fund will be increasing its holdings of GBTC, allowing the company to realize "the true value of the underlying Bitcoin for our investors," which it says is a goal it will actively pursue on their behalf, according to the company.

2 - BlackRock Lends Money to Bankrupt Bitcoin Miner Core Scientific

Investment giant BlackRock (BLK) has committed \$17 million to bankrupt bitcoin miner Core Scientific (CORZ) as part of a new \$75 million loan from the miner's secured convertible note holders, according to a U.S. Securities and Exchange Commission filing that was filed on Thursday. BlackRock, which is Core Scientific's largest shareholder according to FactSet data, already held \$37.9 million in secured convertible notes as of Wednesday. The latest \$17 million is part of the new \$75 million convertibles notes, which are part of Core's prearranged bankruptcy process, the filing says. In a prearranged bankruptcy, the debtor reaches some sort of agreement with its creditors before officially filing for bankruptcy.

3 - Hong Kong brokers, fund managers get ready for virtual-asset trading as SFC widens access to retail investors

Hong Kong's financial services firms are wasting no time in preparing the groundwork to enable their retail clients to trade virtual assets in the coming months, following a key amendment to a local legislation, according to industry players. The Legislative Council last month passed the amendment to the Anti-Money Laundering and Counter-Terrorist Financing Act, imposing a new licensing regime on virtual-asset service providers from June this year under the purview of the Securities and Futures Commission (SFC). The SFC is expected to issue a consultation paper on how to allow retail investors access to trading in virtual assets, versus the current restriction to professional investors, or those with at least HK\$8 million (US\$1.03 million) of bankable assets. This represents an opportunity for local financial services firms to widen their reach to retail investors.

(1) <https://www.bloomberg.com/news/articles/2022-12-30/valkyrie-unveils-proposal-for-grayscale-s-troubled-bitcoin-trust-gbtc?leadSource=verify%20wall>
(2) <https://www.bloomberg.com/news/articles/2022-12-30/blackrock-blk-lends-money-to-bankrupt-bitcoin-btc-miner-core-scientific?leadSource=verify%20wall>
(3) <https://www.scmp.com/business/article/3205294/hong-kong-brokers-fund-managers-get-ready-virtual-asset-trading-sfc-widens-access-retail-investors?module=live&pgtype=homepage>



OVERVIEW

Trader's Digest

The day started with a decent bid in the Japanese yen, but that quickly turned into a solid rally for the US dollar as European traders got to their desks. The backdrop in broader markets is a peculiar one, though. The dollar is acting like there is risk aversion, but there are no signs of that whatsoever in stocks and bonds - if the narrative from last year is anything to go by.

On the other hand, the Euro broke its ascending wedge, down almost 1.5% this morning. The FX market was the most volatile this morning as we can see a lot of positioning taking place.

Now that we've looked at the FX market, let's try to answer one of the most important questions of 2023; Have we seen the top in US Yields? Stifel, a global wealth management and investment banking company, expects the 10-year Treasury yield to reach 6%-7% over the next two years, making government borrowing much more expensive. However, bear in mind that this is not a broad base consensus.

Technically, the US10Y retraced and found pressure at the 3.900% resistance. Additionally, when looking at the US10Y bond prices, ZN still has lots of room on the way down following last year's downtrend.

Finally, the main cryptocurrency is still trading on low volume, hovering around \$16,500 with no clear direction. Moreover, Bitcoin shorts worth \$93.5 million were closed in December 2022 on cryptocurrency exchange platform, Bitfinex. A massive volume of closed shorts imply traders were bearish on the asset and decided to cut losses once BTC price climbed higher (Tax selling?). Interestingly, this also signals uncertainty in the direction of Bitcoin price.



Nicola Carter published on TradingView.com, Jan 03, 2023 08:12 UTC-5

U.S. Dollar Currency Index, 4h, NYC: **DXY** **C104.805** **+104.803** **(+04.647** **-104.706** **-0.098** **(-0.09%)**
 MA (200, close, 0, SMA, 0) **105.182**



As we will show, it is highly unlikely the U.S. government can afford interest rates at a ~6.5% 10Y yield

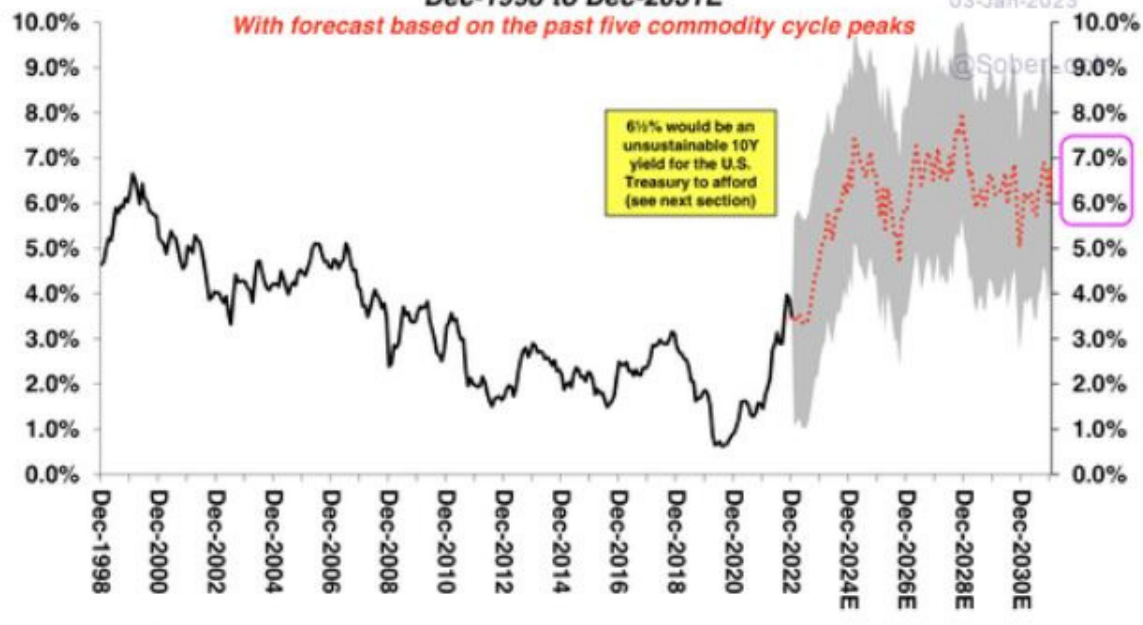
Posted on

U.S. 10 Year Treasury Yield Dec-1998 to Dec-2031E

The Daily Shot

03-Jan-2023

With forecast based on the past five commodity cycle peaks

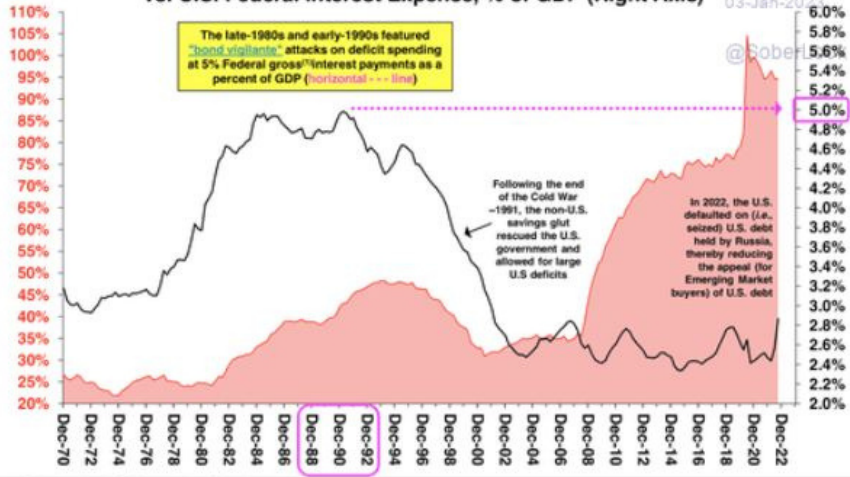


Source: Bloomberg data, Sifel estimates.

Federal interest expense (as a % of GDP) cresting at only 5% helped create **bond vigilantes** in 1988-92

Posted on
The Daily Shot
03-Jan-2023
@Robert

U.S. Federal Debt held by the Public, % of GDP (Left Axis) vs. U.S. Federal Interest Expense, % of GDP (Right Axis)



Source: Bloomberg data, U.S. Treasury data, Stifel estimates.

(1) We use gross Treasury interest expense, not interest expense net of other U.S. Treasury interest and income or net of trust fund interest (e.g., Social Security, as the social trust funds have solvency issues by the 2030s).

NotasCarrier published on TradingView.com, Jan 03, 2023 08:55 UTC-5

Bitcoin / U.S. Dollar, 4h, COMBASE O16714.53 H16735.24 L16697.11 C16724.55 +9.21 (+0.06%)



TradingView

BTC Total Liquidations

Symbol: BTC, Period: ALL, Legend: Shorts (red), Longs (green), BTC Price (yellow)



OVERVIEW

Altcoin Analysis

Chainlink continues to connect powerful blockchain platforms to help each other grow. One of its popular partners is Arbitrum One.

In return for helping the latter expand its DeFi ecosystem, LINK users will have the opportunity to access advanced trading features of Arbitrum One.

Let's move on with price action.

LINKUSDT is trading near the bottom-end of a consolidation channel in place since the meltdown in May. The RSI and MACD are both in negative territory but a recovery is in progress.

Risk/reward is pushing more for longs vs shorts at these prices, especially if prices break above the 20-day moving average and the recent high located at \$6.07. As long as \$5.3 holds, we expect further upside.



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TRADING@SECUREDIGITALMARKETS.COM

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