

Key Takeaways

- November's CPI data will be released tomorrow morning, exp 7.3
- Market probabilities expect a 50bp hike for Wednesday's FOMC meeting
- The US labor market remains resilient in the face of rising rates

Traditional Market Commentary

Investors have waited patiently for the last economic indications of the year with the November CPI print to be released Tuesday, then the FOMC rate decision announced Wednesday. As the holiday quickly approaches, it seems as though most are ready to celebrate the new year and find 2022 in the history books as one of the most challenging and frustrating investing years ever. US inflation grew from being a supposed transitory event to a full global situation, especially following the beginning of the Ukrainian-Russian war in February, which tore apart commodity markets and roiled world politics. Fed funds futures have priced in the next 50 bp hike Wednesday, then another 50 bps at the next meeting on February 1st. Post-meeting comments by Fed Chairman Powell look to remain hawkish, but with a slightly calmer tone, as the terminal rate level of 5.00-5.25% is near allowing a more gradual escalation of subsequent rate hikes to get there. Looking towards the new year, futures are pricing in a pivot point near September where rates look to decline and end the year close to 4.5%.

The labor market has remained strong with little change in unemployment and weekly jobless claims, but overall housing has weakened, mainly due to the severe rise in rates and drop in demand over the year. Overall PPI declined last week, while the University of Michigan consumer sentiment improved closer to the 60 index level. What will it take for the Fed to look the other direction? With the terminal rate near the expected 5.00-5.25% range, perhaps the Fed is waiting for final effects of all the rate hikes to materialize and let the medicine take its course. When the adage of economic good news means good news prevails again, the moment of returning the economy to a more stable or near normal environment will come, allowing investors to start finding value across all sectors.

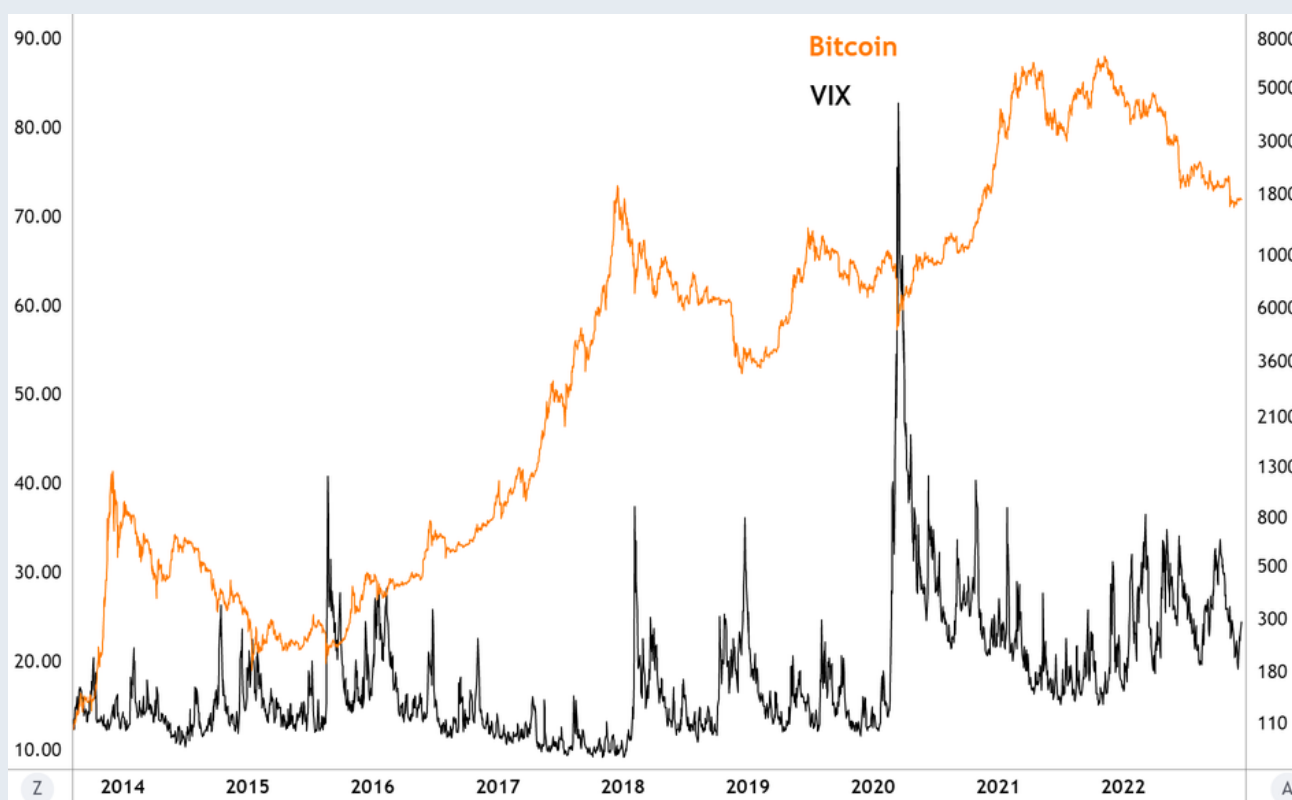
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Indices	Ticker	Price (\$)	Returns (%)				
			1 week	1 month	3 month	YTD	1 year
S&P 500	SPX	3934	-3.37	-1.47	-3.27	-17.45	-16.50
Nasdaq 100	NDX	11563	-3.59	-2.15	-8.14	-29.15	-29.20
Russell 2000	RUT	1796	-5.08	-4.57	-4.58	-19.98	-18.77
Dow Jones Ind.	DJI	33476	-2.77	-0.80	4.12	-7.88	-6.93
Commodities							
Crude Oil	CL1	71.30	-7.82	-16.30	-18.99	-5.49	0.25
Brent Crude	BRN00	75.98	-8.47	-17.87	-19.40	-2.51	2.23
Natural Gas	NG00	6.85	22.00	6.65	-18.21	91.17	79.38
Unleaded Gas	RB00	2.03	-8.33	-19.46	-17.64	-8.14	-3.90
Gold	GC00	1799.50	1.02	1.55	3.69	-1.69	0.68
Silver	SI00	23.59	5.19	7.11	19.27	0.98	5.60
Copper	HG00	3.82	1.00	-0.36	5.79	-14.22	-10.88
Corn	CO0	647.50	1.09	-1.48	-6.73	9.28	10.78
Wheat	W00	747.00	0.95	-8.74	-12.94	-3.02	-5.26
Bloomberg Commodity Index	BCOM	112.86	-1.41	-3.45	-4.78	13.80	16.48
Bitcoin	BTC	17026.70	-0.40	-0.82	-24.00	-63.15	-65.55



Source: TradingView

News Review

- FTX's Collapse Was a Crime, Not an Accident
- US Senator Pat Toomey: "This is about outrageous behavior of an individual but has nothing to do with the underlying asset"
- 'Inaction is paralysis': CFTC Chair Rostin Behnam calls for regulation in the wake of FTX's collapse
- State Street Thinks SEC Rule is 'insane' - Digital Asset Custody at SIBOS
- BlackRock CEO Says 'Next Generation for Markets' Is Tokenization
- Ukrainian National Bank Issues Statement on New CBDC Concept
- India to Test Retail Version of Digital Rupee in Thursday Launch
- NFT Exchange OpenSea Enables NFT Support on BNB Chain
- Circle and Concord Acquisition Corp Mutually Agree to Terminate Proposed Business Combination (SPAC)
- CoinDesk Attracts Suitors Amid Crypto Crash
- BlockFi Has \$355M in Crypto Frozen on FTX, Attorney Confirms
- Broker-Dealer INX Digital Bids to Purchase Voyager Assets
- Genesis Creditor Groups' Loans Amount to \$1.8B and Counting: Sources
- Maple Finance Severs Ties With Orthogonal Trading, Alleging It Misrepresented Financial Position
- Coca-Cola Releases FIFA World Cup NFTs Based on Heatmaps From Matches

Key Takeaways

- Markets continue digesting FTX contagion and waiting for Fed rhetoric on the 14th
- Technicals for BTC & ETH reveal price levels seen in prior bear market periods
- Traders & investors continue to pull coins off of exchanges to self-custody

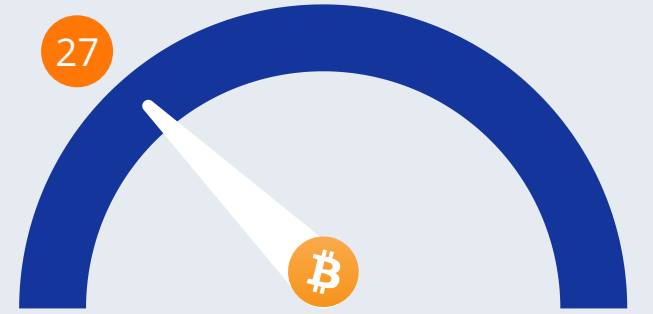
On-Chain Commentary

As investors await the next CPI print on Tuesday and the FOMC meeting on Wednesday, digital asset markets remain largely in wait & see mode. Although additional minor FTX contagion continues to be revealed, Bitcoin & Ethereum remain near historic levels of price accumulation as seen in prior bear market periods. The 200-week moving average (WMA), previous all-time highs, and realized price, or aggregate average price of all coins moved on-chain sit within this range for Bitcoin & Ethereum.

Bitcoin, for the first time ever, sits 30% below the 200 WMA, currently at \$24,300. Ethereum sits nearer to its 200 WMA at \$1,366. Previous all-time highs in 2017 & 2018 for Bitcoin & Ethereum are just above current prices at \$19,000 & \$1,420, respectively. Bitcoin's market cap is now below the realized market cap on a similar magnitude to the 2012, 2015 & 2019 lows. This can also be thought of as an approximate measure for unrealized profits based on on-chain coin movements, which have dipped into negative territory. Additionally, per Glassnode, a whopping 214,000 BTC & 3.0 million ETH have been taken off of exchange wallets over the past month. Users continue to question the solvency of exchange custody and vote with their feet by moving to hardware & software wallets. According to developer Consensys, the MetaMask software wallet surpassed 30 million MAUs in March 2022 and speculation continues to grow regarding a MetaMask token airdrop over the next few months.

Bitcoin Fear and Greed Index

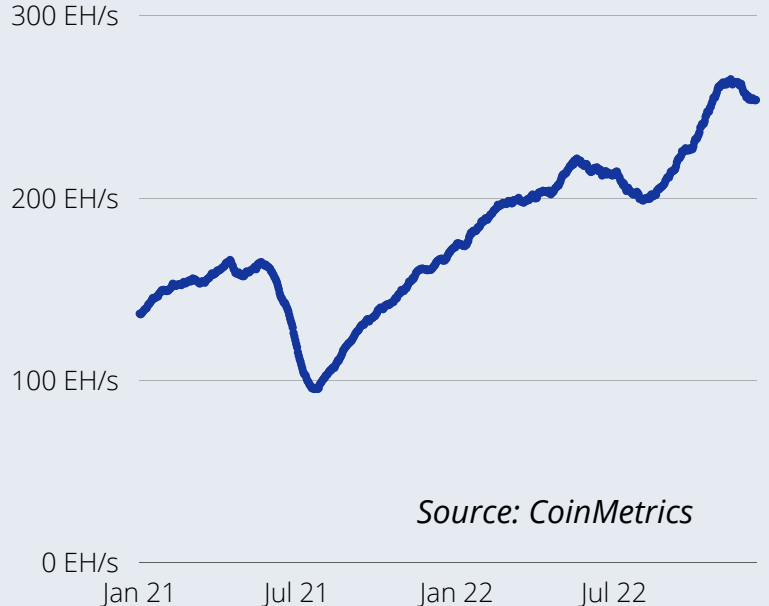
Multifactorial Market Sentiment Analysis



Last Week: 26 Last Month: 21

Source: Alternative.me

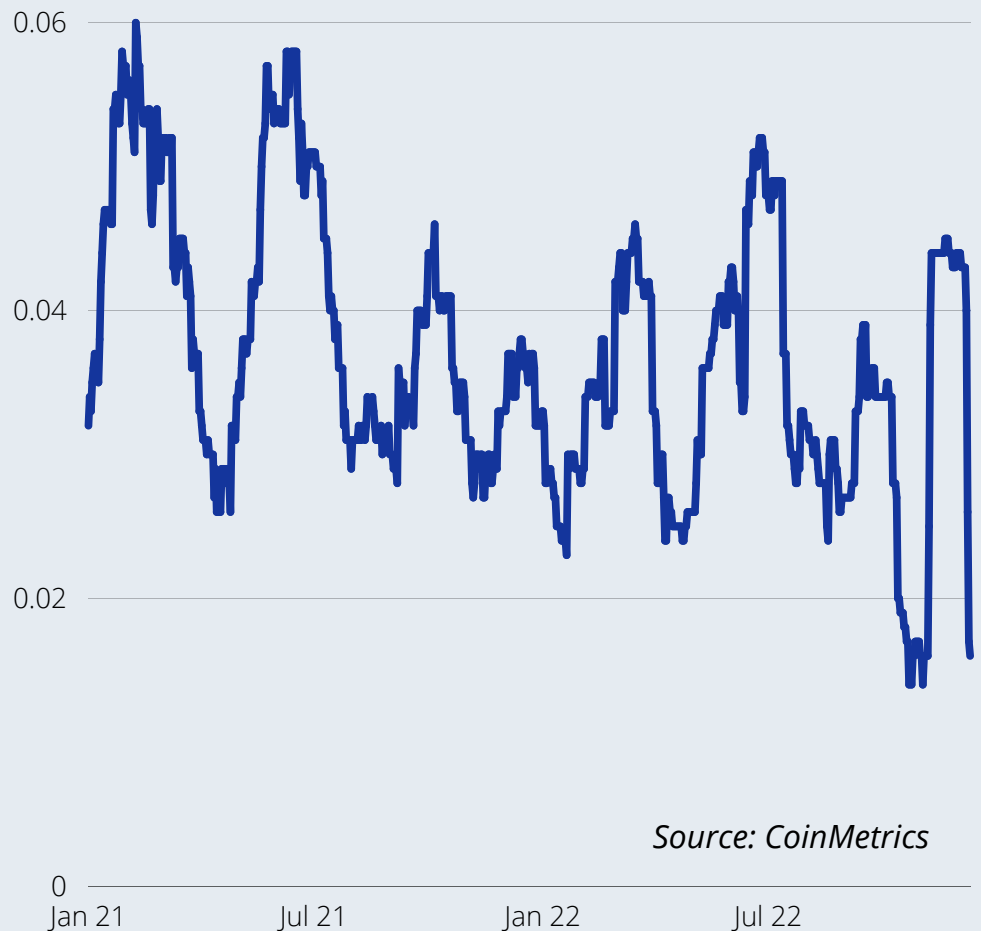
Bitcoin Monthly Average Hashrate



Source: CoinMetrics

Crypto	Ticker	Price (\$)	Returns (%)					M Cap (bn)	Annualized			
			1 week	1 month	3 month	YTD	1 year		Issuance (%)	Stake Yield (%)	Volatility	Sharpe
Bitcoin	BTC	17026.70	-0.40	-0.82	-24.00	-63.15	-65.55	327.45	1.75	N/A	0.66	-1.42
Ethereum	ETH	1252.87	-0.84	-3.24	-27.02	-65.92	-69.38	153.32	0.16	4.10	0.88	-0.92
Binance Coin	BNB	277.30	-2.53	-7.75	-5.71	-45.83	-50.92	44.36	0.00	3.62	0.73	-0.54
Polygon	MATIC	0.89	-0.78	-5.14	-4.83	-64.94	-58.62	7.74	2.74	6.24	1.24	-0.11
Polkadot	DOT	5.14	-0.36	-6.03	-32.91	-80.72	-81.51	5.89	7.59	14.49	0.96	-1.37
Tron	TRX	0.05	-2.59	-3.93	-17.61	-30.22	-42.76	4.84	2.04	3.58	0.70	-0.53
Solana	SOL	13.16	-1.86	-7.06	-64.78	-92.26	-92.35	4.82	5.78	7.37	1.17	-1.78
Avalanche	AVAX	12.82	-1.31	-2.48	-40.07	-88.30	-85.19	3.98	5.40	8.22	1.15	-1.20
Cosmos	ATOM	9.58	0.49	-8.72	-38.31	-70.45	-60.76	2.74	13.27	19.25	1.21	-0.38
Algorand	ALGO	0.22	-3.12	-13.00	-33.38	-87.01	-85.91	1.54	4.06	7.36	1.00	-1.47
Near	NEAR	1.60	-2.00	-7.12	-68.58	-89.13	-86.24	1.34	0.03	9.64	1.33	-0.64
Fantom	FTM	0.23	-0.34	-4.74	-13.52	-89.65	-84.36	0.59	-1.80	1.93	1.35	-0.83
Zilliqa	ZIL	0.02	-1.19	-6.15	-42.19	-70.96	-67.10	0.30	4.71	11.08	1.69	-0.12

Bitcoin 30-Day Rolling Volatility



Source: CoinMetrics

Bitcoin Moving Averages



Source: TradingView

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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.



Weekly Market Review - December 12th, 2022

"Indices" 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.

On-Chain Commentary, Decentralized Finance (DeFi) Commentary, 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 staking rewards values are representative of the network post-Proof-of-Stake transition.

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

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