## Weekly Market Review - May 8th, 2023

#### Key Takeaways

- After last week's 25bp hike, the Fed is unlikely to continue raising rates
- Regional banks remain under duress, as deposit outflows slowly continue
- NFT minting on Bitcoin increased dramatically over the weekend

#### Macro Commentary

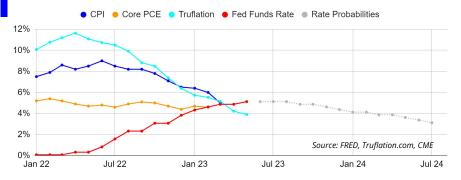
As expected, rates were lifted another 25bp at last week's FOMC meeting. Chairman Powell's leading statement touched on the banking system being sound and resilient, which was then followed mere hours later with severe volatility in several regional banks. The whisper of a short selling ban on regional stocks later in the week set the market soaring higher. Despite floating the idea, no serious discussion regarding a short selling ban has been publicly revealed.

The continuing concern for regional banks is what is being dubbed a "bank walk" from low yield savings accounts to higher yielding money market accounts or CDs. Based on the weekly H8 report from the Fed, deposits have continued to slowly decline week over week in both large and small commercial banks. As this crisis seems to have abated in the near term, this week's focus will be CPI on Wednesday and bipartisan negotiations regarding the debt ceiling.

Over the weekend, transaction experimentation on the Bitcoin network surged as NFT minting became more popular. Despite being in the early stages, there is a possibility that primordial versions of objectively non-speculative use cases may emerge. The deluge of on-chain activity is reflected in the significant increase in average transaction fees from \$2 in late April to nearly \$20 today. This weekend also saw fees exceeding the block reward, which helps assuage future concerns for Bitcoin's security budget when the block reward ends by 2140. Although NFTs have effectively added clip art to the blockchain so far, users seem to believe these NFTs have speculative value, enough so to pay for the minting and transaction fees. While these transactions and NFTs are allowable within the protocol, there is a split within the die-hard community on whether Ordinals should be on layer 1 of the Bitcoin blockchain.

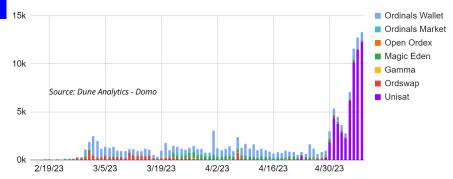
Chart 1: The Fed Will Likely Hold Rates At Current Levels

Rate probabilities continue to suggest the Fed is unlikely to continue raising rates



## Chart 2: Ordinal Related Trades Have Exploded Over the Past Week

Bitcoin NFT marketplaces have gained significant activity thanks to BRC-20 tokens



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38000.00

36000.00

34000.00

32000.00

### Chart 3: Bitcoin May Be Ready to Probe Lower Lows Following a Break of the Multi-Month Pitchfork Trend Line

High timeframe trend metrics continue to hold bullish, although an ominous short-term reversal chart pattern has formed. Although not classically matching the textbook criteria of a head and shoulders, price action since March 19th has painted an extreme high with flanking lower highs. If price breaches blow the neckline, a suggested target zone of \$24k is possible based on the measured depth of the pattern extended below the neckline. Price also sits within a valid bullish pitchfork, established at the beginning of the year. Price may find support near the outer bound diagonal, similar to mid-March. Key moving averages also reside in this zone, adding confluence to support in the area.

Technical Analysis Review: Pitchforks

• The pitchfork is drawn using an extreme high or low paired with another extreme low or high. The anchor point should also coincide with a previous extreme low or high. The median line (red) gives the expected mean of the trend. Price will continually attempt to return to this diagonal.



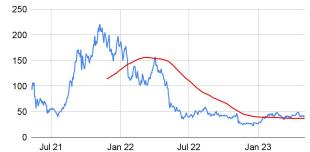
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				Returns (%)					
	Digital Assets	Ticker	Price (\$)	1 week	1 month	3 month	YTD	1 year	M Cap (B)
	Bitcoin	BTC	28273.76	-0.59	-3.33	24.21	71.03	-20.26	547.58
	Ethereum	ETH	1855.65	-0.93	-0.81	14.93	55.25	-29.57	223.32
	Polygon	MATIC	0.94	-2.99	-4.18	-21.07	24.01	-7.66	8.69
	Solana	SOL	21.23	-2.03	-6.56	-6.27	112.94	-73.13	8.38
	Polkadot	DOT	5.45	-3.28	-7.24	-16.06	26.54	-60.33	6.44
	Avalanche	AVAX	16.06	-2.71	-6.13	-17.92	47.39	-70.81	5.31
	Near Protocol	NEAR	1.68	-3.45	-13.33	-27.55	34.24	-62.49	1.51
	Zilliqa	ZIL	0.02	-6.31	-11.84	-16.95	55.96	-67.52	0.39
	Valkyrie L1 Index		39.64	-5.63	-7.31	-8.32	48.82	-57.95	Valkyrie
	<u>TradFi Indices</u>								250
	S&P 500	SPX	4136.25	-0.80	0.76	-0.01	7.73	0.31	200 -
	Nasdaq 100	NDX	13259.13	0.10	1.50	5.45	21.20	4.46	× 100
	Russell 2000	RUT	1759.88	-0.51	0.31	-11.36	-0.08	-4.33	50
	Dow Jones Ind.	DJI	33674.38	-1.24	0.56	-0.74	1.59	2.36	0 -

# News Review Crypto Firms Find a Way to Bank Without Banks Jack Dorsey's Cash App Posts \$2.16B in Bitcoin Revenue for Q1 2023 Venmo Introduces Crypto Transfers for Customers BNP Paribas to Promote Digital Yuan Usage in China El Salvador School Program Hits 1 BTC In Donations via Lightning Network Is the World Leaving America Behind on Crypto Regulation?

### /alkyrie Alternative Layer 1 Index



Valkyrie Alternative Layer 1 Index
 200DMA

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

Chart 1: The Fed Will Likely Hold Rates At Current Levels: Source: Valkyrie Investments, Inc., FRED, Truflation.com, CME

Chart 2: Ordinal Related Trades Have Exploded Over the Past Week: Source: Valkyrie Investments, Inc., Dune Analytics - Domo

Chart 3: Bitcoin May Be Ready to Probe Lower Lows Following a Break of the Multi-Month Pitchfork Trend Line 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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