

## Key Takeaways

- Markets continue to price in an increasingly hawkish Fed into 2023
- Bitcoin and Ethereum continue to maintain a rangebound price posture
- Bitcoin on-chain activity has begun to heat up thanks to a burgeoning use case

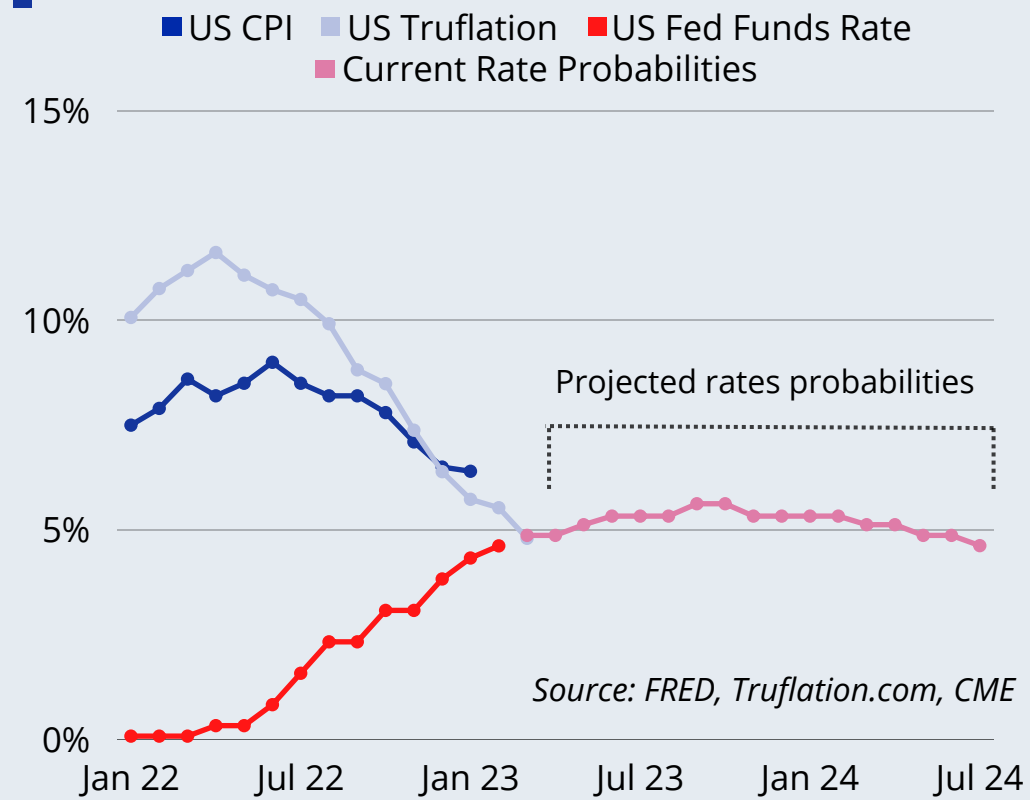
## On-Chain Commentary

Over the past few weeks, rate expectations have continued to progressively increase following a series of strong economic data and hotter than expected inflation. Markets finally began to price in the higher for longer mantra the Fed has been touting for several months. An upside surprise on rates has largely been negated. Now, the market would be surprised by anything remotely signaling a lower terminal Fed funds rate than 5.75%. Weaker economic data would likely be good news for risk assets, because it would signal a more dovish tone from the Fed. This week, a slew of employment numbers are set to be released along with Fed Chairman Powell speaking in both the Senate and the House. Additionally, liquidity estimations have continued decline as the S&P 500 appears to be fighting the Fed with any near term bullish momentum.

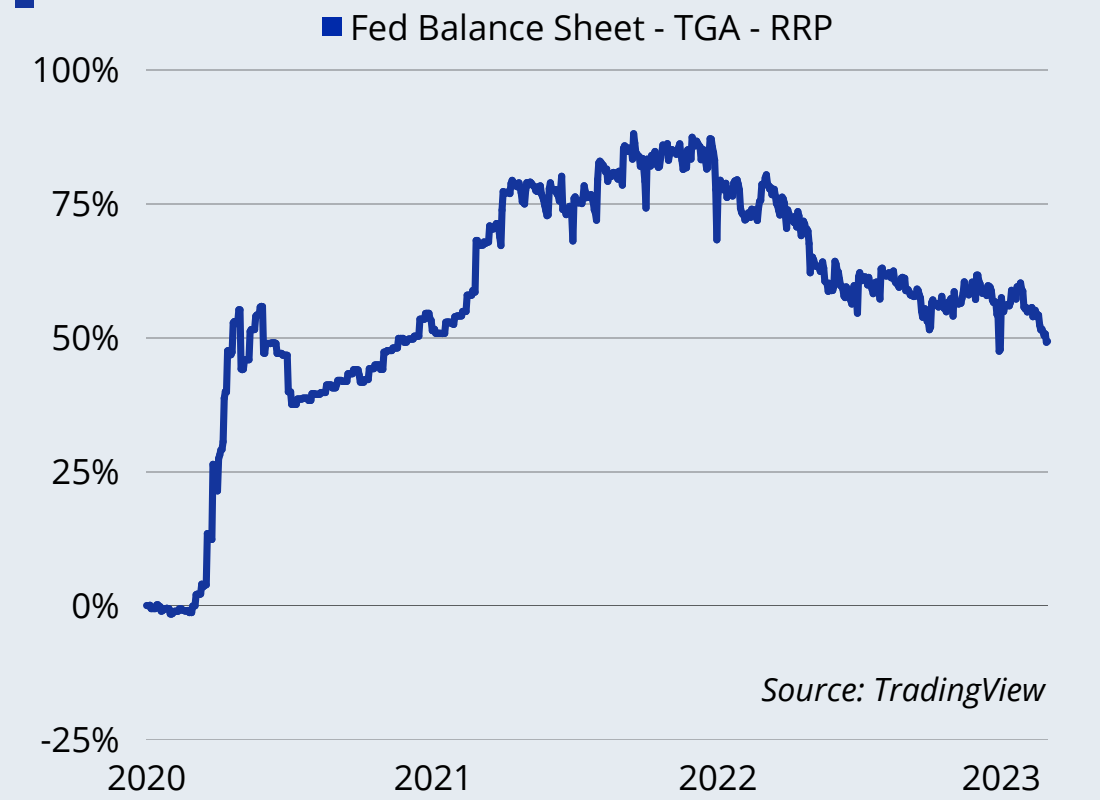
Meanwhile, Bitcoin, Ethereum, and other digital assets continue to hold within tight price ranges despite hawkish expectations from the Fed. Despite the slow February following a strong January, not much has changed on technicals. For Bitcoin, overhead resistance remains at the 200-weekly moving average and yearly pivot, \$25,000 and \$26,500, respectively. Price support sits near the middle of the multi-month range around \$20,000. For Ethereum, overhead resistance remains at the range high of \$1,900 with support at the range low of \$1,000. Moves above resistance levels for Bitcoin would likely take a pause in the \$30,000 range based on the Fibonacci extension and measured move of the current range. For Ethereum, using similar rationale, the \$2,500 zone is a potential area of confluence for any move higher.

Although prices remain range bound, Bitcoin's on-chain activity has continued to increase since the beginning of the year thanks to a new NFT use case via Ordinals. Since the beginning of the year, transactions have increased 30% and active addresses have increased 20%, once again nearing one million daily. 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. This flurry of activity, as silly or innocuous as it may seem, has brought increasing attention to the Bitcoin blockchain during a lull in a market cycle. Beyond the on-chain activity bump, full nodes for the Bitcoin protocol have also reached a new all-time high. There is no economic incentive to run a Bitcoin node, but users do need a node to mint NFTs via the Ordinals protocol.

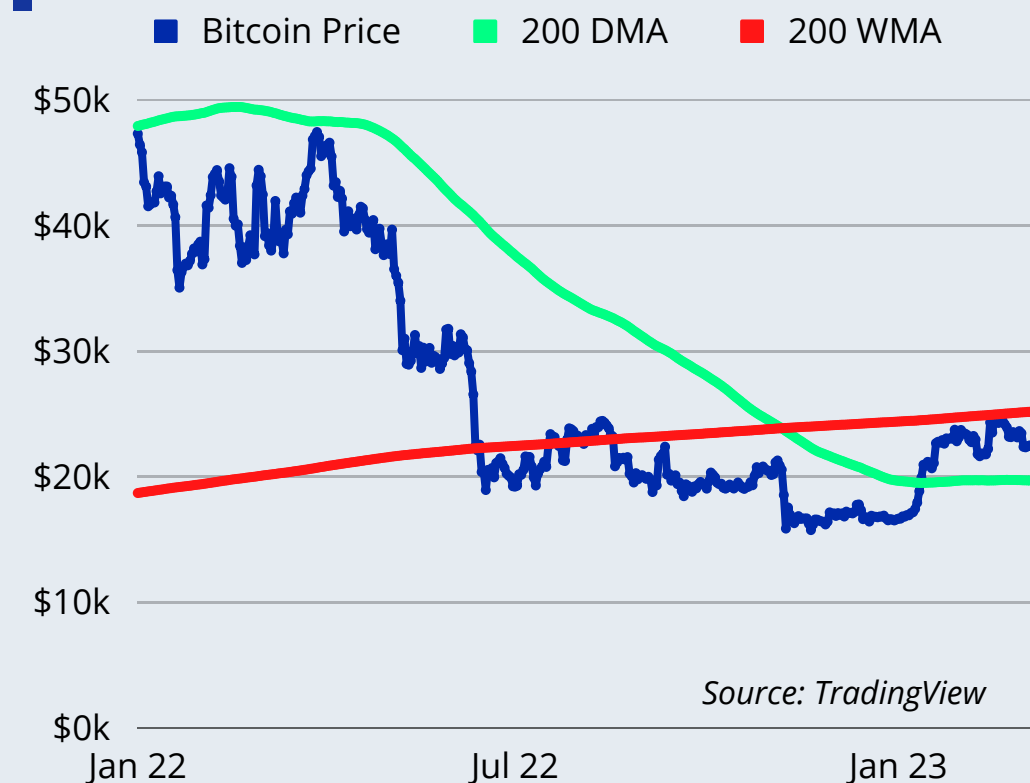
**Chart 1: Rates Approaching YoY Inflation Projections**  
CPI & inflation projections have begun to converge



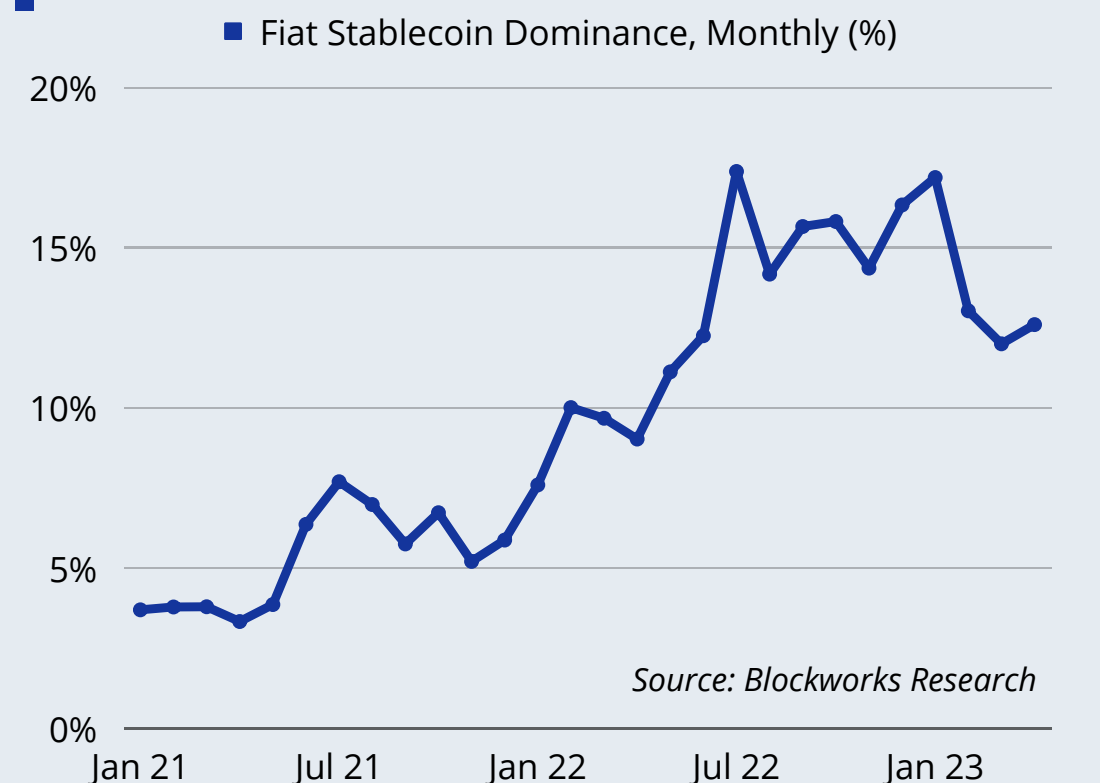
**Chart 2: Total Fed Liquidity Continues to Decline**  
Liquidity continues to slowly get removed from the ecosystem



**Chart 3: Bitcoin Moving Average Compression**  
Bitcoin price with key moving averages



**Chart 4: Stablecoin Dominance Continues to Fall**  
Fiat stablecoin mcap relative to total digital asset mcap



Crypto	Ticker	Price (\$)	Returns (%)					M Cap (bn)	Annualized (%)	
			1 week	1 month	3 month	YTD	1 year		Issuance	Stake Yield
<b>Bitcoin</b>	BTC	22452.59	0.10	-2.95	32.34	35.81	-43.03	433.56	1.74	N/A
<b>Ethereum</b>	ETH	1570.79	0.39	-2.14	24.73	31.42	-41.08	192.22	-0.08	3.84
<b>Binance Coin</b>	BNB	286.20	-0.90	-5.01	-0.83	16.25	-25.57	45.19	0.00	2.83
<b>Polygon</b>	MATIC	1.13	-0.53	-5.36	23.90	49.08	-25.07	9.87	2.18	4.78
<b>Solana</b>	SOL	20.81	-0.90	-4.80	50.58	108.73	-76.76	7.96	6.40	6.24
<b>Polkadot</b>	DOT	5.99	-0.01	-5.69	9.08	38.99	-65.42	6.96	7.06	14.13
<b>Tron</b>	TRX	0.07	0.43	-2.28	26.82	24.23	12.12	6.17	2.35	3.89
<b>Avalanche</b>	AVAX	16.42	1.68	-3.86	20.68	50.73	-78.59	5.34	6.46	9.04
<b>Cosmos</b>	ATOM	12.15	1.09	-1.00	18.25	29.86	-60.64	3.48	18.96	24.37
<b>Near</b>	NEAR	2.05	1.00	-7.93	19.41	63.30	-80.46	1.77	4.50	8.96
<b>Valkyrie's Alt Layer 1 Index</b>		39.42	-9.56	-13.62	44.94	47.98	-63.44			

TradFi Indices							
<b>S&amp;P 500</b>	SPX	4045	1.90	-2.20	-0.64	5.37	-6.54
<b>Nasdaq 100</b>	NDX	12290	2.68	-2.25	2.47	12.35	-11.18
<b>Russell 2000</b>	RUT	1928	2.00	-2.88	1.87	9.48	-3.63
<b>Dow Jones Ind.</b>	DJI	33390	1.75	-1.58	-3.02	0.74	-0.67

Commodities							
<b>Crude Oil</b>	CL1	79.16	4.53	6.34	2.33	-1.64	-34.19
<b>Brent Crude</b>	BRN00	85.26	3.90	4.74	2.72	-0.86	-31.45
<b>Natural Gas</b>	NG00	2.85	0.67	14.51	-49.20	-29.99	-40.87
<b>Unleaded Gas</b>	RB00	2.73	5.95	14.95	23.36	9.35	-23.75
<b>Gold</b>	GC00	1857.80	1.84	-1.19	4.29	1.52	-7.19
<b>Copper</b>	HG00	4.03	1.30	0.58	7.18	6.28	-14.51
<b>Wheat</b>	W00	704.75	-0.74	-5.97	-4.76	-10.90	-45.54
<b>Bloomberg Commodity Index</b>	BCOM	108.31	2.62	1.16	-5.38	-3.98	-14.74

### News Review

- [Robinhood Subpoenaed by SEC Over Brokerage's Crypto Business](#)
- [SEC Charges Nishad Singh with Defrauding Investors on FTX](#)
- [The Naira Crisis Is Fueling Bitcoin Adoption In Nigeria](#)
- [Celsius Custody Customers Finally Begin Withdrawals After Freeze](#)
- [Coinbase CEO on Pending Regulatory Changes in Digital Assets](#)
- [Mt. Gox Creditors May Finally Start Seeing Their Bitcoins This Month](#)
- [Ethereum Developers Push Back Shanghai Upgrade to Early April](#)

■ Valkyrie's Alt Layer 1 Index



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

Chart 1: Rates Approaching YoY Inflation Projections : Source: Valkyrie Investments, Inc., FRED, Truflation.com, CME

Chart 2: Total Fed Liquidity Continues to Decline: Source: Valkyrie Investments, Inc., TradingView

Chart 3: Bitcoin Moving Average Compression: Source: Valkyrie Investments, Inc., TradingView

Chart 4: Stablecoin Dominance Continues to Fall: 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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