

Weekly Crypto Market Wrap

15th May 2023



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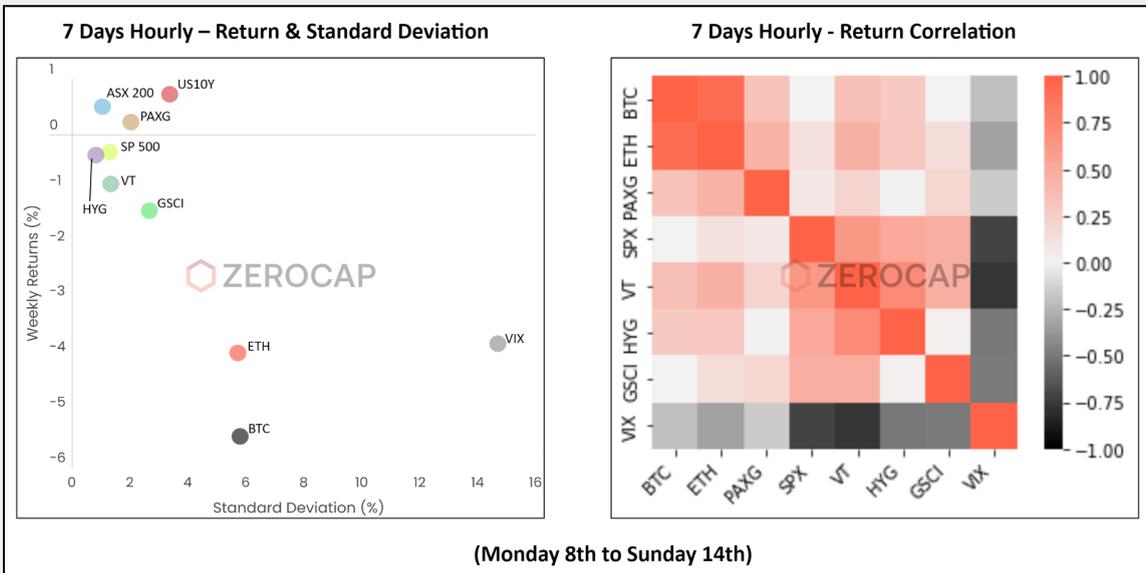
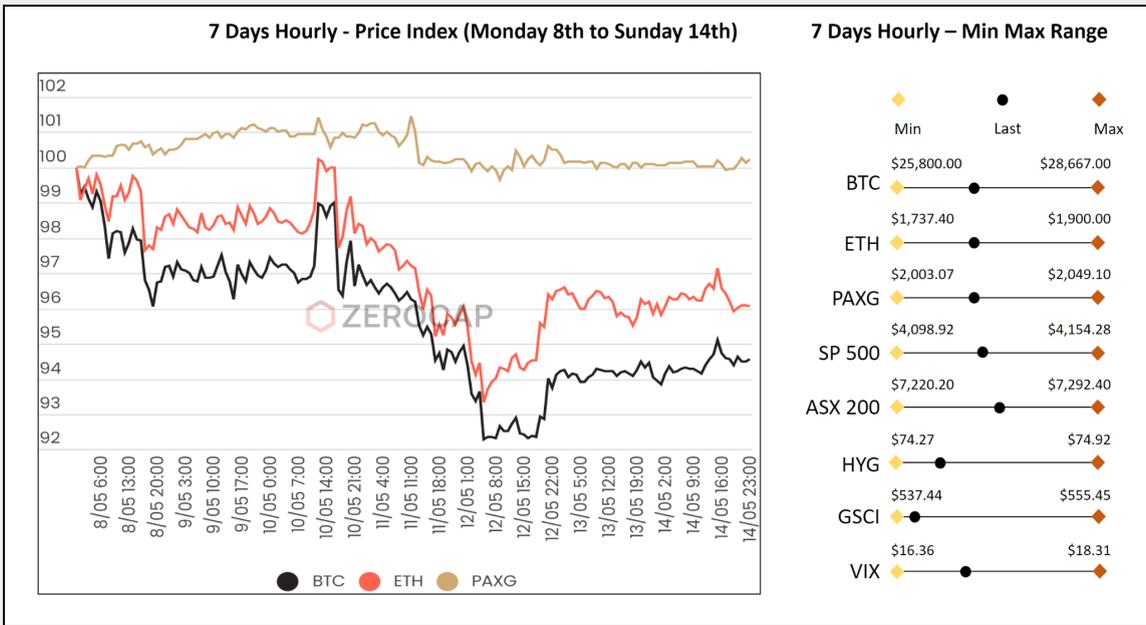
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Week in Review

- Binance [leaves Canada](#), blames stricter crypto regulations.
- China launches [national blockchain center](#), aims to train 500,000 specialists.
- [Goldman Sachs' survey](#) concludes 32% of family offices invest in crypto assets.
- Microsoft, Goldman Sachs, Paxos, Deloitte and more partner to launch privacy-enabled global blockchain [Canton Network](#).
- [Biden](#) tweets against “tax loopholes that help wealthy crypto investors.”
- Newly-launched Bitcoin-based tokens ([BRC-20](#)) reach \$1 billion market cap.
- Binance [halts Bitcoin transactions](#) for the second time in a week, cites “large volume of pending transactions.”
- PayPal’s crypto holdings increase by 56% in Q1 2023 to nearly \$1 billion; [SEC](#).
- Sam Bankman-Fried asks US court to [dismiss criminal charges](#) on technicalities, accuses FTX of doing government’s bidding - IRS wants [\\$44 billion](#) from FTX in largest claim ever.
- Terra (LUNA) founder [Do Kwon is released](#) on \$440k bail in Montenegro - approximately \$176 million of the [founder's assets](#) are frozen.
- MakerDAO (MKR) publishes [5-phase roadmap](#) towards funding open sourced, decentralized AI projects.
- [OpenAI's CEO](#) to testify before US Congress tomorrow on AI regulations.
- US [annual inflation](#) slows to below 5%, [consumer sentiment](#) drops to six-month low.
- UK [raises interest rates](#) to highest level since 2008 - [economy](#) grows by 0.1% in Q1 2023, but inflation continues to weigh.

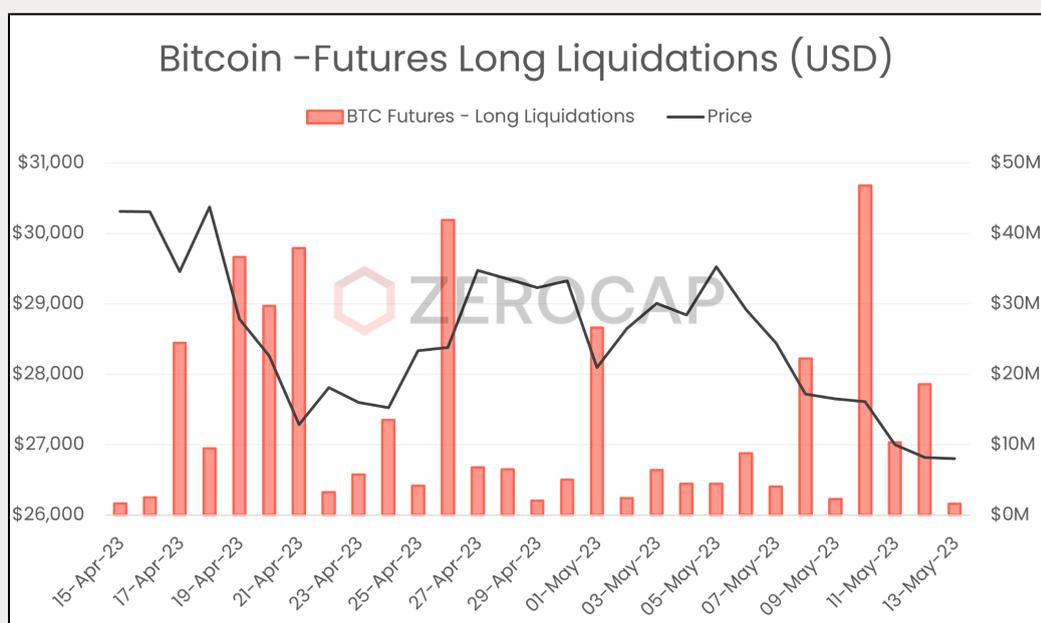
Winners & Losers



Data source: TradingView

Market Highlights

- This week, in line with in-house expectations, BTC's price continued to show weakness, with some volatility surrounding the release of macroeconomic data from the U.S. Interestingly, ETH outperformed BTC WoW, supporting the premise that profit-taking, coupled with potential concerns regarding BTC's network efficiencies and Binance's temporary suspension of BTC withdrawals, led to selling pressure for BTC in light of inflation data and debt concerns out of the U.S.
- During this week's trading period, market participants observed an increase in volatility amidst relatively low liquidity levels. This development coincided with news about market makers ceasing their U.S. crypto trading operations due to regulatory uncertainty. BTC experienced a 1.5% rally within 30 minutes following the release of inflation data, which largely met market expectations. However, shortly after, a long squeeze caused prices to decline by 4.8% within a 30-minute period shortly after. Meanwhile, equities showed mixed reactions, with the S&P500 trading down 0.1%, Nasdaq up by 0.5%, and the Dow Jones Industrial Average declining by 0.6%. While the sell-off may have been influenced by the correlation to equities, the extent of the move can be attributed to the recent reduction in market depth.



Data source: Glassnode

- On Wednesday, the total liquidation amount for long futures positions reached \$47 million, marking the highest figure recorded since March 2023.

Despite the recent market move being downward, this event underscores the dual impact of reduced liquidity conditions on price action.

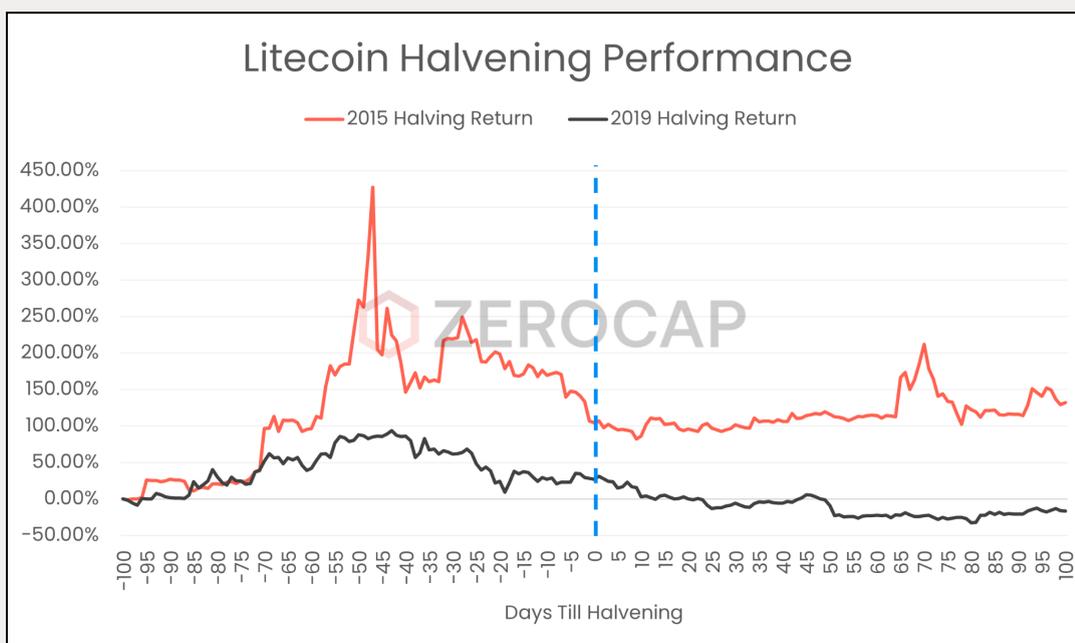
- ETH and BTC are both approaching their 100-day moving averages (MA), which could provide strong support for both assets in the short term. Moreover, BTC is nearing the short-term holder realised price, which has historically served as a robust support level during market recoveries.



Data source: Tradingview

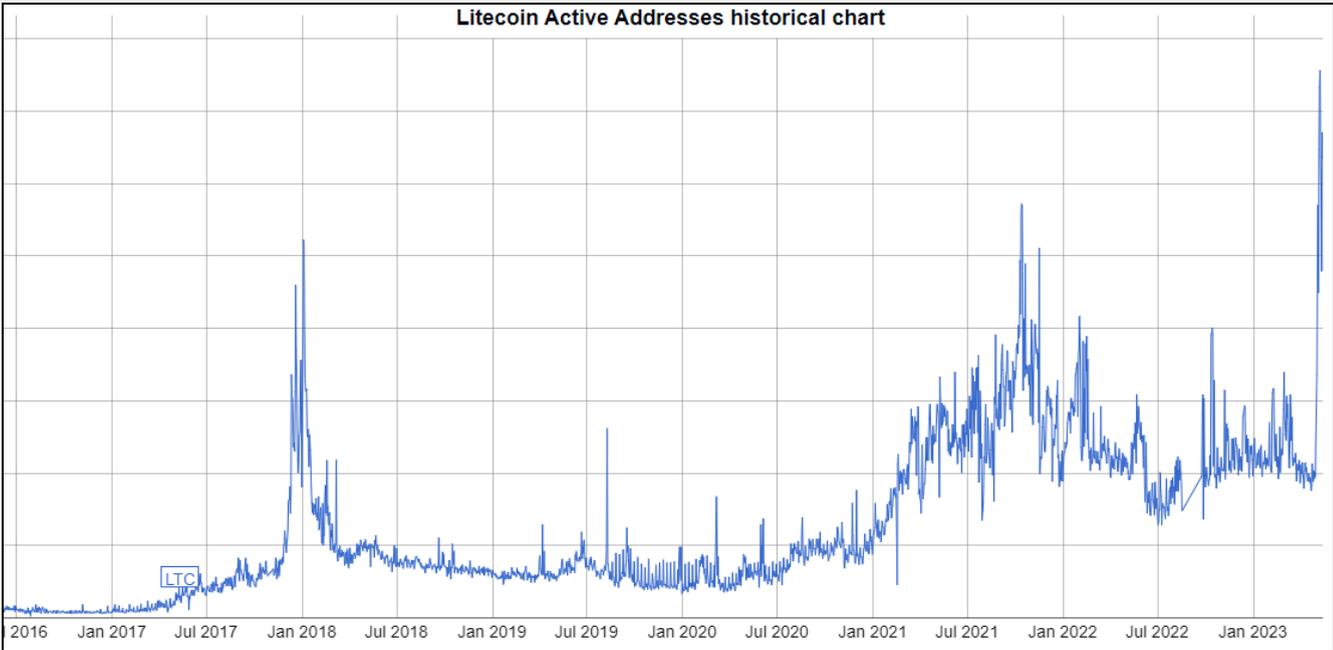
- In previous weeks, we have observed BTC's divergence from equities, particularly in the context of banking concerns. While recent negative price action may have been triggered by the initial reaction to U.S. debt-ceiling talks, BTC and ETH are currently positioned close to strong support levels. Similar to what we saw during the U.S. banking crisis, a lack of confidence in the U.S. economy could lead to safe haven flows into BTC. Furthermore, with lower liquidity levels, any moves higher and a re-claim of the 30,000 levels is not off the table. However, it's important to note that BTC's price action has historically followed macroeconomic expectations, and while this week's Producer Price Index (PPI) numbers support the disinflationary narrative, the market is not anticipating any rate cuts in 2023. In the short term, we can expect price action to be influenced by Fed Chair Powell's speech this week and any further updates regarding the U.S. debt ceiling.

- An interesting narrative that we anticipate could strengthen over the next few months is the Litecoin (LTC) halving, expected to occur in August later this year. The LTC halving is technically different from Bitcoin's, as the block rewards earned by miners will be reduced by 50%. The trade-off between lessened network security and added scarcity has proven to result in the outperformance of both tokens during the halving "windows." In the prior two halvings, LTC rallied over 200% in the lead-up to the event.



Data source: Coingecko

- Inspired by the recent success of Bitcoin's BRC-20 token standard, Litecoin has recently launched its own standard, LTC-20. What we find telling is the network activity and the number of active users that have flocked to the chain as a result. These figures notably surpass the record numbers seen in January 2018 for total active users. This kind of engagement serves as a great primer for positive price action, and we expect the continuation of sentiment and media attention to serve as a yardstick for LTC's potential Q3 outperformance relative to the broader market. In prior halvings, we have observed that the returns generally diminish within 50 days of the event, and whilst we are navigating a more unique market environment than in previous years, we see some opportunity for LTC given the growing sentiment and halving performance in prior years.



Data source: *Bitinfocharts*

What to Watch

- US' Empire State Manufacturing Index, on Monday.
- Canadian CPI, US Retail Sales and Australian Wage Price Index, on Tuesday.
- Australian employment change and unemployment rate, on Wednesday.
- US unemployment claims, on Thursday.
- FED Chair Jerome Powell speaks on monetary policies at a DC panel, on Friday.

Research Lab

- [The Move Ecosystem - Sui and Aptos:](#)

Zerocap's Innovation Lead Nathan Lenga brings in-depth insights on the Move language and its Move-based projects Sui Foundation and Aptos Labs, with a thorough examination of the ecosystem, their layer-1 blockchains, scalability, and consensus mechanisms.

- [What is Polygon?](#)

Here is another article in the blockchain development sphere with Zerocap Innovation Analyst Finn Judell's in-depth analysis of Polygon (MATIC). Learn Polygon's Proof of Stake infrastructure, Bor and Heimdall chains, token bridging, its native MATIC token and more by clicking the link below.

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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

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