BITFINEX Alpha

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EXECUTIVE SUMMARY

The US labour market finally started to show a tiny glimmer of weakness last week, but it was no more than a small sparkle and financial markets know it.

US Inflation is still entrenched and expectations are high that when the Fed meets again on November 1st, rates are likely to rise again at least by another 75 basis points.

As a result the dollar is strong, and this is having a dampening impact on economies outside the US, but not always in a good way. The global manufacturing purchasing managers index dipped below 50 for the first time in over two years, indicating a slowdown in demand, which is good for reducing inflation; but a persistently strong dollar means that foreign central banks will increase their selling of US treasuries to allow domestic rates to rise and this in turn increases corporate default risk by foreign debtors servicing loans with non-US dollar currencies.

In this period of uncertainty for traded assets, we believe a useful way of valuing crypto protocols is by analysing the total fees they generate, alongside the revenues they deliver to the market. Uniswap for example, has generated almost $45M of fees for its liquidity providers over the past month, but nothing to its treasury and token holders.

For Bitcoin, exchange outflows indicate potential renewed buying momentum, though retail wallet enthusiasm has waned. Our view is that now is the time to keep a very close eye on the market, and that BTC could be in for a significant move - either up or down.

As a positive hint though, a look at the Bitcoin Liveliness metric indicates that accumulation continues by Long-term Holders, indicative that support continues to be solid for Bitcoin.

In crypto news, the BNB chain was hacked for an initial loss of almost $600 million. Swift action by Tether in blacklisting the address that some of the funds were sent to, enabled them to be frozen and partially recovered. Meanwhile, Meta is continuing to struggle with the Metaverse, the EU imposes more sanctions on wallets transacting with Russia, and Elon Musk announced his acquisition of Twitter was back on.

A lot to learn again in this week's Bitfinex Alpha. Happy trading!

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GENERAL MARKET UPDATE

History doesn't perfectly repeat itself, but it often rhymes.

Looking at historical parallels to assess prevailing macro conditions can be a helpful exercise - in markets as well, the above statement is often true.

As financial conditions tightened in the late 2000 and early 2001, we experienced a marked slowdown in earnings and weakness in the labour market. Still, inflation remained stubbornly above 2 percent, delaying and limiting the Fed's ability to accommodate. Sound familiar?

We don't need to see the CPI print to tell us that inflation is rampant. Consumers can feel the pinch at the grocery aisles, retail stores and the gas pump when wages can't buy as much as they used to. The Federal Reserve, with its century-old mandate to keep prices stable, has a simple formula for fighting inflation: slash consumer spending and suppress job market growth.

A tight labour market is a crucial support to consumer spending. Consumer spending power sustains the demand for goods and services even at elevated prices. The Fed cannot directly influence the supply side of inflation, so it tries to weaken demand through interest rate hikes to weaken the job market. With stubborn inflation and the previously air-tight job market beginning to show cracks (see below), we wait to see if inflation will also remain resilient.

Labour Market Behaving Exactly As The Fed Wants

The job market has been solid in the past several months; hence, reports showing that demand for labour is cooling off is a welcome sign for the Fed.

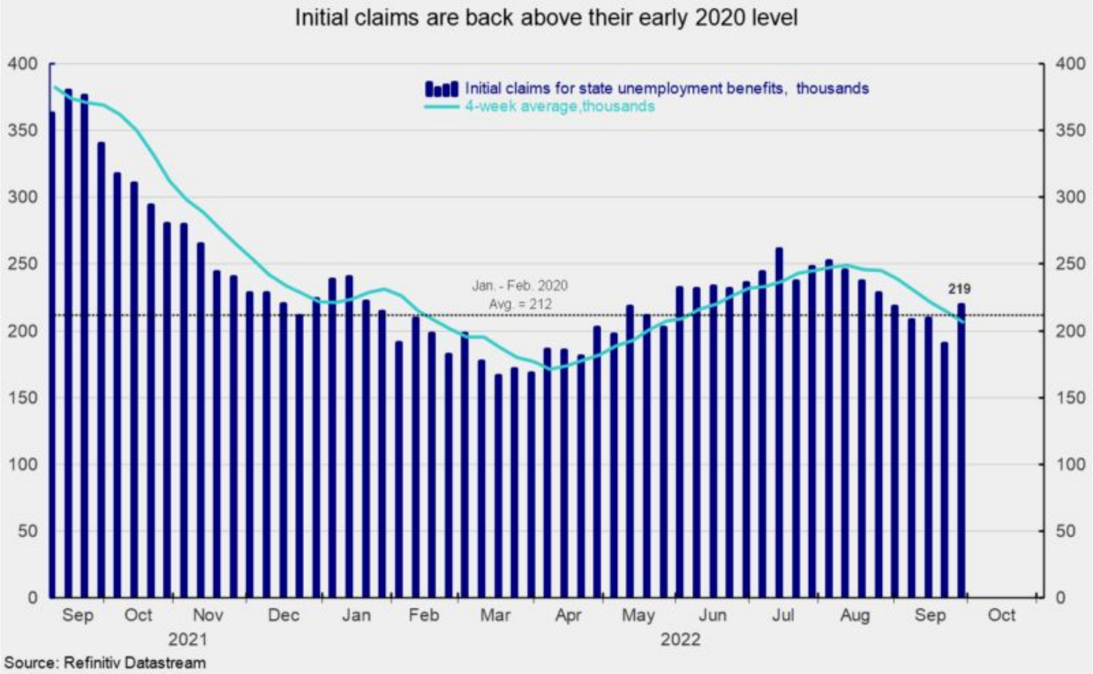


Figure 1. *Initial Claims for State Unemployment Benefits (Source: Bureau of Labor Statistics, Refinitiv Datastream)*

The US Labor Department reported a surge in the number of Americans filing for first-time unemployment insurance on Thursday, October 6. Initial unemployment claims increased substantially to 219,000 for the week ending October 1, up from a five-month low of 193,000.

The number of continuing claims for unemployment increased to 1.36 million in the week ending September 24 from 1.35 million a week earlier. Continuing claims are reported with a one-week lag.

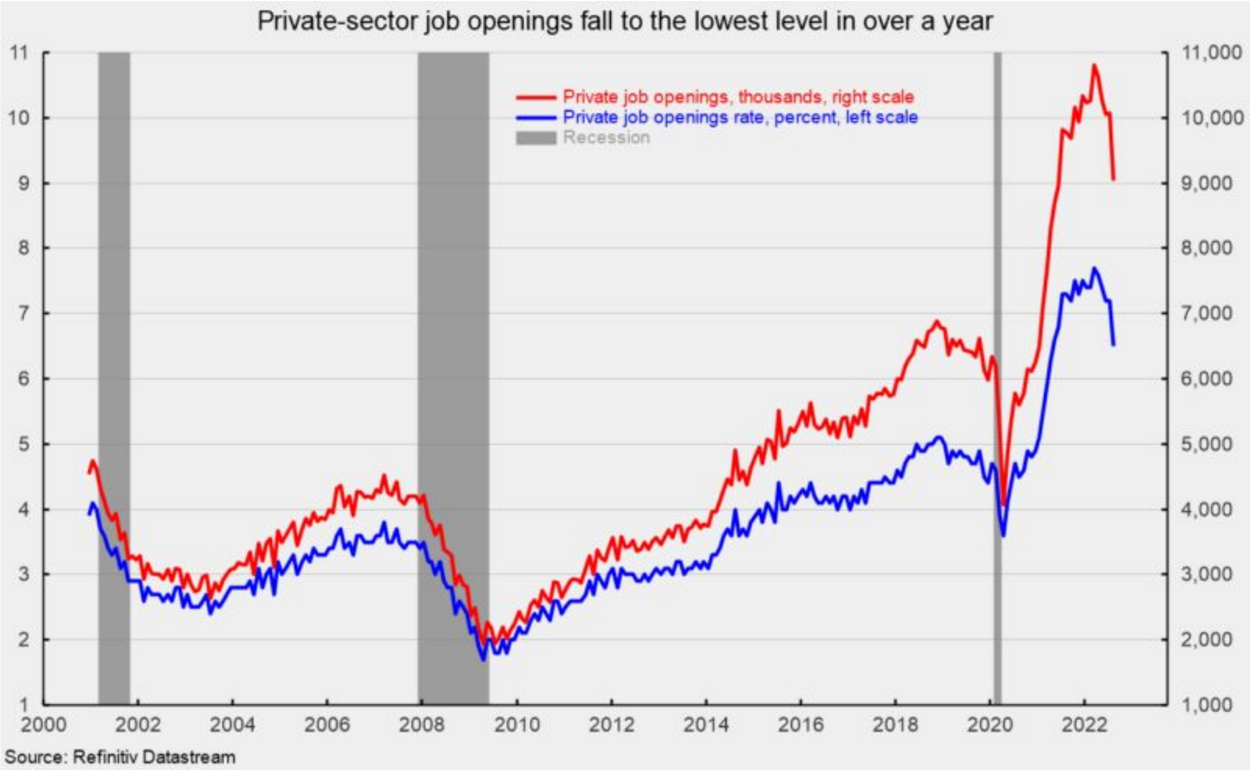


Figure 2 *Private Sector Job Openings (Source: Bureau of Labor Statistics, Refinitiv Datastream)*

According to the Bureau of Labor Statistics' latest Job Openings and Labour Turnover Survey, the US economy's total number of job openings fell to 10.053 million in August, down from 11.170 million in July. The number of open positions in the private sector fell to 9.037 million in August, down from 10.065 million in July. August marked the fourth drop in the previous five months and the lowest level since June 2021

Persistently elevated prices have already weighed on consumer attitudes. If people lose confidence in the labour market, this may eventually lead to a further reduction in spending- precisely what the Fed wants. This small drop in openings is a potential harbinger for easing conditions in the market.

Greenlight for More Hikes

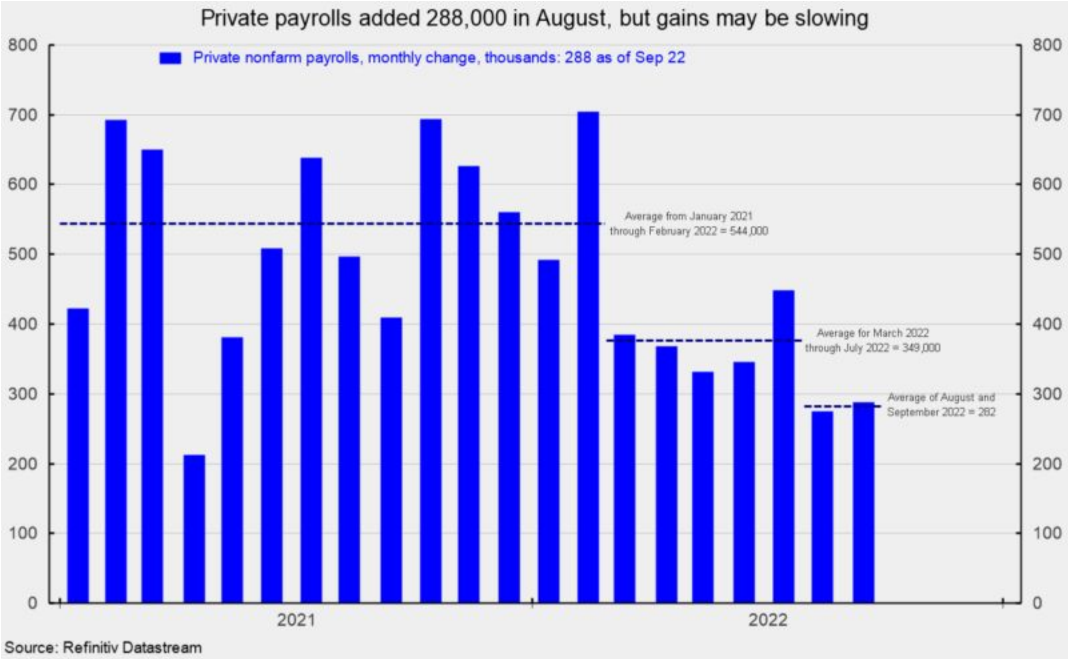


Figure 3 *Private nonfarm payrolls, monthly change*

While the initial claims and job opening data indicate softening in labour market conditions, employment growth is still not below trend nor negative. Nonfarm payrolls in the United States added 263,000 jobs in September, down from 315,000 in August. Private payrolls increased by 288,000 in September, compared to 275,000 in August. There is some weakness, but not enough to assuage the markets, as was seen in last Friday's sell off in both the S&P 500 (down 2.8 percent) and the Nasdaq Composite (down 3.8 percent).

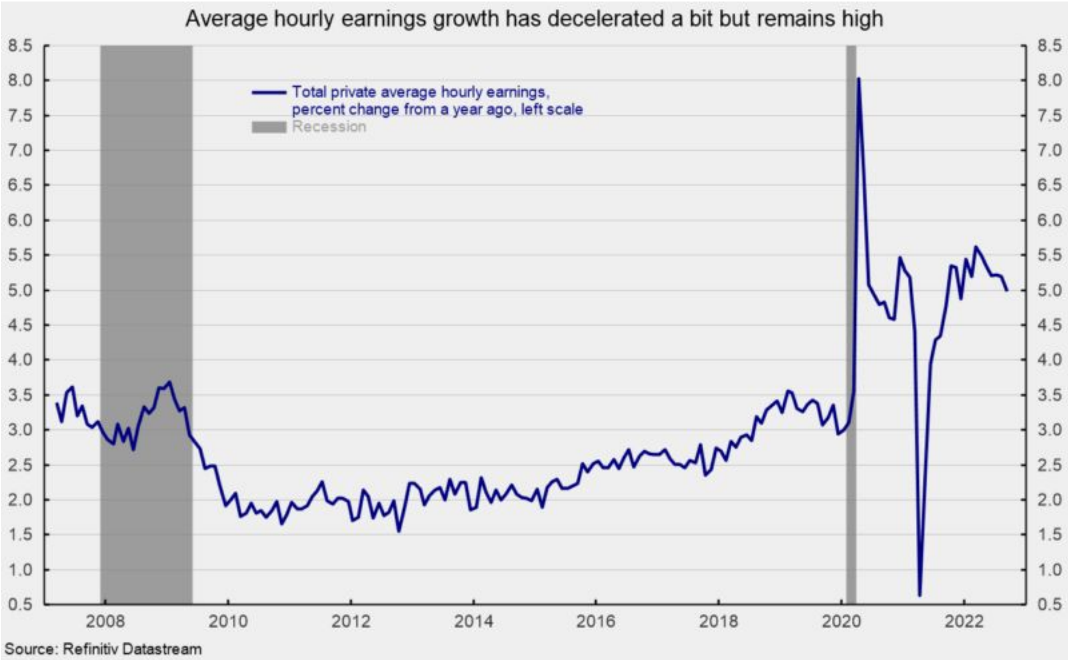


Figure 4. *Total Private Average Hourly Earnings (Source: Bureau of Labor Statistics, Refinitiv Datastream)*

The average hourly earnings for all private workers increased by 0.3 percent in September, matching the August increase. The one-year increase is 5.0 percent, down from 5.6 percent in March 2022.

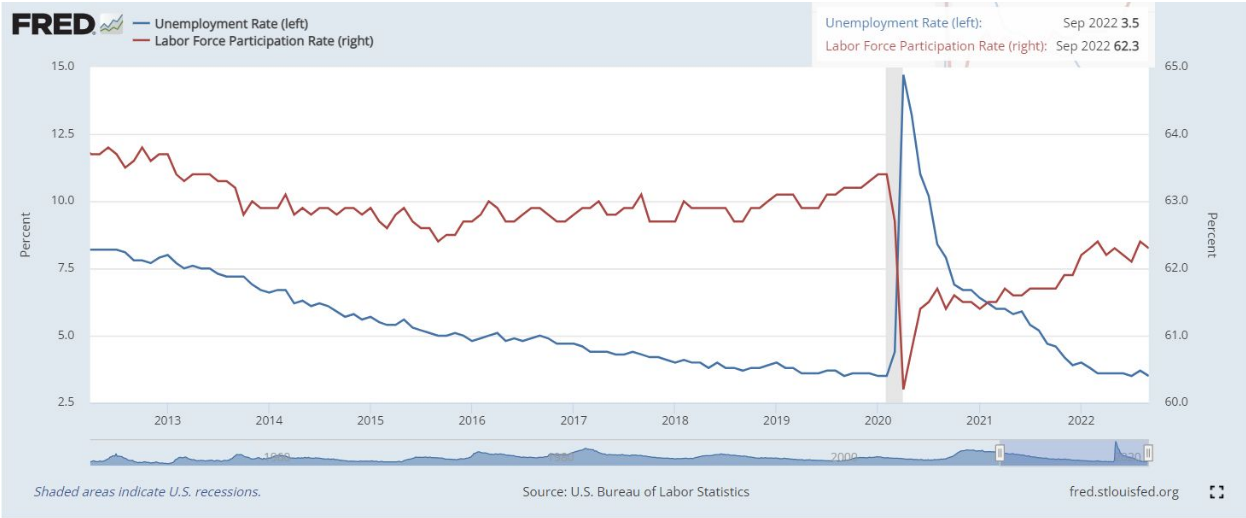


Figure 5. *Unemployment Rate (Left) & Labor Force Participation Rate (right) ; Source: US Bureau of Labor Statistics*

In September, the overall number of officially unemployed was 5.753 million, a 261,000 decrease from the previous month. The unemployment rate declined 0.2 percentage points to 3.5 percent, reversing the previous month's 0.2 percentage point increase.

The drop in unemployment in September was accompanied by a slight decrease in labour force participation, and the percentage of working-age adults working or looking for work. The labour force participation rate fell by 0.1 percentage point in September to 62.3 percent. In August, the number of quits and layoffs remained relatively flat, showing that despite open positions being generated, companies are not looking to rehire for those positions at this time. Lower participation rate despite some growth across sectors (even though at a reduced pace) indicates that empty positions are not being filled.

Furthermore, it illustrates that we're seeing a hiring freeze affecting numerous sectors of the economy - a trend that was confirmed as much by Amazon that it was freezing some hiring in its retail business. (link -https://cnb.cx/3Tbq6zb)

The September jobs report reveals that total nonfarm and private payrolls were solid but grew slower than in previous months. Additionally, labour force participation is below levels reached during the economic downturn caused by Covid-19 pandemic lockdowns, indicating a labour shortage. Further, the significant decline in job openings, may further slow future payroll growth.

Inflation has not been successfully contained yet. The still-tight labour market does not pose a hindrance to the employment side of the Fed's mandate. This gives the Fed the green light to continue rate hikes to try to further slow economic growth.

Service Inflation Pressures

Whether the latest job report is enough to drive more consumer-friendly data for the remaining inflation prints this year remains uncertain. The stickiness in inflation is sustained by pressures in services inflation, even at higher borrowing costs from rate hikes.

On Wednesday, October 5, the Institute of Supply Management (ISM) reported that its non-manufacturing Purchasing Managers Index (PMI) dipped to 56.7 from 56.9 in August. This is greater than the forecast of a Reuters poll forecast of 56, but at least indicates that growth is now occurring at a slower rate. Overall though, this recent ISM report demonstrates that US service sector growth remains strong, and though there are signs of softening, the decline will most likely be slow due to sticky components of inflation, particularly from services.

Economic activity in the US manufacturing sector also grew in September, with the overall economy achieving a 28th consecutive month of growth. The September Manufacturing PMI registered 50.9 percent, and this reading is 1.9 percentage points below the reading of 52.8 percent recorded in August. The Manufacturing PMI continued to indicate sector expansion and U.S. economic growth in September. Three of the five subindexes that directly factor into the Manufacturing PMI (Production, Supplier Deliveries and Inventories) were in growth territory.

INDEX	Sep Index	Aug Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	50.9	52.8	-1.9	Growing	Slower	28
New Orders	47.1	51.3	-4.2	Contracting	From Growing	1
Production	50.6	50.4	+0.2	Growing	Faster	28
Employment	48.7	54.2	-5.5	Contracting	From Growing	1
Supplier Deliveries	52.4	55.1	-2.7	Slowing	Slower	79
Inventories	55.5	53.1	+2.4	Growing	Faster	14
Customers' Inventories	41.6	38.9	+2.7	Too Low	Slower	72
Prices	51.7	52.5	-0.8	Increasing	Slower	28
Backlog of Orders	50.9	53.0	-2.1	Growing	Slower	27
New Export Orders	47.8	49.4	-1.6	Contracting	Faster	2
Imports	52.6	52.5	+0.1	Growing	Faster	4
Overall Economy				**Growing**	**Slower**	**28**
Manufacturing Sector				**Growing**	**Slower**	**28**

*Number of months moving in current direction.

Figure 6 *: Data from Manufacturing ISM report Report On Business*

Contraction in Global Manufacturing

The strong dollar has an asymmetric impact on global growth as US inflation and tightened monetary policy trickled to the rest of the world. Global business conditions in the manufacturing sector deteriorated, with the JPMorgan Global Manufacturing Purchasing Managers' Index (PMI) falling below the neutral level of 50.0 for the first time since June 2020. In September, the headline index fell from 50.3 in August to 49.8. This highlights contrasting views on growth as per the earlier US ISM data. However, the consensus from all indices remains the same; we are witnessing a slowdown in growth rate.

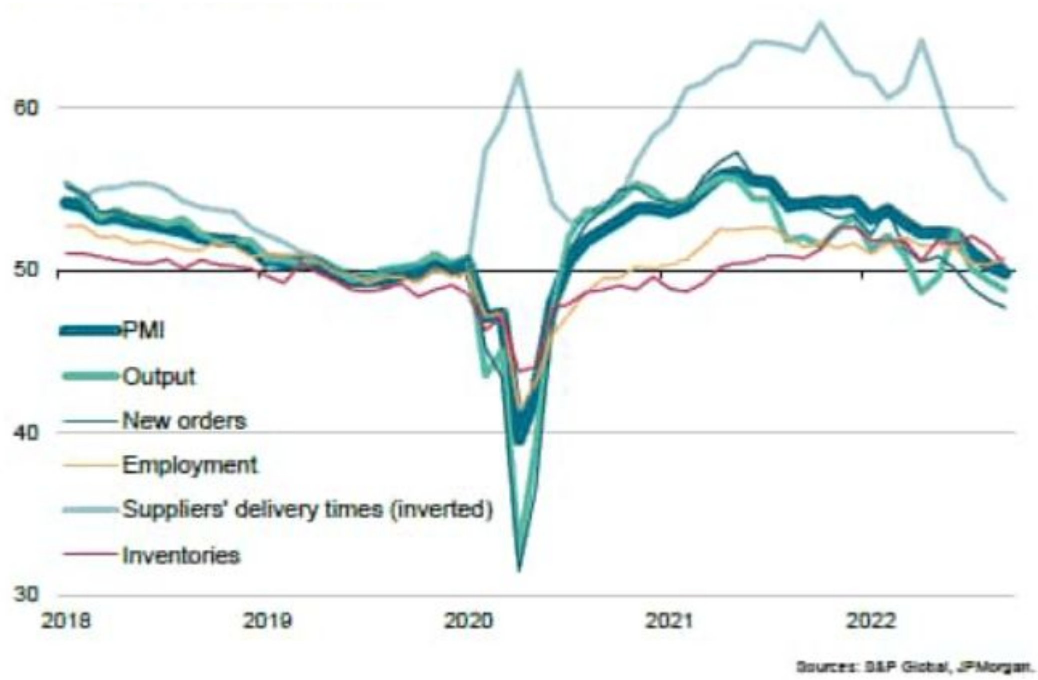


Figure 7. *JP Morgan Global Manufacturing PMI and its components (Source: S&P global , JP Morgan)*

The global manufacturing PMI survey's Output Index, which serves as a credible early indicator of actual global output trends, indicated a second consecutive monthly decline in global factory output in September. The rate of decline has escalated to its fastest since April, when mainland China lockdowns hampered global output growth. The survey also shows manufacturers reporting that orders have fallen directly due to higher prices in September. The report shows how the high cost of living worldwide has slowed down global demand and production.

In a way, the strong dollar tends to "export inflation" to trading partners. However, the adverse effects in a highly globalised economy could easily spill back onto the US economy.

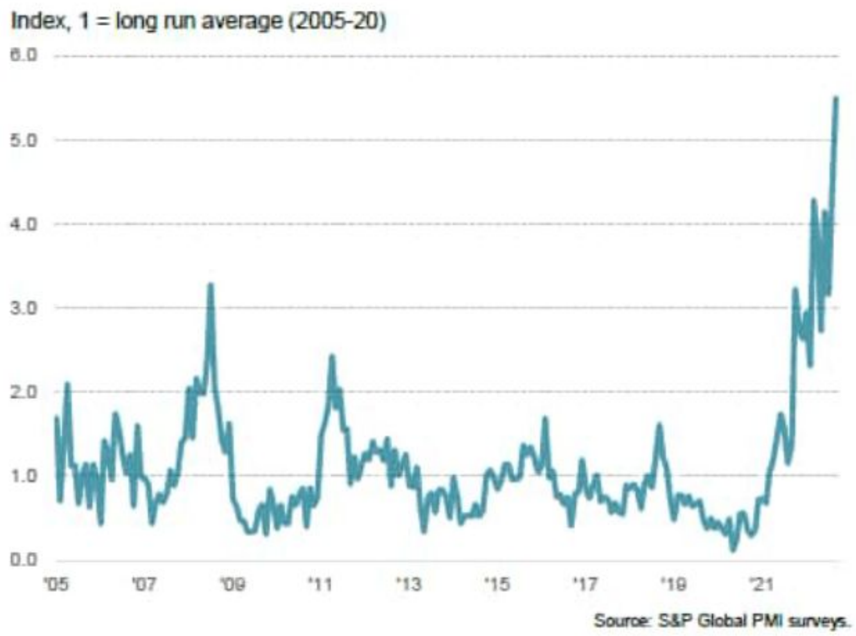


Figure 8 . *Companies Worldwide Reporting Lower Demand due to High Prices (Source: S&P global , JP Morgan)*

How? In order to stabilise their currencies and inflation, foreign central banks have had to raise interest rates, which typically entails selling US Treasury securities. Recently, the yen fell so sharply that even the Bank of Japan, which has welcomed greater inflation for decades now, intervened in the market to support the yen. This type of intervention hadn't occurred since 1998.

Additionally, because the dollar serves as the world's reserve currency and is used in the majority of international transactions, a sharp increase in its value could raise borrowing costs across the board, particularly in emerging market nations where businesses and governments have borrowed heavily in U.S. dollars. The risk of default increases when such loans are serviced or when the debt is repaid in a currency that has depreciated.

US Trade Deficit

Consumer spending patterns have also shifted, more towards services and experiences, negatively affecting merchandise expenses. This shift in spending patterns has helped temper domestic demand for products made from overseas, and in turn resulted in a narrower trade deficit in the United States.

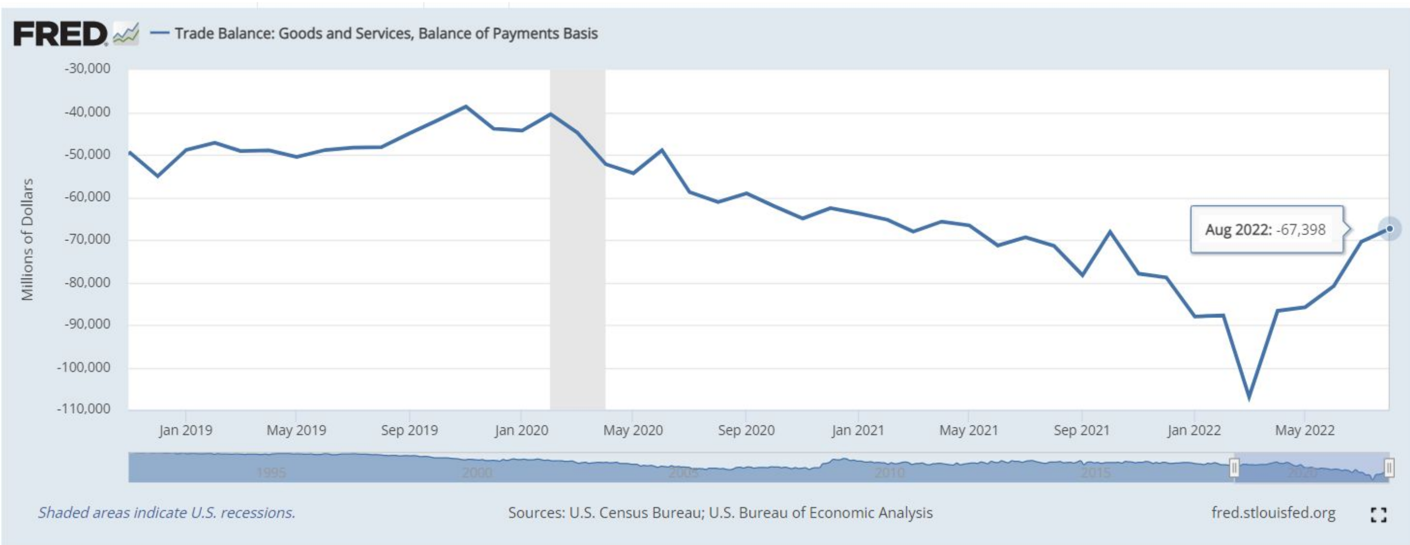


Figure 9 . *Trade Balance: Goods and Services, Balance of Payments Basis*

The US International Trade in Goods and Services is published by the Bureau of Economic Analysis (BEA) every month to report US exports and imports of goods and services. According to the US BEA, the trade balance, or value of exports minus imports, was down by $3.2 billion to $67.4 billion from $70.5 billion in July. According to Department of Commerce statistics, imports fell 1.1 percent from July to August to $326.3 billion. This report reflects the reduced demand for imported consumer goods and industrial supplies.

Meanwhile, foreign demand for US goods and services softened as economies worldwide struggle with central banks raising interest rates and elevated prices, fuelled by a strong dollar. Exports dropped 0.9 percent to mark the second decline in a row after it hit a record in June. Looking forward, exports will continue to be affected by slow foreign demand due to inflation and the stronger dollar, while imports will decline with weakening domestic demand.

Forward-Looking Economic Indicators Point Down

Will economic activity accelerate or decelerate?

Statistically significant forward-looking macro indicators are handy for understanding what's ahead for the global economy. To serve this purpose, we revisit the Global Credit Impulse. The G5 Credit Impulse printed 20-year lows in July 2022 (latest data available) due to the confluence of a massive post-pandemic fiscal drag, Chinese deleveraging, and a lacklustre recovery in global bank lending.

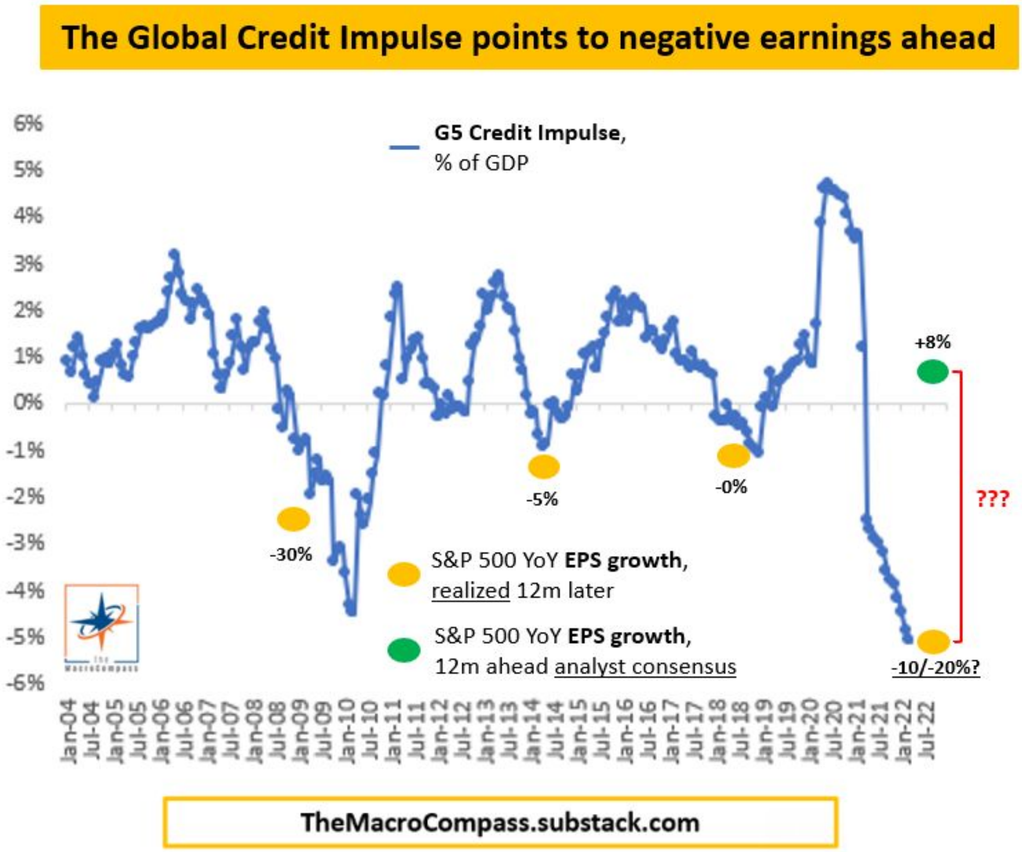


Figure 10 . *G5 Credit Impulse plotted since 2004. (source: TheMacroCompass)*

While analysts project an 8 percent increase in earnings for 2023 (green dot), the decline so far recorded in 2022 in the global credit impulse (blue line) is more consistent with an Earnings-Per-Share (EPS) decline far into the double digits.

The message is clear: Future earnings will probably disappoint and severely let down the economy.

Stocks and Bonds

The strength of the US dollar tends to increase market volatility in currency and other asset classes. The dollar strength and huge moves in other currencies increased investors' risk premium, or the excess return investors require for a riskier asset. A higher risk premium generally means a higher cost of capital and reduced investment spending, leading to lower earnings and valuations. Moreover, companies included in the S&P 500 get about 30 percent of their revenue from outside the United States. The strength of the dollar thus continues to negatively impact earnings. This year, we have seen a negative correlation between the US dollar's dominance and the stock market

Figure 11 . *As the dollar rises, stocks tend to fall: US Dollar Index and S&P 500*

This week, the job numbers brought volatility to the stock market. Investors hoped the slight weakness seen in the latest job market report, would persuade the Fed to ease up on rate hikes. However, the Fed officials kept a strong stance on aggressive hikes quashing any hopes for a pivot. This resulted in a fall after a short rally.

Figure 12 . *As the dollar rises, stocks tend to fall: US Dollar Index and S&P 500*

The Broad S&P index closed down 2.8 percent on Friday, while tech-focused NASDAQ dropped 3.8 percent. Fed officials made clear that market volatility will not force the Fed to back down, nor will it affect their rate decisions. (link to the statement - https://bloom.bg/3CJbFwT)

In the bond market, conditions continue to tighten. The yield curve continues to invert, and short-term rates may keep rising with Fed rate hikes. The 10-year Treasury yield could drift higher now that the market is pricing in a peak Fed Funds rate of over 4.6 percent, but the possibility of rate cuts in early 2023 should limit a sustained move to the upside. However, this would only be determined by how consumers, the job market and inflation data pans out for the next three-six months. For the time being, the Fed remains hawkish and data-driven.

Summary

- Initial claims for regular state unemployment insurance jumped for the week ending October 1. Overall, a historical comparison shows that the initial weekly claims for unemployment insurance remain very low.
- The latest job data from the Bureau of Labor Statistics show the total number of job openings in the economy dropped to 10.053 million in August, down from 11.170 million in July. The job openings see their lowest level since June 2021
- US nonfarm payrolls added 263,000 jobs in September, less than the 315,000 gain in August. Employment growth shows signs of cooling but is still above trend
- The goods and services deficit was $67.4 billion in August, down $3.1 billion from $70.5 billion in July, revised. Data shows that domestic demand for imported goods is slowing down.
- Global business conditions worsened in the manufacturing sector in September. The JPMorgan Global Manufacturing Purchasing Managers' Index dropped below the neutral level of 50.0 for the first time since June 2020.
- The strength of the US dollar “exports inflation” to the rest of the world, but the strong dollar affects company earnings, leading to stock market volatility.
- Last week, the stock market gave up a short but steep rally after the market digested the recent employment reports showing the resiliency of the job market..

WHAT'S ON-CHAIN THIS WEEK?

Crypto Protocols as Businesses

nother way of assessing crypto protocols is by using conventional business principles, particularly as ypto industry and on-chain data sources continue to develop. Total fees offer a means of evaluating e economic value produced by a protocol, and protocol revenue quantifies the portion of this total alue that the protocol actually retains.

hen examining crypto protocols, it's critical to comprehend the distinction between protocol fees and rotocol revenue. The total fees created from a protocol's economic activities, frequently differ gnificantly from the money that the protocol finally collects from the market since many protocols are vo-sided marketplaces that balance supply and demand. For instance, in the last 30 days, Uniswap enerated almost $45M in fees for its liquidity providers, yet it earned nothing for its treasury and token olders. As a result, both measures represent distinct pieces of information that can be utilised to valuate the effectiveness of a protocol in several ways. This is particularly relevant for Proof-of-Stake ased protocols. For Proof-of-work networks, transaction volume and latency also become more nportant factors, as well as subsequent networks (eg: Lightning for BTC).

oken incentives suggest a cost to the protocol and can be added to protocol income to produce an pproximation of the profitability of on-chain protocols. In order to concentrate only on pplication-specific protocols and networks, generalist Layer-1 networks and Layer-2 scaling solutions re ignored.

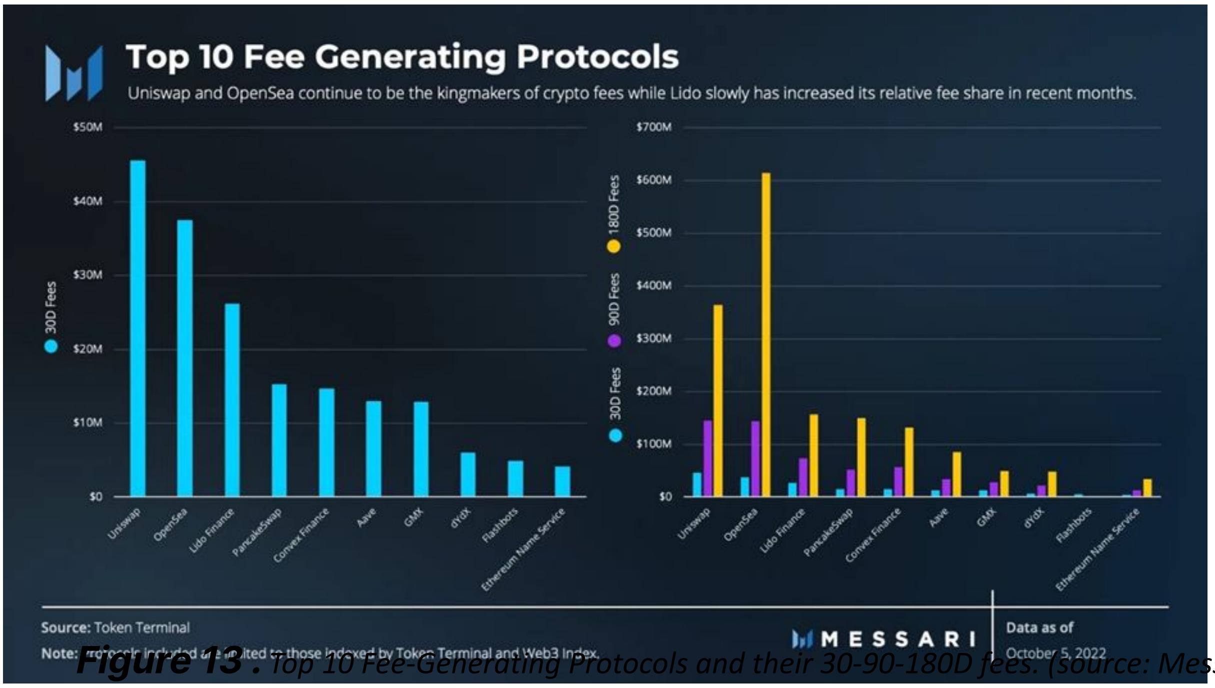


Figure 13 : *Top 10 Fee-Generating Protocols and their 30-90-180D fees. (source: Messari)*

Uniswap and OpenSea continue to be the kingmakers of crypto fees. Over the last 180 days, both protocols have produced at least double the fees of the next largest fee-generating protocol (Lido). However, as on-chain activity has slowed during the last few months, Lido's staking fees have grown relative to the fees generated from Uniswap and OpenSea.

Name	▼ 1 Day Fees	7 Day Avg. Fees
Ethereum	$1,976,086.04	$2,113,497.31
Uniswap	$917,760.69	$1,011,721.13
GMX	$324,553.28	$230,190.01
Aave	$238,569.19	$238,293.11
Bitcoin	$201,732.41	$203,451.51
SushiSwap	$99,374.10	$99,019.00
Curve	$80,392.69	$78,655.51
Compound	$60,043.51	$63,225.27
Solana	$59,670.34	$52,483.90

Figure 14: *Largest fees for chains while aggregating protocols. (source: cryptofees.info)*

GMX has overtaken the incumbent decentralized central limit order book dYdX over the last 180 days and is now producing double the fees of its closest competitor. After a successful Ethereum Merge, Flashbots has made quick work establishing itself as the go-to block building service for Ethereum validators and is already generating $5M in monthly fees. The fall in seven day average fees values is staggering with drying liquidity affecting chains like Compound and Solana at the bottom of the spectrum.

The reason such analysis is significant is because it is important to evaluate crypto projects and innovation as more than alternative assets and currencies. The popular mindset is to keep building across the bear market to prosper in brighter macro conditions. Thus, during a period of consolidation and building, it is fruitful to evaluate yield generation-focused protocols and chains at face value and analyse them as businesses producing revenue through their services.

Aggressive BTC Buying

Figure 15: *Net outflow from major centralised exchanges for Bitcoin.*

Despite the mild upward price action of the past few days, BTC is still trading below its realised price of $21.3k.

Over the past week, predominant sustained outflows from centralised exchanges might be pointing to a large buying activity around these price levels.

The largest BTC outflows in the last three months occurred over three days during the last week (Oct. 1-4). This buying pressure most likely indicates that many traders and investors bought the recent rally and are anticipating soon-to-be new highs. This conclusion is derived from exchange balances plummeting as prices increase driven by spot buying.

BTC is in a range of incredible value right now and with other accumulation metrics flashing green as netflows, it is prudent to pay attention right now.

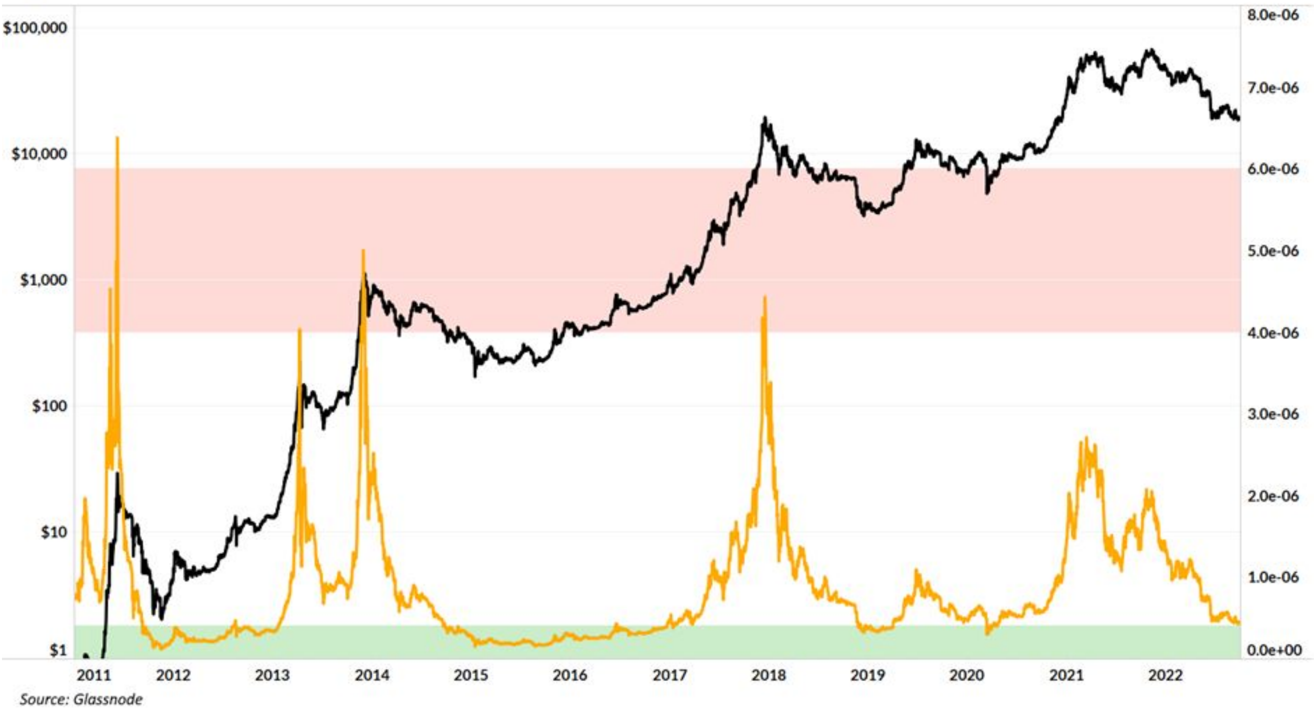


Figure 16. *Market Cap to Thermocap Ratio on BTC. (source: glassnode, Blockware Intelligence)*

The supply of Bitcoin held by entities with between 0.01 and 1 Bitcoin, or retail investors, is depicted in the chart above. The 90-day change in this measure is also displayed.

Retail aggressively purchased the initial dip to $20k. Recently, this retail accumulation craze has abated. Even though they are still accumulating, they are doing so at a reduced pace and intensity.

One theory for this cooling off is that the market is becoming weary of this price range. The euphoric "buy the dip" at the previous cycle high moment has passed. That time has gone, and the prolonged period of dullness leads to the assumption that BTC is overdue for a significant move—up or down is to be determined despite the accumulation signs.

Figure 17. *BTC Liveliness against price. (source: @Onchaincollege)*

Bitcoin Liveliness is yet another interesting metric that we highlight. Liveliness is calculated by taking the ratio of cumulative coin days destroyed (a metric that measures market health and participation by looking at the age of Bitcoins transferred on a given day) to the cumulative sum of all coin days ever accumulated by the network. Liveliness varies between a value of 1 for a protocol where every coin is spent at least once, and 0 for a protocol where no transaction has taken place.

It increases as Long-Term Holders (LTHs) sell coins & decreases as they accumulate/HODL. The chart is marked up to better highlight the LTH behavior.

Liveliness is currently decreasing. A normal, cyclical behavior that we'd expect in a bear market. This further backs up our belief of ongoing accumulation.

NEWS FROM THE CRYPTO-SPHERE

Transit Swap hacker returns $16.5M of stolen funds:

Figure 18. *Hacker returns 70 percent of the $21 million stolen from Transit Swap's smart contract exploit. (Source Cryptoslate)*

Cross-chain DEX aggregator Transit Swap had a rough weekend after it lost over $21 million of users' funds to a vulnerability attack. An unknown hacker launched an attack against TransitSwap's unverified smart contract on Oct. 1. Users who unknowingly approved their tokens for trading on Transit Swap had all their funds transferred directly to the hacker's address.

Blockchain security firms SlowMist, PeckShield, and Bitrace, worked closely with the Transit Swap team to track the hacker's IP, email address, and associated on-chain address. Their joint efforts were able to return over 70 percent of the stolen funds.

The Transit Swap team has updated that they are still working to recover more stolen funds and will soon reach out to users about the fund return process.

The point to be noted is that blockchain projects and companies need to invest heavily in cybersecurity while increasing the rewards for whitehats. The incentive behind malicious intent needs to be outweighed or at least brought parallel to whitehat bounties.

Zuckerberg’s Metaverse App on 'Quality Lockdown' as Even Employees Won’t Use It:

Figure 19. *Mark Zuckerberg's metaverse avatar (Source The verge)*

Meta leadership has placed the company’s metaverse VR platform, Horizon Worlds, on a “quality lockdown” until the end of the year due to persistent bugs.

When Meta CEO Mark Zuckerberg unveiled a first look at his company’s multi-billion-dollar virtual reality metaverse, Horizon Worlds, the internet mockingly criticised the platform’s graphics, which led Zuckerberg soon after to write an Instagram apology, claiming Horizon was “capable of much more” and “improving quickly.”

According to internal company memos obtained by The Verge, It appears that even Meta employees who are working to make those improvements don’t hold the platform in the highest regard by rarely using the platform, despite requests to do so both at work and at home.

Celsius update: Top Execs Cashed Out $17M in Crypto Before Bankruptcy

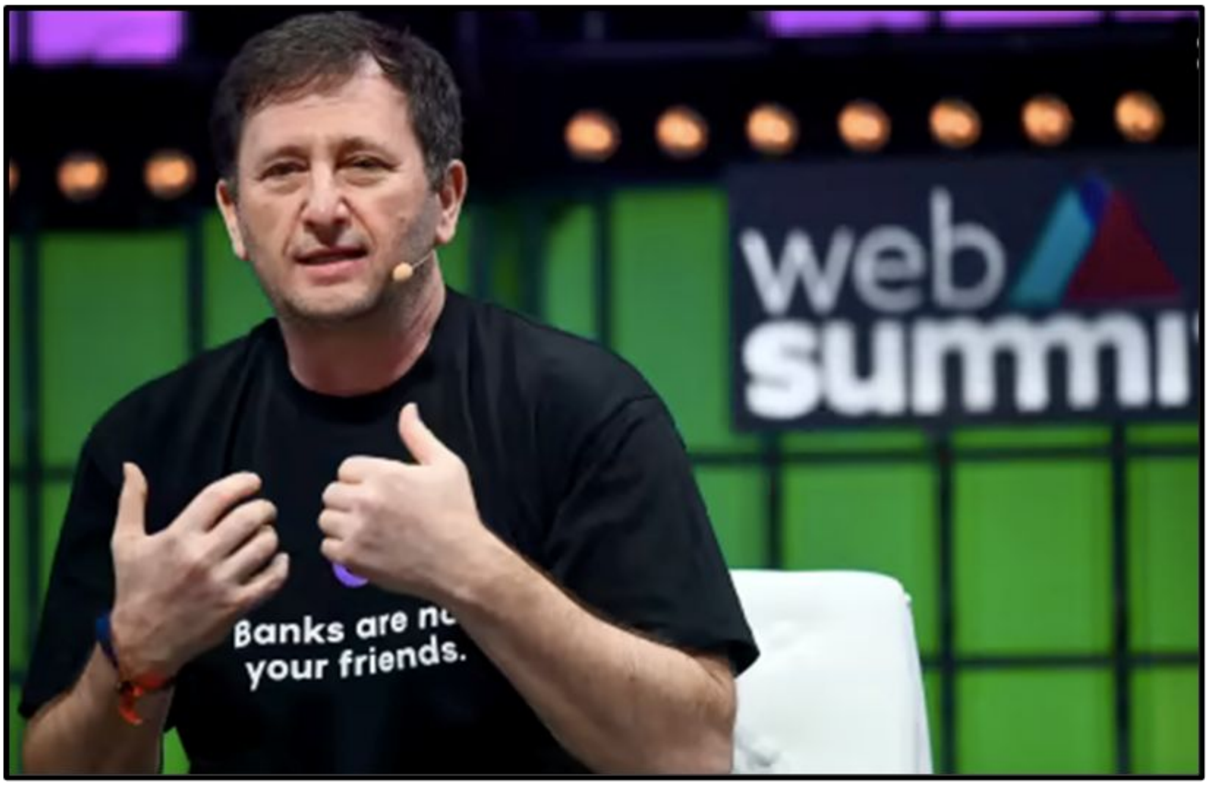


Figure 20. *Crypto lender Celsius' top executives withdrew a little over $17 million in cryptocurrency between May and June 2022, right before the company suspended all customer withdrawals. (Source CoinDesk)*

According to a Statement of Financial Affairs filed late Wednesday, October 5th, former CEO of Celsius Alex Mashinsky and former CSO Daniel Leon withdrew millions of dollars weeks before revealing issues at the company, drawing primarily from custody accounts in the form of Bitcoin (BTC), Ethereum (ETH), USDC (USDC) and CEL tokens (CEL).

The court document states that Mashinsky withdrew about $10 million in cryptocurrency in May 2022; Leon withdrew about $7 million (and an additional $4 million worth of CEL denoted as "collateral") between May 27 and May 31.

Over a dozen other executives, including the company's Chief Compliance Officer, Oren Blonstein, Chief Risk Officer Rodney Sunada-Wong, and new CEO Chris Ferraro, did not make any significant withdrawals during that period, according to the document, one of several filed to the Bankruptcy Court for the Southern District of New York.

To add insult to injury, Celsius customers were also outraged by the fact that the company turned over 14,500+ pages of customer information to the court. Some 18.6 gigabytes of user data, transaction amounts, wallets, addresses,dates were compromised in the process. (link - https://bit.ly/3CfYr9k)

Binance confirms BNB cross-chain bridge hack, Tether steps in to help

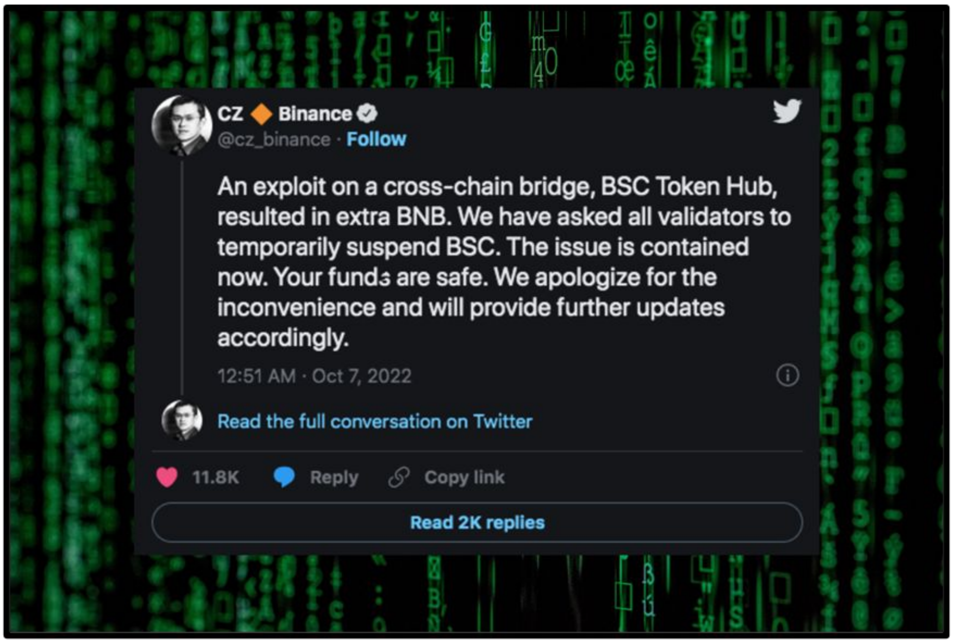


Figure 21. *Binance CEO Changpeng Zhao, also known as CZ, has confirmed the occurrence of a cross-chain bridge exploit and shared details about the incident. (Source The Block)*

According to the BNB chain Ecosystem update, there was an exploit affecting the native cross-chain bridge between BNB Beacon Chain (BEP2) and BNB Smart Chain (BEP20 or BSC), known as "BSC Token Hub."

With a BNB price of $293 at the time of the hack, the stolen 2 million BNB amounts to $586 million.

However, the hacker managed to only make off with just $127M before losing access to the rest of the funds.

While Binance halted the Binance Chain and Binance bridge for a few hours to try yo take control of the situation, Tether blacklisted an address to which the proceeds of the hack were sent, and once again was the only stablecoin to stand up for the community and freeze and recover part of the funds of the hack. Their reaction time was just 15 minutes between receiving the request and blacklisting the address.

The BSC token hub exploit joins the recent August attack on the Nomad bridge. By taking advantage of an error accidentally introduced in an update, Nomad exploiters were able to drain over $190 million in value from the blockchain protocol.

These exploits demonstrate the importance of performing a comprehensive security audit on smart contract code before deployment.

EU bans crypto payments from Russia in new sanctions package:

Figure 22. *The European Union’s new sanctions slash the previous cap on crypto payments from Russia. (Source The Block)*

The European Union has toughened restrictions on crypto payments from Russian accounts, wallets or other holding services to European ones.

The new sanctions package responds to Russia's continued escalation of its war against Ukraine.

In what is its eighth sanction, the European Union has removed the previous limit on the size of of wallets allowed (€10,000) to transact, and now is effectively seeking to ban all crypto-asset wallets, accounts, and custody services.

The EU’s new sanctions also include import bans totalling up to €7 billion to restrain Russia’s war and lays the groundwork for implementing an oil price cap.

FTX partners with VISA for crypto debit cards across 40 countries:

Figure 23. *FTX exchange will launch a Visa debit card in 40 countries to allow its customers to pay for goods and services using crypto (Source CoinGecko)*

According to a new press announcement, FTX will launch its crypto debit card soon in Latin America. The card will also be made available in Europe by the year's end and offered in Asia. The press release adds, "additional regional launches are planned for 2023."

Though FTX introduced its debit card in the U.S. earlier this year, with its waitlist beginning in January, the latest news will bring the product to 40 other countries.

The card connects to the user's FTX balance and converts crypto to an accepted currency at the point of sale.

FTX is not the only company that offers crypto debit cards. Last year, Visa said that it was working with 50 companies on such cards. Binance, Coinbase, BlockFi, and Crypto.com are among the other crypto exchanges and companies that offer Visa-powered crypto debit cards.

It’s official, Elon Musk is buying:

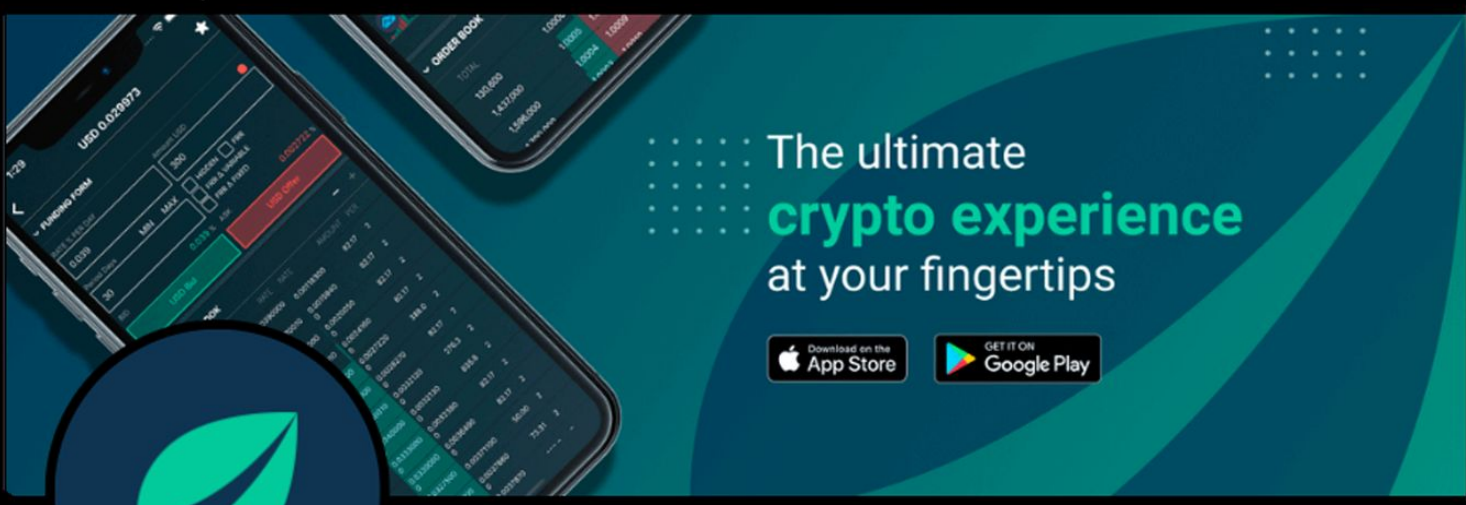
Figure 24. *Musk Revives $44 Billion Twitter Bid, Aiming to Avoid Trial (Source Bloomberg)*

On Tuesday, October 4th, representatives of the billionaire notified Twitter through a letter that he intends to move forward with the deal.

Musk and Twitter were headed to court over the agreement, with the Tesla and SpaceX chief executive claiming that Twitter had misled him over the number of bots that existed on the social network. Without providing evidence for his claims, Musk has alleged that as much as 20 percent of Twitter’s user base consisted of “fake/spam accounts.”

A trial had been scheduled to begin on Oct. 17. The judge in Delaware on Tuesday asked both sides to come back to her with a proposal on how the case can now proceed.

San Francisco-based Twitter said it received the letter and intends to close the deal at the agreed-upon price without commenting specifically on how it will respond to Musk.



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