

## Key Takeaways

- On-chain activity is on the rise thanks to use cases in emerging markets
- Bitcoin's neutrality and decentralization allows for frictionless adoption
- NFTs are being minted on the Bitcoin chain using Ordinals

## On-Chain Commentary

Bitcoin's on-chain activity has picked up in recent weeks, thanks to growing utility in emerging markets and the rise of NFT novelty. Both transactions per day and average block sizes have risen substantially YTD.

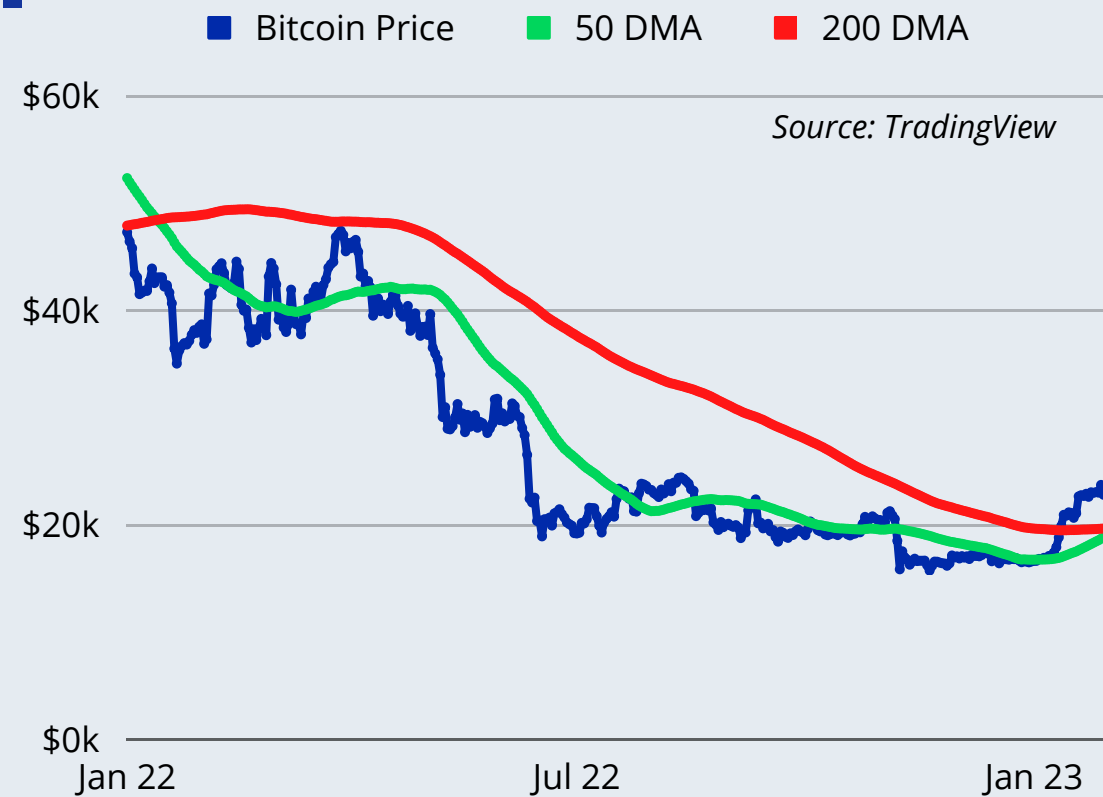
In the Fall of 2021, Nigeria launched the eNaira, a Central Bank Digital Currency (CBDC) which saw no enthusiasm for use and poor adoption overall. CBDCs controlled by the government enable complete control over the citizenry, allowing issuance and redemption at any time, spending limitations, seizure and retention possibilities, and visibility over user spending behaviors. In an attempt to increase adoption and encourage a cashless society, the Nigerian government recently severely restricted cash withdrawals to \$45 a day, while the country is also experiencing a 21% YoY inflation wave. Nigerians seeking alternatives to the eNaira over the past two years have increasingly sought out Bitcoin as an alternative payment and banking method.

Lebanon is another emerging market seeing increasing Bitcoin adoption after Lebanon's Central Bank devalued the Lebanese Pound by 90% last week. In November, CNBC reported a rise in digital currency use as the country was dealing with severe hyperinflation. In both Lebanon and Nigeria, the need for a neutral, incorruptible, decentralized, trustless, peer to peer payment rail and money network acted as an escape hatch for those suffering under the misdeeds of their government.

Finally, Bitcoin chain use has also increased over the past week due to a controversial use case, non-fungible tokens (NFTs). The Ordinals protocol, which uses Taproot scripting technology implemented in November 2021, allows for the viewing, creating, and transferring inscriptions. These NFTs are fully on-chain and do not require a sidechain or separate token. Several prominent Bitcoin thought leaders have referred to the use of the chain in this way as spam or bloat, while others have welcomed the new use. Bitcoin's average block size has increased from around 1.3 MB to around 2.2 MB, while average transaction fees have remained unchanged.

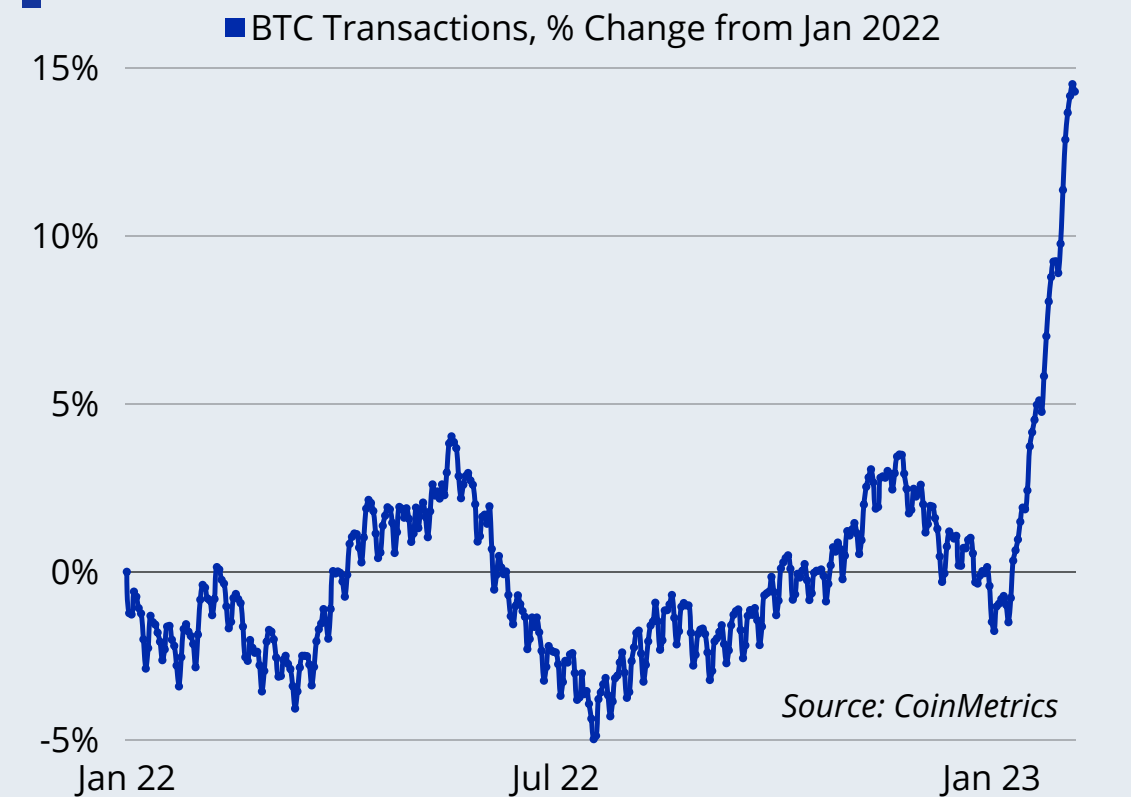
**Chart 1: Bitcoin Price Ready for Golden Cross**

Bitcoin price with key moving averages



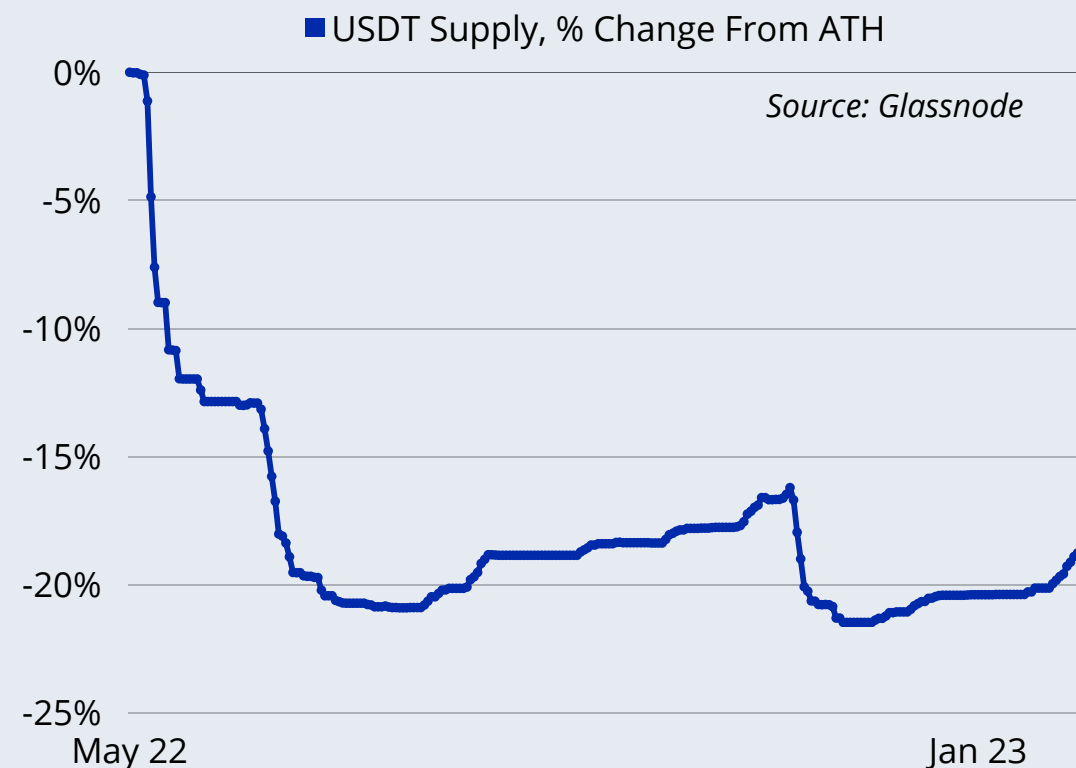
**Chart 2: Bitcoin Transactions per Day Rising Sharply**

Transactions confirmed over the Bitcoin network, monthly average



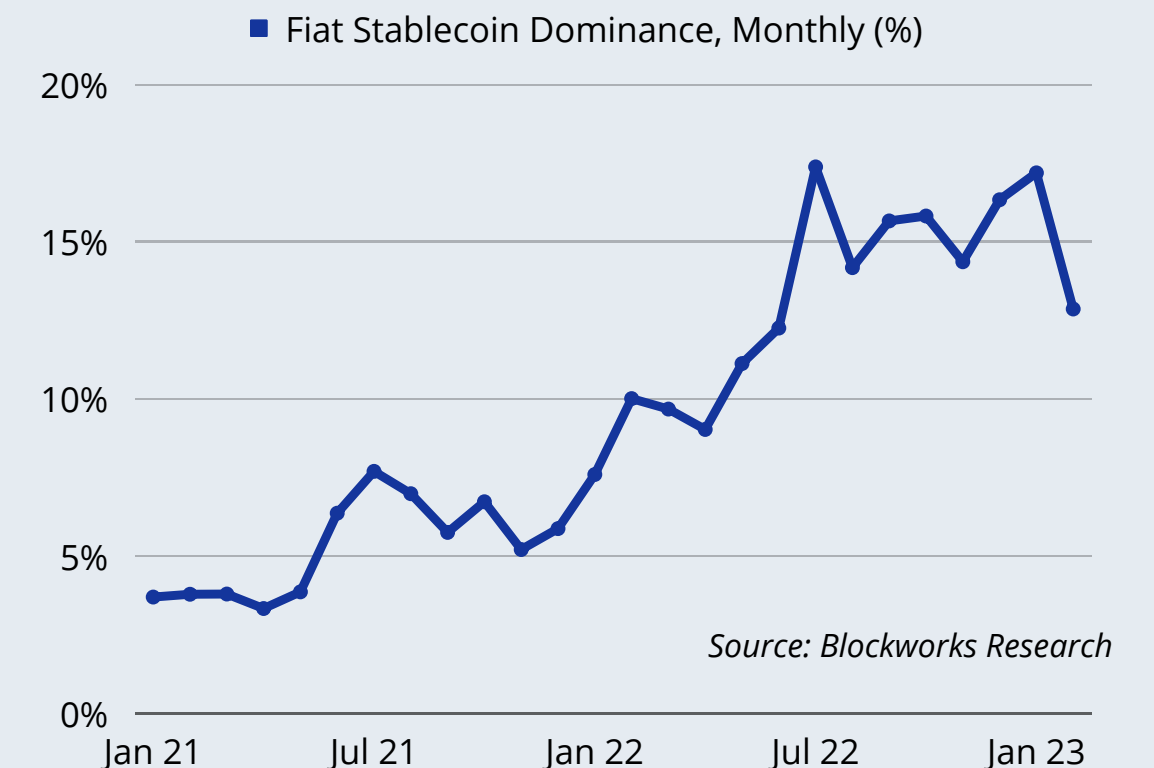
**Chart 3: Tether Circulating Supply Recovering Slowly**

USDT circulating supply from ATH in May 2022



**Chart 4: Stablecoin Dominance Continues to Decline**

Fiat stablecoin market cap relative to total digital asset market cap





# Weekly Market Review - February 6th, 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	22987.42	0.23	-0.61	11.63	39.05	-44.49	443.27	1.74	N/A
<b>Ethereum</b>	ETH	1644.28	0.92	3.71	4.83	37.57	-45.46	201.22	0.01	3.84
<b>Binance Coin</b>	BNB	328.20	0.12	5.16	-2.44	33.31	-20.74	51.82	0.00	2.27
<b>Polygon</b>	MATIC	1.22	1.25	9.73	-2.95	60.69	-28.90	10.64	2.40	5.00
<b>Solana</b>	SOL	23.18	-1.32	-3.13	-21.69	132.50	-79.64	8.64	4.40	4.24
<b>Polkadot</b>	DOT	6.70	0.86	6.86	-5.90	55.54	-68.65	7.73	7.50	14.57
<b>Avalanche</b>	AVAX	20.17	0.44	1.86	11.74	85.17	-73.84	6.36	5.52	8.10
<b>Tron</b>	TRX	0.06	-0.90	2.28	2.54	17.03	-2.11	5.84	2.05	3.59
<b>Cosmos</b>	ATOM	14.52	-1.50	8.66	1.89	55.28	-52.78	4.16	16.49	21.90
<b>Near</b>	NEAR	2.37	-0.60	2.03	-22.01	88.96	-81.53	2.03	5.16	9.62
<b>Valkyrie's Alt Layer 1 Index</b>		44.20	-1.77	51.09	4.66	65.95	-67.18			



- [BNY Mellon Seeks to Launch Custody & Admin Platform by Oct](#)
- [Wall Street Giants Spy Opportunities Rising From FTX Ashes](#)
- [Australia Reveals Its Plans for Crypto Regulation](#)
- [MicroStrategy to Offer Bitcoin Lightning Network Solutions in 2023](#)
- [How Emerging Markets Are Powering Lightning Network Growth](#)
- [Stablecoin Tether Showing Strong Utility in Emerging Markets](#)
- [Ordinals Project Launches Enabling NFTs Directly on Bitcoin](#)

■ Valkyrie's Alt Layer 1 Index



## TradFi Indices

<b>S&amp;P 500</b>	SPX	4136	1.62	6.20	9.71	7.73	-8.09
<b>Nasdaq 100</b>	NDX	12573	3.34	13.89	15.81	14.93	-14.43
<b>Russell 2000</b>	RUT	1985	3.88	10.75	10.32	12.73	-0.84
<b>Dow Jones Ind.</b>	DJI	33926	-0.15	0.88	4.70	2.35	-3.32

## Commodities

<b>Crude Oil</b>	CL1	73.23	-7.75	-0.66	-20.92	-9.04	-20.34
<b>Brent Crude</b>	BRN00	79.82	-7.41	1.55	-19.17	-7.18	-13.73
<b>Natural Gas</b>	NG00	2.38	-16.46	-30.79	-65.08	-41.56	-47.64
<b>Unleaded Gas</b>	RB00	2.32	-10.06	3.05	15.25	-7.18	-12.75
<b>Gold</b>	GC00	1877.70	-2.59	0.38	11.39	2.60	3.81
<b>Copper</b>	HG00	4.03	-4.72	2.73	8.92	5.51	-10.55
<b>Wheat</b>	W00	757.00	1.07	1.88	-10.68	-4.30	-1.08

<b>Bloomberg Commodity Index</b>	BCOM	107.07	-4.07	-0.96	-8.87	-5.08	-2.29
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On-Chain Commentary: Source: Valkyrie Investments, Inc.

Chart 1: Bitcoin Price Ready for Golden Cross: Source: Valkyrie Investments, Inc., TradingView

Chart 2: Bitcoin Transactions per Day Rising Sharply: Source: Valkyrie Investments, Inc., CoinMetrics

Chart 3: Tether Circulating Supply Recovering Slowly: Source: Valkyrie Investments, Inc., Glassnode

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 2050 MCAP (FDV), value struck at 8PM EST daily, rebalanced quarterly.

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