

Key Takeaways

- Despite external bearish pressures, Bitcoin remains within the 2021 price range
- Weekly timeframe indicators suggest significant price volatility contraction
- Price holding below the 20-week moving average suggests a bearish sentiment

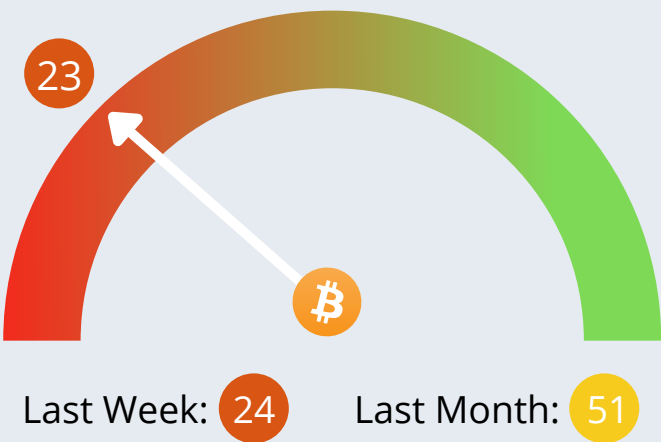
Weekly Thoughts

Bitcoin volatility continues to contract as choppy price action persists. Historically, an extended period of contracting volatility has led to an explosive expansion in volatility. The 30-day rolling volatility is nearing levels not seen since October 2020, prior to the multi-month bullish rally. Unlike October 2020, price continues to hold below the 20-week moving average (MA) at \$41,700, suggestive of a bearish resolution in this case. Price bias will remain bearish until breaking above this key MA, which has acted as a sentiment litmus test over the past 10 years. Furthermore, since 2014, all bear market lows have found support at the 200-week moving average, which has continued to climb in recent months and now sits at \$21,700.

On-chain evidence continues to show a rapid decline in Bitcoin held on exchanges, now matching levels seen in August 2018. Additionally, over 64% of Bitcoin’s supply has not moved in the past year, marking a new all-time high for this metric. Collectively, this suggests entities and individuals have continued to hold through the drawdown since the price all-time high in November, and are potentially moving more and more coins to longer-term storage or other yield-generating avenues. In November 2018, during a similar price volatility squeeze which had a bearish resolution, coins held on exchanges were increasing, not decreasing as they are today.

Bitcoin Fear and Greed Index

Multifactorial Market Sentiment Analysis



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Bitcoin Monthly Average Hashrate



Crypto	Ticker	Price (\$)	Returns (%)					M Cap (bn)	Annualized			
			1 week	1 month	3 month	YTD	1 year		Issuance (%)	Stake Yield (%)	Volatility	Sharpe
Bitcoin	BTC	38934.28	-1.02	-14.18	5.65	-15.45	-27.72	743.19	1.77	N/A	0.74	0.01
Ethereum	ETH	2866.16	-1.65	-12.45	16.81	-21.81	13.43	346.40	4.13*	N/A*	0.97	0.69
Binance Coin	BNB	391.90	-1.20	-8.11	2.26	-22.90	-26.43	64.36	0.00	7.16	1.00	0.25
Solana	SOL	96.54	-1.91	-20.75	2.78	-42.74	121.45	32.46	4.82	5.80	1.36	1.30
Terra	LUNA	89.43	-0.93	-12.95	42.58	4.95	408.61	31.25	1.14	5.83	1.71	1.90
Avalanche	AVAX	69.67	-2.30	-28.28	2.75	-36.07	164.16	18.78	5.29	9.02	1.46	1.60
Polkadot	DOT	17.63	-3.14	-17.59	-4.22	-34.00	-47.41	17.36	8.09	13.99	1.28	0.29
Polygon	MATIC	1.30	-3.05	-19.53	-16.54	-48.39	142.30	10.17	4.44	6.22	1.72	1.60
Tron	TRX	0.06	-3.35	-14.16	13.31	-15.40	-45.70	6.47	1.75	4.86	1.00	0.08
Cosmos	ATOM	21.54	-3.89	-25.81	-40.26	-33.80	-3.02	6.14	10.53	15.66	1.47	0.88
Algorand	ALGO	0.68	-3.89	-27.49	-26.90	-59.35	-45.50	4.52	3.10	7.16	1.29	0.36
Fantom	FTM	1.03	-4.87	-28.79	-57.26	-54.72	163.63	2.59	7.16	4.60	1.79	1.59
Zilliqa	ZIL	0.10	-6.53	-44.95	121.98	32.61	-39.81	1.26	11.40	14.07	1.81	0.54
Dash	DASH	96.86	-2.87	-23.72	8.42	-27.36	-65.13	1.04	2.84	5.98	1.20	-0.11

Bitcoin 30-Day Rolling Volatility



Bitcoin Weekly Moving Averages



Stablecoins

A sector of cryptocurrencies which attempt to peg value to an external reference, such as USD or EUR. A stablecoin’s exchange market rate, or price, can differ from the centralized stablecoin issuer's redemption rate. The three main types of stablecoins include; fiat-backed, crypto-backed, and algorithmic.

Origins & Purpose

Tether (USDT) was initially created in 2014 to act as a potential hedge against market volatility, as well as increasing the transferability and convertibility of fiat currencies to cryptocurrencies. Tether’s usage and supply grew substantially throughout the 2017 Bitcoin bull run, which significantly increased adoption of USDT trading pairs on crypto exchanges. Tether has also seen increasing use as an international remittance vehicle and general peer-to-peer method of exchange. As scrutiny increased over Tether's reserves, competing projects like Circle’s USD Coin (USDC) arose with a focus on increased transparency.

Today, most fiat-backed stablecoins, including Tether, release monthly reserve attestations. In 2021, stablecoin's saw a second wave of growth, increasing in total supply by over 35x, thanks to significant uses in Decentralized Finance (DeFi) for loan and yield generation. In recent weeks, circulating supplies of crypto and fiat-backed stablecoins have decreased slightly.

Fiat-Backed

The two largest stablecoins by circulating supply, USDT and USDC, are both backed by USD reserves and/or USD equivalents held in third-party financial institutions. Issuing these types of stablecoins directly from the servicer also requires KYC/AML compliance and minimum capital requirements. Although these types of stablecoins saw price volatility in earlier years, briefly losing the targeted market rate of \$1, USDT and USDC remained extremely stable throughout 2021 and 2022. Gemini USD (GUSD) however, has remained much more volatile relative to its fiat-backed peers.

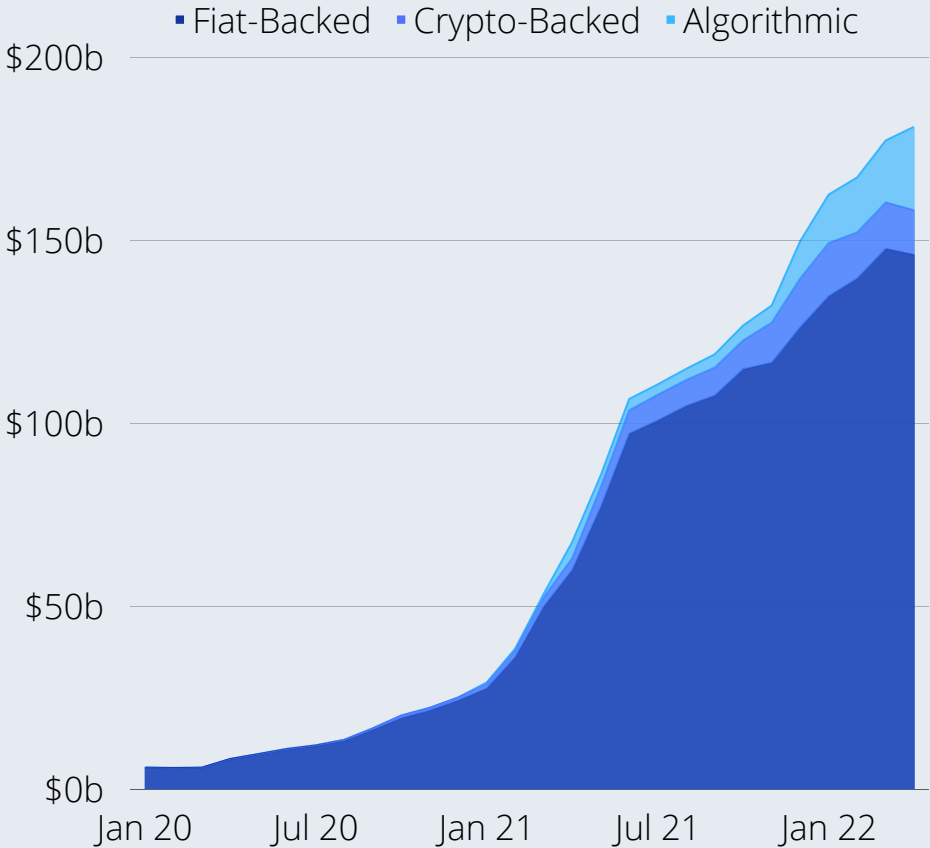
Crypto-Backed

Crypto-collateralized stablecoins require on-chain management with the use of smart contracts, which also allows for 100% transparency of reserves and collateralization levels. Most crypto-backed stablecoins do not have KYC/AML or minimum capital requirements for initialization but do require overcollateralization of loans to buffer against market volatility. If these loans fall below the required collateralization level, they are liquidated. Initially, only single-collateral ETH loans were available on MakerDAO (DAI). Multi-collateral loans were introduced on the platform in November 2019 to further protect users from extreme downside volatility of the underlying assets.

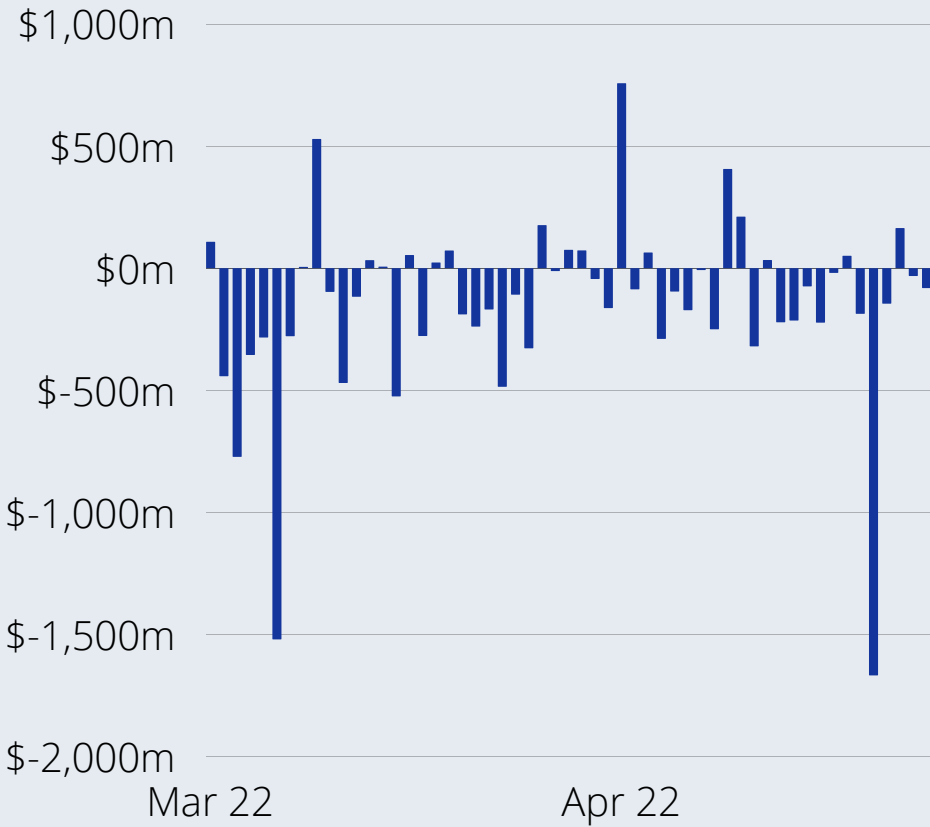
Algorithmic




Of all stablecoin types, algorithmic or seigniorage-style stablecoins have had the most difficulty maintaining a \$1 peg, historically. This stablecoin type does not require collateral and is managed on-chain via smart contracts. Algorithmic stablecoins will increase or decrease the circulating supply to maintain stablecoin value.

Stablecoin Circulating Supply








Stablecoin Net Exchange Flow







	Fiat-Backed	Ticker	Supply (\$, bn)	Launch	Chain
	Tether	USDT	83.14	Sept '14	Multi
	Circle	USDC	49.89	Sept '18	Multi
	Binance	BUSD	17.56	Sept '19	Multi
	TrueUSD	TUSD	1.35	Jan '18	Multi
	Paxos	USDP	0.94	Sept '18	ETH, BSC
	Huobi	HUSD	0.40	Nov '18	ETH, SOL
	Gemini	GUSD	0.23	Sept '18	ETH

Crypto-Backed

	MakerDAO	DAI	8.71	Dec '17	Multi
	Abracadabra	MIM	2.81	May '21	Multi
	Liquity	LUSD	0.49	Apr '21	ETH
	Synthetix	sUSD	0.13	Dec '18	ETH, FTM
	mStable	mUSD	0.04	May '20	ETH

Algorithmic

	TerraUSD	UST	18.19	Sept '20	Multi
	Frax	FRAX	2.69	Dec '20	Multi
	Neutrino	USDN	0.94	Oct '19	Multi
	Fei USD	FEI	0.41	Dec '20	ETH



Key Takeaways

- Inflationary concerns have hastened the Fed's rate hike schedule
- Russian war in Ukraine continues to strain commodity markets globally
- Covid-related lockdowns in China have recommenced

Macro Commentary

Interest rate worries dominated market sentiment last week as comments from Fed officials caused investors to accommodate a higher rate environment than anticipated. A 50 basis point hike is all but certain during next month's FOMC meeting, with the probability of a 75 basis point hike gaining traction for the June meeting. Strategists are starting to see more hawkish sentiment presented during planned speaking engagements by Fed officials. Fed fund futures markets are now showing a 3% level by early 2023. For reference, the most recent Fed funds rate high of 2.5% was reached winter 2018-19, with a previous higher high of 5.25% from 2006 to 2008.

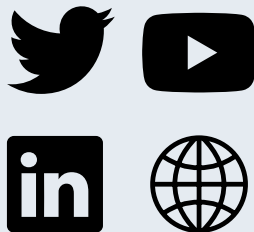
The S&P 500 index notably trended lower starting Thursday morning, from the high of the week at 4500 down to about 4250. Year to date lows seen early March are just below 4200 level, down about 11.5% for the year. The 10-year treasury yield held steady in the 2.85-3.00% range last week, trending lower through Monday's trading day. Brent oil futures are about unchanged for the month at the \$105 level, with a recent low below \$100 Monday. Prices were held lower as Covid-related lockdowns in China were spreading, affecting demand in the near term.

Sunday marked the 60th day of the since the start of the Russian invasion of Ukraine. Despite the initial economic attack on the Russian rouble with global sanctions, the rouble has rebounded against the euro and dollar thanks to capital controls and forced buying within Russia. Even still, a foreign-debt default remains an ever-growing possibility. Any peace talks have thus far stalled as Eastern and Southern offensives continue across Ukraine.

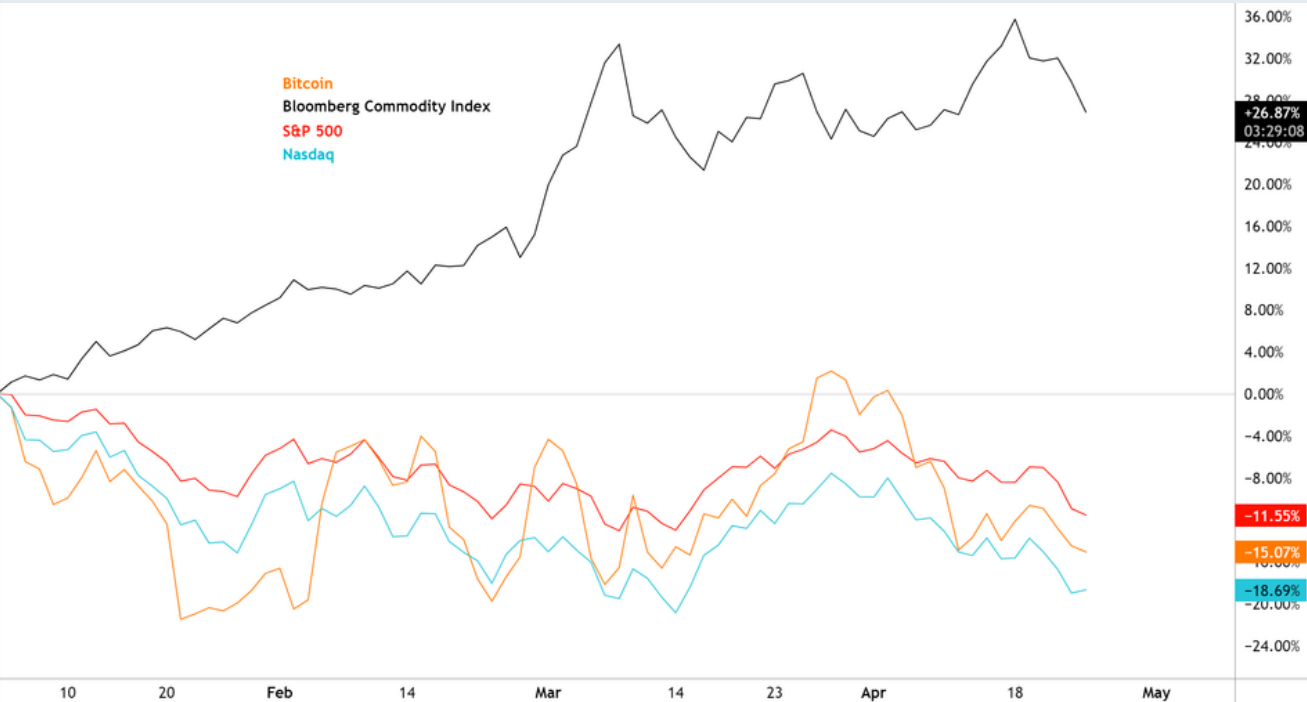
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Please see important disclosures on next page.



Indices	Ticker	Price (\$)	Returns (%)				
			1 week	1 month	3 month	YTD	1 year
S&P 500	SPX	4271	-2.75	-5.97	-2.87	-10.37	2.19
Nasdaq 100	NDX	13356	-3.86	-9.47	-7.49	-18.16	-4.19
Russell 2000	RUT	1940	-3.21	-6.61	-2.38	-13.57	-14.58
Dow Jones Ind.	DJI	33811	-1.86	-3.01	-1.32	-6.95	-0.68
Commodities							
Crude Oil	CL1	96.96	-9.91	-6.35	15.27	28.46	56.40
Brent Crude	BRN00	100.90	-10.58	-5.35	15.74	29.45	54.81
Natural Gas	NG00	6.58	-15.16	20.35	72.77	83.90	129.71
Unleaded Gas	RB00	3.16	-5.72	0.81	30.38	42.62	58.94
Gold	GC00	1897.20	-4.27	-1.29	2.93	3.65	6.53
Silver	SI00	23.67	-9.12	-5.43	-1.54	1.33	-9.93
Copper	HG00	4.46	-7.02	-5.46	0.28	0.11	0.43
Corn	C00	786.75	-2.39	5.36	26.64	32.78	19.66
Wheat	W00	1074.50	-4.76	2.31	34.06	39.50	45.65
Bloomberg Commodity Index	BCOM	125.97	-4.88	-2.98	19.57	27.07	42.49
Bitcoin	BTC	38934.28	-1.02	-14.18	5.65	-15.45	-27.72



News Review

- [Morgan Stanley Says Crypto Could Become More Widely Used as Currency, Citing Broader Adoption of Lightning Network](#)
- [Goldman Sachs Reportedly Eyes FTX Alliance with Regulatory and Public Listing Assistance](#)
- [Wall Street Firms, including Jeffries and BlockRock, Make Crypto Push to Catch Up With 'Cool Kids'](#)
- [Germany's Commerzbank Applies for Local Crypto License, Would be Eligible to Offer Exchange & Digital Asset Services](#)
- [How Bitcoin Mines Were Airlifted From China to the U.S. and Where They're Being Installed](#)
- [The City of Fort Worth, Texas Could Start Mining Bitcoin in Bid to Seem 'Crypto-Friendly'](#)
- [Flared-Gas Bitcoin Miner Crusoe Energy Raises \\$350M Series C, Plans to Expand Across U.S. and Internationally](#)
- [Core Scientific Begins Reporting Daily Bitcoin Mining Production](#)
- [Australia's Financial Regulator Aims to Implement Crypto Regulation by 2025](#)
- [Bahamas to Allow Citizens to Pay Taxes With Digital Assets and Begin Using CBDC 'Sand Dollar'](#)
- [Justin Sun Launching Algorithmic Stablecoin USDD on Tron Using \\$10 Billion of Crypto as Collateral](#)
- [Stripe to Let Clients Make Payments in USDC Stablecoin via Polygon – Starting With Twitter](#)
- [Scaramucci's SkyBridge Capital Starts Fund for Bitcoin Mining via Genesis Digital Assets](#)



# Weekly Crypto Market Review - April 24th, 2022

Weekly Thoughts: Source: Valkyrie Investments, Inc.

Stablecoins, Origins & Purpose, Fiat-Backed, Crypto-Backed, Algorithmic: Valkyrie Investments, Inc., Tether Operations, CoinMetrics, Circle, and Paxos

Macro Commentary: Source: Valkyrie Investments, Inc.

Coin Prices, Market Capitalizations, and Returns: Source: Valkyrie Investments, Inc., TradingView, Messari. All returns represent total return for stated period. Coin Logos: Source: cryptologos.cc

Annualized Issuance, Staking Yield, Volatility, and Sharpe Ratio: Source: Valkyrie Investments, Inc., Messari, StakingRewards.com. \*ETH's EIP-1559 token burn and ETH-2 staking not included.

Bitcoin Fear and Greed Index Source: Valkyrie Investments, Inc., alternative.me and represents a multifactorial sentiment analysis index of volatility, market momentum and volume, social media, bitcoin market cap dominance, and Google trends

Bitcoin Monthly Average Hashrate, Bitcoin 30-Day Rolling Volatility: Source: Valkyrie Investments, Inc., CoinMetrics

Bitcoin Weekly Moving Averages: Source: Valkyrie Investments, Inc., TradingView - INDEX:BTCUSD

Stablecoin Circulating Supply: Source: Valkyrie Investments, CoinMetrics, The Block, and CoinGecko

Stablecoin Net Exchange Flow: Source: Valkyrie Investments, Inc., Nansen and represent wallet inflows and outflows of Tether, USD Coin, Binance USD, PAX, and Huobi USD through crypto exchanges, including but not limited to; Binance, Curve.fi, AnySwap, Crypto.com, Uniswap, Hop Protocol, OKEx, Kucoin, dYdX, Coinbase, Kraken, Huobi, FTX, Gemini, FTX US, CoinList, SushiSwap, Gate.io, Balancer, BitMEX, Bitfinex, Bittrex, Binance US, Bitstamp, BlockFi, Paxos, Celsius, Alameda OTC, Poloniex, HitBTC, Bancor, Kyber, and ShibaSwap.

List and examples shown in the Stablecoin table are non-exhaustive, intended for illustrative purposes only. Chain data sourced from CoinMarketCap. "Multi" description can include Ethereum, Solana, Binance Smart Chain, Algorand, Tron, Fantom, Polygon, Avalanche, Arbitrum, Secret, Terra, Moonriver, Velas, and Harmony. Coin Logos: Source: cryptologos.cc

"Indicies" prices and returns: Source: Valkyrie Investments, Inc., MarketWatch. "S&P 500" provided by Standard & Poor’s and is a stock market index tracking the performance of 500 large companies listed on stock exchanges in the United States, "Nasdaq 100" provided by NASDAQ OMX Group and includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization. "Russell 2000" provided by FTSE Russell and is a small-cap stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index. "Dow Jones Ind." provided by S&P Dow Jones Indices and is a price-weighted measurement stock market index of 30 prominent companies listed on stock exchanges in the United States. "Gold" provided by NYMEX - CME Group and is a continuous futures product. All returns represent total return for stated period.

"Commodities" prices and returns: Source: Valkyrie Investments, Inc., Wall Street Journal. Bloomberg Commodity Index provided by Bloomberg and tracks prices of futures contracts on physical commodities on the commodity markets. All returns represent total return for stated period.

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