

Key Takeaways

- The Fed is expected to hike rates another 25bp at next week's FOMC
- Bank deposits are likely to continue to decline following tax season
- Digital asset businesses continue to seek regulatory clarity in the US

On-Chain Commentary

Earnings season is in full swing, with most S&P 500 companies set to report earnings over the next two weeks. Despite the S&P 500's unexciting multi-month range, these figures may shed light on the signals the Fed is tracking regarding economic contraction. Unless the Fed provides additional forward guidance at the FOMC meeting next week, the expected 25 basis point hike is unlikely to have an immediate impact on markets.

Bank deposits, which continue to decline in both large and small banks, remain a significant concern. Following the tax deadline, bank deposits could drop an additional \$170B based on treasury account inflows. Deposit outflows, combined with another rate hike, may be enough to push several regional banks to the brink. Banks that do not hold significant amounts of US treasuries and cannot take advantage of the newly created BTFP program are the most vulnerable. Interestingly, the 1-month and 3-month treasury yield spread has widened to the highest level ever, likely due to debt ceiling and default concerns as well as a potential Fed pause.

For digital assets, regulatory clarity or the lack thereof remains a top concern among crypto businesses in the US. Both Coinbase and Gemini have announced plans for offshore crypto derivatives exchanges, and Coinbase CEO Brian Armstrong has even floated the possibility of the company exiting the US entirely. Another indicator of bank deposit fears and regulatory unease is the differential between the offshore Tether and onshore USD Coin, with the two stablecoins now holding a \$50B differential in circulating supply. Since the FTX collapse in November, USDT inflows and USDC outflows have been directly inverse, a trend that has been further exacerbated after the SVB debacle.

Chart 1: Real-time inflation estimates have firmly dropped below 4.00%
Rate probabilities continue to suggest a terminal rate of 5.00%-5.25%

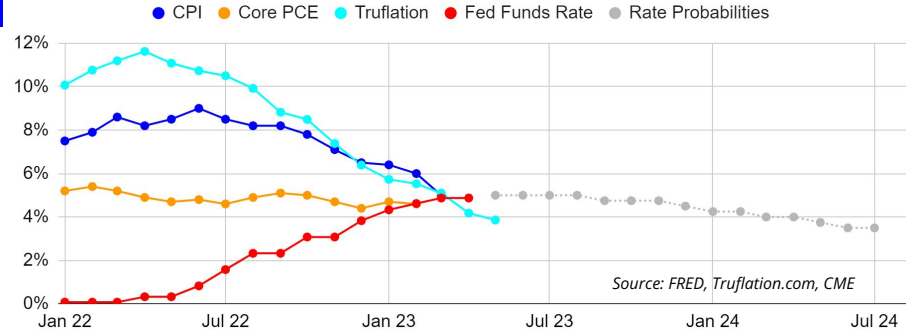


Chart 2: 1-month and 3-month US Treasury Yields, Weekly
Debt ceiling jitters have contributed to a significant 1-mo vs 3-mo UST spread

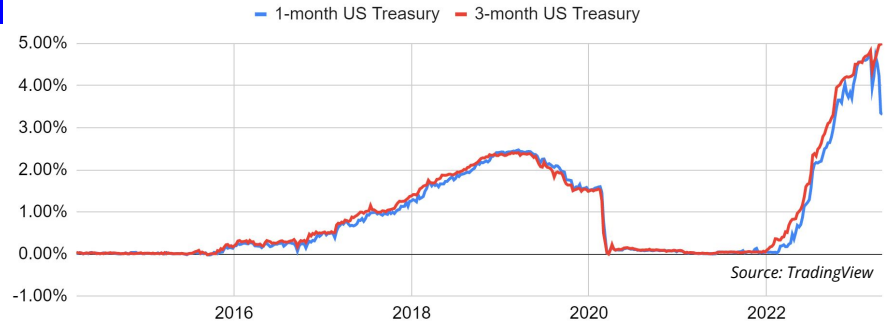


Chart 3: Bitcoin Remains Above the Previous Multi-month Range Even After the Swift Weekly Retracement

Despite a strongly bearish rejection of the \$30k level, trend metrics remain bullish. Historically, Bitcoin typically experiences several mean reversions throughout a given bullish trend. A confluence of support sits in the \$24k to \$26k zone, including; yearly pivots, the 200 weekly moving average (WMA) and a chart pattern horizontal breakout point. The multi-month reversal chart pattern, known as an inverted head and shoulders (iH&S), continues to have upside potential with a target price zone of \$30k to \$34k.



<u>Digital Assets</u>	Ticker	Price (\$)	Returns (%)					M Cap (B)
			1 week	1 month	3 month	YTD	1 year	
Bitcoin	BTC	27651.35	0.21	-2.89	20.64	67.26	-29.92	535.19
Ethereum	ETH	1870.02	0.44	2.64	14.96	56.45	-36.25	225.17
Polygon	MATIC	1.01	0.40	-9.84	1.41	32.98	-26.05	9.32
Solana	SOL	21.86	1.82	3.21	-10.12	119.26	-78.28	8.59
Polkadot	DOT	5.97	1.09	-5.89	-9.04	38.60	-68.08	7.02
Avalanche	AVAX	17.22	2.18	-2.74	-4.23	58.10	-76.36	5.63
Near Protocol	NEAR	1.93	0.73	-3.40	-24.14	54.40	-56.86	1.72
Zilliqa	ZIL	0.03	-1.45	8.56	10.13	98.77	-71.57	0.50
Valkyrie L1 Index		40.74	-16.35	4.39	-0.59	52.93	-66.70	

<u>TradFi Indices</u>							
S&P 500	SPX	4133.52	-0.10	4.09	4.05	7.66	-3.24
Nasdaq 100	NDX	13000.77	-0.60	1.83	11.89	18.84	-2.67
Russell 2000	RUT	1791.51	0.58	3.26	-4.06	1.72	-7.69
Dow Jones Ind.	DJI	33808.96	-0.23	4.87	1.30	2.00	-0.01

News Review

[EU Passes MiCA, Comprehensive Crypto Regulation](#)

[HK Court Declares Crypto Assets Are Property](#)

[Gemini Unveils Offshore Crypto Derivatives Platform](#)

[Coinbase Looks to Open Offshore Crypto Derivatives Exchange](#)

[Coinbase's Layer-2 Blockchain Base Plans for 2023 Mainnet Launch](#)

[Lightspark Unveils Lightning Platform for Business](#)

Valkyrie Alternative Layer 1 Index





Weekly Market Review – April 24th, 2023

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

Chart 1: Real-time inflation estimates have firmly dropped below 4.00%: Source: Valkyrie Investments, Inc., FRED, Truflation.com, CME

Chart 2: 1-month and 3-month US Treasury Yields, Weekly: Source: Valkyrie Investments, Inc., TradingView

Chart 3: Bitcoin Remains Above the Previous Multi-month Range Even After the Swift Weekly Retracement 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.

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.

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