

Key Takeaways

- Odds of a June Fed hike diminished after a muted tone from Fed speakers
- The SEC has charged Binance with the selling of unregistered securities
- As expected, already bearish price sentiment was amplified on the news

Macro & On-chain Commentary

The hawkishness of various Fed governor's relaxed last week with hints of a pause in the June FOMC meeting next week. Unemployment ticked up slightly from 3.4% to 3.7%, despite nonfarm payrolls adding 339,000 jobs. With the debt ceiling deal now finalized, the Treasury will also need to begin replenishing the coffers. The large liquidity soak may further pressure risk markets and potentially put a near-term lid on AI speculative mania. Regulators may also soon require banks to raise capital requirements an additional 20%, according to the WSJ. Collectively, these treasury sales and new regulatory requirements may act as a 25 bp hike according to some analysts. Even still, a pause this month may still lead to a hike in July, and that possibility will likely be explicitly communicated by Fed Chair Powell next week.

The SEC has charged both the US and International Binance exchanges with selling unregistered securities and commingling customer assets with Binance company assets. Several alt coins were named as unregistered securities in the suit. Bitcoin and Ethereum were not mentioned. Until regulatory rules of the road are made clear, these regulatory enforcement actions in the US likely continue to push capital and exchanges increasingly off-shore, as is already the case with Coinbase and Gemini.

After an extended volatility lull, a negative headline was enough to push both Bitcoin and Ethereum to new monthly lows. Technicals for both had already leaned heavily bearish, but seemingly needed a catalyst to decisively move off of the plank. Although an exchange legal battle has no bearing on the fundamental health of either network, traders likely see an opportunity to take advantage of the news. Bitcoin continues unabated, with hashrate near all-time highs and Ethereum continues to see staking inflows now totaling three million ETH since mid-April.

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Chart 1: Odds on a Fed June Hike Have Flipped Over the Past Week

An uptick in unemployment and declining CPI may mean a rates pause this month

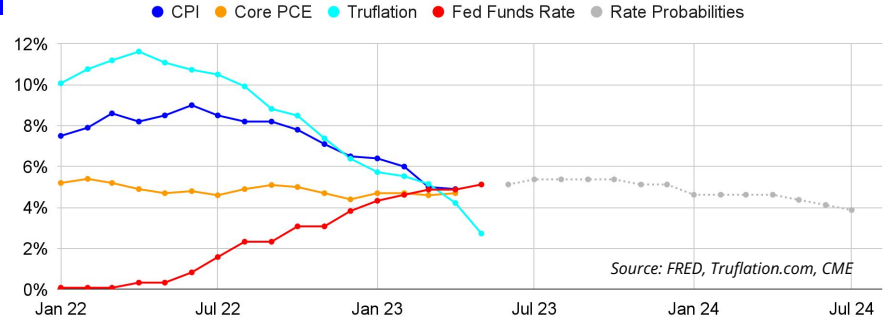


Chart 2: Bitcoin and Ethereum Monthly Volatility Sit Near Multi-month Lows

Since the local top in April, volatility has continued to drop near historic levels

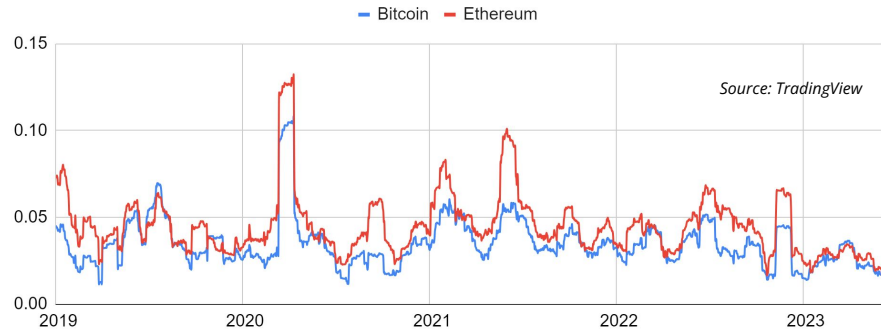
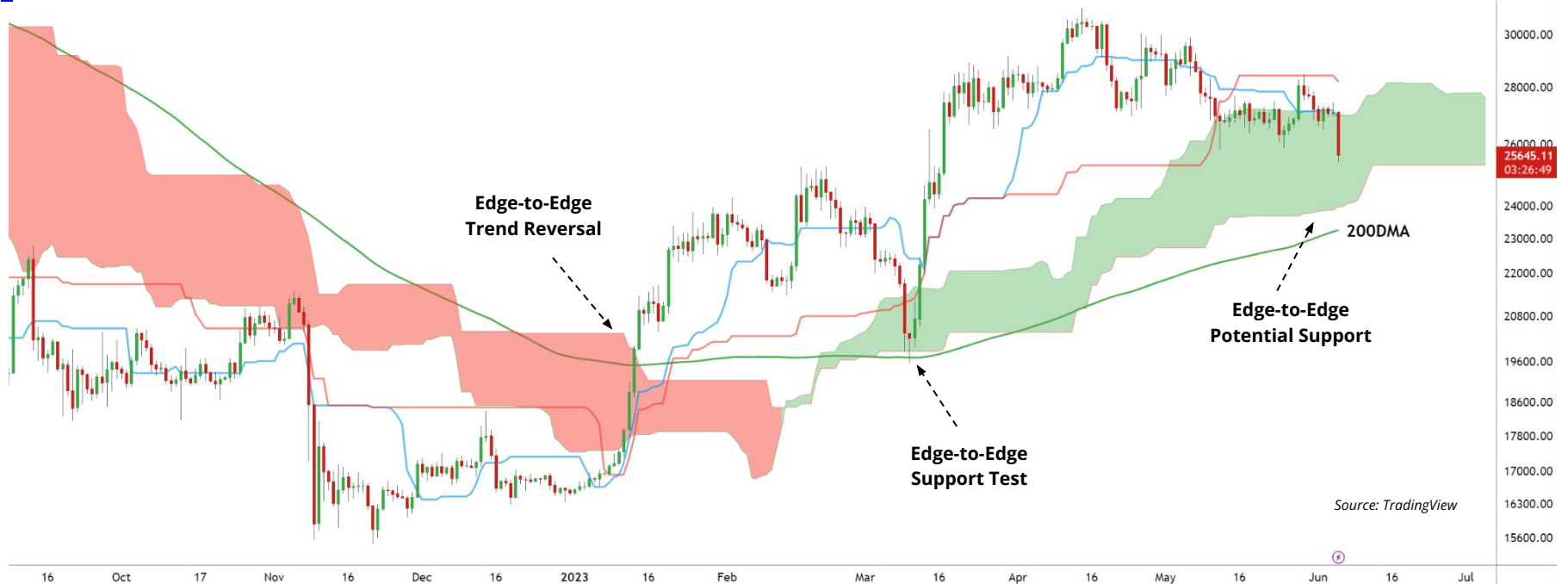


Chart 3: Bitcoin's Daily Ichimoku Cloud Continues to Suggest Potential Further Lows to the \$24,000 Level

The Ichimoku Cloud is a popular trend-following indicator used by many digital asset traders to quickly determine a price trend. The Ichimoku Cloud uses four metrics to help determine strength of trend; the current price position in relation to the Cloud, the color of the Cloud (red for bearish, green for bullish), the Tenkan (T) and Kijun (K) cross, and the Lagging Span (not shown). The best trade entries typically occur when most of the signals flip from bearish to bullish, or vice versa. Currently, price sits within the a green Cloud while holding a bearish TK cross. Together, this suggests an ongoing high timeframe bullish trend with a decline in bullish momentum and the potential for near-term retracement. A price close within the Cloud is suggestive of losing Cloud support and triggers the possibility of traversing to the opposite edge of the Cloud. In this case, an Edge-to-Edge trade would bring price to around \$24,000. Similar versions of the setup and resolution paths for this trade can be seen in early January and March.



Source: TradingView

Returns (%)

Digital Assets	Ticker	Price (\$)	Returns (%)					M Cap (B)
			1 week	1 month	3 month	YTD	1 year	
Bitcoin	BTC	26666.70	-1.68	-2.04	18.99	61.31	-10.63	517.16
Ethereum	ETH	1859.03	-1.66	-0.80	18.73	55.53	3.08	223.52
Solana	SOL	21.26	-2.57	2.16	3.05	113.24	-45.57	8.45
Polygon	MATIC	0.88	-1.57	-1.46	-22.26	16.09	47.90	8.17
Polkadot	DOT	5.25	-1.22	-1.25	-11.38	21.90	-44.33	6.30
Avalanche	AVAX	14.70	-0.49	4.16	-11.27	34.97	-40.13	5.06
Near Protocol	NEAR	1.62	0.00	2.99	-21.58	29.36	-63.86	1.48
Zilliqa	ZIL	0.02	-2.26	3.10	-14.48	48.62	-53.22	0.37
Valkyrie L1 Index		38.21	1.17	-7.42	-3.00	43.44	-25.50	

News Review

[BNY Mellon Commits to Long-Term Digital Asset Initiatives](#)

[House Republicans Look to Referee the CFTC-SEC Crypto Turf War](#)

[Crypto Exchange Gemini to Soon Operate in the UAE](#)

[Hong Kong-based First Digital Group Launches Redeemable USD-backed Stablecoin](#)

[Secret Crypto Holdings Are Becoming an Increasingly Common Conflict in Divorces](#)

TradFi Indices

S&P 500	SPX	4282.37	1.83	3.53	5.85	11.53	4.23
Nasdaq 100	NDX	14546.64	1.74	9.71	18.35	32.97	15.93
Russell 2000	RUT	1830.91	3.26	4.04	-5.05	3.96	-2.77
Dow Jones Ind.	DJI	33762.76	2.02	0.26	1.11	1.86	2.62

Valkyrie Alternative Layer 1 Index





Weekly Market Review – June 5th, 2023

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

Chart 1: Odds on a Fed June Hike Have Flipped Over the Past Week: Source: Valkyrie Investments, Inc., FRED, Truflation.com, CME

Chart 2: Bitcoin and Ethereum Monthly Volatility Sit Near Multi-month Lows: Source: Valkyrie Investments, Inc., TradingView

Chart 3: Bitcoin's Daily Ichimoku Cloud Continues to Suggest Potential Further Lows to the \$24,000 Level: 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.

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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