



MAY 18 - 2023

# DAILY MARKET REPORT



Institutional research.

# Markets Insights

	S2	S1	R1	R2	24HR %	7D %	30D %	YTD %
Bitcoin	22,700	25,250	29,500	30,600	1.24%	1.24%	-8.74%	61.14%
Ethereum	1,570	1,710	1,995	2,150	1.16%	3.93%	-9.25%	50.21%
S&P 500	3,970	4,065	4,210	4,325	-0.10%	-0.67%	-1.07%	7.04%
Nasdaq	12,700	13,000	13,700	14,300	+0.15%	0.97%	2.65%	22.85%
US Dollar Index	99.50	100.35	102.30	103.20	0.39%	-0.11%	0.98%	-0.54%

Next FOMC meeting: June 14 2023.

- Probability of a 0bps hike → 66%
- Probability of a 25bps hike → 34%
- Probability of a 50bps hike → 0%



## **BITCOIN**

Price: \$27,240

Change (24hrs): +1.89%

Trading Volume (24hrs): +27.43%

Funding rate: 0.0085%



## **ETHEREUM**

Price: \$1,818

Change (24hrs): +1.06%

Trading Volume (24hrs): +6.53%

Funding rate: 0.0089%



# Latest Digital Asset News

## 1- Grayscale: SEC staff believe Filecoin 'meets the definition of a security'

Securities and Exchange Commission staff believe Filecoin "meets the definition of a security under the federal securities laws," the commission told Grayscale Investments in a comment letter. "Grayscale received a comment letter from the SEC staff stating its view that the trust's underlying asset, FIL, meets the definition of a security under the federal securities laws," Grayscale said in a statement. SEC staff also requested Grayscale seek the withdrawal of its registration statement for Filecoin Trust. Grayscale pushed back on the characterization. SEC staff opinions do not reflect the official stance of the commission. Commissioners vote on enforcement actions based on recommendations provided by staff.

## 3 - CFTC chair says DeFi crypto exchanges will be regulated even if they are 'just code'

Commodity Futures Trading Commission Chair Rostin Behnam said decentralized crypto exchanges will be regulated either by the CFTC or the Securities and Exchange Commission even if they are based on "self-effectuating" protocols that are "just code," in a conversation for Bloomberg's Odd Lots podcast. Behnam was asked on the podcast — recorded at the annual ISDA meeting in Chicago a few days ago — whether regulation could apply to DeFi exchanges, which can operate autonomously or with very little human involvement. Many people in crypto believe that because some market platforms can exist in a completely decentralized way that they are therefore immune to regulation or impossible to regulate via law. That's not so, Behnam said.

## 2 - Payment Giant Visa Deploys First Paymaster Smart Contract on ETH Testnet

Cuy Sheffield, head of crypto at payment giant Visa, made known on Twitter the deployment of Visa's first paymaster smart contract on the ETH Goerli testnet. This comes as Visa continues to research and experiment with account abstraction and ERC-4337. "Excited to see Visa deploy our first paymaster smart contract on the testnet as we continue to research and experiment with account abstraction and ERC-4337," Sheffield tweeted. Raj Parekh, CEO of Portal and previously at Visa Crypto, is excited about the recent advancement, saying: "A Visa-powered paymaster could be a large driver of growth for the ecosystem."

[1] [https://www.theblock.co/post/231232/grayscale-sec-filecoin-security?utm\\_source=twitter&utm\\_medium=social](https://www.theblock.co/post/231232/grayscale-sec-filecoin-security?utm_source=twitter&utm_medium=social)  
[2] <https://today.etherbase.com/payment-giant-visa-deploys-first-paymaster-smart-contract-on-eth-testnet/>  
[3] <https://www.theblock.co/post/231239/cftc-chair-rostin-behnam-defi-crypto-regulated-just-code>



Federal Reserve officials have recently expressed their reservations regarding the prospects of implementing interest rate reductions. A consensus among a majority of fund managers suggests that the commencement of rate cuts is likely to occur within the initial six months of the upcoming year.

The Federal Reserve, responsible for monetary policy decisions in the United States, has conveyed a cautious stance with regard to the anticipated reduction of interest rates. Federal Reserve officials have openly expressed their reservations and skepticism regarding the feasibility and desirability of implementing such measures in the foreseeable future.

In parallel, a prevailing sentiment among the majority of fund managers, who oversee investment portfolios and actively monitor economic indicators, indicates a belief that the implementation of rate cuts will take place during the initial half of the forthcoming year. This shared expectation aligns with the belief that economic conditions and market trends will likely warrant a reduction in interest rates as a means of stimulating economic growth and addressing potential challenges or headwinds.

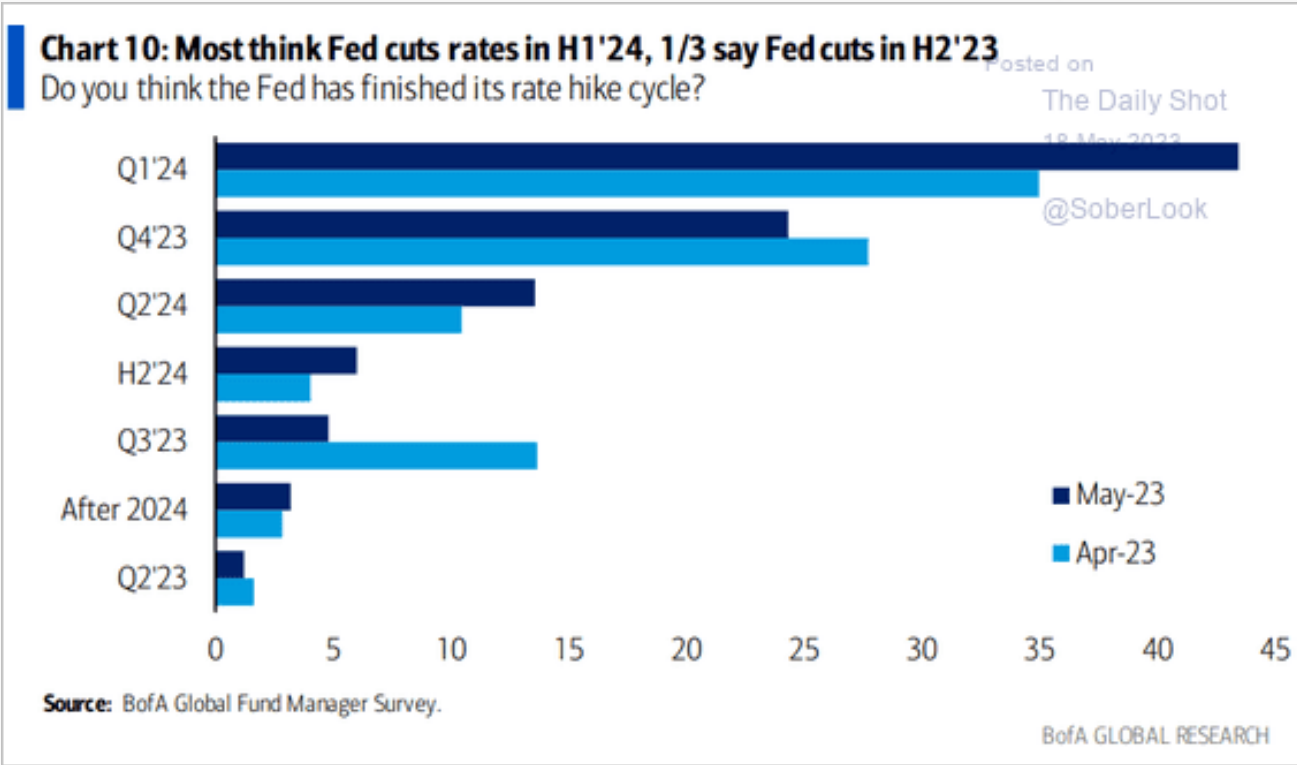
Fed's Barkin: Inflation still 'stubbornly high' and isn't easing fast enough toward 2% target

Little progress has been made in curbing too high inflation, Fed's Jefferson says

Fed's Bostic casts doubt on rate cuts this year even if there's a recession

Fed's Kashkari says tight monetary policy may be needed for 'extended' time

Fed officials expect interest rates to remain high, possibly rise



The probability for a 25bps rate hike at the next Fed meeting on June 14th was raised from 20% yesterday to 34% today.

The S&P500 broke above our first intraday target of 4174 as House Speaker Kevin McCarthy told CNBC on Wednesday that he does not believe the U.S. will default on its debt. Many market participants agree that the government will find a solution very soon ahead of their June 1st deadline. The S&P500 futures remains below our resistance of 4210 which has capped the index for quite some time now.



# Bitcoin

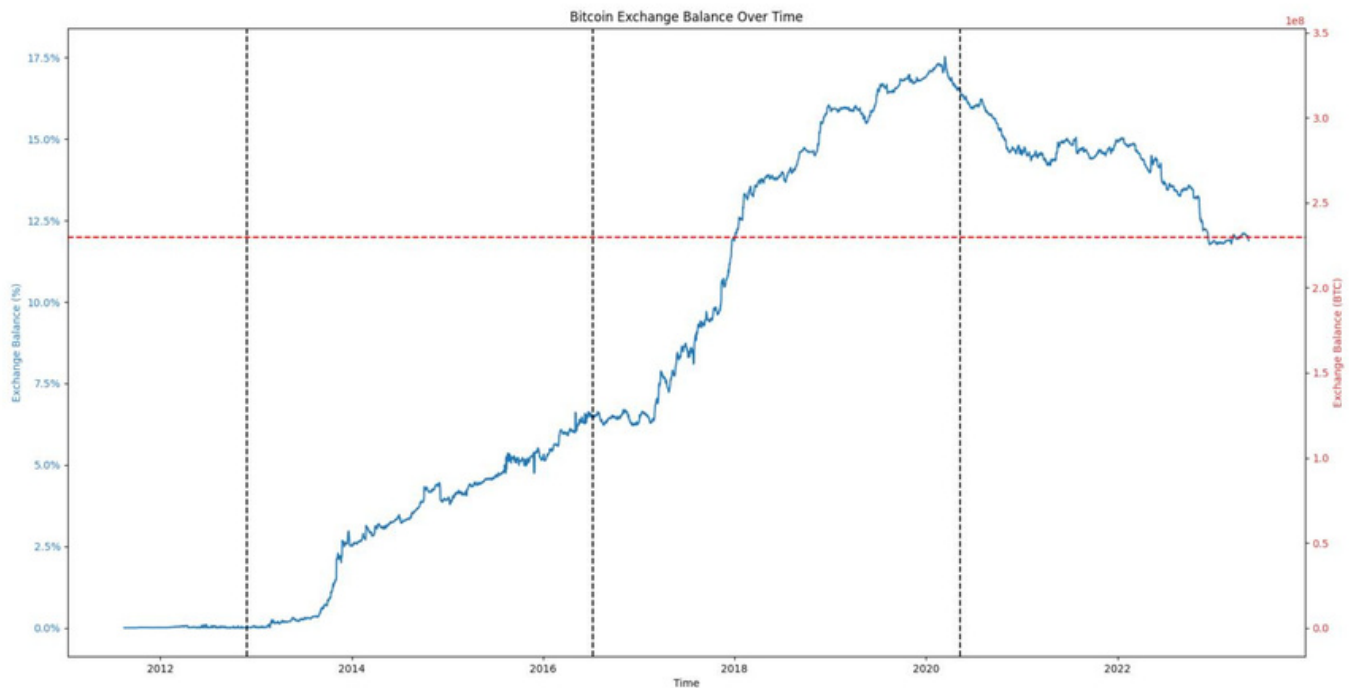
The balance of Bitcoin held in exchanges has recently dipped below 12%, a milestone that was initially reached at the onset of 2023. This decline indicates a significant movement of coins away from exchange platforms, with approximately 2.3 million Bitcoin, equivalent to 12% of the total supply, now residing outside of exchanges.

Among the major exchange platforms, Binance currently holds approximately 3.5% of the total Bitcoin supply, amounting to 686,000 coins. Similarly, Coinbase holds approximately 2.3% of the total supply, which translates to 461,000 coins.

It is worth noting the presence of black lines in the graph, which denote the occurrence of halving events. The next halving is expected to take place in April 2024. The current halving, which is represented by the declining exchange balances, marks the first instance where such a decrease is observed.

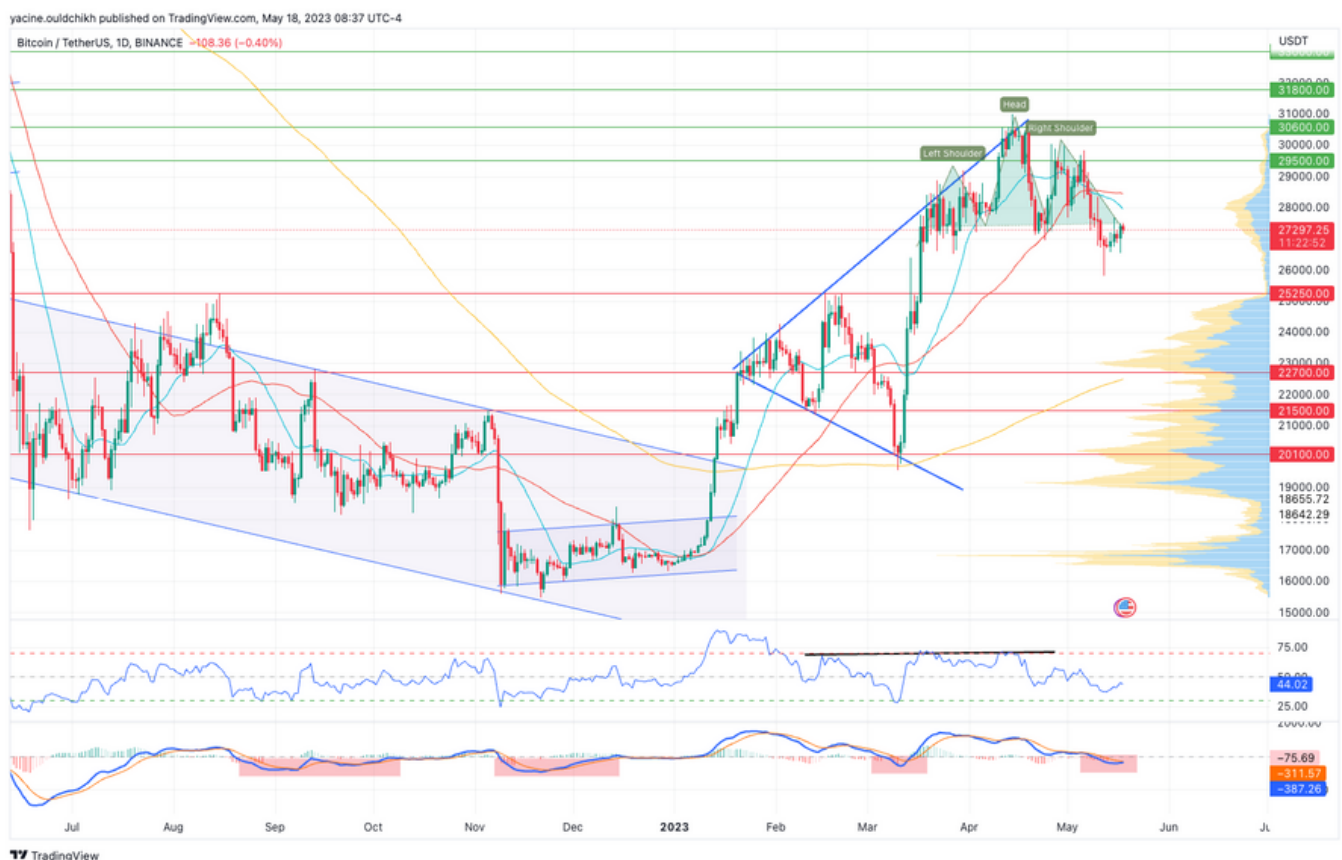
This data suggests a growing trend of Bitcoin holders choosing to store their assets outside of exchanges, potentially indicating a shift towards long-term investment strategies or alternative storage solutions.

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



From a chartist point of view, BTCUSDT continues to trade in a choppy fashion between 26,300 and 27,675 with no clear direction in sight. The equity market has been slightly outperforming the crypto market due to the positive news surrounding the debt ceiling resolution. For now, the US Dollar Index has been grinding higher which should continue to place pressure on risk assets such as cryptocurrencies. Prices are trading right on the neckline of the previous Head-and-Shoulders pattern.

As long as we're trading below this pattern, we are confident that further downside is in sight.





# Ethereum

The level of interest in ETHUSD appears to have waned in comparison to Bitcoin in recent times. This observation is not a novel occurrence. Despite the implementation of the Shapella upgrade for ETHUSD, it is evident that Bitcoin continues to maintain a dominant presence in media coverage and public discourse.

- ETH's volume in the past 24hrs increased by 6% while BTC's surged by over 27%.
- ETH's open interest declined by 5% while BTC's remained flat.
- Since the end of April, trading volume has dropped by 70% to \$5 billion.

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







TradingView



TradingView

# Altcoin Analysis

Aave might start to rebound soon.

The liquidity protocol Aave V3 is deploying on the Ethereum layer-2 scaling network Metis.

Although Aave is yet to be deployed on zkSync Era, the latest version of its protocol is expected to bring benefits to users across both platforms. Metis users will now have access to DeFi borrowing and lending services provided by Aave.

The team at Metis has highlighted several advantages that users of their ecosystem can enjoy with the deployment of Aave. These advantages include the ability to borrow assets with reduced collateral requirements through Aave's "high efficiency" mode, improved risk management through supply and borrowing caps, and the option for siloed borrowing to mitigate potential market contagion risks.

AAVEUSDT has started to rebound off the bottom-end of a symmetrical triangle pattern. If this trend continues and prices break above their 20-day moving average, we can expect further upside towards \$75 and \$84 in extension.

yacine.ouldchikh published on TradingView.com, May 18, 2023 09:49 UTC-4



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