

Key Takeaways

- March CPI estimates currently show a YoY decline to 5.2%
- Staked Ethereum will finally become fully liquid on Wednesday this week
- The unlock process will be transparent via on-chain analytics

On-Chain Commentary

This week's major macro events are the release of March CPI data and bank earnings. Currently, CPI estimates are around 5.2% YoY, lower than the 6.0% YoY in February. Truflation, a real-time inflation estimate, also indicates that CPI will continue to decrease. Fed funds rate probabilities suggest that there will be one more hike, then a hold at that level, followed by a series of cuts after mid-year. Additionally, the March jobs report showed a drop in the unemployment rate from 3.6% to 3.5%, indicating a tight labor market.

In the digital asset realm, the focus is on the Shapella Ethereum protocol upgrade. Since the launch of Ethereum's Beacon chain in December 2020, users have been able to stake ETH. Each validator requires 32 ETH but partial staking through staking services is also possible. Any ETH sent to the Beacon chain to stake has been locked on the chain. The Beacon chain ran in concurrence with the main Ethereum chain, which merged with the Beacon chain in September 2022.

This week, all staked ETH will have the ability to become fully liquid and join an unlock queue, allowing users to freely move their coins. The process and magnitude of the unlock will be transparent through on-chain analytics. Glassnode reports around 1,800 validators, or about 58,000 ETH, have already begun to voluntarily exit staking. Validators can also partially withdraw coins above 32 ETH, which don't provide any additional yield. Users can then roll those rewards into new validators. The estimated ETH staking yield is around 4.26%, which will only improve as ETH is unstaked. Over the next few weeks, this reward dynamic will likely reach an equilibrium, but for now, a high percentage of ETH supply is likely to move around as users make the best decision for their circumstances.

Chart 1: Rate Probabilities Suggest One More 25 bp Hike Before a Series of Cuts
Real-time inflation projections remain below the current Fed funds rate and PCE

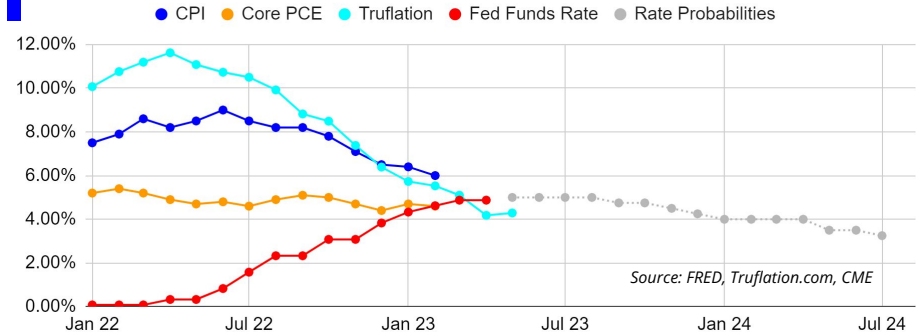
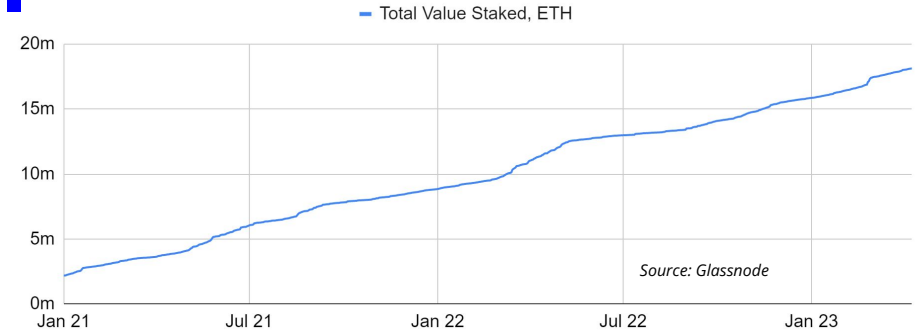


Chart 2: Staked Ethereum is Set to Become Liquid This Week After Shapella
15% of the total Ethereum circulating supply will have the ability to become unlocked



Digital Assets	Ticker	Price (\$)	Returns (%)					M Cap (B)
			1 week	1 month	3 month	YTD	1 year	
Bitcoin	BTC	28438.42	0.34	-0.13	65.55	72.02	-33.50	550.07
Ethereum	ETH	1860.46	0.03	2.09	40.94	55.65	-42.92	224.11
Polygon	MATIC	1.10	-0.36	-1.79	30.25	44.85	-25.00	10.10
Solana	SOL	20.20	-0.49	-4.63	23.77	102.61	-82.13	7.84
Polkadot	DOT	6.14	-1.24	-3.27	25.57	42.46	-68.96	7.29
Avalanche	AVAX	17.47	-0.47	-1.34	43.38	60.39	-79.35	5.70
Near Protocol	NEAR	1.99	-1.29	-0.65	20.82	58.80	-55.63	1.72
Zilliqa	ZIL	0.03	-1.57	-0.17	23.26	82.77	-75.95	0.46
Valkyrie L1 Index		42.65	-1.42	19.82	34.05	60.11	-68.23	

TradFi Indices							
S&P 500	SPX	4105.31	1.34	4.76	7.80	6.92	-8.78
Nasdaq 100	NDX	13062.60	0.77	8.89	21.61	19.40	-10.11
Russell 2000	RUT	1754.46	-0.79	-3.95	0.07	-0.39	-12.70
Dow Jones Ind.	DJI	33485.29	1.91	3.81	1.69	1.02	-3.18

News Review

- [Bitcoin Deserves Some Space in Your Portfolio](#)
- [US Treasury Releases 2023 DeFi Illicit Finance Risk Assessment](#)
- [Tested on Ethereum, StarkWare's Zero-Knowledge Proofs Are Now Live on Bitcoin](#)
- [FTX Debtors Say 'Hubris, Incompetence, and Greed' at Root of Exchange's Collapse](#)
- [MicroStrategy Adds Another 1,045 Bitcoin to Coffers](#)

Valkyrie Alternative Layer 1 Index





Weekly Market Review – April 10th, 2023

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

Chart 1: Rate Probabilities Suggest One More 25 bp Hike Before a Series of Cuts : Source: Valkyrie Investments, Inc., FRED, Truflation.com, CME

Chart 2: Staked Ethereum is Set to Become Liquid This Week After Shapella: Source: Valkyrie Investments, Inc., Glassnode

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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Authors:

Steven McClurg, CIO
Bill Cannon, Portfolio Manager
Sean Rooney, VP Research and Trading
Josh Olszewicz, Head of Research