

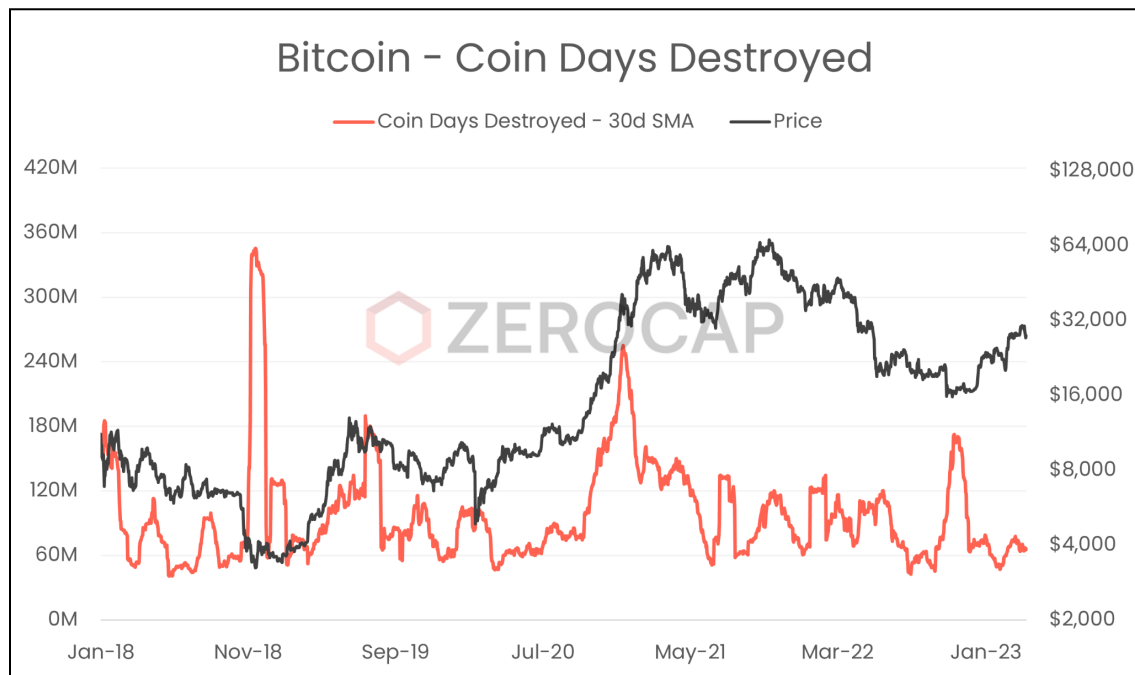
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Week in Review

- Binance's [BNB Chain](#) issues list of 191 untrustworthy dApps and suspicious tokens.
- ETH hits [11-month high](#) post Shanghai/Shapella upgrade - [staking](#) passes withdrawals.
- [Hong Kong court](#) declares cryptocurrencies as property.
- European Parliament adopts [MiCA legislation](#), aimed towards EU-wide crypto standards.
- Texas' [Proof of Reserves bill](#) passes Congress, requiring crypto exchanges to hold sufficient reserves to "fulfill all obligations to digital asset customers."
- SEC [charges Bittrex](#) with unregistered operations, labels tokens OMG, DASH, ALGO, NGC, IHT and TKN as securities - [video](#) of SEC Chair Gensler praising ALGO resurfaces.
- US Democrats criticise Republican [stablecoin bill draft](#) in Wednesday Congress hearing.
- Bitcoin price quotes now live on [Twitter](#)'s search bar, following eToro partnership.
- Australia installs more [Bitcoin ATMs](#) in 2023 than all of Asia combine; CoinATMRadar.
- France's Euro-backed stablecoin faces [centralisation criticisms](#), with every network transfer needing separate approval from a centralised registrar.
- [Elon Musk](#) plans to lunch "truth-seeking" AI platform called TruthGPT - EU legislators call for [safe AI development](#) following Google's request for caution.
- US' [unemployment claims](#) show labour market cooling, flashing signs of recession - [manufacturing PMI](#) at 53.5, breaking 51.2 expectations.
- [UK inflation](#) falls less than expected, food prices soar by 19.1%.

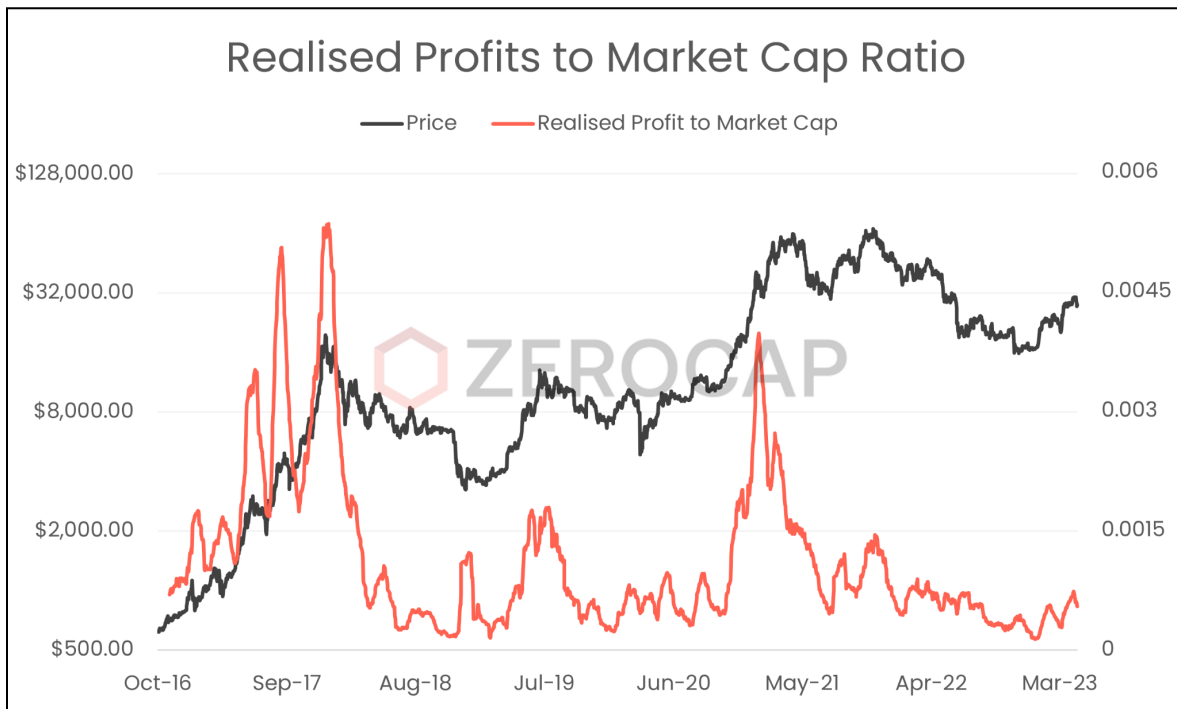
Market Highlights

- Last week, Bitcoin's strength relative to Ethereum shifted after the successful launch of its highly anticipated Shanghai/Shapella upgrade. Bitcoin's waning presence in the market seemed to foreshadow this week's action, with attention shifting away from Ethereum's latest technical upgrade and towards the potential for the Fed to push the economy into a recession with continued hikes. UK inflation remained above 10% in March, fueling expectations that the Bank of England could raise hikes by another 25bps in May. In line with this, several US banks announced earnings that were stronger than expected, creating room for the Fed to be more aggressive and hike another 25bps in May. This shift in expectations drove yield differentials in favour of the US Dollar and weighed on sentiment and risk assets.
- BTC has returned approximately 50% since March 11th, driven by narratives concerning its characteristics as a hedge against balance sheet expansion, banking woes, and traditional portfolios. While the premise of US banking strength may not be in favour of BTC, current action appears to be more dictated by short-term holders taking profits in the presence of macro-uncertainty.
- Coin days destroyed is a metric that places a greater emphasis on the movement of older coins by calculating the product of the number of coins moved and the number of days that have passed since those coins were last moved. A significant increase in coin days destroyed can indicate either capitulation or euphoria.



Data source: Glassnode

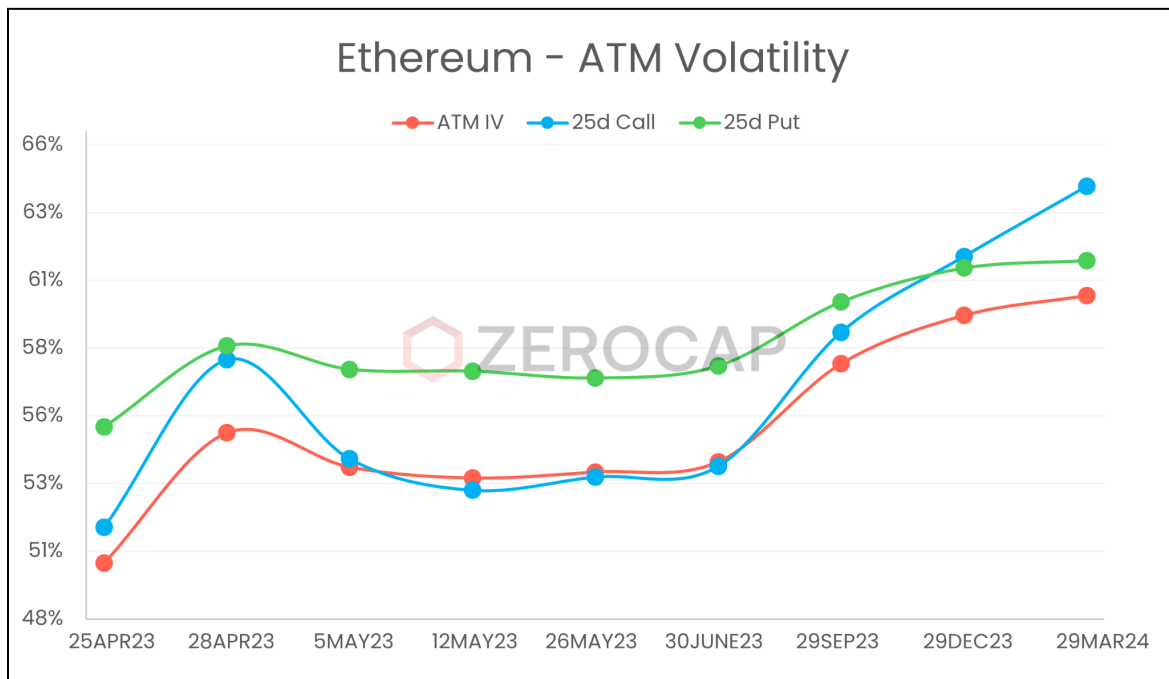
- During the 2019 bull run, there was an upward trend in coin days destroyed, suggesting that much of the heightened on-chain volume was older coins selling into strength. However, during the recent move higher, coin days destroyed have remained relatively stable despite a high transaction count. This behaviour suggests that the majority of the transaction volume originates from newer coins rather than older coins being sold into the recent rally. Moreover, this is suggestive of short-term players taking profit.
- Examining realized profits adjusted for market cap further illustrates this theme, as older coins tend to have a lower cost basis, resulting in higher realized profits when moved. On a market cap-adjusted basis, far fewer profits are being realized now than in 2019.



Data source: Glassnode

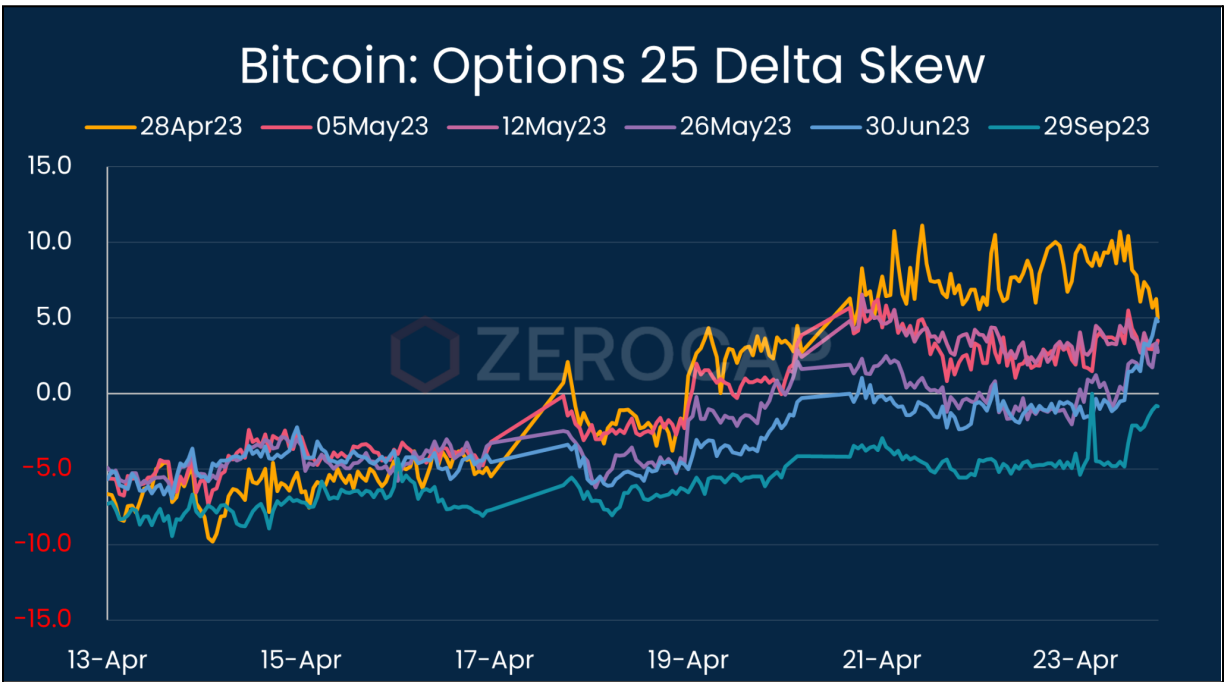
- BTC's recent activity appears to be driven by short-term profit-taking instead of a change in its fundamental value proposition, which has recently been highlighted due to US banking woes and economic concerns. While the continued premise of a recessionary environment may lead to further profit-taking and de-risking, a sustained conviction of longer-term holders strengthens BTC's long-term position.
- As BTC and ETH struggled to break their respective resistance levels, the front-end Implied Volatility (IV) was pushed down, indicating waning momentum. The recent downtick in IV highlights the continual theme in crypto options in 2023, which is a positive spot/vol correlation. The current consolidation in price action hints at the likelihood of this trend continuing in the short term, especially with front-end expiries. Among these, the ETH Apr-28 presents the most evident opportunity given its current elevation, which is still priced marginally higher than BTC potentially due to withdrawals still in the queue from the Shanghai fork. It's worth noting that the recent SVB collapse in March was the only instance that truly tested this trend and similar collapses could

potentially lead to an opportunity in the case of further downside, where volatility may be priced overly cheap, and we witness a marked reversion in risk assets that break down the trend.



Data source: Deribit

- The BTC skew has returned to normality, with 25d puts priced over calls in the front-month expiries. Interestingly, we still see the market pricing calls over puts in later year expiries potentially due to large call spreads and block trades in recent weeks making bullish Q4 bets and seemingly propelling IV higher. Whilst this could be attributed to the expectation of rate cuts in the latter months of 2023, notably the Nasdaq term structure does not reflect a similar view. While there could be other factors at play, this observation underscores the difference in the way cryptocurrency markets continue to operate compared to traditional markets.



Data source: Deribit

What to Watch

- Australian CPI, on Tuesday.
- US' advanced GDP and unemployment claims, on Wednesday.
- Bank of Japan Outlook Report, Monetary statement and US' Core PCE and Treasury Currency Report - on Friday.

Research Lab

- [The Importance of Blockchain Oracles:](#)

What are Blockchain Oracles, and what is their role in blockchain technology? Innovation Analyst Finn Judell's latest article explores the crucial role of Blockchain Oracles in Web3, highlighting the importance of connecting decentralized applications to off-chain data securely and reliably.

- [How to Make DeFi Safer:](#)

Zerocap Innovation Lead Nathan Lenga and our research partners at [InsurAce.io Protocol](#) examine the critical aspects of making DeFi safer and more accessible for financial experts and newcomers alike. The piece addresses risk management, enhancing DeFi user experience, no-code transaction tracking, decentralizing infrastructure, improving on-ramp and off-ramp, increasing liquidity, decentralized market-making, payment solutions and more.

- [How to Avoid Creating a “Fake” Utility Token:](#)

Every concept of a token-based business model needs to provide an answer to one basic question: what unique value does a token add to a given product? With that in mind, QuantBlock wrote this piece on things to avoid when creating a utility token.

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* Index used:

Bitcoin	Ethereum	Gold	Equities	High Yield Corporate Bonds	Commodities	Treasury Yields
BTC	ETH	PAXG	S&P 500, ASX 200, VT	HYG	SPGSCI	U.S. 10Y