

## Key Takeaways

- After a 25 bp rate hike last week, rate probabilities forecast cuts in '23 & '24
- Regulatory enforcement actions continue as CFTC files suit against Binance
- The Bitcoin network hash rate has reached a new ATH of over 400 EH/s

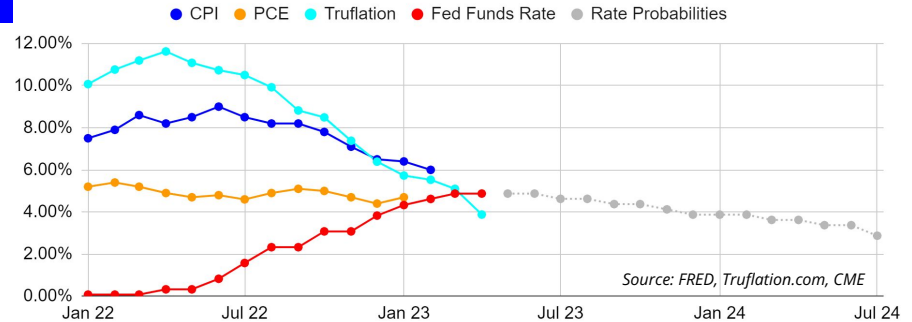
## On-Chain Commentary

Last week, the Fed raised rates by 25 basis points, bringing the Fed funds rate above both the Truflation real-time inflation estimation and the Fed's preferred inflation metric, PCE. Another PCE data release is expected to show a small decline on Friday. Markets remain concerned in regards to regional bank liquidity and potential issues with commercial real estate loans, as small banks handle almost 80% of these loans in the US. Since the banking crisis began earlier this month, the Fed has added \$390B to its balance sheet.

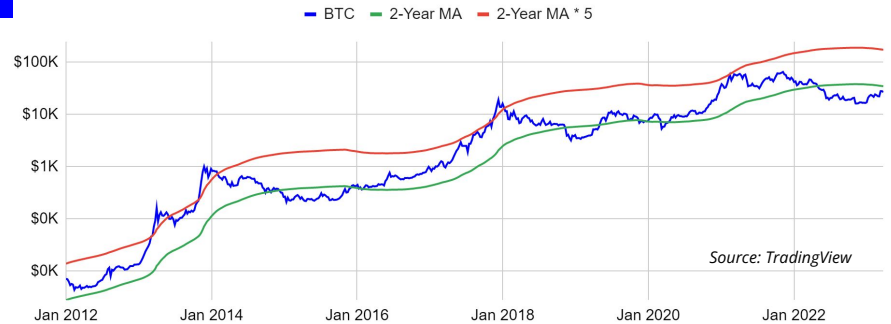
Despite regulatory headlines, Bitcoin and Ethereum have remained relatively stable. Coinbase was issued a Wells notice by the SEC last week, and this week the CFTC announced a lawsuit against Binance and its CEO Changpeng Zhao over unregistered crypto derivatives products and evasion of compliance laws. Both the SEC and CFTC have brought charges against many in the ecosystem following the spectacular collapse of FTX in late 2022. US regulatory agencies continue to form rules and guidelines around digital assets, which will enable deeper integration within traditional finance platforms and provide secure accessibility to more investors diversifying their portfolios.

Bitcoin's network hashrate has exploded higher thanks to further improvements in ASIC efficiency, continued infrastructure buildout in the US and a higher Bitcoin price. As price rises, previously unprofitable mining rigs become profitable once again and are economical to turn back on. Various US state legislatures have also recently passed safe harbor laws for Bitcoin miners. Many variables determine mining profitability, including Bitcoin price, network difficulty, block reward, and transaction fees.

**Chart 1: Rate Probabilities Currently Pricing in Cuts for the Remainder of Year**  
Real-time inflation projections are now below the current Fed funds rate and PCE

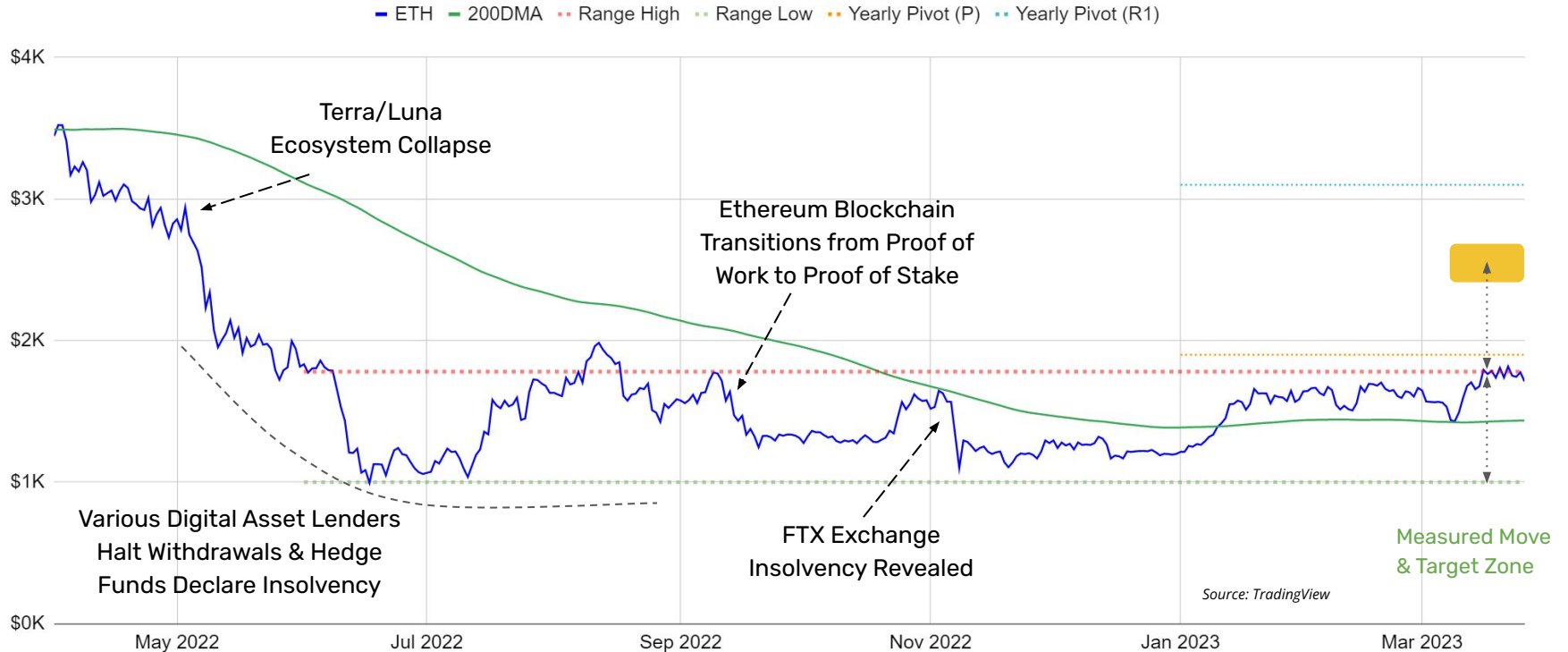


**Chart 2: Despite the YTD Price Rise, Bitcoin Remains Below the 2-year MA**  
The two-year moving average multiplier suggests Bitcoin remains oversold



### Chart 3: Ethereum has Remained in a Multi-month Range Bound Price Structure After the Mass Deleveraging Events Throughout 2022

Ethereum price has lagged Bitcoin and continues to hold within a tight range. Although the Ethereum price firmly crossed above the 200 daily moving average (DMA) in January, very little bullish momentum has followed over the past few weeks. The current price consolidation at the range high is a potential sign of building bullish momentum. The 1.618 Fibonacci extension and measured move of the range breakout yields a target zone of \$2,400 to \$2,700. Yearly pivots also suggest key levels at \$1,800 and \$3,100.



<u>Digital Assets</u>	Ticker	Price (\$)	Returns (%)					M Cap (B)
			1 week	1 month	3 month	YTD	1 year	
Bitcoin	BTC	27388.32	-2.18	18.33	61.90	65.67	-38.51	529.40
Ethereum	ETH	1740.52	-2.01	8.42	41.78	45.62	-44.68	212.99
Polygon	MATIC	1.07	-3.26	-10.62	31.00	41.03	-33.73	9.71
Solana	SOL	20.22	-3.53	-7.50	78.46	102.81	-80.14	7.77
Polkadot	DOT	6.00	-1.17	-5.50	31.22	39.26	-71.31	7.02
Avalanche	AVAX	16.59	-3.11	-2.88	41.55	52.34	-80.69	5.41
Near Protocol	NEAR	1.90	-3.51	-15.20	38.16	51.76	-57.60	1.64
Zilliqa	ZIL	0.027	-3.34	-14.24	49.34	67.45	-72.12	0.42
Valkyrie L1 Index		39.45	-4.28	-9	40.39	48.1	-69.95	

<u>TradFi Indices</u>							
S&P 500	SPX	3994.13	1.07	0.29	3.87	4.02	-12.72
Nasdaq 100	NDX	12818.31	2.06	6.33	16.71	17.20	-14.45
Russell 2000	RUT	1752.70	0.39	-7.62	-0.52	-0.53	-15.70
Dow Jones Ind.	DJI	32468.57	0.64	-1.33	-2.27	-2.10	-7.16

## News Review

[Coinbase Gets SEC Notice Signaling Intent to Sue Over Crypto Offerings](#)

[Coinbase CEO on Wells Notice: We are proud to stand up for our customers and the industry in these moments.](#)

[Custodia Bank Stands Firm in Response to the Fed](#)

[Fed Explains Why Custodia Got an 'F' on Its Examination](#)

[Binance and Its CEO Sued by CFTC Over US Regulatory Violations](#)

Valkyrie Alternative Layer 1 Index





# Weekly Market Review – March 27th, 2023

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

Chart 1: Rate Probabilities Currently Pricing in Cuts for the Remainder of Year : Source: Valkyrie Investments, Inc., FRED, Truflation.com, CME

Chart 2: Despite the YTD Price Rise, Bitcoin Remains Below the 2-year MA: Source: Valkyrie Investments, Inc., TradingView

Chart 3: Ethereum has Remained in a Multi-month Range Bound Price Structure After the Mass Deleveraging Events Throughout 2022: Source: Valkyrie Investments, Inc., TradingView

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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