

Key Takeaways

- Ethereum successfully implemented staked ETH withdrawals
- Trend metrics remain strong for most high market cap digital assets

On-Chain Commentary

The Shapella network upgrade for Ethereum, a combination of Shanghai and Capella, was successfully implemented last week. All staked ETH, which was previously locked on the Beacon chain, has the ability to join the exit queue and become fully liquid once again, if desired. Since April 13th, the majority of ETH leaving the staking environment has been associated with staking rewards rather than the initial 32 ETH principle. Any validator with more than 32 ETH does not receive additional APY beyond the principal. Most of the completed withdrawals have been from Kraken, whose staking program was recently closed by the SEC. According to Nansen's on-chain data, approximately 900,000 ETH remains in the exit queue.

Lido, the largest staking provider in terms of ETH held, has tiered withdrawals scheduled throughout May based on the amount of ETH staked. Although the initial wave of staking withdrawals has largely been completed, larger withdrawals will probably continue over the next 45 days. Despite this, there has not been significant selling pressure on Ethereum, with many stakers either re-staking or rotating their Ethereum to another staking service.

Bitcoin and Ethereum continue to show strong trend metrics. Bitcoin has remained range-bound around the \$30k level, which has historically served as both a key support and resistance level. The \$30k-\$34k range is also the target zone for the previous multi-month consolidation. After the Shapella upgrade, Ethereum broke out above \$2,000 for the first time since August 2022 and is now at a multi-month high. Outside of the top two, Avalanche has seen a rise in on-chain activity and price since April 1st, with daily active addresses and transactions doubling. When Bitcoin remains range-bound, digital assets lower down the market cap table tend to experience an increase in price activity due to attractive relative value plays.

Chart 1: Rate Probabilities Continue to Suggest a Terminal Rate of 5.00%-5.25%
Real-time inflation projections remain below the current Fed funds rate and PCE

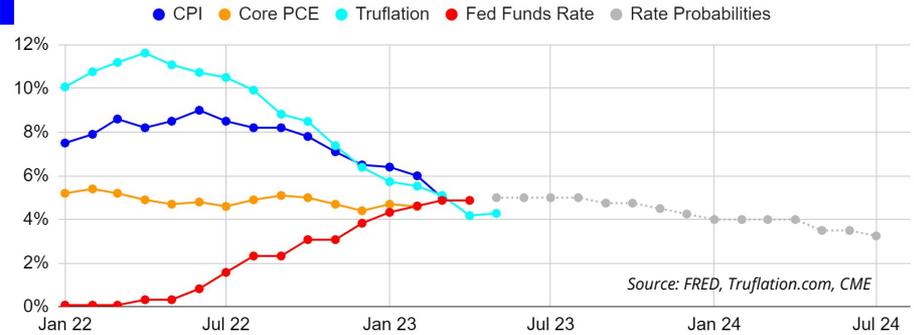
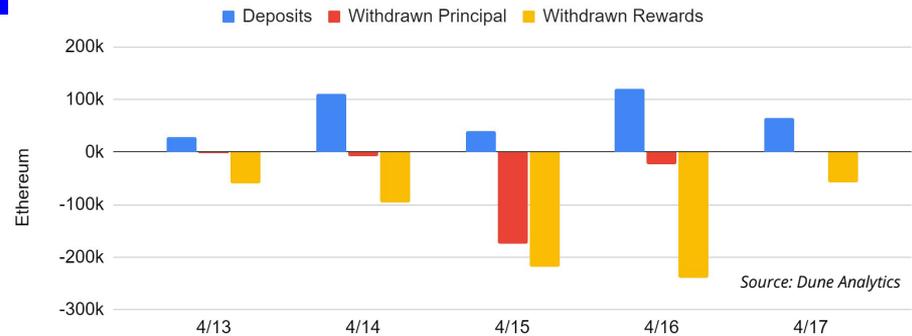


Chart 2: Staked Ethereum Withdrawals Have Begun Processing
Accounting for deposits & withdrawals, ~350,000 ETH has left the staking environment



Digital Assets	Ticker	Price (\$)	Returns (%)					M Cap (B)
			1 week	1 month	3 month	YTD	1 year	
Bitcoin	BTC	29459.38	-2.88	3.46	39.02	78.20	-27.06	570.00
Ethereum	ETH	2079.64	-1.93	14.12	31.87	73.99	-32.05	248.38
Polygon	MATIC	1.17	-1.10	4.74	14.80	54.49	-15.69	10.80
Solana	SOL	24.88	-1.85	17.47	5.65	149.55	-75.62	9.76
Polkadot	DOT	6.70	-1.92	5.60	15.24	55.52	-64.01	7.88
Avalanche	AVAX	20.97	3.79	18.43	25.22	92.52	-73.03	6.84
Near Protocol	NEAR	2.29	-1.21	14.41	5.25	82.88	-48.90	2.03
Zilliqa	ZIL	0.03	-2.89	8.43	15.28	98.53	-71.42	0.50
Valkyrie L1 Index		48.70	14.19	17.10	23.15	82.82	-61.18	

TradFi Indices							
S&P 500	SPX	4137.64	0.79	5.64	3.46	7.77	-5.80
Nasdaq 100	NDX	13079.52	0.13	4.47	13.33	19.56	-5.86
Russell 2000	RUT	1781.15	1.52	3.20	-5.61	1.13	-11.16
Dow Jones Ind.	DJI	33886.47	1.20	6.35	-1.21	2.23	-1.64

News Review

[SEC Charges Crypto Asset Trading Platform Bittrex & Former CEO for Operating an Unregistered Exchange, Broker, & Clearing Agency](#)

[BitPay To Pay \\$1M to New York's Financial Services Department](#)

[a16z: 2023 State of Crypto Report](#)

[Winklevoss Twins Lend \\$100 Million to Their Gemini Crypto Platform](#)

[Banks Are Closing Customer Accounts, With Little Explanation](#)

Valkyrie Alternative Layer 1 Index





Weekly Market Review – April 17th, 2023

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

Chart 1: Rate Probabilities Continue to Suggest a Terminal Rate of 5.00%-5.25%: Source: Valkyrie Investments, Inc., FRED, Truflation.com, CME

Chart 2: Staked Ethereum Withdrawals Have Begun Processing: 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.

Past performance is not indicative of future results. Investments may be speculative, illiquid and there is a risk of total loss. There is no guarantee that any specific outcome will be achieved. There is no guarantee that any specific outcome will be achieved. This is not an offer to buy or sell securities. We do not offer legal, tax or financial advice. Information is purported to be as of the time period provided therein. Charts/graphs are for illustrative purposes only.

Cautionary Statement Concerning Forward-Looking Statements:

This document contains forward-looking statements. In addition, from time to time, we or our representatives may make forward-looking statements orally or in writing. We base these forward-looking statements on our expectations and projections about future events, which we derive from the information currently available to us. Such forward-looking statements relate to future events or our future performance, including: our financial performance and projections; our growth in revenue and earnings; and our business prospects and opportunities. You can identify forward-looking statements by those that are not historical in nature, particularly those that use terminology such as "may," "should," "expects," "anticipates," "contemplates," "estimates," "believes," "plans," "projected," "predicts," "potential," or "hopes" or the negative of these or similar terms. In evaluating these forward-looking statements, you should consider various factors, including: our ability to change the direction of the Company; our ability to keep pace with new technology and changing market needs; and the competitive environment of our business. These and other factors may cause our actual results to differ materially from any forward-looking statement. Forward-looking statements are only predictions. The forward-looking events discussed in this document and other statements made from time to time by us or our representatives, may not occur, and actual events and results may differ materially and are subject to risks, uncertainties and assumptions about us. We are not obligated to publicly update or revise any forward-looking statement, whether as a result of uncertainties and assumptions, the forward-looking events discussed in this document and other statements made from time to time by us or our representatives might not occur.

Authors:

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