

Key Takeaways

- Bitcoin is set to close it's strongest monthly performance since late 2020
- Near term technicals suggest the possibility for a price pullback
- The degree of upcoming S&P 500 strength will likely provide a tailwind for digital assets over the next few months

On-Chain Commentary

Bitcoin will likely close at least +40% on the month, a rare feat for January, historically. This will also likely be Bitcoin's strongest monthly performance since late 2020. Longer term Bitcoin monthly seasonality data suggests positive forward performance following monthly gains of +40%. Average historical monthly forward performance nears 20% and average three month performance exceeds 50%.

Low timeframe technical analysis, including a rising wedge or channel with declining momentum on RSI, does support a near term pullback in price. This combination of technicals is commonly seen when rallies become overextended and can trap entrants who were late to the party. Support sits at the 200-day moving average (DMA) and round psychological level of \$20,000. Alternatively, a breach above \$24,000 will likely negate short term reversal bias. Overhead resistance sits at \$24,700, the 200-weekly moving average, and \$26,750, the yearly pivot.

Regardless of pullback or continuation, a 50/200 DMA cross will likely occur over the next month, the first of these MA crosses since January 2022. Since 2012, this golden cross as it's known, has only occurred eight times and can lead to extended multi-month bullish rallies.

Additionally, the Fed, Bank of England and ECB all meet this week, with rate hike decision expectations set for 25, 50, and 50 bps, respectively. This relative rate imbalance may allow the DXY index to continue to decline, which has historically provided a headwind to digital assets. Traditional and digital assets markets have tended to hold a risk-off stance going into these central bank meetings, especially when hawkishness is expected. More important, however, is the strength of trend reversal on the S&P 500, which is currently nearing a key level of 4100. Multi-month price structure suggests the possibility of an inverted head and shoulders pattern completion above 4100, a common price fractal which carries a target zone of 4500-4700.

Chart 1: Bitcoin Price is Set for a Golden Cross

Bitcoin price with key moving averages



Chart 3: Bitcoin 30-Day Rolling Volatility Rising Slowly

Bitcoin price volatility sits near historic multi-year lows



Chart 2: Bitcoin Network Hash Rate Reaches New ATH

Bitcoin proof-of-work hashrate, monthly average

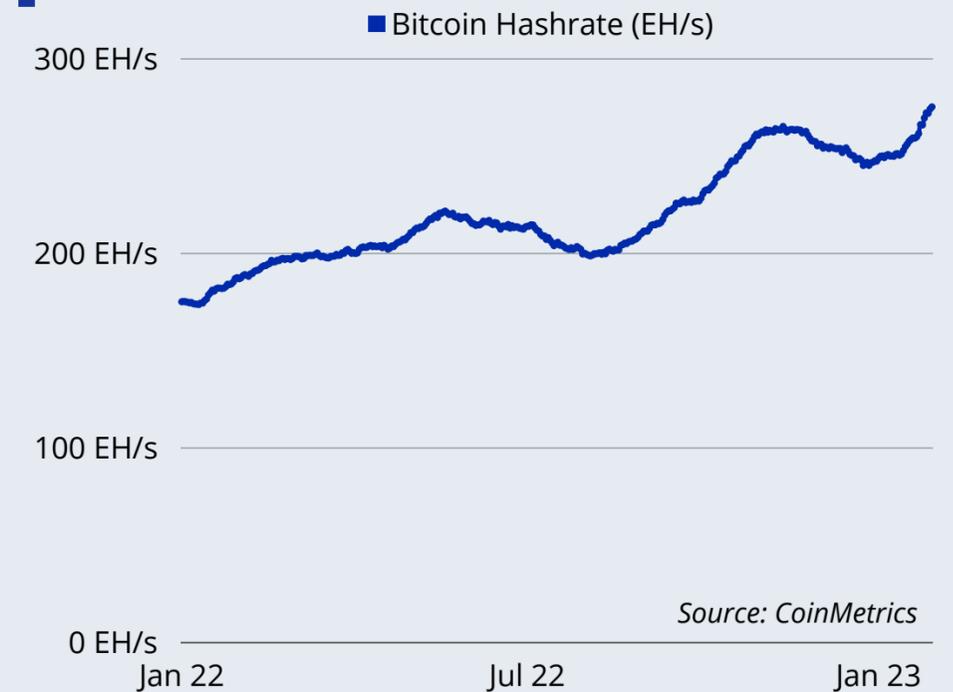
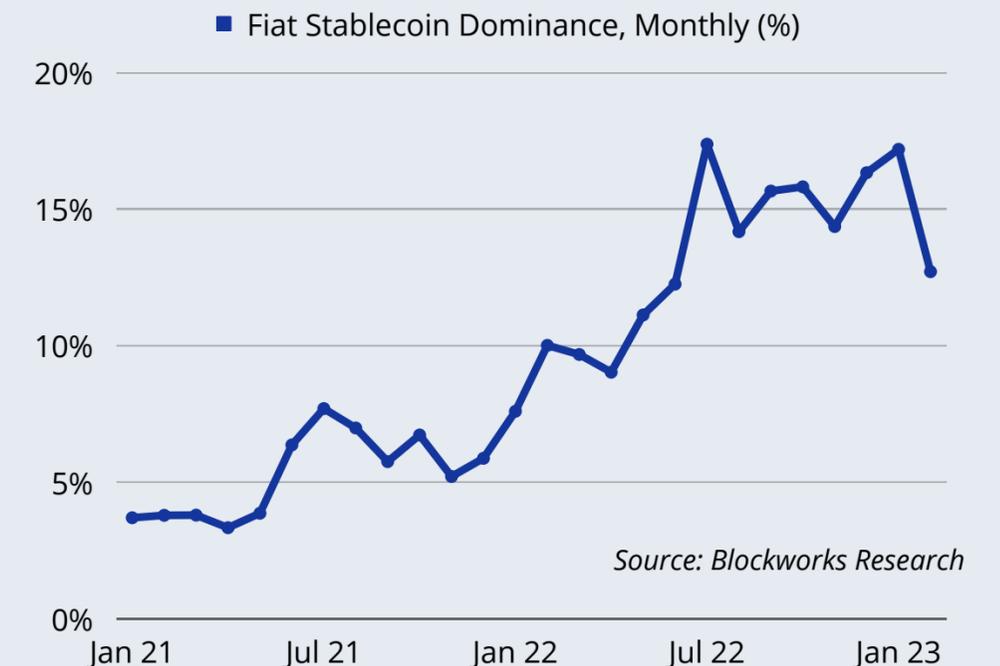


Chart 4: Stablecoin Dominance Continues to Decline

Fiat stablecoin market cap relative to total digital asset market cap





Weekly Market Review - January 30th, 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	23088.81	-2.77	39.68	12.69	39.66	-39.54	445.09	1.74	N/A
Ethereum	ETH	1578.60	-4.02	32.07	0.38	32.07	-39.36	193.18	0.01	3.84
Binance Coin	BNB	307.80	-2.99	25.07	-5.44	25.02	-20.96	48.60	0.00	2.27
Polygon	MATIC	1.11	-5.52	46.83	23.39	46.83	-34.41	9.72	2.40	5.00
Solana	SOL	24.32	-6.78	144.18	-25.28	143.93	-74.71	9.04	4.40	4.24
Polkadot	DOT	6.25	-5.47	45.48	-5.64	45.21	-66.63	7.20	7.50	14.57
Avalanche	AVAX	20.32	-3.48	86.41	5.43	86.51	-71.76	6.40	5.52	8.10
Tron	TRX	0.06	-2.31	14.36	-1.73	14.34	3.08	5.71	2.05	3.59
Cosmos	ATOM	13.25	-4.03	41.78	-7.44	41.72	-54.44	3.80	16.49	21.90
Near	NEAR	2.38	-7.48	89.72	-23.28	89.72	-78.44	2.03	5.16	9.62

Valkyrie's Alt Layer 1 Index

TradFi Indices

S&P 500	SPX	4070	2.47	6.02	4.34	6.02	-8.15
Nasdaq 100	NDX	12166	4.71	11.21	5.37	11.21	-15.83
Russell 2000	RUT	1911	2.36	8.53	3.49	8.53	-2.90
Dow Jones Ind.	DJI	33978	1.81	2.51	3.40	2.51	-2.15

Commodities

Crude Oil	CL1	79.52	-2.57	-1.23	-7.76	-1.23	-9.78
Brent Crude	BRN00	86.22	-2.19	0.36	-7.14	0.36	-3.45
Natural Gas	NG00	2.67	-16.90	-34.35	-59.14	-34.35	-45.38
Unleaded Gas	RB00	2.57	-4.09	3.07	2.60	3.07	0.80
Gold	GC00	1931.00	-0.05	5.51	17.98	5.51	7.41
Copper	HG00	4.21	-0.97	10.39	24.78	10.39	-2.55
Wheat	W00	753.75	4.43	-4.71	-14.18	-4.71	-0.95

Bloomberg Commodity Index

BCOM	111.26	-0.77	-1.37	-0.44	-1.37	3.84
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■ Valkyrie's Alt Layer 1 Index



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

Chart 1: Bitcoin Price is Set for a Golden Cross: Source: Valkyrie Investments, Inc., TradingView

Chart 2: Bitcoin Network Hash Rate Reaches New ATH & 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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