

## Key Takeaways

- Bearish lows have been swiftly retraced with a shift in sentiment
- Daily trend technicals for most large cap digital assets have flipped bullish
- Bitcoin's network hash rate and network difficulty have begun to rise

## On-Chain Commentary

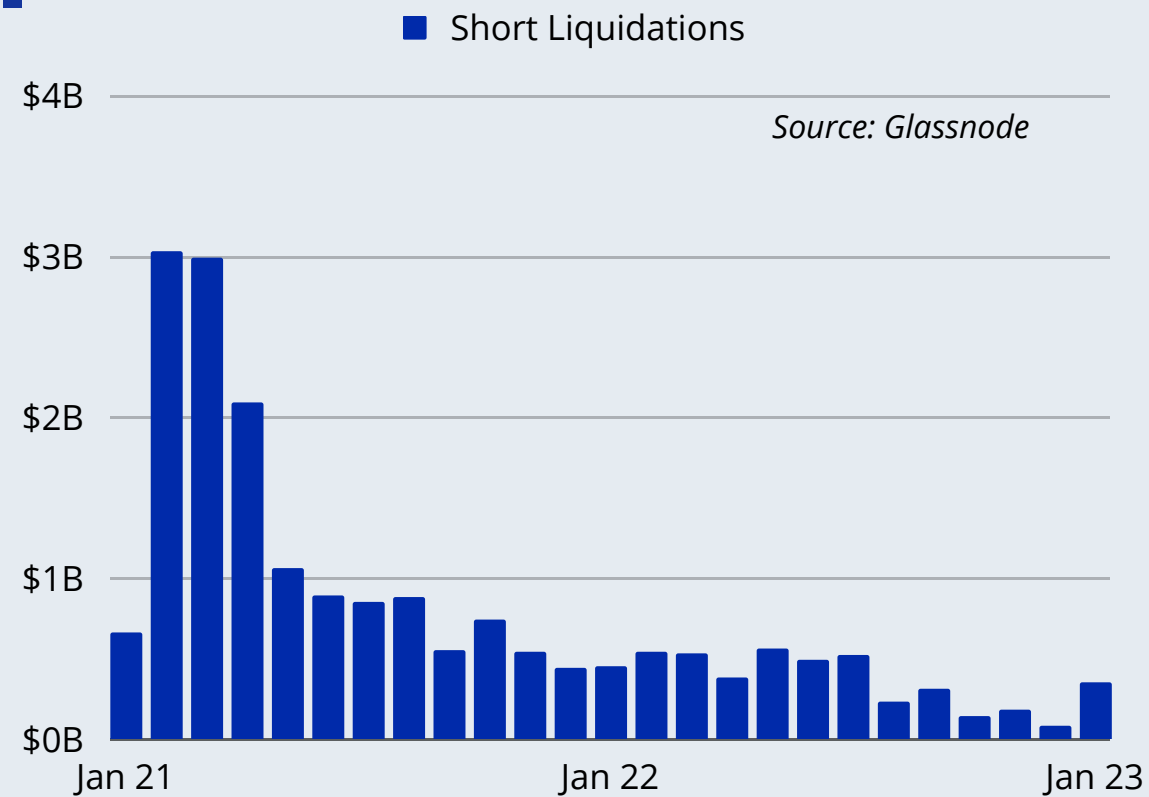
As the S&P bulls were celebrating another attempted breach of 4k last week, Bitcoin and other digital assets were off to the races. The DXY also provided a bullish tailwind, down over 10% from the mid-year highs. Thanks to returning risk-on tradfi conditions, in combination with sustained buying volume, short liquidations, and a shift in sentiment, both Bitcoin and Ethereum rose over 20% over the past week, marking one of the strongest weekly rallies since late 2020. A majority of the recent crypto rally occurred during Asia trading hours, as well as during the long three-day weekend.

The bearish trend technicals of nearly all large market cap digital assets held below throughout 2022 have been breached. Specifically, the 200-day moving average and Ichimoku Cloud, which may begin to act as a support level rather than a resistance level. Although a definitive trend reversal is likely too early to declare, strong volume above multi-month resistance levels is a good start. If Bitcoin can hold above the psychological level of \$20,000 throughout the week, bullish kismet continues to bloom. Ethereum and the ETH/BTC pair also continue to show signs of potential outperformance in the next few months. Thanks to a token burn mechanism based on transactional activity, Ethereum's network issuance has slipped deflationary in recent days.

Bitcoin's hash rate, or computational power, has also continued to increase again, a sign that efficient miners may be finding higher profitability margins again in the current market conditions. Bitcoin's network difficulty, or the effort needed to solve for the block reward, has hit a new all-time high. Difficulty adjusts approximately every two weeks and retargets for a 10 minute block time. Before an adjustment, if network block time is less than 10 minutes, difficulty increases, and if block times are greater than 10 minutes, difficulty declines. Hash rate is a fuzzy estimate of computational power at any given time whereas difficulty adjustments represent an exact snapshot. Rising Bitcoin prices and newly released ASICs from Bitmain and MicroBT are potentially help fuel the rise in hashing power.

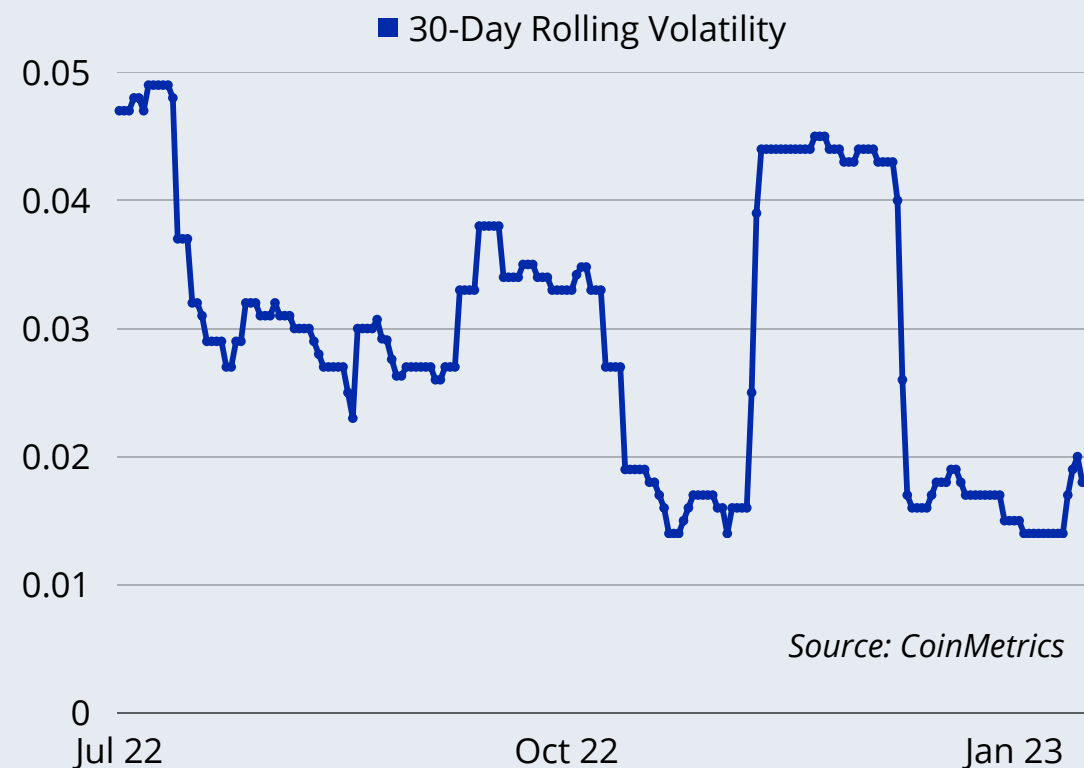
**Chart 1: Short Liquidations Have Risen Substantially**

Short liquidations of BTC derivatives, monthly



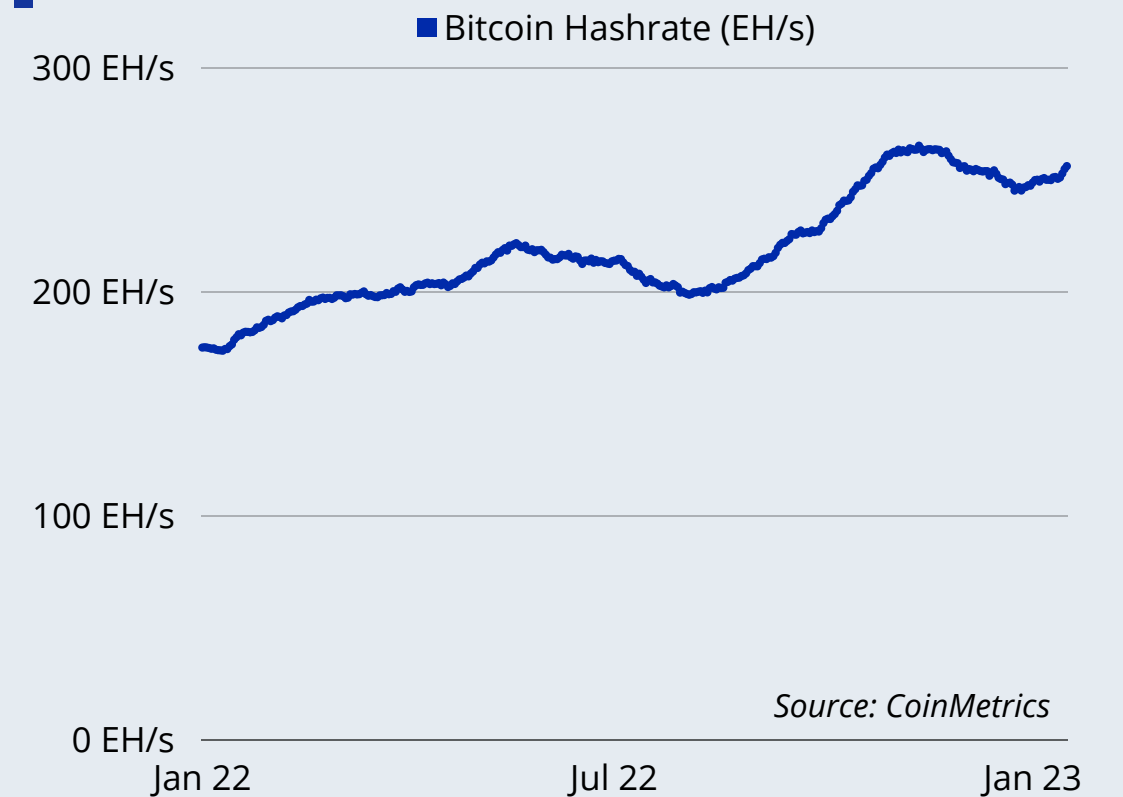
**Chart 3: Bitcoin 30-Day Rolling Volatility Rising Slowly**

Bitcoin price volatility sits near historic multi-year lows



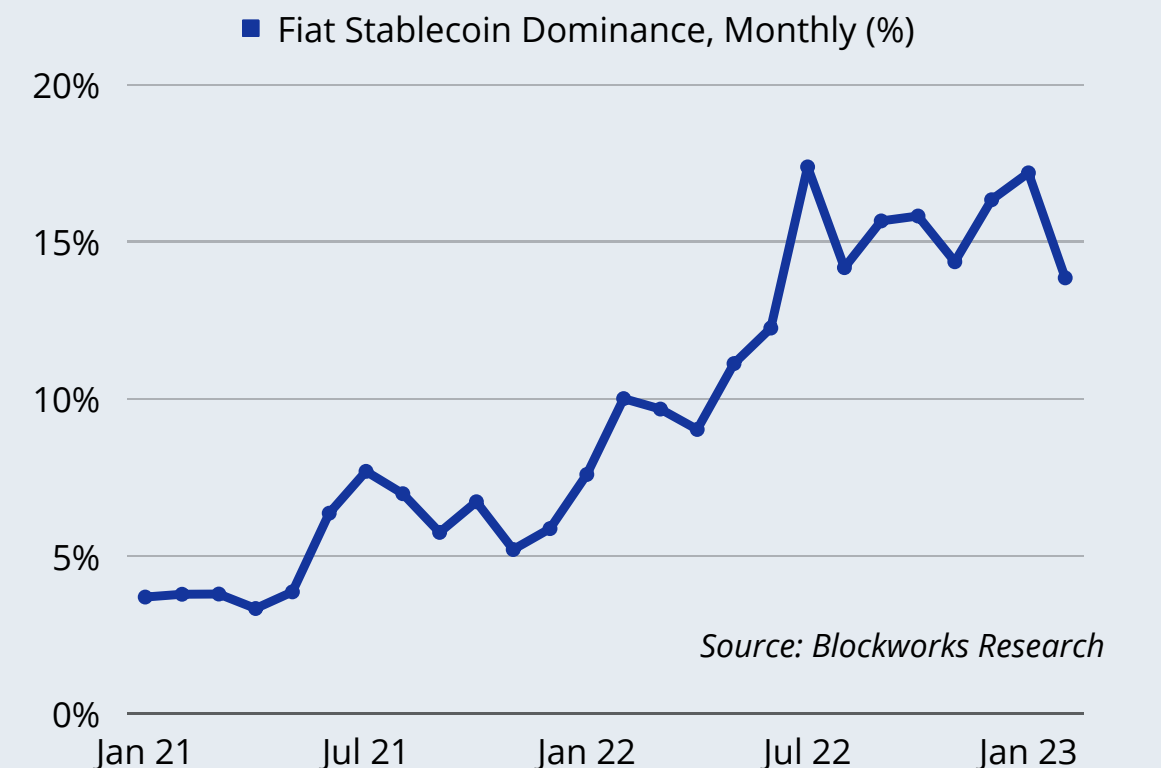
**Chart 2: Bitcoin Network Hash Rate Nears Highs Again**

Bitcoin proof-of-work hashrate, monthly average



**Chart 4: Stablecoin Dominance Has Declined From Highs**

Fiat stablecoin market cap relative to total digital asset market cap





# Weekly Market Review - January 17th, 2023

## Returns (%)

## Annualized (%)

## News Review

| Crypto              | Ticker | Price (\$) | 1 week | 1 month | 3 month | YTD    | 1 year | M Cap (bn) | Issuance | Stake Yield |
|---------------------|--------|------------|--------|---------|---------|--------|--------|------------|----------|-------------|
| <b>Bitcoin</b>      | BTC    | 21286.19   | 1.93   | 28.77   | 10.13   | 28.76  | -50.62 | 410.07     | 1.74     | N/A         |
| <b>Ethereum</b>     | ETH    | 1579.96    | 1.75   | 32.19   | 20.53   | 32.19  | -52.84 | 193.35     | 0.01     | 3.84        |
| <b>Binance Coin</b> | BNB    | 303.00     | 0.23   | 23.12   | 10.95   | 23.07  | -39.30 | 47.85      | 0.00     | 2.27        |
| <b>Polygon</b>      | MATIC  | 1.02       | 3.35   | 34.17   | 17.71   | 34.17  | -56.45 | 8.88       | 2.40     | 5.00        |
| <b>Solana</b>       | SOL    | 23.43      | 2.31   | 135.24  | -22.24  | 135.01 | -84.18 | 8.69       | 4.40     | 4.24        |
| <b>Polkadot</b>     | DOT    | 6.00       | 1.11   | 39.48   | -2.56   | 39.23  | -78.36 | 6.93       | 7.50     | 14.57       |
| <b>Tron</b>         | TRX    | 0.06       | -0.62  | 14.13   | -0.29   | 14.10  | -11.17 | 5.70       | 2.05     | 3.59        |
| <b>Avalanche</b>    | AVAX   | 17.50      | 4.11   | 60.62   | 10.30   | 60.70  | -81.05 | 5.45       | 5.52     | 8.10        |
| <b>Cosmos</b>       | ATOM   | 12.47      | -2.48  | 33.44   | -0.45   | 33.38  | -71.45 | 3.57       | 16.49    | 21.90       |
| <b>Near</b>         | NEAR   | 2.24       | 0.09   | 78.65   | -24.43  | 78.65  | -88.88 | 1.91       | 5.16     | 9.62        |

### Valkyrie's Alt Layer 1 Index

### TradFi Indices

|                       |     |       |      |      |       |      |        |
|-----------------------|-----|-------|------|------|-------|------|--------|
| <b>S&amp;P 500</b>    | SPX | 3999  | 2.67 | 3.81 | 11.61 | 4.16 | -14.24 |
| <b>Nasdaq 100</b>     | NDX | 11541 | 4.54 | 2.65 | 7.94  | 5.50 | -26.07 |
| <b>Russell 2000</b>   | RUT | 1887  | 5.26 | 7.01 | 12.16 | 7.14 | -12.74 |
| <b>Dow Jones Ind.</b> | DJI | 34302 | 2.00 | 4.20 | 15.75 | 3.49 | -4.48  |

### Commodities

|                     |       |         |       |        |        |        |        |
|---------------------|-------|---------|-------|--------|--------|--------|--------|
| <b>Crude Oil</b>    | CL1   | 80.95   | 8.11  | 6.96   | -5.49  | 0.55   | -3.94  |
| <b>Brent Crude</b>  | BRN00 | 86.41   | 8.28  | 7.88   | -6.06  | 0.49   | -0.14  |
| <b>Natural Gas</b>  | NG00  | 3.32    | -6.10 | -43.00 | -44.42 | -18.45 | -17.58 |
| <b>Unleaded Gas</b> | RB00  | 2.55    | 11.25 | 17.22  | -1.67  | 2.24   | 5.55   |
| <b>Gold</b>         | GC00  | 1915.50 | 2.09  | 6.61   | 15.71  | 4.67   | 5.40   |
| <b>Copper</b>       | HG00  | 4.19    | 4.61  | 11.55  | 23.14  | 9.86   | -5.29  |
| <b>Wheat</b>        | W00   | 734.00  | -0.98 | -1.94  | -14.55 | -7.21  | -1.18  |

### Bloomberg Commodity Index

|      |        |      |      |       |       |      |
|------|--------|------|------|-------|-------|------|
| BCOM | 112.11 | 2.64 | 0.44 | -0.88 | -0.60 | 8.29 |
|------|--------|------|------|-------|-------|------|



- [Ethereum Developers Eye February Public Testnet for Shanghai Upgrade](#)
- [Group One Makes a Bitcoin Play With 13.5% Stake in MicroStrategy](#)
- [AWS Partners with AVAX to Scale Blockchain Solutions](#)
- [Justin Sun Willing to Spend Up to \\$1 bln on DCG Assets](#)
- [Samsung Fund Unit Considers More Hong Kong Crypto Products](#)
- [SEC Sues Genesis Global, Gemini Trust Over Unregistered Sales](#)
- [Why Congo's Most Famous National Park is Mining Bitcoin](#)

■ Valkyrie's Alt Layer 1 Index



On-Chain Commentary: Source: Valkyrie Investments, Inc.

Chart 1: Short Liquidations Have Risen Substantially: Source: Valkyrie Investments, Inc., Glassnode

Chart 2: Bitcoin Network Hash Rate Nears Highs Again & Chart 3: Bitcoin 30-Day Rolling Volatility Rising Slowly: Source: Valkyrie Investments, Inc., CoinMetrics

Chart 4: Stablecoin Dominance Has Declined From Highs: Source: Valkyrie Investments, Inc., Blockworks Research

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 and Staking Yield: Source: Valkyrie Investments, Inc., StakingRewards.com. ETH staking rewards values are representative of the network post-Proof-of-Stake transition.

"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.

Valkyrie's Alternative Layer 1 Index: Source: Valkyrie Investments, Inc., CoinGecko. Includes Layer 1 protocols traded on at least 2 of the following 4 U.S. exchanges: Coinbase, Gemini, Kraken, or Binance US. Excludes BTC, ETH, stablecoins, and exchange tokens. Weightings using year 2050 MCAP (FDV), value struck at 8PM EST daily, rebalanced quarterly.

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