

Key Takeaways

- Digital asset markets have begun to stabilize in the face of credit contractions
- Q2 will likely close deeply negative for many crypto assets, a historic reversal
- Technicals dating back to Bitcoin's inception show price maintaining key levels

On-Chain Commentary

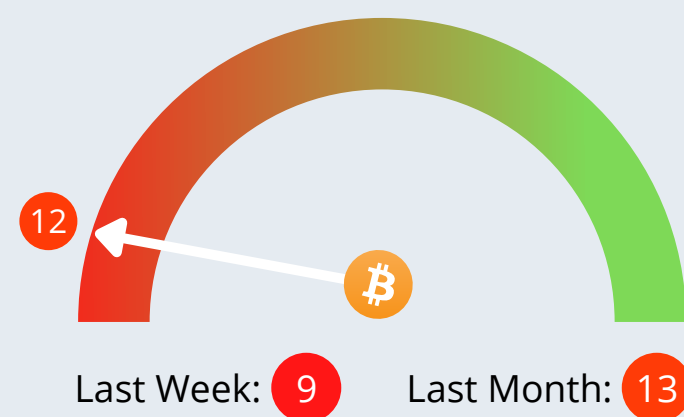
Digital asset markets have begun to stabilize as crypto lenders continue to slowly reveal the full scope of recent liquidation fallout connected to crypto firm Three Arrows Capital (3AC). Crypto lender Voyager's exposure to 3AC consists of 15,250 Bitcoin and \$350 million USDC.

As Q2 draws to a close, Bitcoin sits at -55% on the quarter, likely finishing as the worst performing Q2 on record. Since 2013, Q2 and Q4 have historically been the best performing quarters for Bitcoin. Ethereum, which has never had a negative performing Q2 since 2016, is down 63% on the quarter. This will also likely close as Ethereum's worst performing quarter on record.

On a technical basis, Bitcoin and Ethereum continue to hold at or near their respective 200-week moving averages, previous all-time highs, and realized price, or aggregate average price of all coins moved on-chain. Historically in prior bear markets, both the 200-week moving average and realized price have acted as an accumulation zone on Bitcoin and Ethereum for market participants. Both assets are also now seeing declines in hash rate from all-time highs, suggestive of some miners no longer maintaining profitability relative to costs.

Bitcoin Fear and Greed Index

Multifactorial Market Sentiment Analysis



Source: Alternative.me

Please see important disclosures on last page.

Bitcoin Monthly Average Hashrate



Source: CoinMetrics

Weekly Market Review - June 27th, 2022

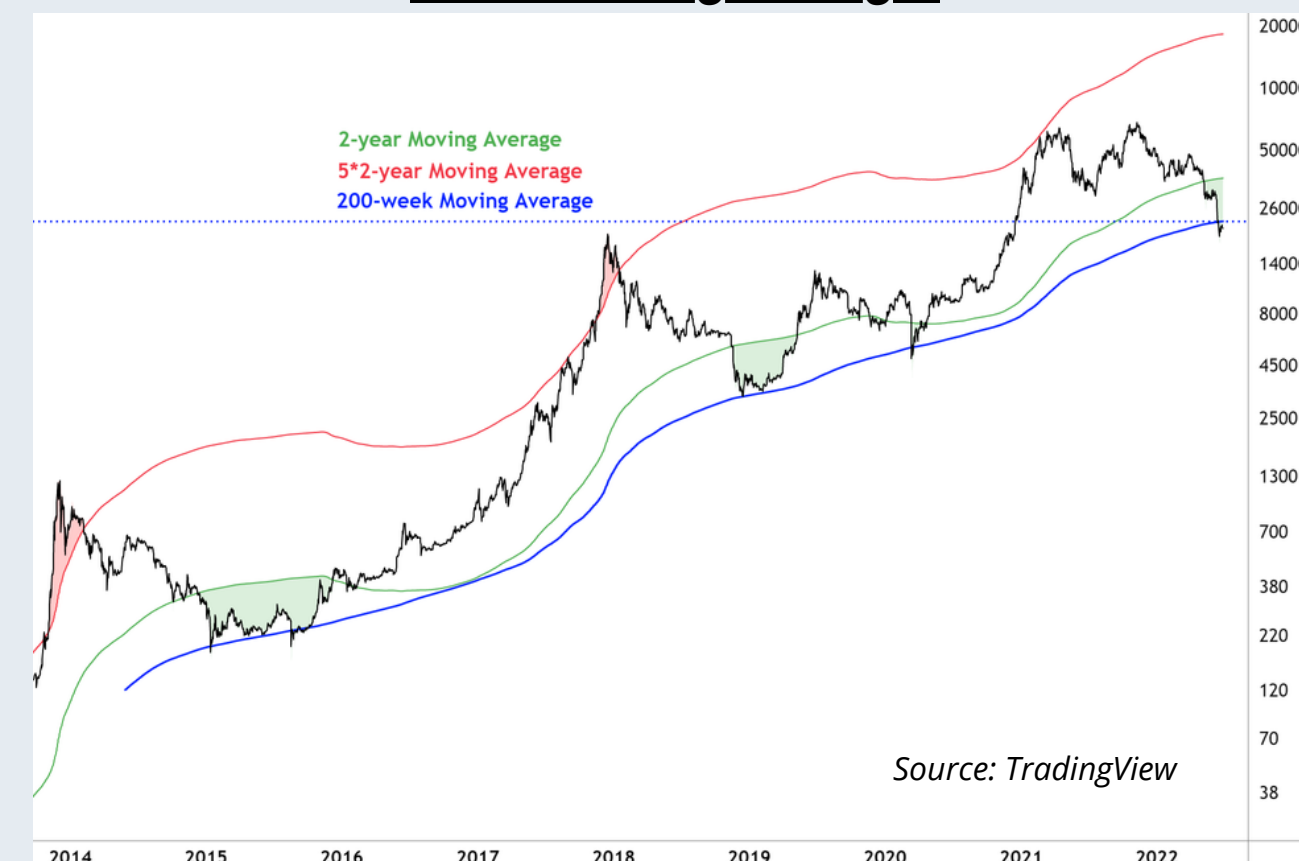
Crypto	Ticker	Price (\$)	Returns (%)					M Cap (bn)	Annualized			
			1 week	1 month	3 month	YTD	1 year		Issuance (%)	Stake Yield (%)	Volatility	Sharpe
Bitcoin	BTC	20908.63	-1.81	-35.05	-56.22	-56.19	-40.52	393.84	1.77	N/A	0.69	-0.29
Ethereum	ETH	1197.27	-1.38	-39.18	-64.60	-68.18	-40.53	143.20	4.13*	N/A*	0.85	-0.06
Binance Coin	BNB	233.73	-1.54	-28.19	-46.52	-55.61	-20.88	37.60	0.00	6.40	0.80	0.18
Solana	SOL	39.26	-2.77	-16.23	-63.78	-77.79	20.29	13.14	3.91	5.24	1.21	0.87
Polkadot	DOT	7.94	0.10	-24.26	-64.29	-71.50	-47.77	7.75	8.19	14.82	1.14	0.17
Tron	TRX	0.07	4.87	-19.32	-2.05	-12.66	5.24	6.28	0.85	3.15	0.86	0.52
Avalanche	AVAX	20.28	0.58	-24.91	-77.90	-80.53	80.80	5.58	6.21	9.23	1.27	1.39
Polygon	MATIC	0.56	-3.41	-18.46	-67.53	-78.90	-51.63	4.31	4.76	10.52	1.39	1.27
Near	NEAR	3.80	-1.87	-37.62	-70.65	-76.27	86.52	2.68	2.93	8.04	1.56	1.33
Cosmos	ATOM	8.24	0.63	-21.46	-72.44	-73.14	-19.60	2.32	11.74	18.92	1.36	0.63
Algorand	ALGO	0.33	-0.72	-19.80	-63.70	-80.97	-60.61	2.27	3.92	7.98	1.22	0.00
Helium	HNT	10.69	-0.95	11.69	-55.47	-71.99	-9.45	1.27	Variable	6.16	1.31	0.67
Fantom	FTM	0.28	-0.40	-31.39	-80.25	-86.82	26.93	0.71	6.60	16.99	1.64	1.11
Zilliqa	ZIL	0.05	-3.59	-19.95	-55.58	-43.77	-39.04	0.57	5.60	14.70	1.73	0.48

Bitcoin 30-Day Rolling Volatility



Source: CoinMetrics

Bitcoin Moving Averages



Source: TradingView

Past performance is not indicative of future results. Investments may be speculative, illiquid and there is a risk of total loss. There is no guarantee that any specific outcome will be achieved.

Stablecoin Origins & Purpose

Stablecoins are a sector of cryptocurrencies which attempt to peg value to \$1, typically using an external reference, such as USD or EUR. The main types of stablecoins include; fiat-backed, crypto-backed, algorithmic, or hybrid collateralization.

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. 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.

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.

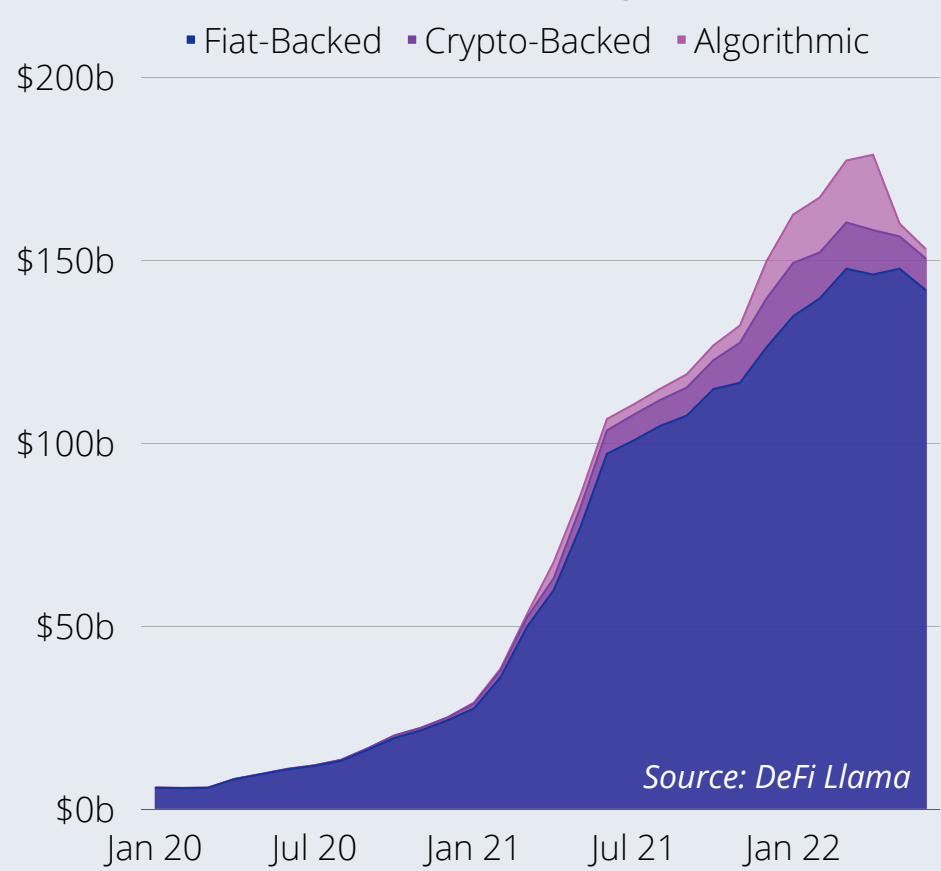
Crypto-Backed

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.

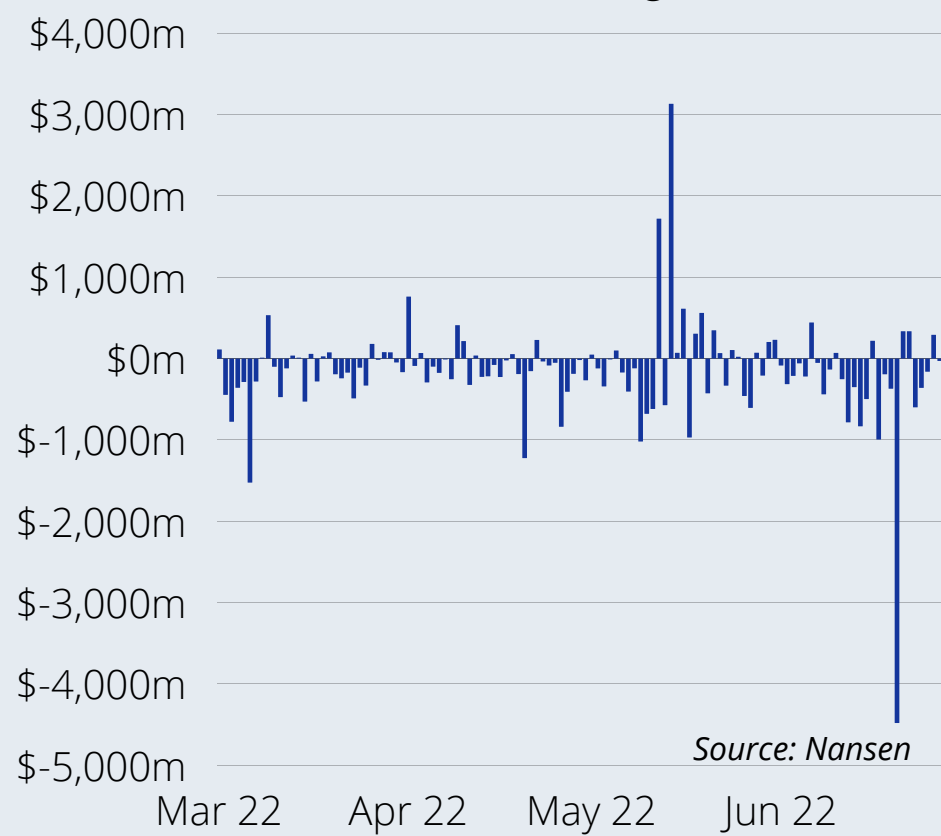
Algorithmic

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 are 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	66.83	Sept '14	Multi
	Circle	USDC	55.03	Sept '18	Multi
	Binance	BUSD	17.48	Sept '19	Multi
	TrueUSD	TUSD	1.23	Jan '18	Multi
	Paxos	USDP	0.87	Sept '18	ETH, BSC
	Huobi	HUSD	0.28	Nov '18	ETH, SOL
	Gemini	GUSD	0.18	Sept '18	ETH

Crypto-Backed					
	MakerDAO	DAI	6.32	Dec '17	Multi
	Abracadabra	MIM	1.98	May '21	Multi
	Synthetix	sUSD	0.16	Dec '18	ETH, FTM
	Liquity	LUSD	0.16	Apr '21	ETH
	mStable	mUSD	0.05	May '20	ETH

Algorithmic					
	Frax	FRAX	1.43	Dec '20	Multi
	Neutrino	USDN	0.78	Oct '19	Multi
	Fei USD	FEI	0.39	Dec '20	ETH
	TerraUSD	UST	0.00*	Sept '20	Multi

Key Takeaways

- Inflation strategies remain top of mind for heads of global economies
- Sanctions push Russia to miss first foreign debt payment since 1918
- University of Michigan consumer sentiment has reached an all-time low

Macro Commentary

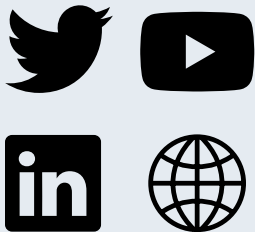
The upcoming holiday weekend marks the conclusion of a volatile second quarter and sets up what could be a definitive direction in the current US inflation management strategy. The G7 is meeting this week in Germany, following Russia's first debt default in 100 years due to payment restrictions placed under the imposed sanctions related to the Ukrainian-Russian war, now in its fourth month. Leaders of the top economies of the world will be talking about further sanctions on Russian gold and oil pricing, in addition to possible solutions regarding rising food costs and gas prices.

Investors enjoyed a reprieve from the current norm last week with equities edging higher while rates buoyed down then up before the weekend. Positive market trends could mean momentum in the hope of less rate hikes, but economic data suggests there will be challenges ahead. Friday's University of Michigan consumer sentiment reached an all-time low, confirming how investors see the road ahead. Housing related indicators were mixed as existing home sales declined Monday, as expected, while new home sales rose unexpectedly in what could be the last increase this year due to buyers trying to lock in lower costs. Elevated mortgage rates are frustrating potential buyers that are considering higher monthly payments. This could naturally help calm the housing market and re-balance supply and demand metrics, which could be one benefit as Fed officials are looking for indications the economy is slowing down as intended.

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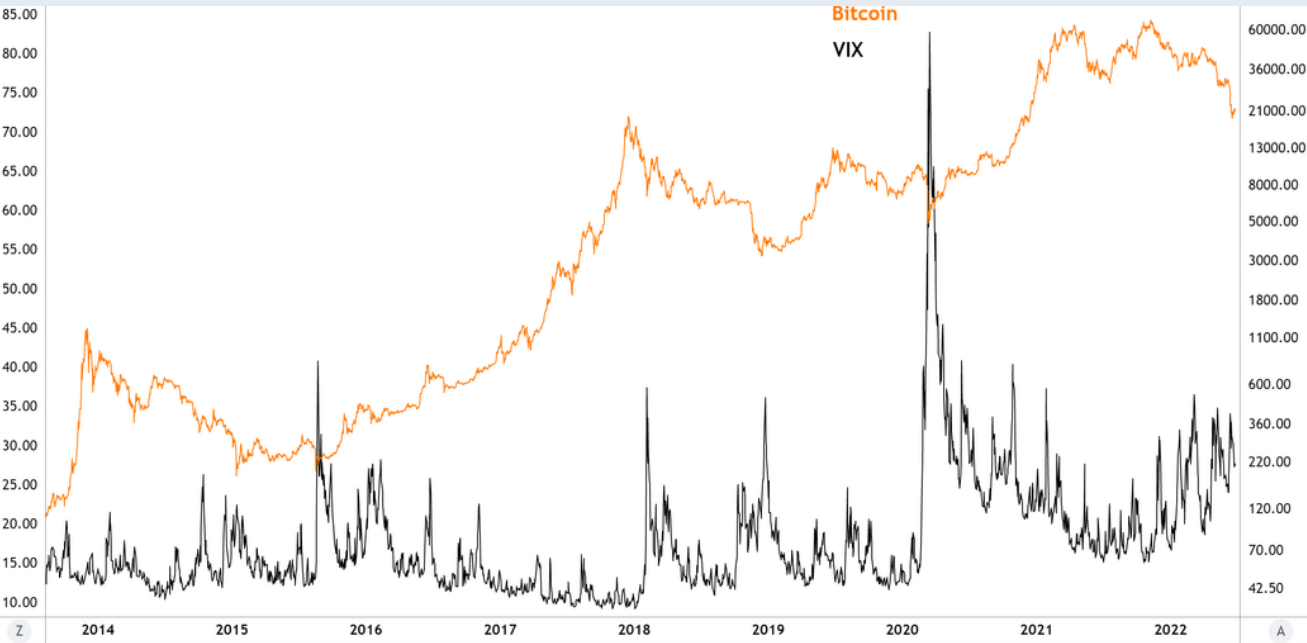
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Please see important disclosures on next page.



Indices	Ticker	Price (\$)	Returns (%)				
			1 week	1 month	3 month	YTD	1 year
S&P 500	SPX	3911	6.45	-5.93	-13.90	-17.93	-8.62
Nasdaq 100	NDX	12105	7.45	-4.54	-17.95	-25.82	-15.61
Russell 2000	RUT	1765	6.01	-6.47	-15.03	-21.36	-24.36
Dow Jones Ind.	DJI	31500	5.39	-5.16	-9.64	-13.31	-8.52

Commodities							
Crude Oil	CL1	107.52	-2.68	-6.56	3.89	42.50	47.75
Brent Crude	BRN00	109.30	-4.30	-7.14	2.53	40.24	47.68
Natural Gas	NG00	6.08	-13.09	-30.09	11.01	69.63	69.63
Unleaded Gas	RB00	3.77	-1.60	-3.39	20.31	70.20	69.97
Gold	GC00	1832.90	-0.47	-0.96	-4.65	0.13	3.04
Silver	SI00	21.38	-1.16	-3.43	-14.58	-8.46	-18.41
Copper	HG00	3.76	-6.07	-12.83	-20.22	-15.52	-11.88
Corn	C00	659.25	-16.05	-15.07	-11.72	11.27	20.91
Wheat	W00	942.00	-8.81	-18.58	-10.31	22.30	45.03
Bloomberg Commodity Index	BCOM	121.01	-4.55	-9.61	-6.81	22.02	30.91
Bitcoin	BTC	20908.63	-1.81	-35.05	-56.22	-56.19	-40.52



Source: TradingView

News Review

- [Coinbase Launches First Crypto Derivatives Product - 'Nano' Bitcoin - Aimed at Retail Traders](#)
- [Coinbase Wallet Introduces Support for the Solana Ecosystem](#)
- [Why Solana Is Going Big on Mobile—And Making a Smartphone](#)
- [Binance Launches New Platform for VIP and Institutional Investors and Binance.US Eliminates Spot Trading Fees on Bitcoin](#)
- [US Congressman Jim Himes Proposes a Central Bank Digital Currency, Issued by the Federal Reserve](#)
- [Tether To Launch GBP£, Tether Tokens Pegged to the British Pound Sterling](#)
- [Almost \\$4 Billion in Bitcoin Miner Loans Are Coming Under Stress](#)
- [Smart Contracts Platform Avalanche Adds Support for Native Bitcoin in Its Cross-Chain Bridge](#)
- [dYdX Protocol to Expand to its Own Blockchain in the Cosmos Ecosystem](#)
- [Crypto Lender Nexo has Hired Citibank to Advise Mergers and Acquisitions](#)
- [Celsius Network Hires Advisors to Prepare for Potential Bankruptcy](#)
- [Prime Trust Raises \\$107M With Eyes on Crypto IRA, Tokenized Asset Products](#)
- [Crypto Platform FalconX Valued at \\$8 Billion in Latest Funding Round](#)



Weekly Market Review - June 27th, 2022

Weekly Thoughts: Source: Valkyrie Investments, Inc.

Stablecoin Origins & Purpose, Fiat-Backed, Crypto-Backed, Algorithmic, Terra and UST De-pegging Event: 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, DeFi Llama

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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