BITFINEX Alpha

Issue: 10-04-2023
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EXECUTIVE SUMMARY

The US economy has seen a mixed bag of indicators in recent months, with some signs of slowing growth and others that indicate continued resilience. The labour market, in particular, has seen a decline in job openings to a 21-month low to 1.67, although the number of job openings per unemployed workers remains relatively high. A ratio close to pre-pandemic levels would aid the Federal Reserve in its attempt to tame inflation.

These efforts were not aided by the recent surprise announcement by OPEC+, the organisation of oil-producing countries, of a production cut of over one million barrels of oil produced per day.

This not only could hinder global economic growth and cause oil prices to rise. It also risks reigniting tensions between the US and Saudi Arabia.

Furthermore, crucial measures of business conditions in both the US service and manufacturing sectors have declined in recent months, indicating decelerating growth as the economy faces mounting pressure from high interest rates.

Despite these challenges, the March employment report showed a historically resilient labour market with total job growth of 236,000, albeit at a slower pace. This strength has not resulted in a wage-price spiral, as wage growth is beginning to suggest an impending slowdown is on its way. This provides the Fed with room to strategically pause its efforts to restore price stability this year.

Overall, these indicators suggest a mixed economic outlook for the US, with some signs of resilience and others of deceleration. It will be crucial to monitor these indicators in the coming months to assess the health and direction of the US economy.

In crypto markets, Ether is seeing the considerable activity ahead of the Shapella upgrade scheduled to take place this week. In the options market, the Ether put-call ratio surged to its highest level since May 2022, indicating a possible accumulation of bearish wagers in anticipation of the upcoming upgrades to the Ethereum network.

In contrast, on-chain data for Bitcoin suggests that major cryptocurrency exchanges have observed net negative BTC flows into Bitcoin wallets. This shift in preference towards holding Bitcoin in a cold wallet rather than keeping it on an exchange could signal increased confidence in the cryptocurrency's long-term potential.

Similarly, Bitcoin's short-term realised holder (STH) realised price is currently at around $22,500, while the long-term holder realised price is around $19,000. This is a bullish sign and a healthy development for the Bitcoin market, given that there is likely to be considerable support against any further declines in these levels.

In crypto news this week, the US government sold over 9,861 BTC seized from the Silk Road case for over $215 million. In South Korea, authorities confiscated assets worth around $160 million from eight individuals employed at the failed Terraform Labs, including co-founder Daniel Shin.

Meanwhile, the Decentralised Applications (DApp) industry saw the DeFi and NFT sectors continue to grow in popularity, with more people adopting these Dapps. After Twitter owner Elon Musk decided to replace the platform's logo with that of the Dogecoin (DOGE) logo, a coin he has given public support to previously, the token closed the day 21.42 percent higher, overtaking Cardano (ADA) in market cap and becoming the seventh-largest cryptocurrency in the sector.

Finally, MicroStrategy, the software firm headed by CEO Michael Saylor, announced that it had acquired an additional 1,045 Bitcoin for $23.9 million, reaffirming its commitment to investing in the cryptocurrency. With these recent developments, the cryptocurrency market continues to show strong growth potential and increased interest from investors.

Happy trading!

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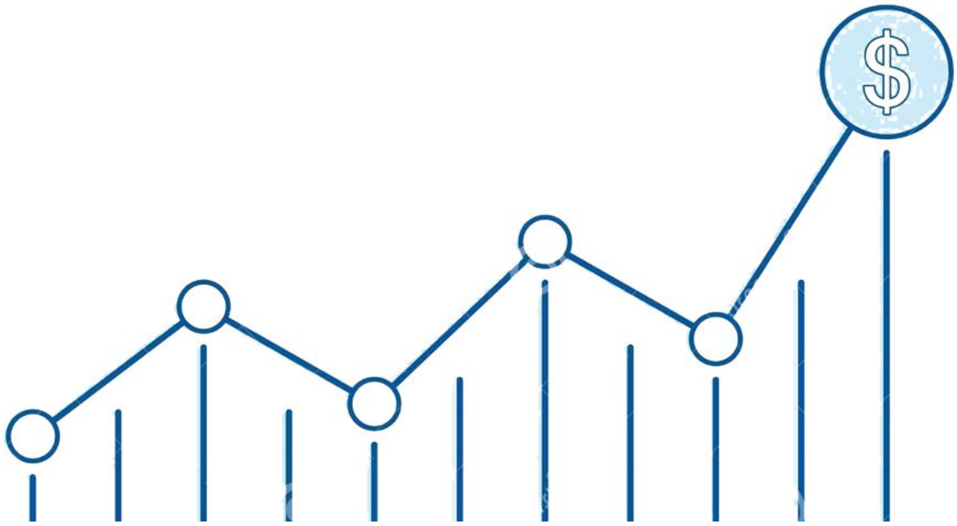


GENERAL MARKET UPDATE

Job Openings Fall amid Recession Concerns

The US labour market is finally showing some signs of slowing down as job openings fell to a 21-month low but the number of job openings per unemployed worker is still 1.67 (refer to Figure 2). Ideally, this ratio going back to pre-pandemic levels would aid the Federal Reserve in its attempt to tame inflation.

Before analysing the Unemployment data, let's discuss how it impacts inflation.

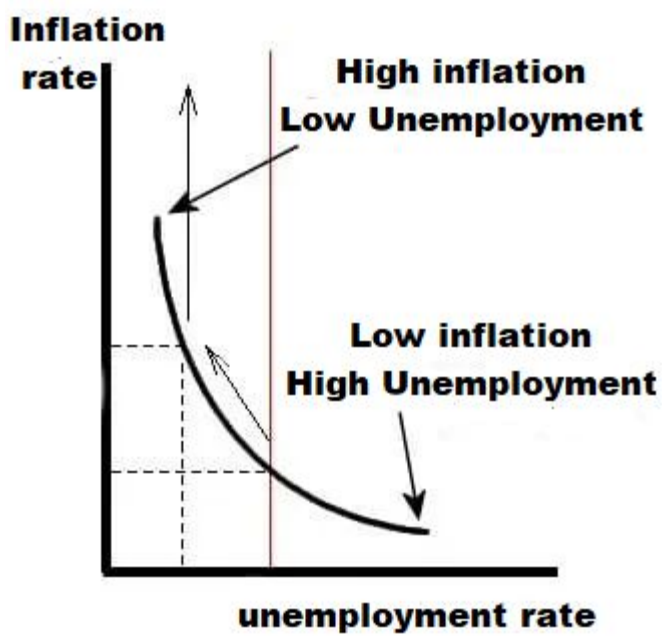


Figure 1. Philips Curve - Inflation and unemployment rate curve

Economists use the Philips curve to portray the relationship between employment and inflation. (Figure 1). This theory suggests that there is an inverse relationship between unemployment and inflation. In other words, when unemployment is low, inflation tends to be higher, and vice versa.

This relationship is based on the idea that when there are fewer unemployed workers, employers must offer higher wages to attract and retain employees. As a result, businesses may need to increase the prices of their products or services to cover the higher wages they are paying to their workers. This is known as "cost-push inflation."

Conversely, when there are more unemployed workers, there is less competition for jobs, which can lead to lower wages. When wages are lower, businesses may be able to produce goods and services at a lower cost, which can result in lower prices for consumers. This is known as demand-pull deflation.

It is a simplified representation of the relationship between unemployment and inflation, because there are other factors that can influence inflation besides unemployment.

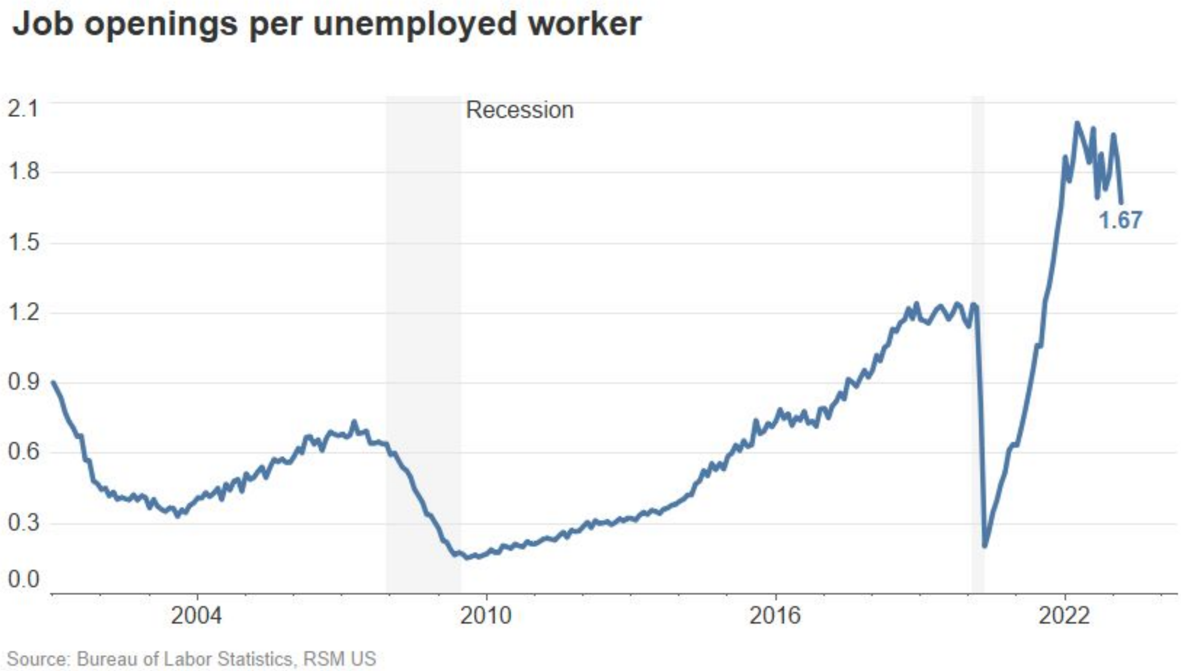


Figure 2. Job Openings per Unemployed Worker (Source: Bureau of Labour Statistics, RSM US)

Job openings in the US fell to a 21-month low of 9.9 million in February, according to the [Bureau of Labour Statistics.](#) This development suggests that the US economy might be weakening, and the historically tight labour market may be slackening. The US labour market is a considerable factor in the Fed's monetary policy decisions and has remained strong despite its rate hiking regime. Vacancies at US employers dropped in February to the lowest since May 2021. Economists had estimated that job openings would total 10.5 million for that time period; however, the number of job openings fell significantly from 10.6 million in January.

Job openings are regarded as a crucial indicator of the labour market and the broader US economy's health. Although the number of job openings decreased from its record high levels in the spring of last year, many companies are still recruiting. The Federal Reserve would ideally hope to witness a further slowdown in job openings and hiring, to alleviate the upward inflationary pressure.

While many job openings are never filled, economists consider the trend in job postings as an approximate metric of how strong the labour market is. The number of job openings for each unemployed worker dropped to 1.67 in February from 1.9 in the prior month, which is the lowest level since October 2021. However, it is still well above pre-pandemic levels of 1.2. The Fed wants to see the ratio fall back to pre-pandemic norms.

The quits rate, also known as the resignation rate, among private-sector workers inched up to 2.6 percent, accounting for roughly four million Americans. However, the quit rate is still lower than its highest point of 3.3 percent nearly a year ago. Overall, the labour market continues to demonstrate strength, with the US generating 311,000 fresh jobs in February, with estimates that of a further 235,000 positions created in March.

Although the labour market appears to be cooling off, it is still running too hot for the Fed by most measures. The central bank has raised interest rates sharply since last spring to slow the economy and shrink the demand for labour as part of a strategy to curb inflation, which is the worst it has been in 40 years. The Fed is likely to hike rates at least once more, and many fear it could trigger a recession this year and increase the nation's current 3.6 percent unemployment rate. While the recent decrease in job openings is a step in the right direction, the number of job openings per unemployed person remains elevated. The slight increase in the quits rate shows that there is still work to be done to cool the labour market.

OPEC Decides to Cut Oil Supply; Economists Fear It Will Make Fighting Inflation a Lot More Difficult

The OPEC+ group announced a surprise oil production cut of over one million barrels per day, at the risk of hindering global economic growth. The move led to a rise in oil prices and could potentially reignite tensions between the US and Saudi Arabia.

On Sunday, April 2nd, OPEC+ surprised the markets with its announcement that it would cut up to 1.16 million barrels a day (as per *Reuters* data) in its target production, abandoning its previous assurances that it would keep supply stable. OPEC + is a group of 23 oil-exporting countries mainly consisting of Middle Eastern and African countries. Saudi Arabia leads as the largest oil producer in the Middle East, while Angola is the largest in Africa.

The reduction, which will start next month, will be led by Saudi Arabia, which has promised to curtail its supply by 500,000 barrels per day. Other members have also intended to reduce their supply, such as Kuwait, the United Arab Emirates, and Algeria. Russia, which has already initiated a production cut of 500,000 barrels per day since March, shall maintain its reduction until the end of the year. The combined effect of these two voluntary reductions makes for a total potential drop of around 1.6 million barrels per day in global supplies. One barrel corresponds to 42 gallons or 169 litres of crude oil.

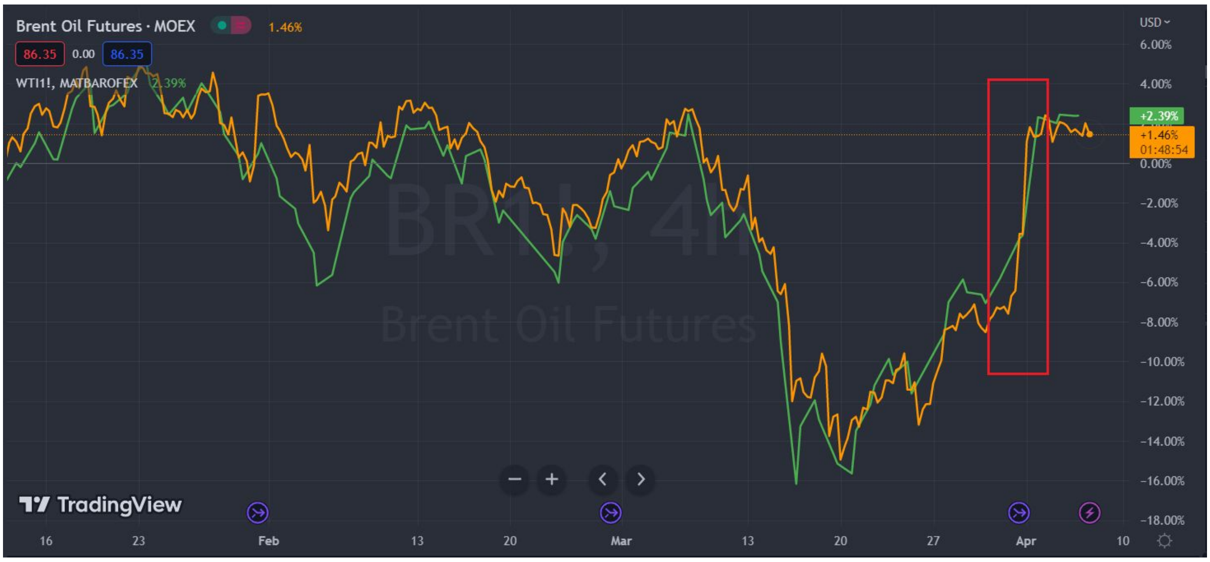


Figure 3. WTI and Brent Oil Prices Surge over the weekend following OPEC production cut announcement

At a time when oil prices are already volatile, this decision may have far-reaching consequences for the world economy. The surge in oil futures prices by as much as eight percent (refer to Figure 3) is likely to intensify inflationary pressures, which could prompt central banks to maintain higher interest rates and curtail economic growth. Such an outcome could have significant implications for the global economy; the first of which would be an increased difficulty in combating inflation.

The surprise cut may also create tensions between the US and Saudi Arabia as the Biden administration has criticised the surprise move, calling it ill-advised. Relations between the US and Saudi Arabia have been strained since last year when the White House failed to dissuade OPEC from production cuts.

Despite the concerns over the impact of the production cut on the global economy, Saudi Arabia's energy ministry official said that the cuts were "a precautionary measure aimed at supporting the stability of the oil market."

The decision to cut production was unprecedented, considering OPEC had to adapt to changing market conditions, including the Covid-19 pandemic and the war in Ukraine.

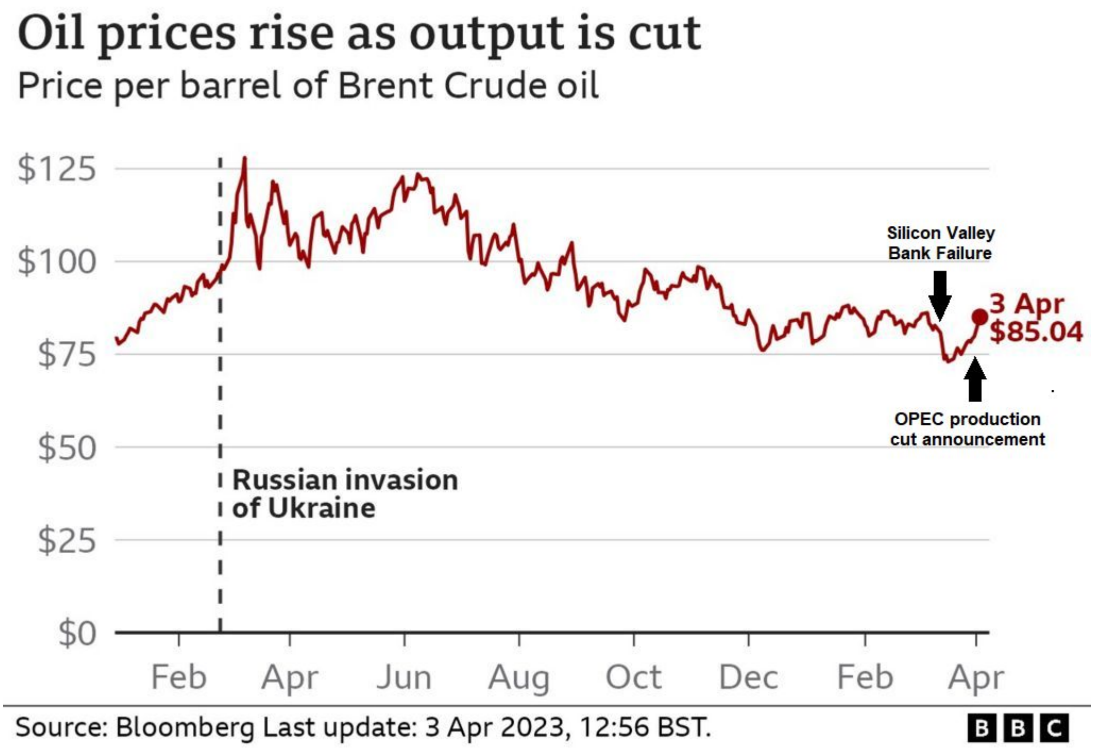


Figure 4. Brent Crude, International Benchmark for Oil (Source: Tradingeconomics)

As recently as Friday, March 28, delegates had expressed no intention to modify their output. Oil prices had slumped to a 15-month low last month due to the banking crisis (see Figure 4) but have since recovered as the banking situation appears to have stabilised. However, such a recovery may not have been enough for OPEC, hence the decision to reduce production.

The cuts will likely have severe repercussions in the coming months, notably in inflation. Consumers are already struggling, and lowering oil output on the global market creates a supply-demand imbalance that might drive inflation higher.

Thus, OPEC's move to "stabilise the oil market" could add to the destabilisation of the world economy.

Let's understand how a decrease in oil production leads to Inflation. (refer to Figure 5)

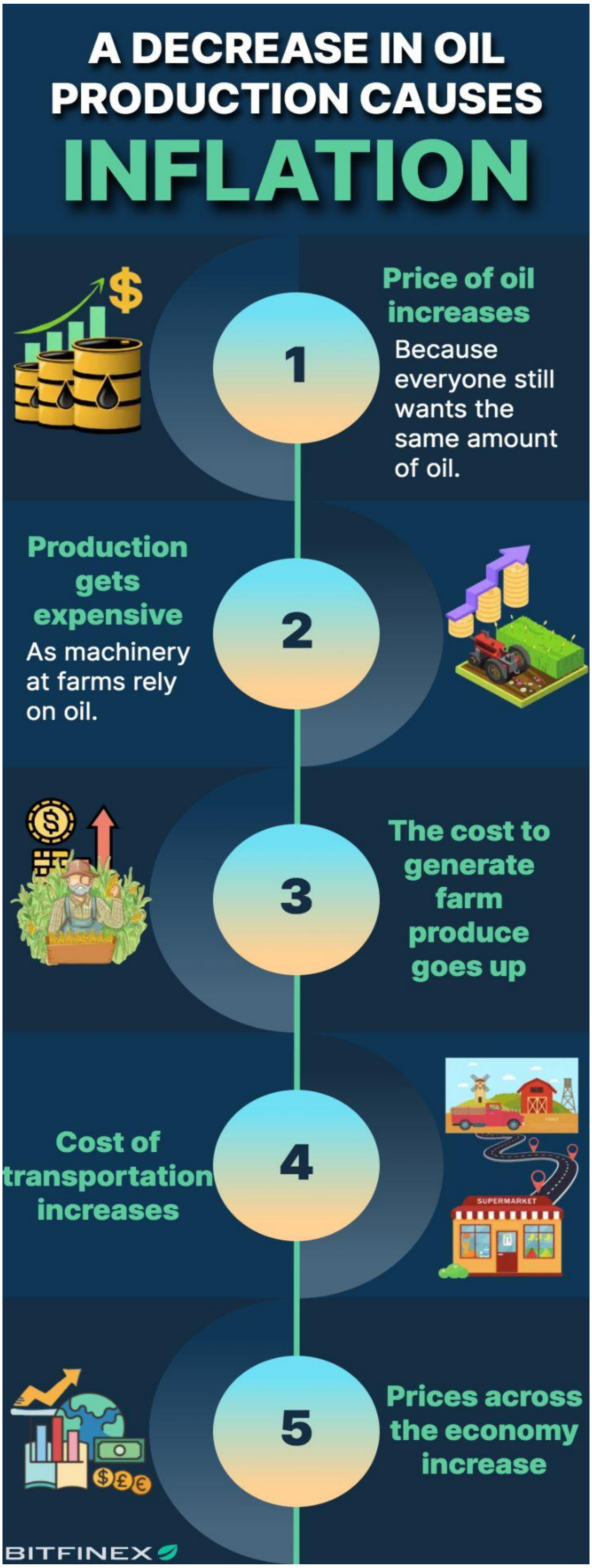


Figure 5. How a decrease in oil production causes inflation

St. Louis Fed: Oil Production Cut May Make Curbing Inflation More Difficult

Figure 6. James Bullard - St. Louis Fed President (Source: https://www.stlouisfed.org/)

The unexpected production cut by OPEC+ may render the Federal Reserve's efforts to combat inflation more challenging. However, it is premature to arrive at a definitive conclusion, said St. Louis Fed President James Bullard on Monday, April 3, in an interview on *Bloomberg* Television.

“Oil prices fluctuate around. It’s hard to track exactly. Some of that might feed into inflation and make our job a little bit more difficult.”, said Bullard. Moreover, the St. Louis Fed president thinks the Fed should raise interest rates to a range of 5.5 to 5.75 percent, which is higher than the Fed's median forecast of five to 5.25 percent. "I think inflation will be stickier", he said, noting that the Dallas trimmed mean price index, was 4.6 percent in February, unchanged from the previous month. The Dallas Trimmed Mean, popularly known as the Trimmed Mean PCE Inflation Rate, is a measure of core inflation in the price index for Personal Consumption Expenditures (PCE) excluding each month's volatile components of inflation.

Service Sector in the US Softens while Manufacturing Continues to Contract

In March, a crucial measure of business conditions in the US service sector, the ISM (Institute of Supply Management) services index declined to its lowest level in three months. The manufacturing index, a vital gauge for US manufacturers, also saw negative growth for the fifth consecutive month. Both indicators indicate that growth is decelerating as the economy contends with mounting pressure from interest rates.

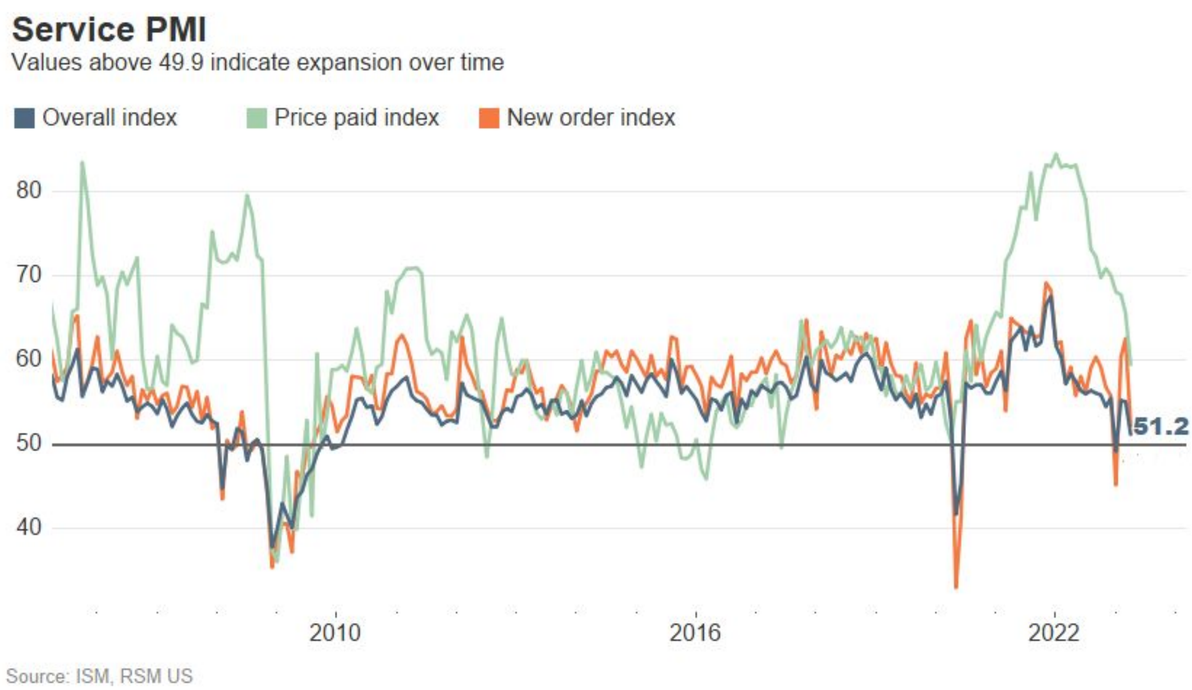


Figure 7. Service PMI (Source: Institute for Supply Management; RSM US)

The Institute for Supply Management's (ISM) services index, a leading indicator of business conditions in US companies, fell to a three-month low of 51.2 percent in March (as shown in Figure 7 above), according to the ISM report on Wednesday, April 5. This signals a slowdown in growth as the economy faces mounting pressures. The index fell from 55.1 percent in February. Though values above 50 percent suggest that companies in the US are expanding, the current value has turned for the worse.

The decrease in growth comes amid tightening monetary policy, the threat of financial instability, and lower excess savings that weigh on sentiment, leading to signs of a pullback in overall demand. The ISM reports are the first major monthly indicators that show how well the economy is performing.

The March report also showed most subcomponents declining, including a sharp 10.4 points drop to 55.4 percent in the growth rate of new orders, a proxy for future services activities. Hiring also slowed, with the employment sub index falling to 51.3 from the prior month's 54. Lower demand helped slow prices paid for services in March to 59.5. This is the first time the prices paid subindex dropped below 60 since late 2020.

Service companies, including banks, hotels, retailers, and restaurants, make up most of the US economy and employ the vast majority of Americans. Although most of these companies have been expanding, economic uncertainty and rising interest rates remain a concern. The data suggests that the services side of the economy is responding to higher interest rates. We expect spending to slow even further and unemployment to rise due to persistently high inflation and increasing borrowing cost.

While the service sector is still growing - albeit slowly - manufacturers have slumped. In Figure 8 below, a reading above 48.7 indicates growth. Any reading below that shows contraction for that particular index.

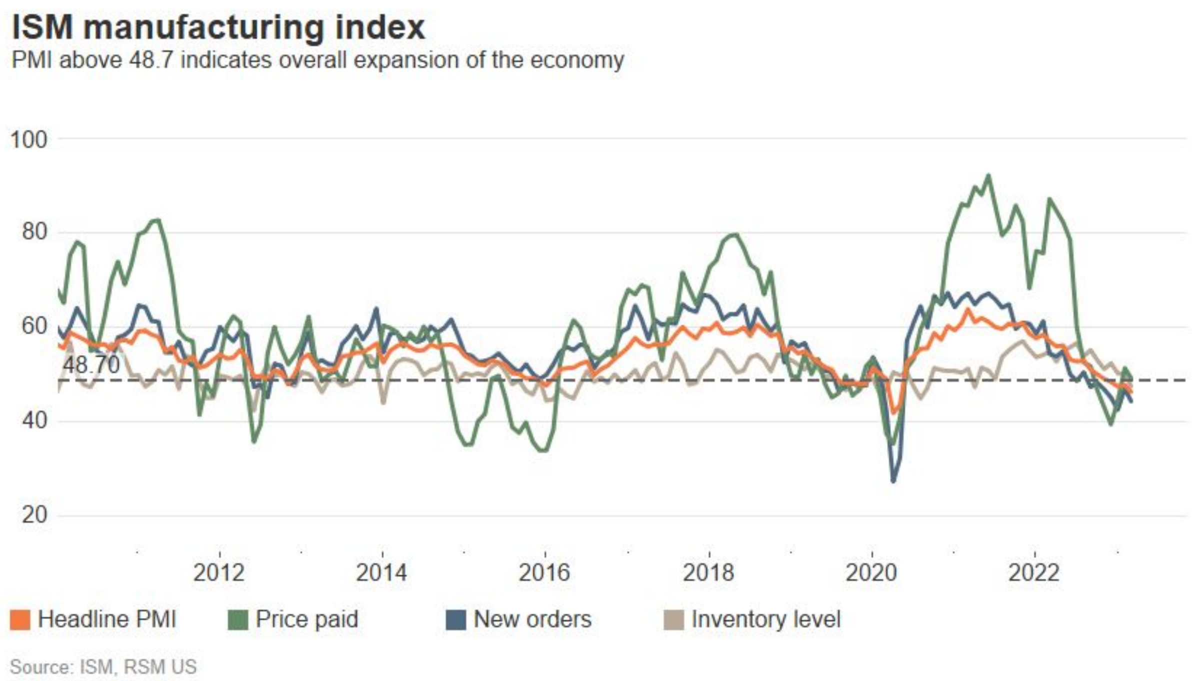


Figure 8. Manufacturing PMI (Source: Institute for Supply Management; RSM US)

New data released by the Institute for Supply Management on Monday, April 3, revealed that the manufacturing sector in the United States declined for the fifth consecutive month in March. The pace of decline accelerated due to the impact of steep interest rate hikes on overall demand, which led to the sector possibly slipping into a recession. The manufacturing ISM index dropped to 46.3 in March from 47.7 in February (refer to Figure 8 above). Generally, an overall index below 48.7 indicates contraction. For the subindices, the threshold is 50.

The manufacturing sector is one of the most rate-sensitive sectors, as the Federal Reserve's campaign to tighten monetary policy considerably reduced demand for manufactured goods.

The manufacturing employment index also declined to 46.9 from 49.1 in March, causing back-to-back declines in hiring sentiment both for the manufacturing and services sectors.

The Institute for Supply Management reported that the faster decline in manufacturing sentiment in March was driven by worsened activities in most subindices. The new orders index, which is a proxy for future production, fell to 44.3 from 47 earlier, and current production remained in contraction mode, despite inching up to 47.8 from 47.3. However, the prices paid index contracted to 49.2 in March from 51.3 in February, which may signal softer March inflation data that will come out next week with the release of the March consumer price index.

The Federal Reserve has signalled its willingness to engineer a "soft-ish landing" to cause a mild recession, with the manufacturing sector being one of the first targets to bring inflation down to its long-term goal. Though inflation in the service sector is still growing, we expect it to grow slower this year.

The ISM data suggest that the Fed is near its peak policy rate as more cracks have appeared in different sectors of the economy, all while the central bank continues to assess the impact of monetary policy throughout the economy. So far, it does not seem like we have seen the worst in the manufacturing sector.

March Hiring Slows; CIO of the World's Largest Educator-Only Pension Fund Says Markets Expect a Fed Pivot

The US March employment report shows that total jobs increased by 236,000, suggesting that industries continue to hire, albeit at a slower pace (Refer to Figure 9).

The latest report on the job market suggests that fears of a wage-price spiral are diminishing, highlighting the direction of monetary policy as the Fed futures rate suggests that the Fed is poised to hike by at least 25 basis points at its May FOMC meeting. The CIO of the California State Teachers Retirement System, Chris Ailman said to *Bloomberg* that he expects unemployment to increase quite sizably soon, and CEOs are worried about an increase in mass layoffs. He also went on to say that the markets are expecting a Fed pivot as early as the third quarter.

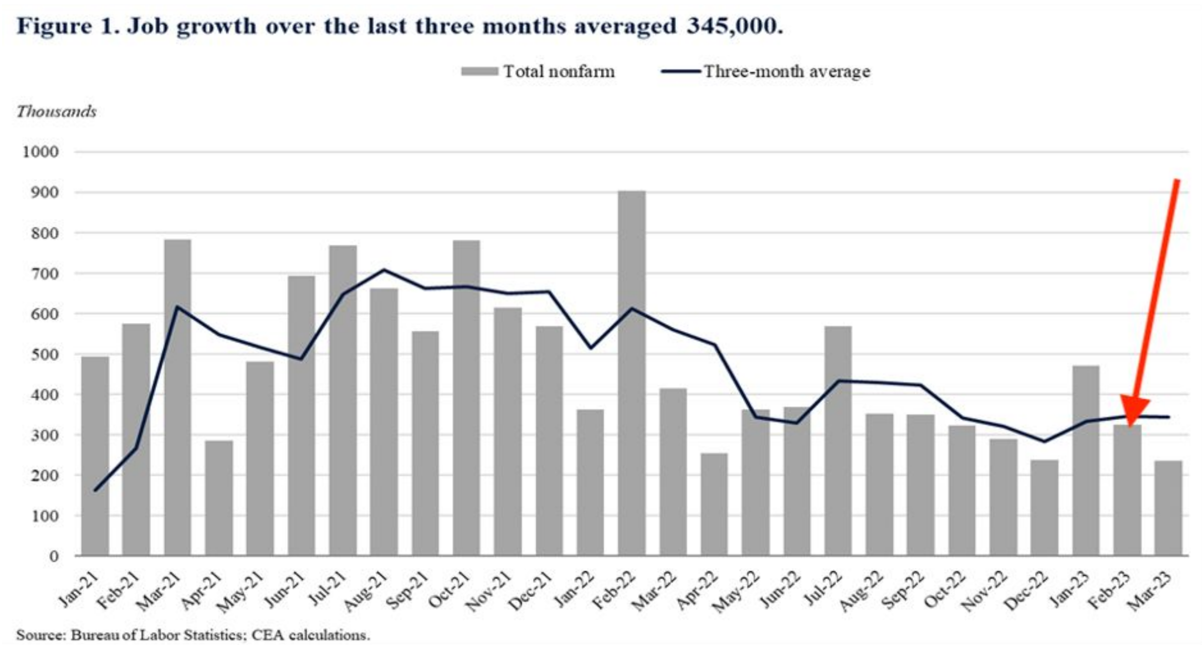


Figure 9. US Job growth (Source: Bureau of Labour Statistics, Council of Economic Advisers, US)

The US employment report showed a robust 236,000 new jobs in March, which illustrates that the labour market remains strong albeit growing at a slower pace, according to the report by the Bureau of Labour Statistics released on Friday, April 7. Consensus economist forecasts had come in at 238,000. The number of new jobs fell from 326,000 in February. For the same month, however, the unemployment rate dropped to 3.5 percent from 3.6 percent in February.

Figure 10. Labour Force Participation Rates have seen recovery for both workers aged 16 (Source: Bureau of Labour Statistics, Tradingeconomics)

The number of people who are employed or actively seeking employment, or the labour force participation rate (aged 16 and above), increased to 62.6 percent (refer to Figure 10). This is a slight uptick from 62.5 percent in February. This is the highest labour force participation rate since February 2020, the month before the pandemic lockdowns were initiated. When more individuals seek employment, companies do not have to compete to attract new employees, and thus lessens the upward pressure on wage growth.

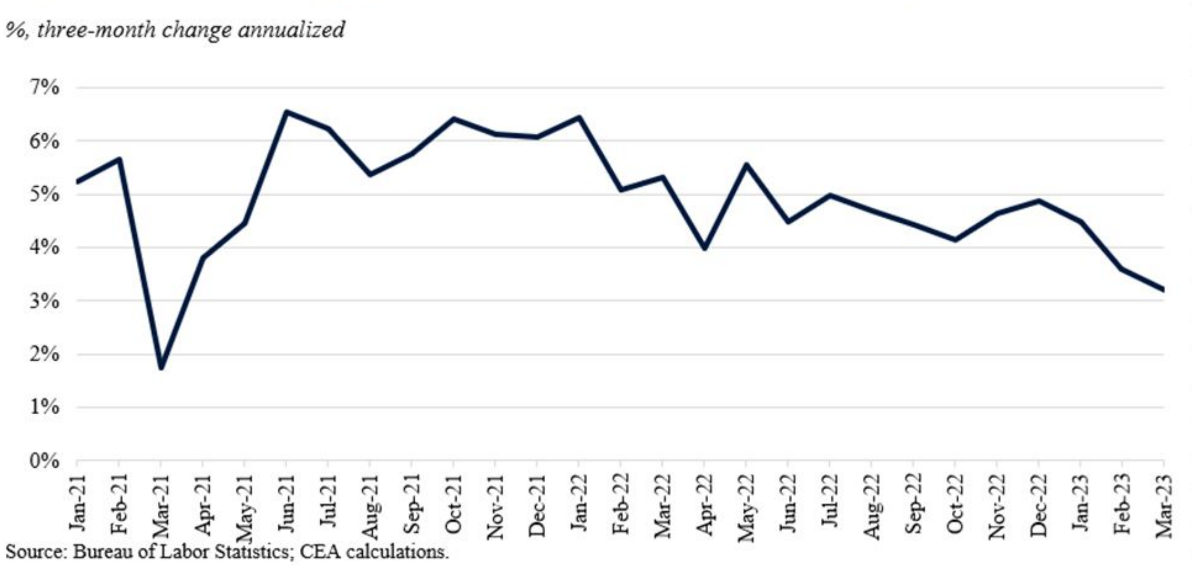


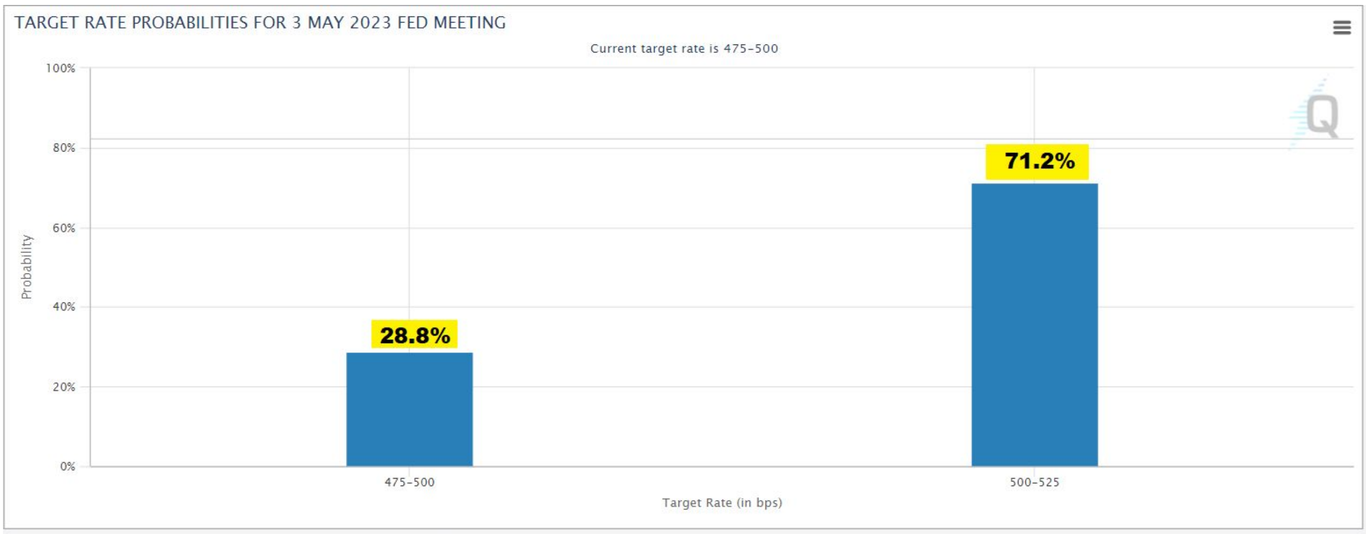
Figure 11. Nominal Wage Growth in March is Lower than Last Year (Source: Bureau of Labour Statistics, US Council of Economic Advisers)

Hourly wages rose mildly by 0.3 percent last month, and the wage growth rate year-over-year (YoY) decreased to a near two-year low of 4.2 percent, down from 4.6 percent in February. The three-month average annualised wage growth rate has slowed to 3.8 percent (refer to Figure 11), which suggests that wages are trending towards the level the Federal Reserve considers to be in line with stable wage and inflation. The US central bank needs to see wage growth coming down to the levels near its two percent inflation target. This will ease the risks associated with a wage-price spiral linked to elevated service sector inflation.

The wage-price spiral is an economic phenomenon in which rising wages lead to higher production costs, which in turn causes businesses to raise the prices of their goods and services. This increase in prices can then lead to workers demanding higher wages to keep up with the rising cost of living, thus creating a self-perpetuating cycle of wage and price increases. The wage-price spiral can contribute to inflation, as it causes both wages and prices to continually rise over time.

Addressing the root causes of the wage-price spiral is crucial in order to achieve long-term economic stability.

It should be noted that the March employment report did not adequately convey the impact of the significant tightening of financial conditions following the collapse of three US banks and one systemically important Swiss lender last month. In the coming months, we expect the effects of risks associated with the banking sector and tighter lending will become apparent.



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 7 APR 2023	1 WEEK 31 MAR 2023	1 MONTH 9 MAR 2023
475-500 (Current)	28.8%	28.8%	51.6%	0.0%
500-525	71.2%	71.2%	48.4%	21.6%
525-550	0.0%	0.0%	0.0%	56.6%
550-575	0.0%	0.0%	0.0%	21.8%

* Data as of 9 Apr 2023 02:54:11 CT

Figure 12. Target Rate Probabilities for the May 2023 Fed Meeting, Data as of April 9 2023 (source: CME FedWatch Tool)

MEETING PROBABILITIES													
MEETING DATE	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525
5/3/2023							0.0%	0.0%	0.0%	0.0%	0.0%	28.8%	71.2%
6/14/2023		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	29.7%	69.7%
7/26/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	14.3%	48.6%	36.9%
9/20/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	9.8%	37.6%	40.6%	11.8%
11/1/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	5.6%	25.5%	39.3%	24.4%	5.1%
12/13/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	4.6%	21.7%	36.7%	27.2%	8.8%	1.0%
1/31/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	3.8%	18.7%	34.1%	28.8%	12.0%	2.3%	0.2%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.1%	3.3%	16.9%	32.2%	29.5%	14.0%	3.5%	0.4%	0.0%
5/1/2024	0.0%	0.0%	0.0%	0.6%	5.4%	19.2%	31.8%	27.1%	12.4%	3.0%	0.4%	0.0%	0.0%
6/19/2024	0.0%	0.0%	0.3%	3.1%	12.6%	25.8%	29.4%	19.4%	7.5%	1.6%	0.2%	0.0%	0.0%
7/31/2024	0.0%	0.2%	2.5%	10.8%	23.3%	28.7%	21.4%	9.8%	2.8%	0.5%	0.0%	0.0%	0.0%
9/25/2024	1.2%	5.8%	15.8%	25.4%	25.8%	16.8%	7.0%	1.9%	0.3%	0.0%	0.0%	0.0%	0.0%

Figure 13. Meeting Probabilities Show Higher Probability of 25 bps rate hike this May Fed Meeting (source: CME FedWatch Tool)

A slower rate of hiring is good news for the Fed, which aims to cool down an overheated economy and labour market. But neither the slower rate of hiring nor cooling inflation is enough to make the Federal Reserve stop trying to restore price stability at the present time. This is evident when we look at the probabilities of changes to the Fed rate as implied in Fed Funds Futures pricing data according to CME FedWatch Tool.

For the May FOMC meeting, we expect the central bank to raise its policy rate by at least 25 basis points (refer to Figure 12) to a range of five to 5.25 percent, followed by a strategic pause until the first rate cut is implemented. The CME FedWatch Tool suggests the cuts may come as early as July this year. Still, it's worth noting that the probabilities for the Fed's rate can alter significantly based on economic conditions (refer to Figure 13).

If the oil production cuts announced by OPEC or a sudden rise in global demand in oil causes inflation to rise later this year, the Fed can always start raising rates again. But for now, it appears that the policy rate is getting close to its peak, and the central bank will be checking to see how past aggressive rate hikes and tighter lending have affected the real economy.

The labour market data for March demonstrates a historically resilient labour market. However, this strength has not resulted in a wage-price spiral, as the 3.8 percent annualised average wage growth over the past three months indicates an impending slowdown. The wage data indicate that the risk of a wage-price spiral is diminishing, which creates room for the Fed to pause its efforts to restore price stability this year strategically.

For now, the United States economy remains resilient and continues to grow, with the job market as a haven of this strength. Americans have been able to keep up their spending habits because unemployment is low and wages are going up. This has kept the economy from going into a widely anticipated recession.

WHAT'S ON-CHAIN THIS WEEK?

Bullish Ether Options Market Sentiment Fades

On Friday, April 7th, the ratio between the open interest of Ether put and call options surged to 0.48, its highest level since May 2022. (Refer to Figure 14)

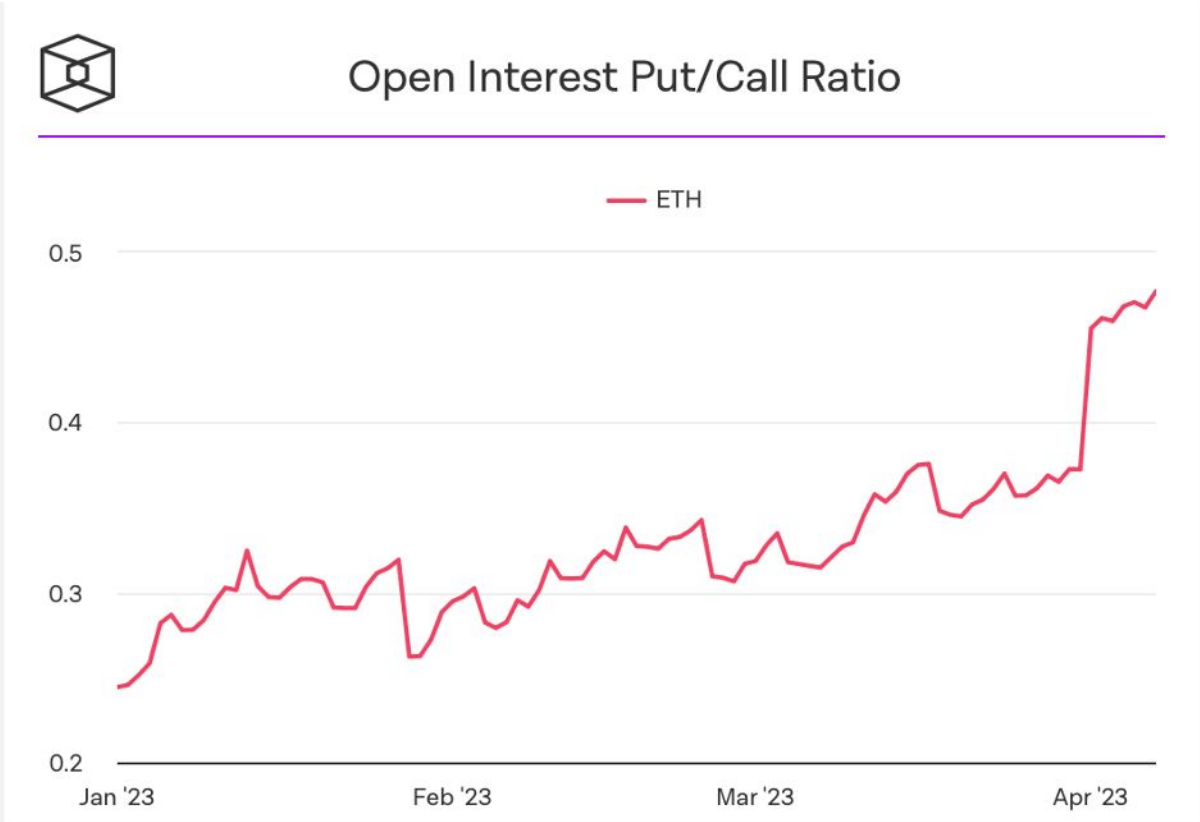


Figure 14: Ether Option Put/Call Ratio (source: The Block)

This increase in the put-call ratio could imply an accumulation of bearish wagers in the market in anticipation of a forthcoming series of significant upgrades to the Ethereum network - known as Shapella - scheduled to take place on April 12th. The upgrades will enable the withdrawal of staked Ether tokens, among other enhancements.

When the ratio of open interest in put and call options is below one, it indicates that investors are more inclined towards owning call options, which are a wager on the price rising, as opposed to put options, which are a bet on the price falling.
Although the ratio still remains significantly lower than one, indicating that investors continue to overwhelmingly favour bullish option bets, the recent increase in the ratio implies that these bullish bets have significantly dwindled in recent days.

The Put/Call open interest ratio for Ether has witnessed a rapid surge from around 0.37 at the end of March, further suggesting a potential shift in market sentiment.

While this may seem like a surge in bearish sentiment, while analysing the Ethereum options open interest, we believe that this increase in the put/call ratio might just be a case of large call option positions closing.

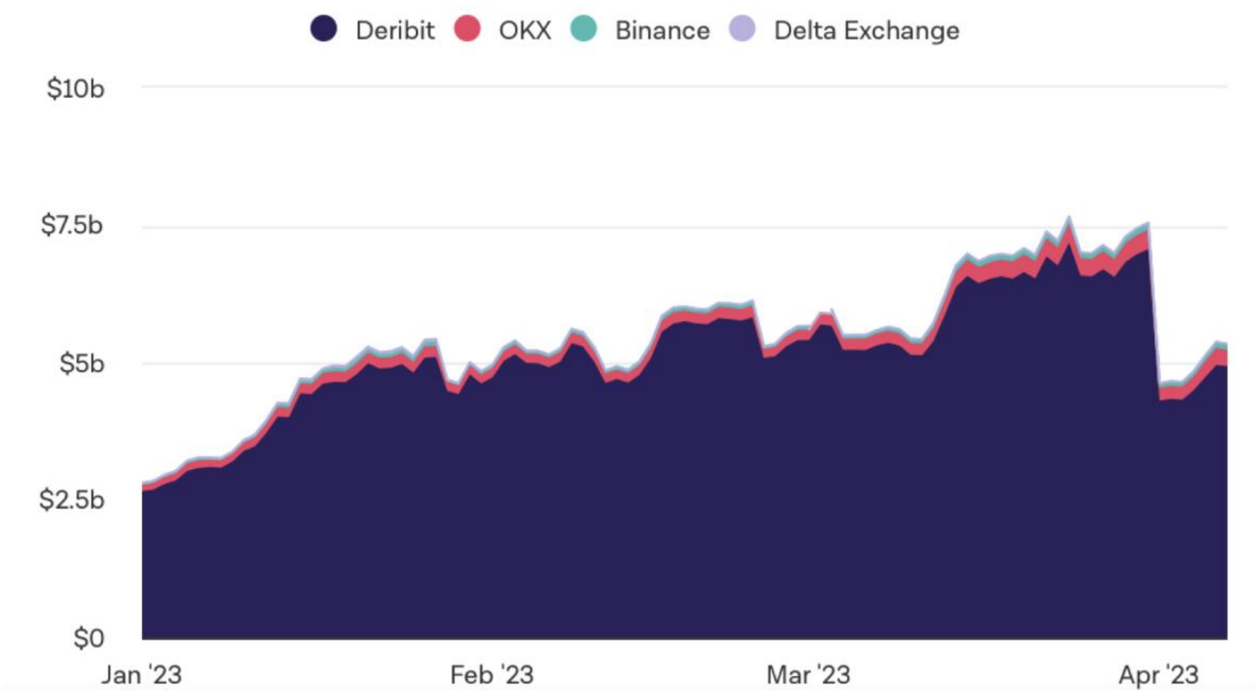


Figure 15. Aggregated Open Interest of Ether Options. (TheBlock)

Aggregated Open Interest for Ether options fell to a low of $4.63 billion in April from $7.54 billion at the end of March. So the fall in call exposure for market participants is likely a delayed reaction to a similar trend in the Bitcoin options market whose put/call ratio reached a high of 0.55 in mid-March.

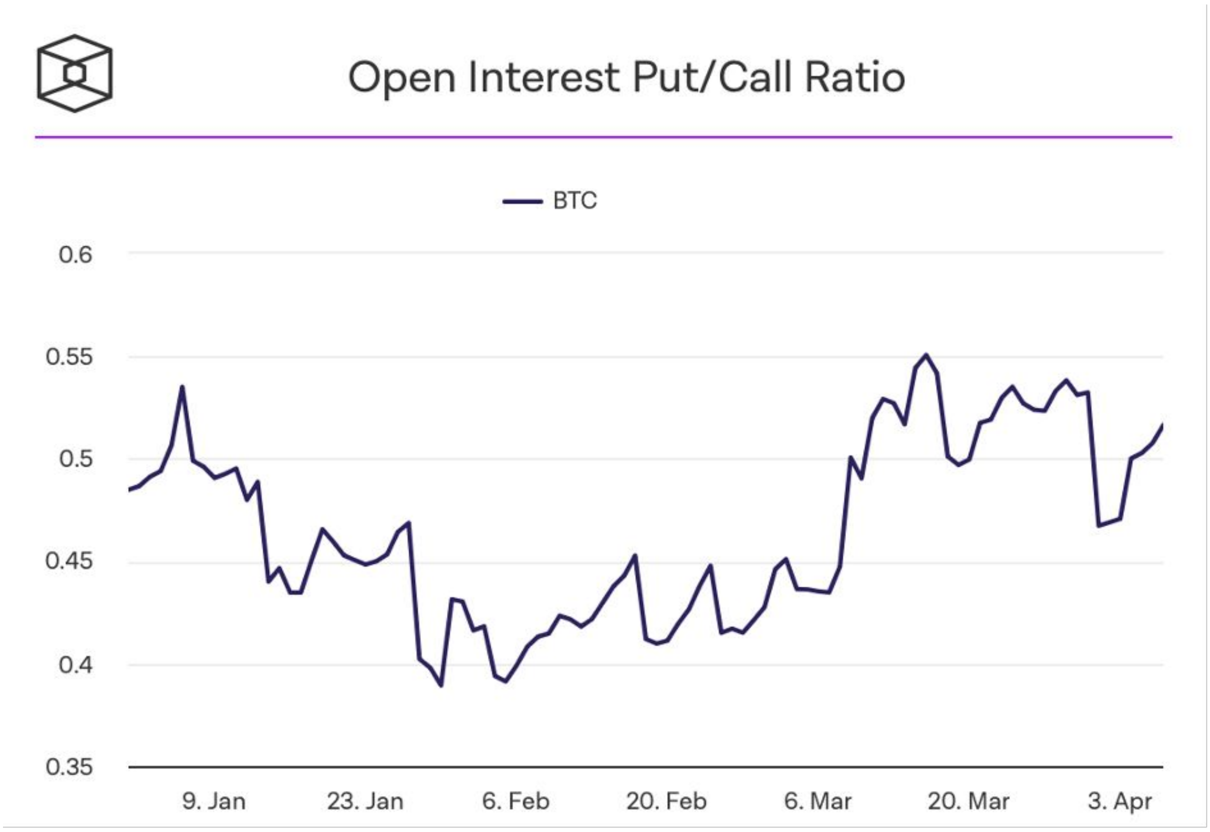


Figure 16. Aggregated Open Interest Put/Call Ratio for Bitcoin Options. (Source: TheBlock)

It is also common for the options open interest to collapse at the end of a quarter. The trend in these statistics over the next two weeks should be telling regarding the options market sentiment and outlook for the second quarter of 2023.

Bitcoin Flows Turn Negative after Seven Weeks

On-chain data suggests that major cryptocurrency exchanges have observed net negative BTC flows into their Bitcoin wallets over the past few days (refer to Figure 17 below). Since mid-February, flows into exchange wallets had largely been positive, and this reversal could potentially signal an improvement in long-term market sentiment towards Bitcoin.

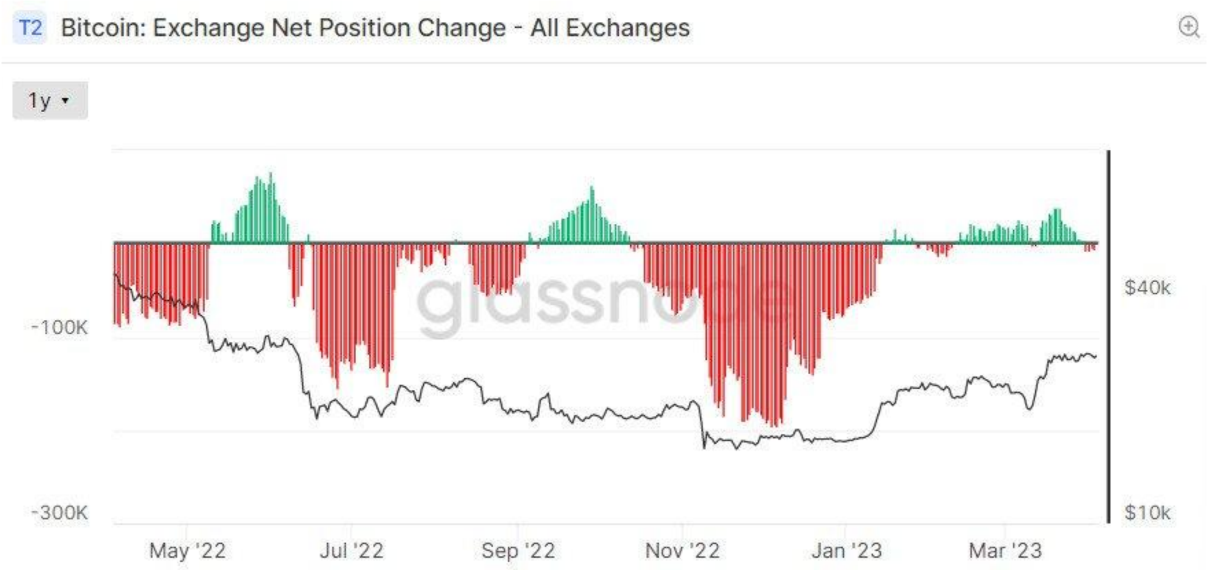


Figure17. Bitcoin Net Exchange Position Change Flow. (Source: Glassnode)

Investors and traders typically transfer their Bitcoin to exchange wallets when they wish to sell, resulting in net inflows to exchanges. Conversely, they move their BTC off of exchanges when they intend to hold onto it, leading to net outflows. The recent decrease in net inflows, therefore, could indicate a shift towards a greater preference for holding Bitcoin as opposed to selling it.

Under normal circumstances, net exchange flows have a weak correlation with price performance, but they become more important when the market is in a transition phase, as we are currently observing and as discussed in last week's *Bitfinex Alpha*. As per this data, the price is expected to have upward pressure from the consolidation range of $26500 to $28500 that we are currently in.

When we correlate this data with the whale wallet inflows metric, we clearly observe how whales are still moving Bitcoin into cold storage (albeit at a lower rate than sub $20,000 prices).

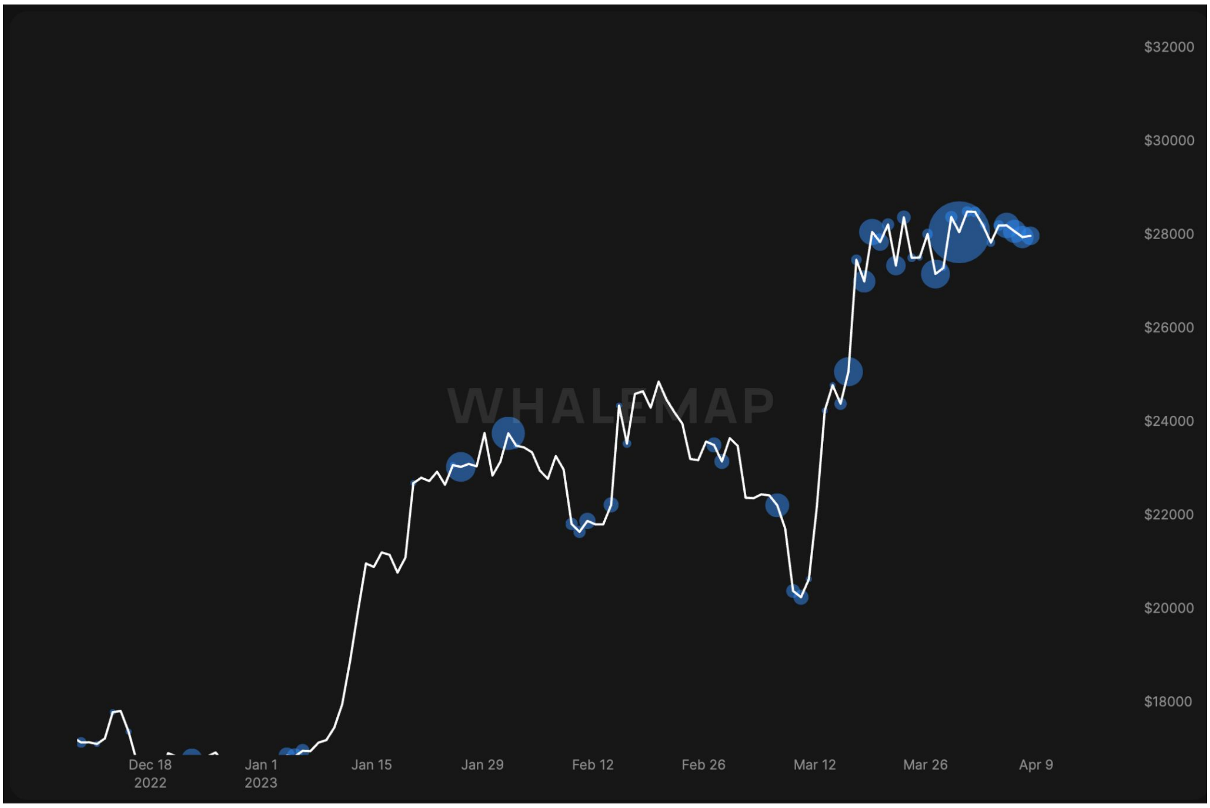


Figure 18. Whale wallet inflows for Bitcoin. (Source: Whalemaps)

In Figure 18, we see that over 118,100 BTC have been moved into whale wallets over the past week.

The bubbles in Figure 18 represent the prices at which large-scale investors, or "whales," have amassed Bitcoin that they currently hold in their wallets. The size of the bubble corresponds to the amount of Bitcoin that was accumulated by whale-sized wallets at that time and price.

These whale bubbles tend to function as both support and resistance levels for Bitcoin's price movements. Typically, larger whale bubbles are more significant as they represent greater amounts of Bitcoin accumulated.

A "whale" wallet is a wallet that holds more than 10,000 BTC.

On-chain Bitcoin Support Levels

Bitcoin's short-term realised holder (STH) realised price is currently at around $22,500 (refer to Figure 19 below). The long-term holder (LTH) realised price is around $19,000. This is bullish and healthy for the Bitcoin market.

Figure 19. Short-Term Holder Realised Price (source: ChainExposed)

The STH realised price for BTC often acts as support during bull phases, as is evident from Figure 19 above. This is because short-term holders tend to defend their cost-basis with buy orders, which helps prevent the price from dropping below a certain level.

As a result, it is reasonable to anticipate that Bitcoin's price will not fall below around $22,500, as long as these short-term holders continue to defend their cost-basis.

However, it's important to note that this support level is not fixed and can change over time. As more purchases are made at the current price, the cost-basis of short-term holders increases, causing the support level to rise as well.

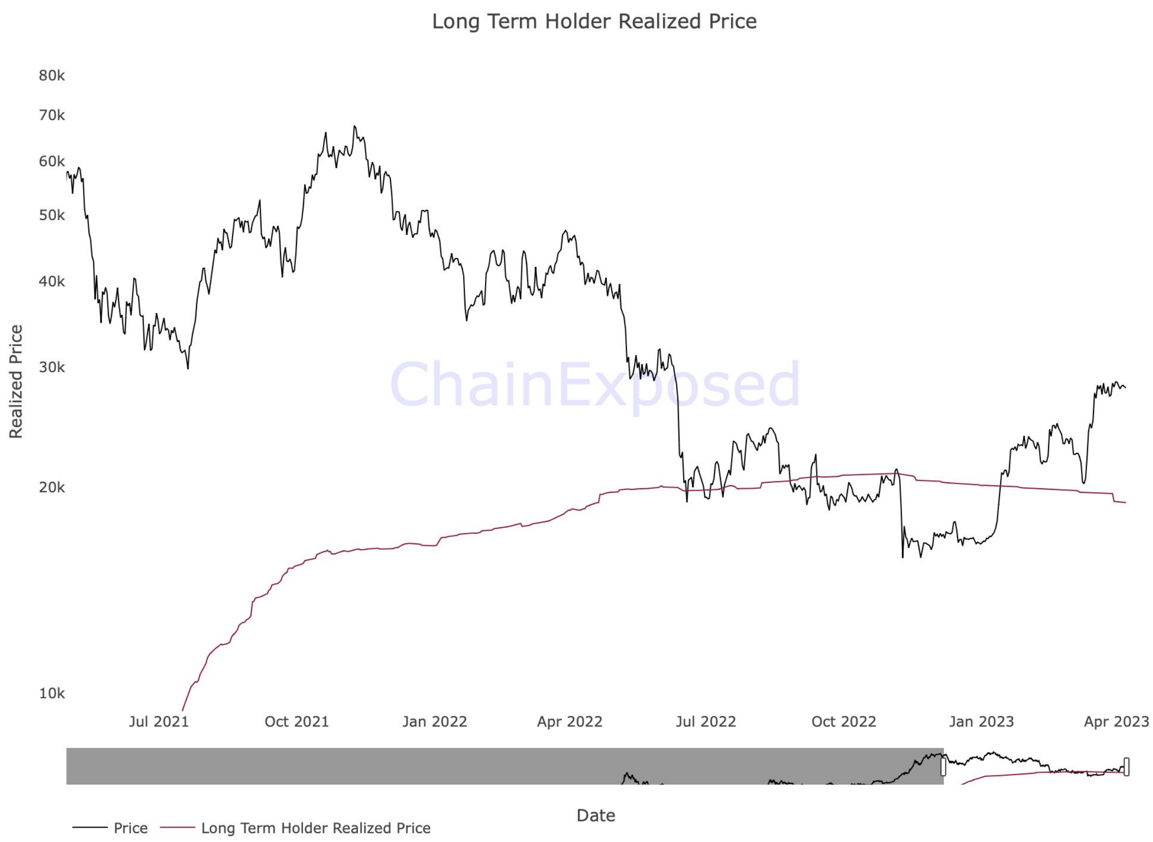


Figure 20. Long-Term Holder Realised Price for Bitcoin. (Source:ChainExposed)

As seen in Figure 20, the LTH realised price is currently $3500 below the STH realised price. This is healthy and common for bull markets, as HODLers and whales usually accumulate BTC during the bear market and are more patient than STHs. STH realised price increasing and providing support to the price while new investors are entering the market is a very positive sign for Bitcoin's price sustaining above the mid $25,000s.

NEWS FROM THE CRYPTO-SPHERE

The US Government Sells Over 9,861 Bitcoins Seized from Silk Road Case for over $215 Million

Figure 21. The US Government sells over 9,861 Bitcoins linked to Silk Road

According to a court filing, the government sold 9,861.17 BTC on March 14, 2023, seized from the Silk Road case for a total of $215,738,154.98 at an average price of $21,877.54 per Bitcoin.

This marks a departure from previous auctions, as the government chose to use open market sales this time. Coinbase was used for the transaction. The remaining confiscated Bitcoins for sale total approximately 41,490, which will be sold in four batches throughout the year.

The Silk Road was a darknet marketplace that was charged with facilitating the sale of drugs and other illicit services. Its founder, Ross Ulbricht, received a life sentence in 2015 for his involvement with the platform. Ulbricht is now appealing for clemency, claiming that his sentence was unduly harsh and a result of the government's desire to make an example of those who build platforms beyond their jurisdiction.

Terra Employees Had Assets Seized by South Korean Authorities

Figure 22. South Korean authorities seized $160M in assets tied to Terra employees

South Korean authorities have confiscated assets worth around $160 million from eight individuals employed at the failed Terraform Labs, including co-founder Daniel Shin.

According to a report from South Korean news outlet *KBS*, the properties seized were primarily real estate, including houses and properties owned by former Terra Vice President Kim Mo and another unnamed executive, valued at approximately $60 million and $31 million, respectively.

The prosecution team is still investigating other assets that may be connected to Shin, but no arrest warrant has been issued for him. The report did not mention the seizure of any cryptocurrency assets.

South Korean authorities have also accused Shin of participating in illicit acts such as manipulating the market and trading on insider information.

The Terraform Labs collapse has prompted various investigations and legal actions by authorities. Terra co-founder Do Kwon's whereabouts were unknown for months before he was arrested in Montenegro in March. The Montenegrin government received custody requests from South Korean and United States authorities. While no arrest warrant has been issued for Shin, South Korean authorities have been seizing assets allegedly connected to the Terra co-founder, and are still investigating other assets that he may own.

DeFi and NFTs Show Strength in Q1 2023

Figure 23. NFTs had a strong Q1 with a 137.04 percent increase in trading volume

In Q1 2023, the Decentralised Applications (Dapp) industry shows that the DeFi and NFT sectors are continuing to grow in popularity.

In Q1 2023, there has been significant attention given to the DeFi industry. The Total Value Locked (TVL), which is a metric that is used to measure the overall health of DeFi industry, grew by 37.44 percent, reaching a value of $84.57 billion by the end of the quarter, and is currently at $85.1 billion. (Refer to Figure 24 below).

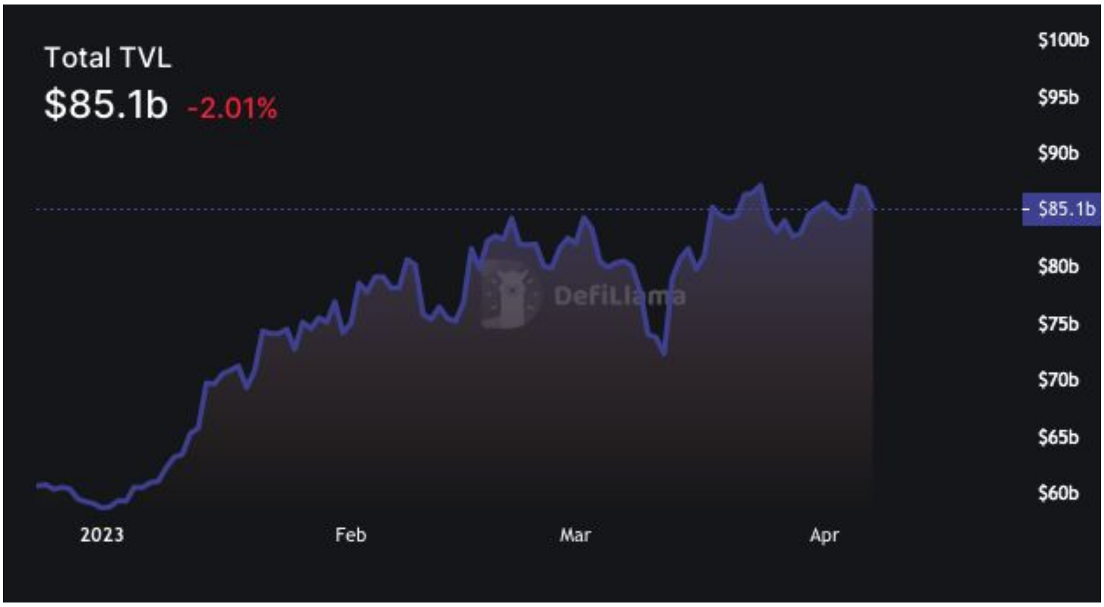


Figure 24. DeFi total value locked (Source: DefiLlama)

Furthermore, NFTs had a strong Q1 with a 137.04 percent quarterly increase in trading volume to $4.7 billion, the highest since Q2 2022 as reported by Dappradar. (Refer to Figure 25 below)

Figure 25. NFT trading volume and sales count (Source: DappRadar)

The Dapp industry has come a long way since its inception, and with the continued growth of DeFi, and NFTs, it is clear that the industry has a bright future ahead. As more people become familiar with blockchain technology and the benefits of decentralised applications, it is likely that the industry will continue to grow and evolve in exciting ways.

DOGE Becomes Twitter Logo And The Seventh Largest Crypto

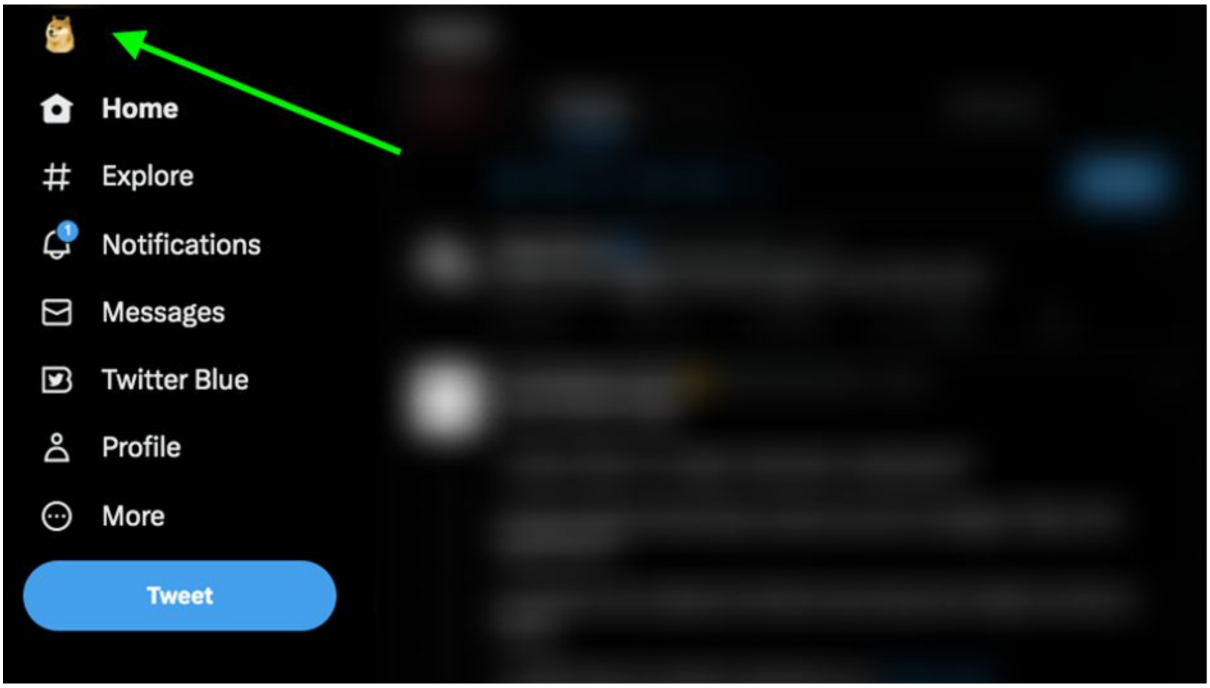


Figure 26. Dogecoin closes the day 21.42 percent higher on April 3rd

On April 3rd, Dogecoin (DOGE) closed the day 21.42 percent higher, overtaking Cardano (ADA) in market cap and becoming the seventh-largest cryptocurrency in the sector.

The surge in value is attributed to Elon Musk's recent Twitter activity, where he changed the Twitter logo to an image of the popular DOGE meme. This move generated enough hype to fuel the price rally, although it is unclear if the change will be permanent.

Previously ranked 8th, this rally pushed DOGE up to the seventh spot on the list of top cryptocurrencies by market capitalisation, while Cardano has fallen to the eighth place. However, the gap between the two was not substantial, which resulted in ADA retaking its spot again after DOGE's momentum slowed down.

#	Name	Price	1h %	24h %	7d %	Market Cap	Volume(24h)
6	XRP XRP	$0.5001	▲0.18%	▼2.25%	▲2.45%	$25,831,888,950	$1,563,678,418 3,115,997,380 XRP
7	Dogecoin DOGE	$0.09914	▲1.60%	▲26.75%	▲36.01%	$13,760,338,045	$4,466,774,976 44,935,546,172 DOGE
8	Cardano ADA	$0.392	▲0.44%	▲1.10%	▲11.42%	$13,622,843,366	$621,321,883 1,582,060,085 ADA
9	Polygon MATIC	$1.11	▲0.89%	▲1.61%	▲5.00%	$10,057,996,794	$322,229,286 291,149,676 MATIC

Figure 27. DOGE rank at the time of the surge

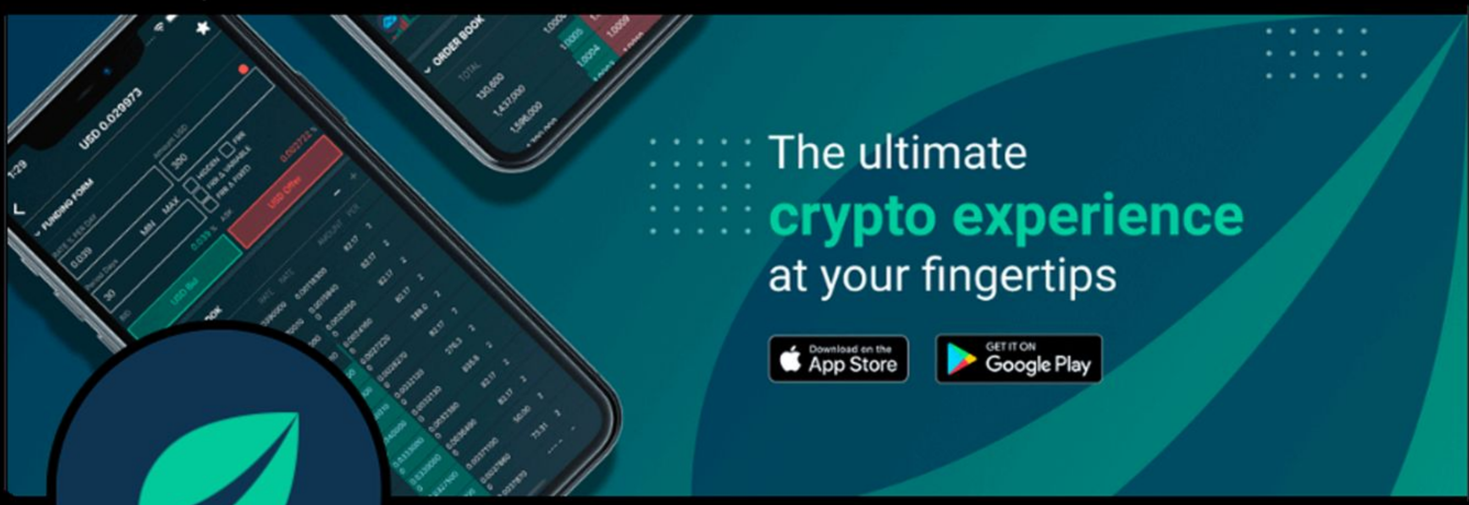
MicroStrategy Acquires More Bitcoin

Figure 28. The CEO of MicroStrategy Michael Saylor

On April 5th, MicroStrategy, the software firm headed by CEO Michael Saylor, announced that it has acquired an additional 1,045 Bitcoin for $23.9 million, at an average price of $28,016 per bitcoin.

Following the purchase, the company now holds around 140,000 BTC valued at approximately $4.17 billion at an average price of $29,803 per bitcoin.

The recent acquisition comes just days after the company disclosed the purchase of 6,455 Bitcoin for roughly $150 million (about $23,238 per coin) over the past five weeks. As mentioned in last week's *Bitfinex Alpha*, MicroStrategy also paid off its $205 million loan from failed Silvergate Bank.



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