DECEMBER 15 - 2022

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	$17,502	-3.19%	$17,479	$18,318	0.0052%
ETH/USD	$1,275	-5.08%	$1,271	$ 1,346	0.0100%
XAU/USD	$1,785.70	-1.28%	$1,773.20	$1,796.80	
USD/CAD	1.3610	0.48%	$1.3537	$1.3633	
EUR/CAD	$1.4550	0.59%	$1.4390	$1.4596	

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $17,502 representing a 3.19% decrease the last 24 hours and 30.70% increase in trading volume. The funding rate of BTC is 0.0052%.

ETHEREUM

ETH is trading at $1,275 as of this writing, representing a 24-Hour decrease of 5.08% and a funding rate of 0.0010%. Over the last 24 Hours, the trading volume increased by 40.36%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- Digital euro on EU priorities list before 2024 elections

Presidents of the European Parliament, Council and Commission have signed a joint agreement outlining priorities before the next European elections in 2024. On the list of 164 legislations, some are already in negotiations, and others are yet to be put forward, is a central bank digital currency. The European Commission promised to develop legislation for a digital euro “soon.” A spokesperson confirmed that the Commission plans to put forth a proposal in the second quarter of 2023. European Central Bank is currently working on a prototype with a selection of partners, including the contested Amazon. The design phase will wrap up in March 2023, followed by a decision on whether to implement a euro CBDC anticipated in October.

2 - WisdomTree launches nine new blockchain-enabled funds

The New York-based asset manager Wisdom tree has launched nine new blockchain-enabled funds. These nine funds are effective with the U.S. SEC and come ahead of WisdomTrees digital wallet, slated to launch in the first quarter of 2023, according to a company release. The nine bring WisdomTree's total digital funds up to 10. The firm's first digital fund, the WisdomTree Short-Term Treasury Digital Fund, was approved by regulators in September of this year. "We believe that blockchain-enabled finance has the potential to improve the investor experience through enhanced liquidity, transparency and standardization, which we aim to achieve over time, and these nine digital funds are setting the foundation as we seek to bridge the gap between traditional finance and digital finance today," said WisdomTree Head of Digital Assets Will Peck in a company statement.

3 - New York financial regulator issues cryptocurrency guidance for banks

The New York State Department of Financial Services (NYDFS) on Thursday issued digital asset guidance to state-regulated banks laying out what information financial institutions must submit before getting approval to engage in virtual currency-related activities. The guidance, one of the clearest paths forward yet for banks to offer cryptocurrency services, instructs banks to submit a business plan with details of the proposed activity, detail how such a service would impact the bank's capital and liquidity and inform NYDFS of its plans at least 90 days beforehand. In a statement, NYDFS Superintendent Adrienne Harris said the new policies are "critical to ensuring that consumers’ hard-earned money is protected" and that New York-regulated banks remain competitive.

(1) https://www.theblock.co/post/195302/digital-euro-on-eu-priorities-list-before-2024-elections?utm_source=rss&utm_medium=rss
(2) https://www.theblock.co/post/194995/wisdomtree-launches-nine-new-blockchain-enabled-funds?utm_source=rss&utm_medium=rss
(3) https://www.reuters.com/markets/new-york-financial-regulator-issues-cryptocurrency-guidance-banks-2022-12-15/

OVERVIEW

Trader's Digest

One major thing came out of yesterday's FOMC meeting, and no, it's not the rate of increase – in that case, 50bps, but the projected terminal Fed fund rate.

Investors have been actively looking at the curve, trying to position themselves, and debating if the TFFR would be above or below 5% at the beginning of 2023.

Moreover, Powell stated, "It's now not so important how fast we go ... It's far more important to think what is the ultimate level, and then at a certain point the question will become how long will we remain restrictive."

Additionally, and adopting a bearish tone, Fed Chairman said that he "wouldn't see us considering rate cuts unless there's confidence that inflation is moving down to 2%."

During the press conference, Powell made it clear that the Fed wasn't yet nor close to thinking about reducing rates in 2023 while pointing up that their current 5.1% median terminal Fed fund rate was what their currently thought was needed to sustain the economy and that further data point – mainly inflation, would dictate if we got above that threshold.

Therefore, the most recent two inflation readings showed a welcome reduction, but more evidence is needed to give confidence that inflation is on a sustained downward path.

To summarize the key points;

*The economic projections showed the median rate at the end of 2023 at 5.1% vs 4.6% at the September 2022 projection.

*17 out of 19 Fed officials voted for a terminal Fed fund rate above 5%, up to 5.6% in 2023

*GDP was forecasted to the upside for the last quarter of 2022 while significantly reduced to 0.5% from 1.2% for 2023.

*The economic projections also clearly showed that rates would be higher for longer versus moving at a higher pace, meaning the Fed wants to be in restrictive, controlled territory for longer.

Now that we understand the Federal Reserve's tone and economic projections let's look at some technical analysis on Bitcoin and the US Dollar.

After these two major economic events, the Bitcoin/Equity correlation picked up. Therefore, the leading cryptocurrency is selling off this morning after yesterday's rally to $18,400. Bitcoin is now moving toward the bottom of the bearish flag – as shown in the graph below, where it should find temporary support. The $17,350 area will act as support before Bitcoin finds a clearer direction, either to the upside or the downside.

On the other hand, the USD Index still holds the descending wedge we highlighted yesterday, despite seeing heavy selling pressure this morning. DXY is now down 0.7% (9:20 am) from the overnight consolidation, looking to test the bottom part of the technical pattern.


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USD
18144.13
17441.29
17400.00
14041.92
12:00
Nov
4
7
10
14
17
21
24
28
Dec
5
8
12
15
19
22
26
29
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NicolasCarrier published on TradingView.com, Dec 15, 2022 09:57 UTC-5
Bitcoin / U.S. Dollar, 1D, COINBASE O17805.36 H17856.26 L17405.00 C17431.17 −373.80 (−2.10%)
USD
18144.13
17431.17
17400.00
14041.92
12250.00
May
16
Jun
15
Jul
18
Aug
15
Sep
15
Oct
17
Nov
15
Dec
15
2023
16
Feb
15
Mar
15
Apr
TradingView


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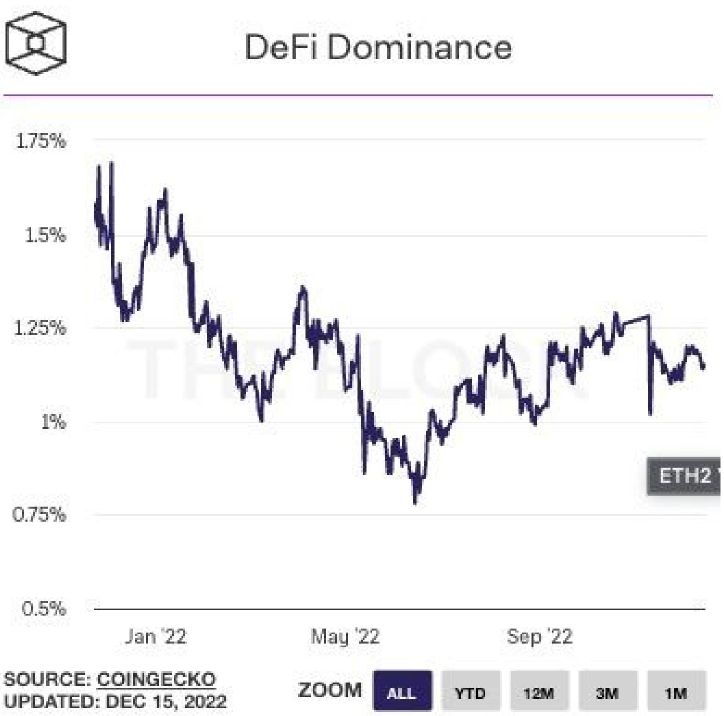
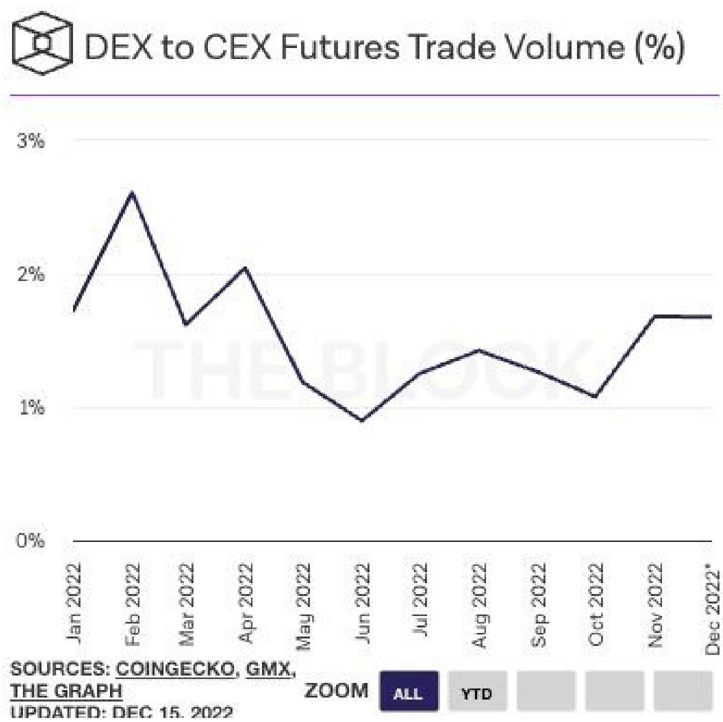
USD
104.772
103.844
MACD (12, 26, close, 9)
0.026
12:00
14
16
12:00
21
23
12:00
28
12:00
Dec
5
7
12:00
12
14
12:00
19
21
12:00
TradingView

Altcoin Analysis

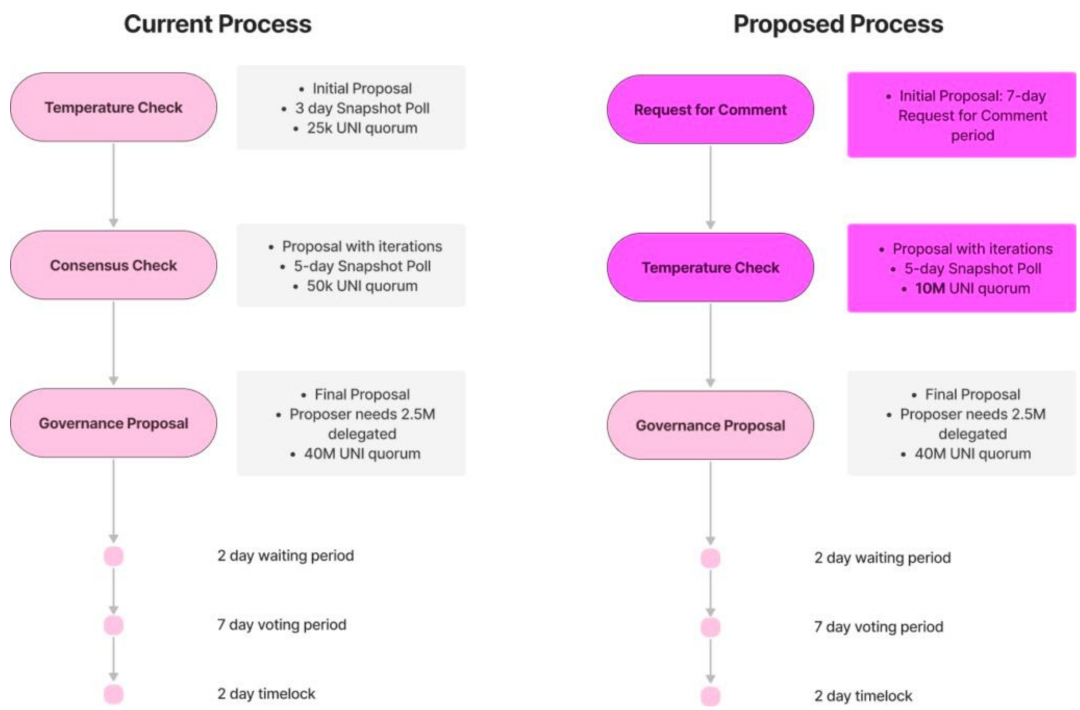
There is a massive opportunity for DeFi players to grab more market share. For most of 2022, DeFi has represented around 1%-1.25% of the overall crypto market cap.

Uniswap is one of the most influential blockchain projects in decentralized finance. The group created the trading mechanism known as automated market makers (AMM) which eliminate the need for intermediary parties with the help of self-executing computer programs.





In other news, the Uniswap Foundation is working on revamping its governance process to allow more time for members to discuss and gauge proposals.



Technically speaking, UNIUSDT is trading at an interesting level. Prices are capped by a declining trend channel and are trading in a price range with high volume. Recently, the coin has been forming an ascending triangle pattern with a resistance level of $6.6 and is trading near the bottom-end of this pattern which offers a great risk-reward for bulls. Even if it breaks above this pattern, it still needs to break above the bigger trends channel to reverse the previous downtrend.

UNIBTC is trading at the bottom of a rising trend channel. It seems that it's a good time to expect UNI to outperform BTC in the short-term. If the pair breaks above the declining trend line from the start of the year, then it will reinforce more confidence for the upside move.

A break above $6.6 is crucial to start considering long positions but a break above $7.8 is crucial for bulls to be back in power.

yacine.ouldchikh published on TradingView.com, Dec 15, 2022 10:22 UTC-5

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