

## Key Takeaways

- Bitcoin held on centralized exchanges now represents only 12% of total supply
- Nearly 2/3rds of all Bitcoin has not moved on-chain over the past year
- Technicals dating back to Bitcoin's inception show price maintaining key levels

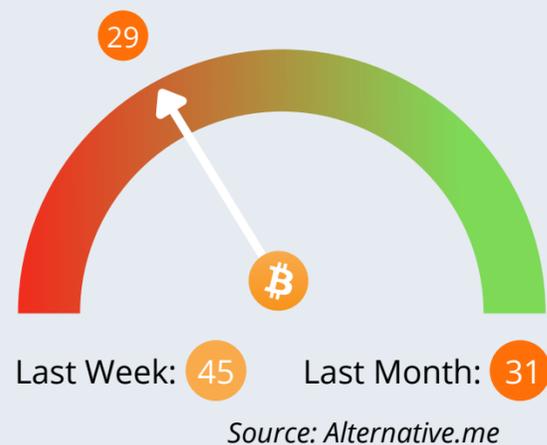
## On-Chain Commentary

On-chain evidence continues to show a rapid decline in Bitcoin held on centralized exchanges, representing just 12% of the total circulating supply. Additionally, over 65% of Bitcoin's supply has not moved on-chain in the past year, matching the previous all-time high for this metric. Collectively, this suggests entities and individuals have continued to hold through the multi-month drawdown after the price all-time high in November, and are potentially moving more and more coins to longer-term storage. In November 2018, during a previous price volatility squeeze with a bearish resolution, coins held on exchanges were increasing, not decreasing as they are today.

On a technical basis, Bitcoin continues to hold near the 200-week moving average, previous all-time high, and realized price, or aggregate average price of all coins moved on-chain. Historically, both the 200-week moving average and realized price have acted as a multi-month accumulation zone on Bitcoin for market participants in prior bear market lows. Over the next few weeks, so long as no lower price lows beyond the June and July lows are achieved, the likelihood of a mean reversion attempt to the 200-day moving average at \$30,500 continues to increase. The opportunity for this bullish reversal will also likely be limited to any significant downside in Ethereum price.

## Bitcoin Fear and Greed Index

Multifactorial Market Sentiment Analysis



## Bitcoin Monthly Average Hashrate



Crypto	Ticker	Price (\$)	Returns (%)					Annualized				
			1 week	1 month	3 month	YTD	1 year	M Cap (bn)	Issuance (%)	Stake Yield (%)	Volatility	Sharpe
Bitcoin	BTC	21232.25	-1.13	-8.74	-26.86	-53.97	-56.84	406.86	1.77	N/A	0.68	-0.96
Ethereum	ETH	1574.27	-2.85	-6.41	-20.25	-57.24	-51.51	191.86	4.13*	N/A*	0.88	-0.45
Binance Coin	BNB	296.53	-1.72	4.44	-6.53	-42.12	-34.02	47.80	0.00	4.55	0.79	-0.18
Solana	SOL	34.91	-5.53	-18.68	-29.85	-79.73	-52.67	12.03	5.53	6.86	1.17	-0.10
Polkadot	DOT	7.22	-3.19	-16.65	-27.03	-73.01	-74.02	7.99	7.32	13.95	1.12	-0.59
Polygon	MATIC	0.79	-3.54	-14.85	23.21	-68.70	-51.28	6.36	6.40	9.94	1.27	0.05
Avalanche	AVAX	22.27	-3.35	-6.50	-23.58	-79.72	-49.22	6.33	4.93	8.55	1.34	0.20
Tron	TRX	0.07	-1.2	-5.66	-14.27	-13.64	-26.21	6.02	1.29	3.59	0.84	0.08
Near	NEAR	4.07	-4.54	-4.75	-30.87	-72.57	-25.83	3.10	3.89	10.64	1.52	0.48
Cosmos	ATOM	10.34	-3.01	-0.45	-7.28	-68.16	-52.78	2.96	10.70	17.90	1.35	0.13
Algorand	ALGO	0.30	-3.65	-12.26	-29.15	-82.21	-74.52	2.03	3.39	7.45	1.21	-0.50
Helium	HNT	6.56	-5.61	-29.76	-15.63	-82.84	-72.67	0.81	Variable	6.16	1.25	-0.37
Fantom	FTM	0.29	-5.83	-12.10	-33.56	-87.15	-47.99	0.74	4.12	14.51	1.63	0.41
Zilliqa	ZIL	0.04	-4.57	-15.72	-31.73	-51.45	-67.11	0.48	4.31	13.84	1.71	0.03

## Bitcoin 30-Day Rolling Volatility



## Bitcoin Moving Averages



### 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.

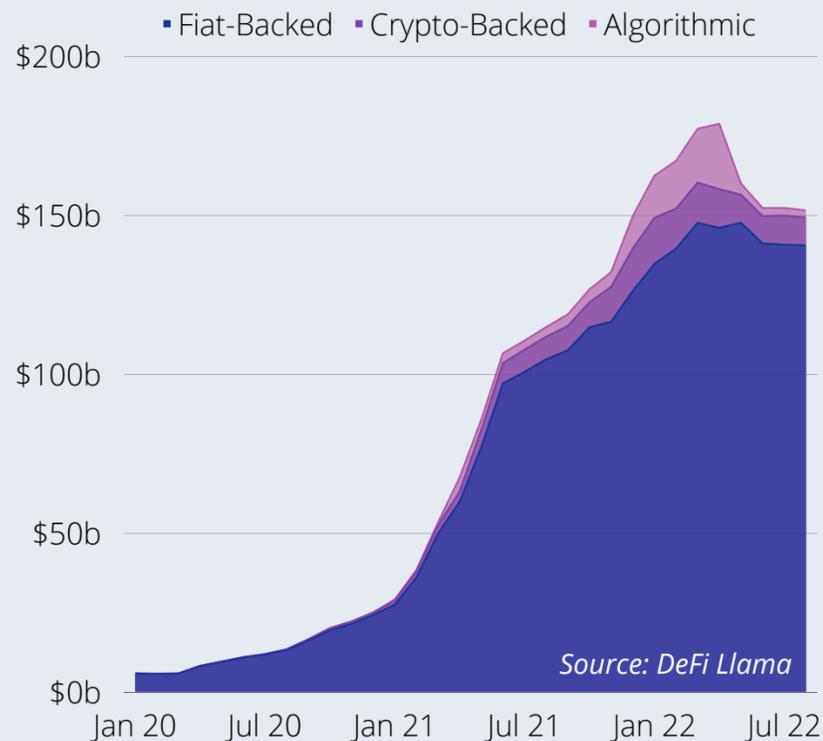
### Algorithmic

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.

### Tether Redemptions & Reserves

Tether has now experienced about \$19 billion in redemptions, approximately 20% from the peak, since the Terra and UST algorithmic stablecoin implosion in mid-May. Earlier this year, Tether saw increasing scrutiny regarding the components of its reserve holdings, including a nearly 25% slice of commercial paper. Going forward, Tether will be replacing the MHA Cayman accounting firm with BDO Italia and will publish monthly attestations of stablecoin reserves. According to the latest attestation of reserves, commercial paper holdings have declined to 12% of the total reserves. Tether has said they plan to reduce these holdings to zero by the end of the year.

### Stablecoin Circulating Supply



### Stablecoin Net Exchange Flow



	Fiat-Backed	Ticker	Supply (\$, bn)	Launch	Chain
	Tether	USDT	67.54	Sept '14	Multi
	Circle	USDC	51.67	Sept '18	Multi
	Binance	BUSD	18.87	Sept '19	Multi
	TrueUSD	TUSD	1.12	Jan '18	Multi
	Paxos	USDP	0.85	Sept '18	ETH, BSC
	Gemini	GUSD	0.32	Sept '18	ETH
	Huobi	HUSD	0.16	Nov '18	ETH, SOL

### Crypto-Backed

	MakerDAO	DAI	6.56	Dec '17	Multi
	Abracadabra	MIM	1.81	May '21	Multi
	Synthetix	sUSD	0.17	Dec '18	ETH, FTM
	Liquity	LUSD	0.19	Apr '21	ETH
	mStable	mUSD	0.05	May '20	ETH

### Algorithmic

	Frax	FRAX	1.45	Dec '20	Multi
	Neutrino	USDN	0.67	Oct '19	Multi
	Fei USD	FEI	0.18	Dec '20	ETH
	TerraUSD	UST	0.00*	Sept '20	Multi

## Key Takeaways

- All eyes are transfixed on the Jackson Hole Symposium this week
- Recessionary indications for jobs and housing continue to increase
- The 2/10 treasury yield curve remains inverted but is improving

## Traditional Market Commentary

Markets turned negative for the first time in a month after the Fed minutes from July revealed more of the same strategy with higher interest rates planned in the near term. As the Fed meets in Jackson Hole this week with Fed Chairman Powell speaking this Friday, investors turned cautious selling the recent rally last week, which could start a trend now that summer vacations end and schools begin. Recessionary indications are expanding with declines in housing starts and existing home sales, while companies announce more layoffs almost daily. New and pending homes sales data will be released this week and both are expected to show sustained weakness. Friday brings a University of Michigan consumer sentiment print, still trying to dig its way out of historical lows.

With September days away and looking towards December now a reality, what's next? Strategists are calling for one more "regular" hike of 50 basis points, but the Fed may continue a more hawkish stance ahead of midterms.

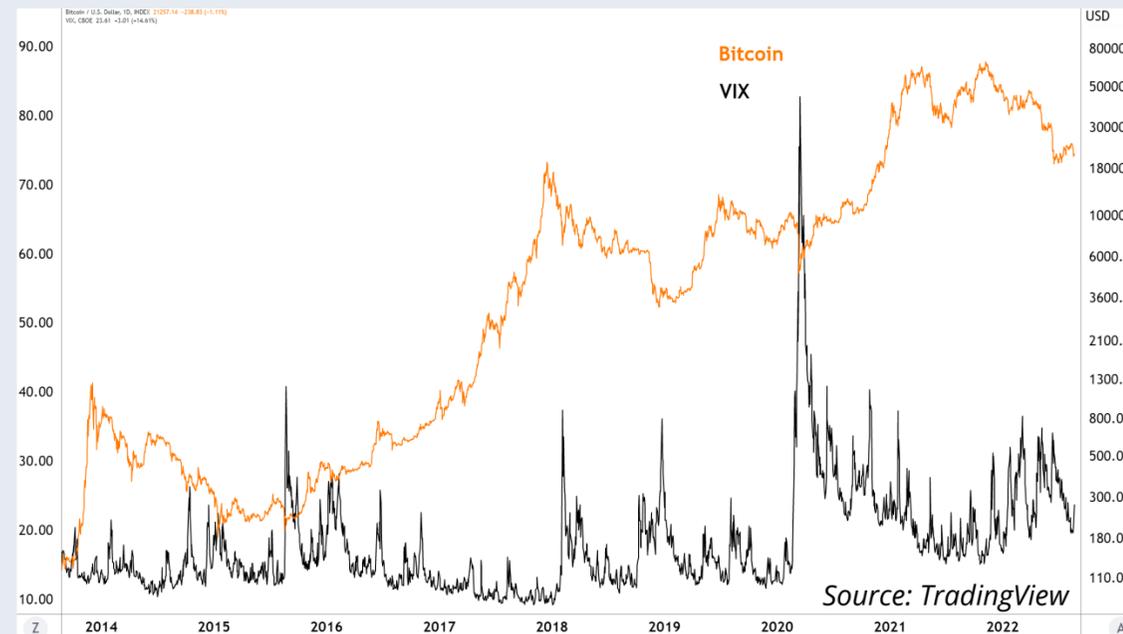
The S&P 500 moved lower for the week, and through the weekend, finishing Monday almost 150 points lower near 4150. Likewise, tech stocks down about 5% for the week finishing close to 12400. The US yield curve has moved notably over the past week with the front end rising about 10 basis points, while 3 year and longer moving about 20 basis points higher. The 10 year treasury yield grinded higher through the week finishing close to 3% for the first time in four weeks, with momentum looking higher. The 2/10 treasury yield spread improved off of a weekly low at -47 basis points, moving higher to about -30 basis points.

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Please see important disclosures on next page.

Indices	Ticker	Price (\$)	Returns (%)				
			1 week	1 month	3 month	YTD	1 year
<b>S&amp;P 500</b>	SPX	4228	-1.21	6.74	8.38	-11.28	-4.80
<b>Nasdaq 100</b>	NDX	13242	-3.10	7.42	10.04	-18.86	-13.52
<b>Russell 2000</b>	RUT	1957	-2.94	8.33	10.38	-12.83	-9.70
<b>Dow Jones Ind.</b>	DJI	33706	-0.16	5.67	7.82	-7.24	-4.02
<b>Commodities</b>							
<b>Crude Oil</b>	CL1	90.42	2.91	-6.25	-18.24	19.84	37.96
<b>Brent Crude</b>	BRN00	95.86	2.56	-4.05	-15.48	23.06	39.04
<b>Natural Gas</b>	NG00	9.82	11.52	13.86	11.51	174.00	150.34
<b>Unleaded Gas</b>	RB00	2.95	1.01	-4.97	-19.50	33.31	39.36
<b>Gold</b>	GC00	1743.60	-2.87	1.48	-5.85	-4.74	-3.55
<b>Silver</b>	SI00	18.71	-7.49	2.05	-14.10	-19.91	-20.89
<b>Copper</b>	HG00	3.62	0.79	7.75	-16.40	-18.63	-14.04
<b>Corn</b>	C00	623.25	-0.60	7.04	-20.71	5.19	16.22
<b>Wheat</b>	W00	768.25	-3.88	-0.16	-35.62	-0.26	4.59
<b>Bloomberg Commodity Index</b>	BCOM	122.96	-0.20	5.52	-5.90	23.88	34.76
<b>Bitcoin</b>	BTC	21232.25	-1.13	-8.74	-26.86	-53.97	-56.84



## News Review

- [CME Group to Launch Ethereum Options Contracts on September 12th](#)
- [Institutional Investors Are Increasingly Using Crypto Options Trading to Hedge Their Bets in Bear Market](#)
- [Crypto Exchange Gemini Offering Staking Support for US Investors](#)
- [Tether Announces Alignment With Top Five Accounting Firm And Confirms Attestations Will Now Be Completed By BDO Italia](#)
- [Federal Reserve Opens Up Master Account Access to Banks With 'Novel Charters,' in Win for Crypto and Fintech](#)
- [Crypto Winter Freezes Have Turned Investors Onto Hardware Wallets](#)
- [Crypto Custodian Copper to Connect to Solana Blockchain for DeFi Access](#)
- [Jump Crypto Picked to Revamp Solana to Make Blockchain More Reliable](#)
- [Two of Ukraine's Largest Tech Retailers Now Accept Bitcoin](#)
- [Africans are Sending Bitcoin Peer to Peer Without Internet on \\$5 Phones](#)
- [Nigeria's CBDC eNaira Used for Nearly \\$10M Worth of Transactions Since October](#)
- [Crypto Is Tumbling, but in Argentina It's Still a Safer Bet](#)
- [Dapper Labs Opens NFL Version of NBA Top Shot NFTs to the Public](#)



# Weekly Market Review - August 22nd, 2022

Weekly Thoughts: Source: Valkyrie Investments, Inc.

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

Traditional Market 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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