



MAY 25 - 2023

DAILY MARKET REPORT



SECURE
DIGITAL MARKETS

Institutional research.

Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	24,000	25,250	28,500	29,500	0.03%	0.03%	-0.48%	58.76%
Ethereum	1,570	1,710	1,995	2,150	0.43%	1.30%	-6.40%	50.07%
S&P 500	4,065	4,113	4,230	4,315	0.37%	-1.61%	-0.11%	1.79%
Nasdaq	13,000	13,300	14,300	14,850	+1.59%	-0.03%	5.02%	26.34%
US Dollar Index	100.35	101.70	104.30	105.30	+0.27%	-0.11%	2.60%	2.23%

Next FOMC meeting: June 14 2023.

- Probability of a 0bps hike → 54%
- Probability of a 25bps hike → 46%



BITCOIN

Price: \$26,320

Change (24hrs): +0.10%

Trading Volume (24hrs): +4.6%

Funding rate: 0.0077%



ETHEREUM

Price: \$1,797

Change (24hrs): +0.55%

Trading Volume (24hrs): +0.70%

Funding rate: 0.0052%



Latest Digital Asset News

1- Bitcoin Options Market Signals Weakness over 6 Months Amid Debt Ceiling Drama

The Bitcoin (BTC) options market is reflecting a lean towards potential price depreciation for a six-month period, marking the first instance of such sentiment since the beginning of March, amid the ongoing US debt ceiling conundrum.

The six-month call-put skew, a metric that calculates the disparity between the premium investors are prepared to offer for optimistic call options and pessimistic put options with a 180-day expiration timeline, has descended to -1, its nadir since March 13, as per data from Deribit, a premier cryptocurrency options exchange, monitored by Amberdata.

Put options are a variety of derivative instruments that appreciate when the prices of the underlying assets decline. These instruments provide their owners with a right, sans the compulsory obligation, to sell an asset at a preordained price on a predetermined date, thereby facilitating them to speculate against the asset associated with the put option.

The one-week, one-month, and three-month skews are also indicating a tendency towards put options. This trend aligns with the recent movements in the S&P 500 market, where traders seem to be investing more in put volatility.

2- Bitcoin's 'Ichimoku Cloud' Suggests Deeper Drop Toward \$24K

The Ichimoku Cloud, a robust technical analysis tool established by Japanese journalist Goichi Hosada during the 1960s, is widely implemented in determining both the momentum and strength of market trends. According to analysts from Valkyrie Investments, a continued downward trajectory towards the \$24,000 threshold may be anticipated given that Bitcoin's daily chart's Ichimoku Cloud - a momentum-oriented indicator - has transitioned into a bearish state.

The chart displays a green Ichimoku cloud, which signifies a fundamentally promising broader market perspective. Nevertheless, the cryptocurrency's price has recently regressed back into the cloud. In addition, the Tenkan-Sen (represented by the blue line) has intersected below the Kijun-Sen (indicated by the red line), thereby substantiating a bearish crossover.

Analysts from Valkyrie, under the leadership of Chief Investment Officer Steven McClurg, propose that "this intimates a persistent high-timeframe bullish trend with a dwindling bullish momentum, coupled with the possibility of a near-term pullback."



TradFi

Nasdaq futures surged after the market closed Wednesday afternoon as Nvidia, a leading US semiconductor company, reported sales of \$11 billion, surpassing estimates of \$7.15 billion, which brought the firm closer to a \$1 trillion market cap. Sales have witnessed a surge, driven predominantly by the escalating demand for Nvidia's graphic processing units (GPUs). These GPUs, integral to the operation of artificial intelligence applications, have proven instrumental for leading tech organizations such as Google, Microsoft, and OpenAI. CEO Jensen Huang said the company was going to have a "giant record year."

Fitch Ratings has placed the United States' AAA long-term foreign-currency issuer default rating under negative watch, indicating potential downgrades in the future. This decision stems from the ongoing negotiations concerning the debt ceiling, which, according to the agency, elevates the risk of the U.S. government defaulting on some of its financial obligations.

Nevertheless, Fitch maintains its expectation for a timely resolution before the critical 'X-date' is reached, thus forestalling any potential defaults. The agency continues to closely monitor the situation and will adjust the rating as developments unfold.

The probability of a 25bps rate hike increased from 32% yesterday to 39% this morning.

The S&P500 futures is up 0.80% while Nasdaq futures is up by 2.2%. The S&P500 futures rebounded near the support level of 4113 that we shared earlier, as expected. The market continues to trade above its 50-day moving average, the classic sign of an uptrend.

Upcoming:

- Friday:
 - US → Core PCE + Consumer Sentiment



S&P 500 E-mini Futures, 4h, CME_MINI +5.00 (+0.12%)



TradingView

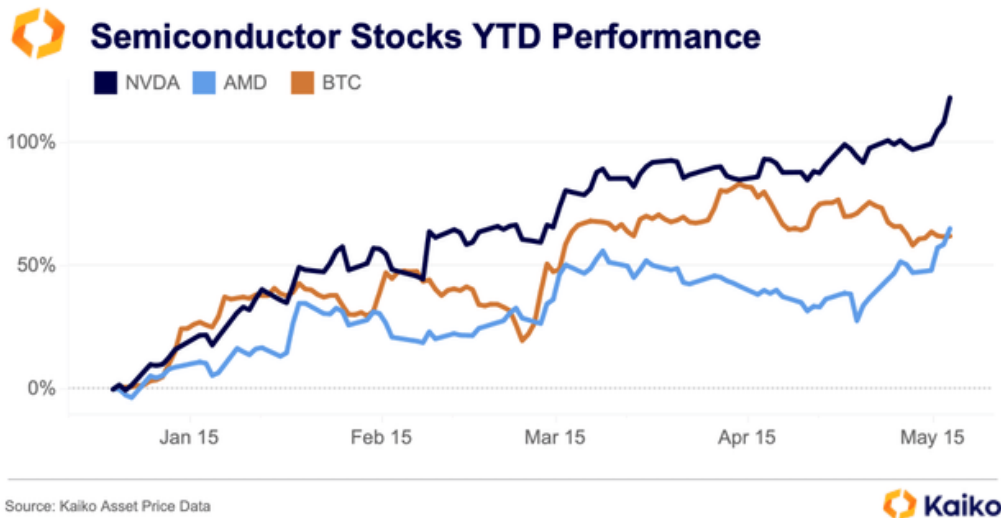
S&P 500 E-mini Futures, 1D, CME_MINI +34.50 (+0.84%)



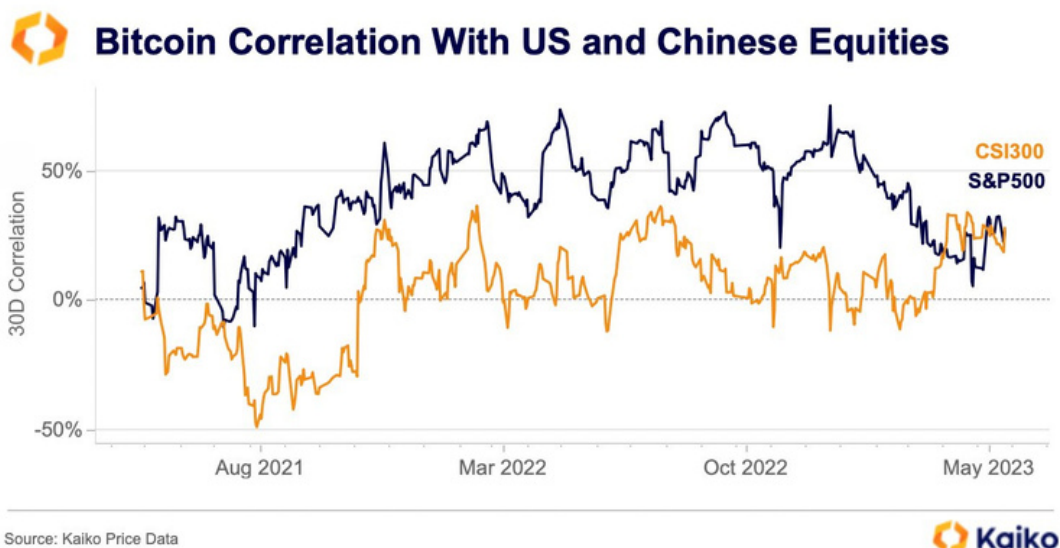
TradingView

Bitcoin

The stocks of American semiconductor companies NVIDIA and AMD have done really well this year, even better than Bitcoin. This is because experts predict more demand for semiconductors due to the quick growth of AI. Earlier, these companies also benefited from more people needing GPUs for cryptocurrency mining. Recognizing the importance of this industry, the U.S. government started a \$50 billion program in February to boost the semiconductor industry, following a law passed in 2022.



For the first instance since April of 2021, Bitcoin's interrelation with China's principal index, the CSI 300, has surpassed that of its correlation with the United States' S&P 500. This is a notable departure from historical trends, where Bitcoin's affinity with Chinese equities has generally remained significantly lower than with its U.S. counterparts. This recent development intimates a potential recalibration in the global financial dynamics. As Asia navigates towards reopening, we could be witnessing a transformative phase where the traditional correlation between Bitcoin and these market indices are subject to redefinition.



BTCUSDT continues to trend lower with lower lows and lower highs. On an intraday basis, the previous range of 26,650 and 27,675 might serve as resistance in the short-term. As long as the RSI is capped by a declining trend line on the 4h chart, then the downtrend should continue.

- BTC > 27,000 → Bullish
- BTC < 27,000 → Neutral with a bearish bias
- BTC < 25,250 → Bearish



Ethereum

The upgrade, known as Ethereum 2.0, introduces a staking mechanism that allows users to lock up their Ether (ETH) holdings as collateral to support the network's security and earn rewards in return. The total value of Ethereum staked has reached a record-breaking \$40 billion with users having deposited more than 4.4 million ETH since April 12th. Its staking annualized rate of return, or the interest rate for running an ETH validator, stood at 8.76% as of May 15th.

Staking also contributes to the overall security and stability of the Ethereum network, as it requires participants to maintain a certain amount of ETH and actively participate in the network's consensus mechanism.

This shift of Ethereum 2.0's transition to a more sustainable and energy-efficient proof-of-stake (PoS) consensus algorithm, compared to the previous energy-intensive proof-of-work (PoW) algorithm aligns with the global trend of environmentally friendly blockchain technologies and attracts investors looking for greener alternatives.

The Ethereum 2.0 upgrade, along with the potential for passive income and environmental sustainability, has contributed to the increased adoption of staking within the cryptocurrency community.

EETHUSDT remains in neutral territory with a bearish bias as prices continue to trade lower after pulling back from the declining trend line. Further downside is expected.

- ETH > 1890 → Bullish
- ETH < 1890 → Neutral with a bearish bias
- ETH < 1710 → Bearish

ETHEREUM DEPOSIT CONTRACT BALANCE SUPRASSES \$40B AFTER SHANGHAI UPGRADE

May 23, 2023

Interest in locking coins in the Ethereum network for staking has surged after Shanghai upgrade. Data source: CryptoRank.io, Etherscan.



The biggest entities by staked Ethereum



[CryptoRank.io](#) [CryptoRank.io](#) [CryptoRankNews](#)

cryptorank





TradingView



TradingView





Altcoin Analysis

Polygon is about to confirm the anticipated rebound.

The number of new MATIC addresses created on the Polygon network daily on May 22nd stands at 556 addresses. This level was last seen in February 2021. The address count has been on a consistent uptrend and has mostly defied the price action of MATIC, signifying increasing interest and participation of users in the Polygon ecosystem.

The total number of all addresses on the Polygon chain as of May 23 amounted to 1,838,035, recording an increase of 10.68% from the 1,660,743 addresses it had on January 1, 2023, and 39.3% growth since this time last year, as the charts demonstrate.

Polygon: Number of Addresses



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In other news, Polygon recently announced optimizations to zkEVM which will reduce fees by roughly 20%. The move is expected to attract new users.

Also, Polygon, along with other Web3 and blockchain players, teamed up with US payment giant Mastercard last month.

Looking at the daily chart, MATICUSDT rebounded off the 61.8% Fibonacci level and is looking for further upside. Prices also broke above a declining trend channel and are looking to break above the 20-day moving average to confirm the breakout.

As long as \$0.82 holds, we should expect a rebound towards \$0.95 and possibly towards \$1.06.



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Market today by e-mailing:

TRADING@SECUREDIGITALMARKETS.COM

SECUREDIGITALMARKETS.COM



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