

Key Takeaways

- Markets prepare for 'hawkish skip' rhetoric at this week's FOMC meeting
- Digital asset markets have decoupled from the risk-on rally in US equities
- SEC unregistered securities allegations have sent alt coins significantly lower

Macro & On-chain Commentary

After a several week summer lull, significant inflation data points from the US will be released this week along with meetings by the Federal Reserve and European Central Bank. US CPI, released Tuesday, is projected to continue its rapid descent with an estimated print of 4.1% YoY. Euro zone inflation remains much higher at 6.1% YoY but has declined faster than consensus. Overall, odds favor a skip in Fed hiking this meeting with continued rate rises in the Euro zone above the current 3.25% benchmark rate. A Fed rate hike skip is likely to be celebrated by equity bulls who have already helped fuel the S&P 500 to new yearly highs. Fed chair Powell's language at the meeting is likely to highlight the potential for a raise in further meetings this year while downplaying the possibility of a full blown pause.

Digital assets have continued to shed their high correlations with tradfi indices and inverse correlations with the VIX. Bitcoin and Ethereum have not benefited from a risk-on equity environment over the past few weeks, potentially hinting at the unease in regards to pending regulatory actions. The SEC charges against Binance and Coinbase, while naming several alt coins securities, sends a strong message to US investors that the digital asset ecosystem is headed for continued scrutiny. Valkyrie's Layer 1 index declined nearly 30% over the past week following Robinhood's announcement they would be delisting Solana, Cardano and Polygon. Alt coin investors seemingly found refuge in Bitcoin, Ethereum and Stablecoins after fears many more alt coins may be delisted from US exchanges. In aggregate, Bitcoin and Ethereum comprise about 67% of the total market cap of all digital assets, which may continue to grow. All in all, the regulatory landscape of the crypto markets is intensifying, and numerous industry leaders are urging for the establishment of a framework to enable proper registration and operation of cryptocurrency exchanges.

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Chart 1: Fed Likely to Skip Hike at Meeting This Week

Evidence for a pause at this week's meeting may emerge with a CPI print on Tuesday

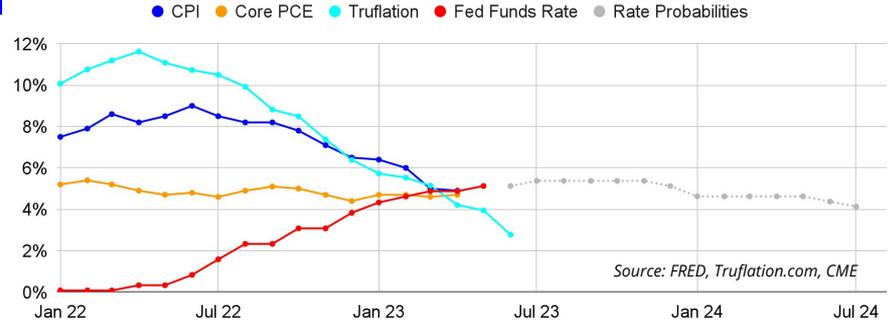


Chart 2: Tether has Continued to Dominate YTD Stablecoin Issuance

USDT circulating supply has grown \$17B YTD with USDC shrinking by \$16B

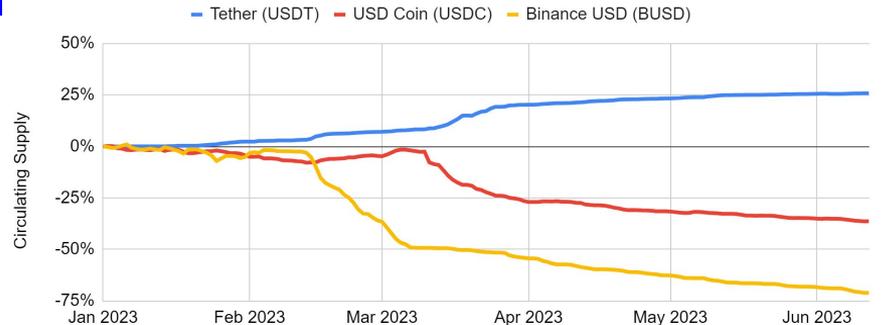


Chart 3: Bitcoin's Mean Reversion Price Retracement Points to the Possibility of a +50% Move Within the Next Few Months

Following the multi-month deleveraging throughout 2022, Bitcoin formed a range which qualified as an inverted head and shoulders (iHS), a bullish reversal chart pattern. Hallmarks of this pattern include an extreme low flanked by two higher but equal lows. The horizontal resistance for this pattern is known as a neckline. Typically, but not always, price will break above the neckline and then return to that level, currently between \$24,000 to \$25,000. This behavior is described as a 'throwback', which in this case also includes a nearly three-month bullish reversal falling wedge chart pattern. Hallmarks of this pattern include a continuous series of higher lows and lower highs. The best performing triangles and wedges typically break when three-quarters complete. Positive resolution of the throwback measures as potentially a pivot-to-pivot trade setup from \$25,000 to \$37,000. Extended price activity below the 200DMA would suggest a chart pattern failure and further range bound activity between \$15,000 to \$25,000.



Returns (%)

Digital Assets	Ticker	Price (\$)	Returns (%)					M Cap (B)
			1 week	1 month	3 month	YTD	1 year	
Bitcoin	BTC	25833.53	-0.40	-5.10	6.66	56.27	-9.02	501.18
Ethereum	ETH	1733.74	-1.10	-7.49	3.08	45.05	13.23	208.44
Solana	SOL	15.23	-2.18	-26.81	-25.71	52.76	-55.09	6.08
Polygon	MATIC	0.64	1.26	-27.91	-46.37	-15.17	19.07	5.97
Polkadot	DOT	4.53	0.08	-14.82	-26.16	5.14	-43.57	5.40
Avalanche	AVAX	11.49	-0.87	-18.62	-30.60	5.45	-42.21	3.96
Near Protocol	NEAR	1.20	-0.33	-23.69	-41.13	-4.16	-73.22	1.10
Zilliqa	ZIL	0.02	-0.37	-24.34	-34.42	9.06	-58.51	0.27
Valkyrie L1 Index		27.86	-27.08	-24.01	-30.27	4.60	-32.33	

TradFi Indices

S&P 500	SPX	4299	0.39	4.24	11.32	11.96	10.20
Nasdaq 100	NDX	14528	-0.13	8.91	22.81	32.80	22.78
Russell 2000	RUT	1866	1.90	7.17	5.25	5.93	3.63
Dow Jones Ind.	DJI	33877	0.34	1.73	6.16	2.20	7.91

News Review

SEC Charges [Binance](#) and [Coinbase](#) with Operating Unregistered Exchanges

[Ooki DAO to Shut Down After 'Precedent Setting' Court Battle with CFTC](#)

[CFTC Approves Cboe Clear Digital, LLC to Clear Margined Digital Asset Futures](#)

[Opinion - When Is a Token Not a Security?](#)

[Custodian BitGo Bails Out Prime Trust in Acquisition Deal](#)

[Turkish Investors Looking for Haven Turn to Stablecoin Tether](#)

Valkyrie Alternative Layer 1 Index





Weekly Market Review – June 12th, 2023

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

Chart 1: Fed Likely to Skip Hike at Meeting This Week: Source: Valkyrie Investments, Inc., FRED, Truflation.com, CME

Chart 2: Tether has Continued to Dominate YTD Stablecoin Issuance: Source: Valkyrie Investments, Inc., TradingView

Chart 3: Bitcoin's Mean Reversion Price Retracement Points to the Possibility of a +50% Move Within the Next Few Months: Source: Valkyrie Investments, Inc., TradingView

Coin Prices, Market Capitalizations, and Returns: Source: Valkyrie Investments, Inc., TradingView. All returns represent total return for stated period.

"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.

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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