

Key Takeaways

- Bullish trend dynamics continue to manifest, with some stark outperformance intra-sector as well as outperformance against tradfi
- Technical golden crosses (50/200 DMA) should occur over the next month
- Growing utility & efficiency has pushed Bitcoin's hash rate back to highs

On-Chain Commentary

Bitcoin is now +37% YTD, outperforming the S&P 500 by a factor of 10x. Now with both the FTX debacle and tax loss harvesting in the rearview, sentiment has slowly begun to regain a bullish footing. The most important near term news-related event is likely to be the Genesis bankruptcy proceedings and any related asset liquidations. Price has now exceeded the high before the FTX collapse and has held above both the 200 daily moving average (DMA) and daily Ichimoku Cloud. Trend has flipped from bearish over the entirety of 2022, to neutral over the past few months, to bullish once again. Most layer 1 protocols have also followed Bitcoin, with a similar technical bullish reversal and near term outlook. Collectively, this bullish price action has not yet resulted in a rise in on-chain activity, suggesting the current rally in digital assets may be driven more by speculation than by utility.

Upcoming technical events of note include a 50/200 DMA cross and breaching above the 200 week MA (WMA), which had been the level of ultimate bear market lows in previous cycles. The trend will remain bullish until price breaches below the 200 DMA, currently at \$19,600. Both the 200 WMA and nearest horizontal resistance reside at \$24,700. The yearly pivot, which is mathematically based on the highs and lows of the previous year, joins the confluence of resistance at \$26,700.

Bitcoin's network hash rate continues to surge higher, as more efficient mining equipment is installed and more efficient miners obtain hardware from less efficient miners. Susquehanna nuclear power facility in Pennsylvania also recently announced a completed Bitcoin mining facility, which is being used to balance the supply and demand of energy use for the plant. During idle power demand, energy can be diverted to Bitcoin mining and shift back to normal use when demand rises. Unlike a nuclear power plant, Bitcoin mining can be turned on or off with the flip of a switch. This mining avenue alleviates shutdown or restart procedures as the excess power can still be used for a revenue-generating endeavor.

Chart 1: Bitcoin Price Has Crossed Above the 200 DMA

Bitcoin price with key moving averages

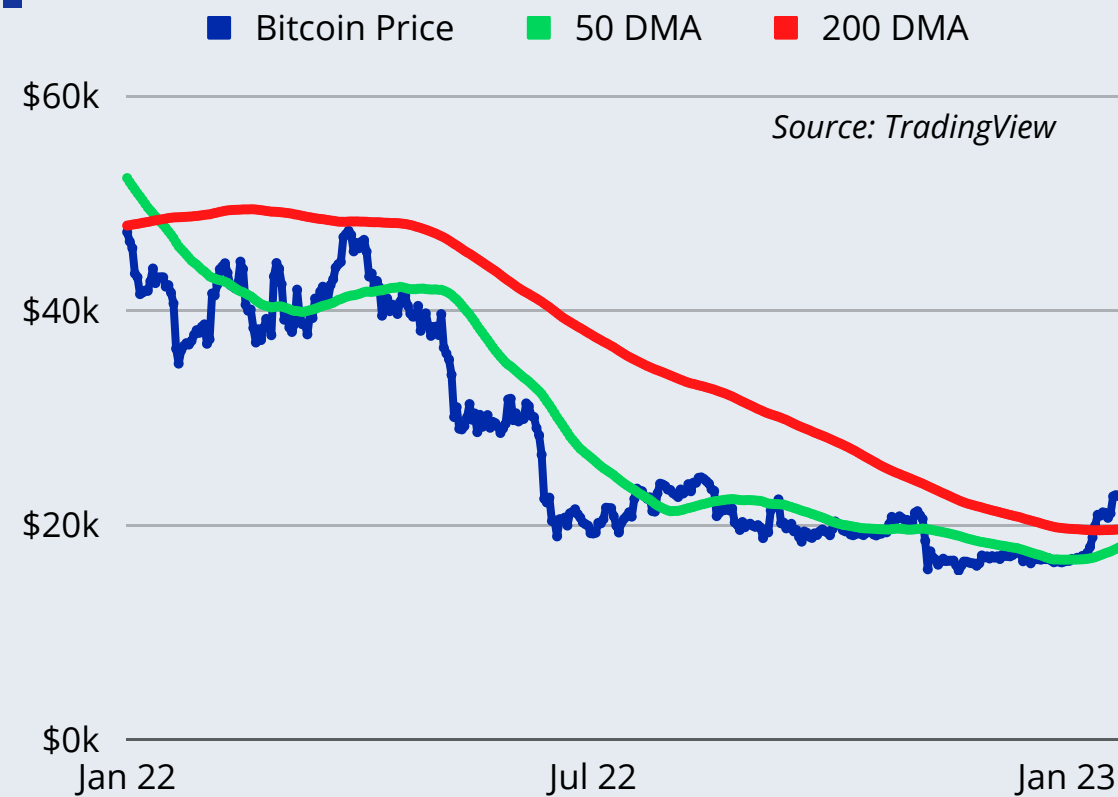


Chart 2: Bitcoin Network Hash Rate Nears Highs Again

Bitcoin proof-of-work hashrate, monthly average



Chart 3: Bitcoin 30-Day Rolling Volatility Rising Slowly

Bitcoin price volatility sits near historic multi-year lows

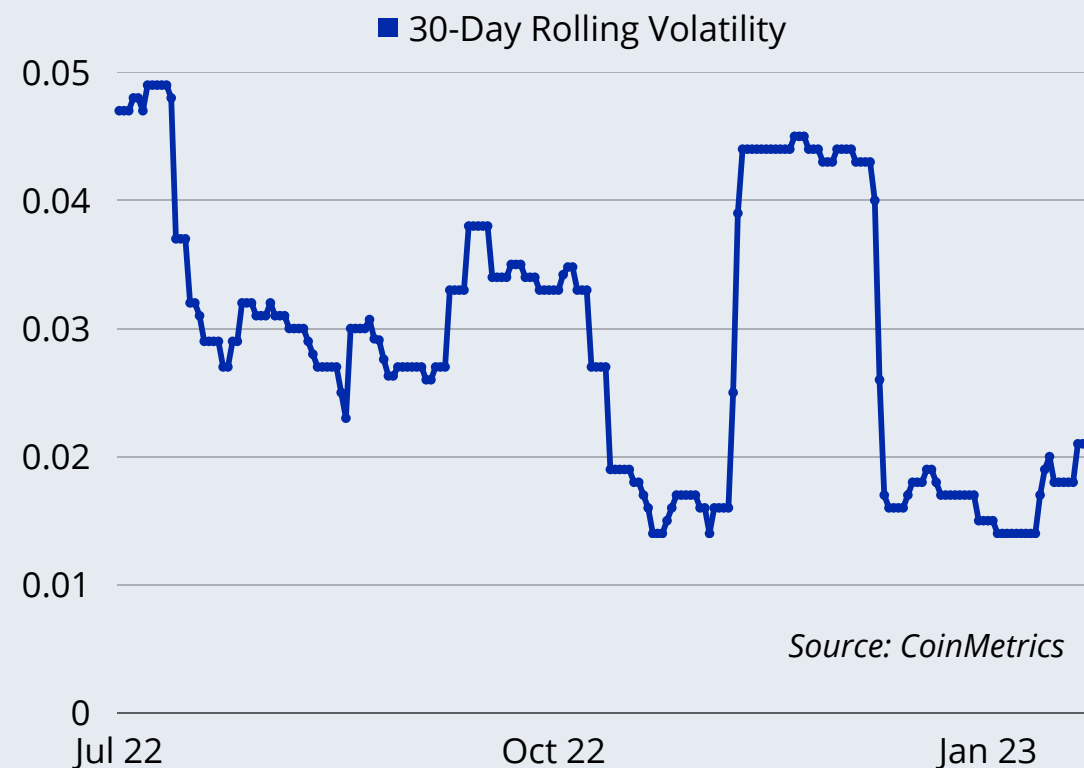
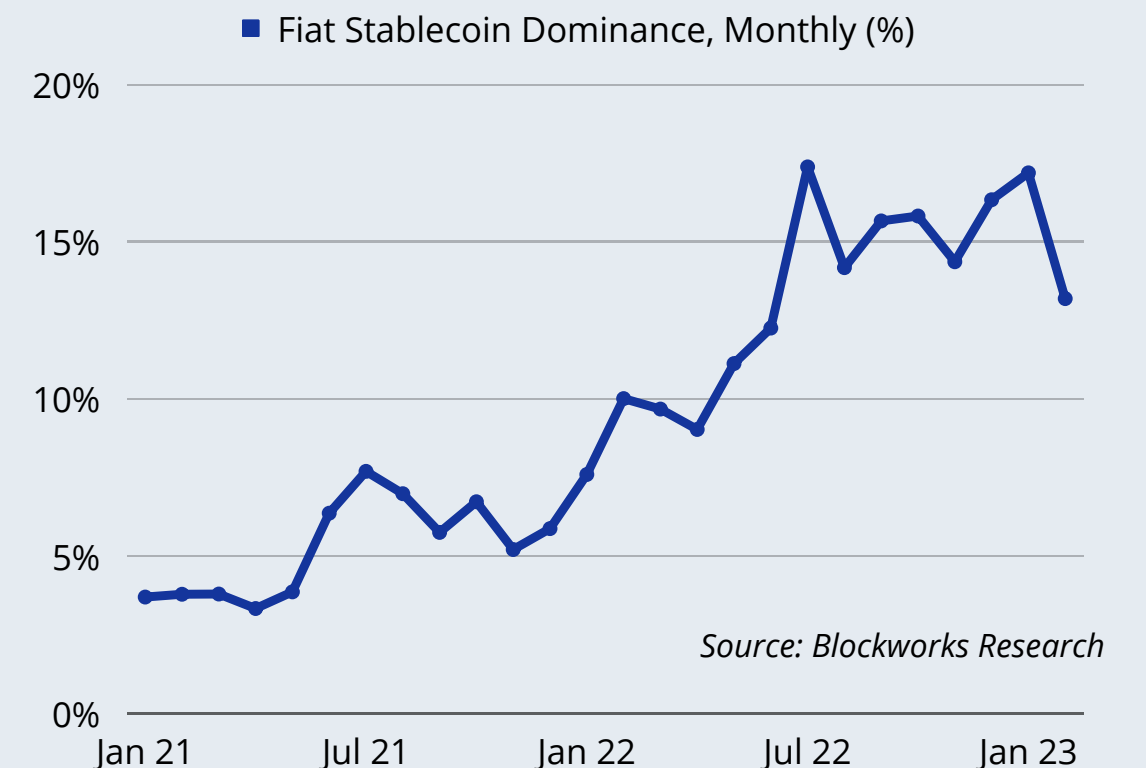


Chart 4: Stablecoin Dominance Continues to Decline

Fiat stablecoin market cap relative to total digital asset market cap





Weekly Market Review - January 23rd, 2023

Returns (%)

Annualized (%)

News Review

Crypto	Ticker	Price (\$)	1 week	1 month	3 month	YTD	1 year	M Cap (bn)	Issuance	Stake Yield
Bitcoin	BTC	22777.02	0.28	37.79	17.82	37.78	-35.06	438.92	1.74	N/A
Ethereum	ETH	1622.12	-0.36	35.71	20.72	35.71	-32.75	198.51	0.01	3.84
Binance Coin	BNB	304.00	0.30	23.53	10.91	23.48	-15.18	48.00	0.00	2.27
Solana	SOL	24.15	-0.21	142.47	-14.66	142.23	-74.47	8.96	4.40	4.24
Polygon	MATIC	0.99	-0.20	30.87	10.96	30.87	-35.50	8.66	2.40	5.00
Polkadot	DOT	6.37	2.49	48.06	7.61	47.79	-65.16	7.38	7.50	14.57
Tron	TRX	0.06	0.29	13.95	1.11	13.93	8.98	5.69	2.05	3.59
Avalanche	AVAX	17.52	0.87	60.76	11.19	60.84	-70.73	5.51	5.52	8.10
Cosmos	ATOM	12.99	-2.67	38.96	11.41	38.89	-55.68	3.72	16.49	21.90
Near	NEAR	2.60	8.21	107.07	-11.01	107.07	-77.23	2.21	5.16	9.62
Valkyrie's Alt Layer 1 Index		40.66	3.48	46.34	8.57	52.64	-65.33			



- [A Crypto Magnate Saw the Risks and Still Was Hammered](#)
- [Crypto Lender Genesis Files for Bankruptcy](#)
- [Full Lightning Network Functionality Comes to CashApp](#)
- [National Australia Bank Creates AUDN Stablecoin](#)
- [Crypto Lender Nexo Pays SEC \\$45 Million and Ceases Lending Program](#)
- [SEC Charges Mango DEX Attacker With Manipulating Price of 'Security'](#)
- [Ransomware Payments 'Significantly Down' in 2022: Chainalysis](#)

■ Valkyrie's Alt Layer 1 Index



TradFi Indices

S&P 500	SPX	3972	-0.66	3.32	5.86	3.47	-9.67
Nasdaq 100	NDX	11619	0.67	5.77	2.73	6.21	-19.53
Russell 2000	RUT	1867	-1.04	6.04	7.18	6.02	-6.07
Dow Jones Ind.	DJI	33375	-2.70	0.52	7.38	0.69	-2.60

Commodities

Crude Oil	CL1	82.14	2.57	3.49	-3.26	1.99	-2.34
Brent Crude	BRN00	88.31	4.98	4.50	-3.49	2.69	1.30
Natural Gas	NG00	3.13	-3.00	-38.87	-39.37	-23.13	-17.91
Unleaded Gas	RB00	2.66	5.13	12.27	6.49	6.60	9.97
Gold	GC00	1918.80	-0.22	6.24	16.00	4.84	4.10
Copper	HG00	4.22	0.27	10.87	23.07	10.65	-5.03
Wheat	W00	732.25	-1.55	-5.46	-12.72	-7.43	-8.64
Bloomberg Commodity Index	BCOM	112.04	0.42	-0.46	0.69	-0.68	6.34

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 Continues to Decline: 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.

"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.

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 2020 MCAP (FDV), value struck at 8PM EST daily, rebalanced quarterly.

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