DECEMBER 14 - 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	$18,017	1.08%	$17,644	$18,058	0.0100%
ETH/USD	$1,336	0.14%	$1,308	$ 1,339	0.0100%
XAU/USD	$1,811.60	0.01%	$1,803.90	$1,814.10	
USD/CAD	1.3570	0.20%	$1.3529	$1.3580	
EUR/CAD	$1.4444	0.32%	$1.4387	$1.4473	

BITCOIN

A snapshot of Bitcoin's spot price as of this writing is $18,017 representing a 1.08% increase the last 24 hours and 20.91% decrease in trading volume. The funding rate of BTC is 0.0100%.

ETHEREUM

ETH is trading at $1,336 as of this writing, representing a 24-Hour increase of 0.14% and a funding rate of 0.0010%. Over the last 24 Hours, the trading volume decreased by 29.18%. As of today, ETH holds 18.3% of the cryptocurrency market, making it the second-largest coin traded.

OVERVIEW

Latest Digital Asset News

1- Australia Targets Crypto, Clearing Reforms in Finance Overhaul

Australia is set to make sweeping changes to financial services laws that will tighten safety nets on the cryptocurrency market and pave the way for possible competition in the clearing of equity trades. Under considerations outlined on Wednesday, the government will examine which crypto tokens should be covered under finance laws and also seek to strengthen Australia's payments system. In cash equities, proposed legislation will either allow competition in clearing and settlement if a rival to ASX Ltd. emerges or give regulators more powers in the event of its ongoing dominance.

2 - FTX's Systems Gave Alameda Trades a Secret Speed Edge, CFTC Says

Sam Bankman-Fried's trading house Alameda Research had a secret speed advantage when executing orders on his now-collapsed FTX crypto exchange, according to the US Commodity Futures Trading Commission. Alameda, which also tumbled into bankruptcy last month along with FTX, was able to skirt certain portions of the exchange's trading architecture and sidestep some automated verification processes, the CFTC said in a complaint filed Tuesday in Manhattan federal court.

3 - Forbes joins hands with The Sandbox for an interactive multiplayer metaverse experience

Forbes, global media group, is making its debut in the metaverse following a strategic partnership with The Sandbox (SAND). The Forbes Metaverse hub will give users – mainly players a chance to learn more about founder Malcolm Forbes' history and his passions while (re)discovering the new Forbes. The Forbes Metaverse hub will offer users the opportunity to meet and interact with the "30 Under 30 Gallery" a group of 30 professionals who, according to Forbes, have achieved the American dream whilst still under the age of 30. Players can also access branded wearable accessories, which they can wear as they take part in adventures at The Sandbox.

(1) https://www.bloomberg.com/news/articles/2022-12-13/australia-targets-crypto-clearing-reforms-in-finance-overhaul?leadSource=uverify%20wall
(2) https://www.bloomberg.com/news/articles/2022-12-14/ftx-s-systems-gave-alameda-trades-a-secret-speed-edge-cftc-says?leadSource=uverify%20wall
(3) https://www.fxstreet.com/cryptocurrencies/news/forbes-joins-hands-with-the-sandbox-for-an-interactive-multiplayer-metaverse-experience-202212141403

OVERVIEW

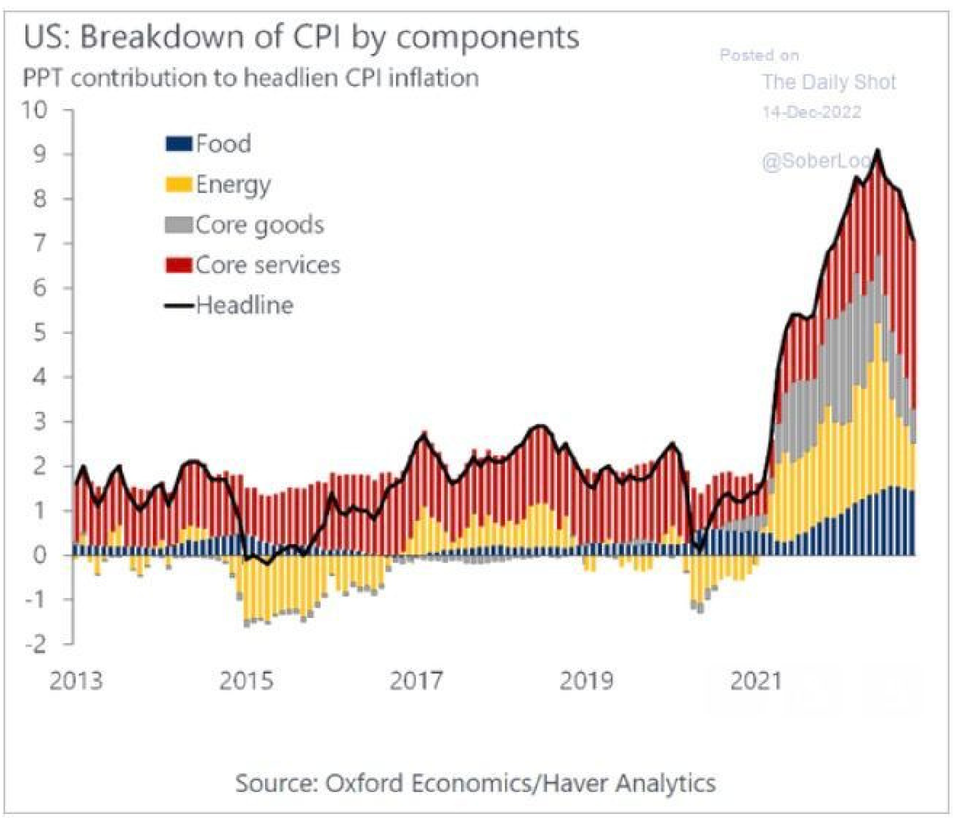
Trader's Digest

Even though the US CPI data came in much lower than expectations, and even though Goldman Sachs's analysts thought we could see a 5% pump on Headline numbers below 7.2%, the market didn't react as most retail investors hoped.

As I mentioned on Monday afternoon, the data was leaked before the release. Toward the end of the trading session, and yesterday into the data, we saw a strong rally in risk assets – US Equities and Bitcoin while the bond market picked up a reasonable bid before the close.

Therefore, once the data was released, Smart money was already in place to sell the news. Indeed, yesterday was a classic buy the rumour, sell the news type of trade. Institutions took advantage of the late longs retail investors put and sold their positions on the first squeeze after release.

The good news is that we just had a second month in a row with lower inflation. But again, 7.1% is still high. Nonetheless, we're moving in the right direction.



Source: Oxford Economics

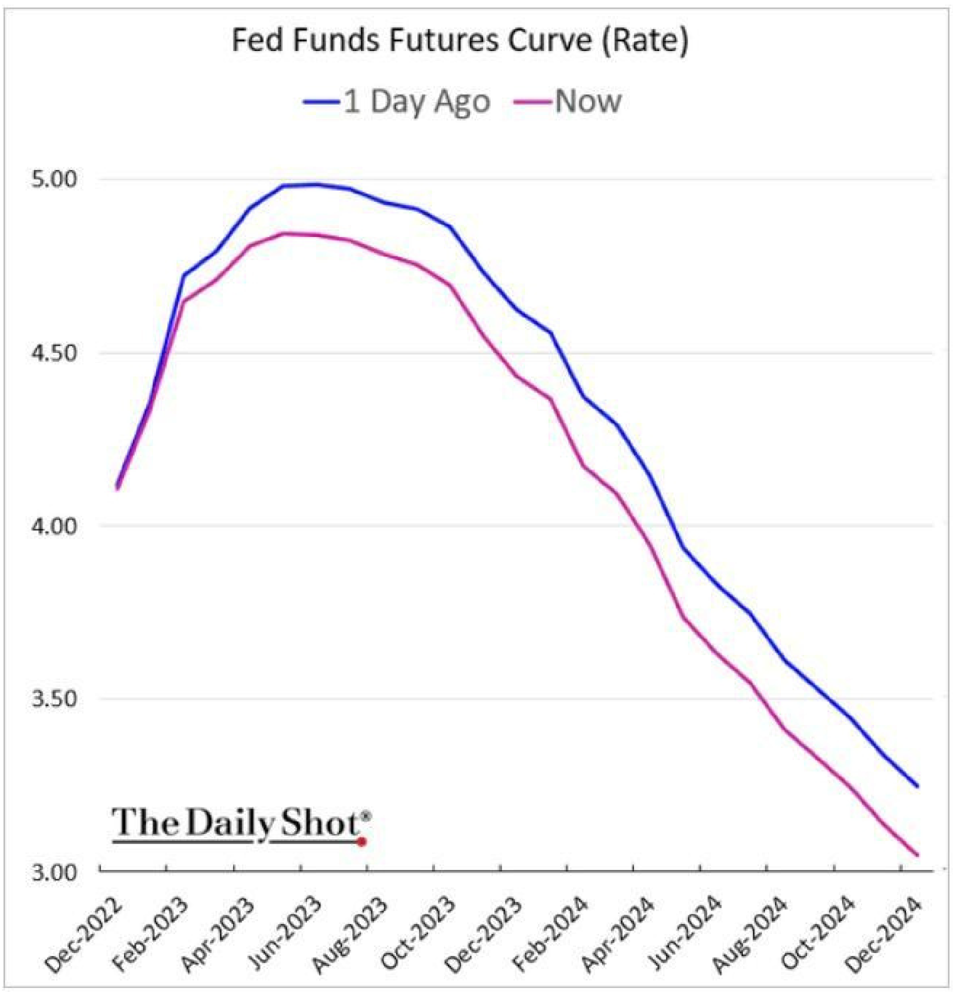
Today is also a momentous day! The FOMC will give their economic projections in addition to their rate decision at 2:00 pm, followed by the Fed chairman press conference at 2:30 pm.

Yesterday's softening was most definitely the scenario the Federal Reserve members were hoping for, as their historically high pace of tightening aimed to bring down inflation.

Now, not only we'll know if the Fed fund rate will be increased by 50 bps, but we'll also be able to analyze the Dot Plot and other economic projections from the Fed. This data will give a much clearer view of the Fed's thoughts and expectations moving into 2023.

Therefore, let's be on our toes this afternoon. Yesterday's data did bring the terminal rate expectations below 5%, which brings even more attention to today's economic projections.

3. The implied terminal rate declined, with the market expecting the Fed to ease up on rate hikes (2 charts). Are the markets too optimistic about the Fed's intentions?



Now, let’s look at the market price action.

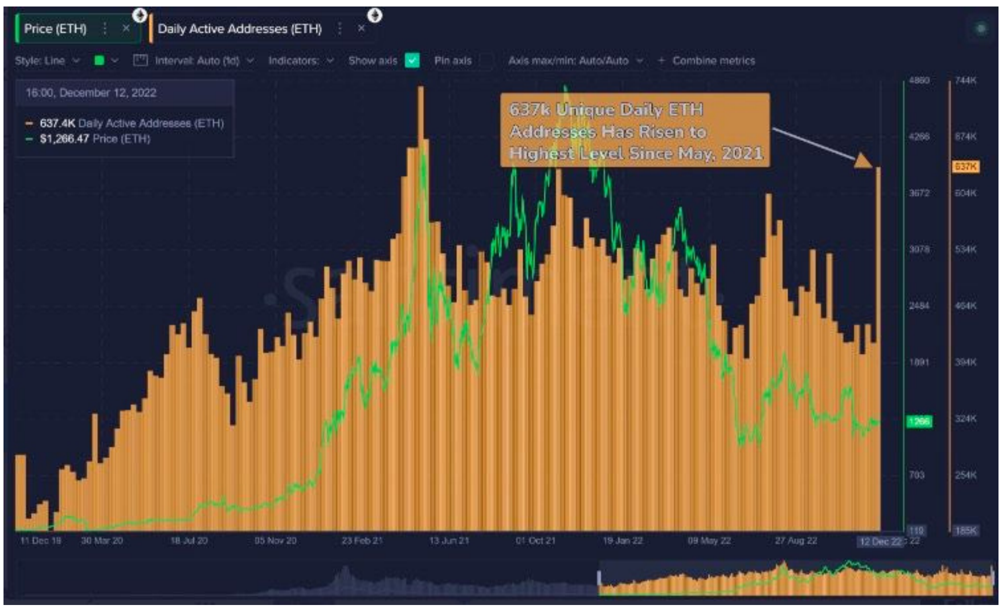
Fifteen minutes before the release, the Bitcoin/Equity correlation was back in play, as both assets squeezed 0.95% and 1.75%, respectively. Then, as you can see on the graph below, Bitcoin couldn’t sustain the move above $18,000 as it retraced to $17,600. Overnight, the leading cryptocurrency grinded its way back above $17,900, looking to break the most recent pivot point further into the vacuum zone.

Depending on today’s meeting, Bitcoin could break toward the $19.500 point of control and top of the descending wedge or be rejected below $17,000. This morning, many buyers are stepping in, with Bitcoin trading just shy of $18,000 at the time of writing (9:15).

Altcoin Analysis

Ethereum continues to attract a ton of attention among market participants. The #2 giant witnessed its highest week of address activity since May 2021 as an average of 637,000 wallets interacted daily with the network.

In other news, the group behind ETH announced that their next major upgrade called "Shanghai" is set to be released in early 2023 which will enable the withdrawal of staked ETH.



The 2-month futures annualized premium usually trades between +4% and +8% in a "stable" market to cover costs and potential risks. As futures trade at a discount vs. spot, this indicates a lack of confidence from leveraged buyers which is quite bearish.

Time to dive into the technicals.

Starting with the daily chart, prices continue to trade in a high volume price range. A breakout of 1365 would have ETH enter a vacuum zone potentially pushing it higher towards 1500. The 200-day moving average has acted as great resistance this year in April and November. It is now located at 1430 and may reinforce the idea that 1500 is an important level for ETH to break in order to potentially reverse its previous downtrend. We've been trading in an environment with lower highs and lower lows, a classic sign of a bearish trend, so a break above a recent high like 1675 will have a massive positive impact.

Moving on with the weekly chart, prices remain below their 200-week moving average, an important psychological level. Looking at this chart, it seems that ETH has bottomed out and is trying to get back on track. A break above the 200-week and 20-week moving averages are absolutely crucial before taking long positions. Unfortunately, every time prices broke above their 20-week moving average in 2022, it pulled back right after and served as a great entry signal to short.

Indicators look bullish on this timeframe. MACD is above its signal line and is reaching to get back into positive territory. The RSI is still capped by a declining trend line but can break out at any moment which would serve as a breath of fresh air for bulls, especially that it would coincide with a breakout of the neutral level of 50.

Disclaimer

This research is for informational use only. This is not investment advice. Other than disclosures relating to Secure Digital Markets this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates, and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate.

Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. The price of crypto assets may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The information on which the analysis is based has been obtained from sources believed to be reliable such as, for example, the company's financial statements filed with a regulator, company website, company white paper, pitchbook and any other sources. While Secure Digital Markets has obtained data, statistics, and information from sources it believes to be reliable, it does not perform an audit or seek independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, Secure Digital Markets does not represent that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located. Secure Digital Markets and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses, or opinions within the report.

Crypto and/or digital currencies involve substantial risk, are speculative in nature and may not perform as expected. Many digital currency platforms are not subject to regulatory supervision, unlike regulated exchanges. Some platforms may commingle customer assets in shared accounts and provide inadequate custody, which may affect whether or how investors can withdraw their currency and/or subject them to money laundering. Digital currencies may be vulnerable to hacks and cyber fraud as well as significant volatility and price swings.

Contact Us

Start trading with Secure Digital
Market today by e-mailing:

TRADING@SECUREDIGITALMARKETS.COM

SECUREDIGITALMARKETS.COM

SECURE
DIGITAL MARKETS

SECUREDIGITALMARKETS.COM