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EXECUTIVE SUMMARY

As we survey the markets this week, mixed US economic data continues to emerge, as crypto markets begin to look like they are entering a summer lull. We also begin to see strains in Europe, with Germany entering into a recession.

In the US, the Bureau of Labor Statistics' revealed bullish data showing 339,000 new jobs added in May, painting the picture of a resilient economy in the face of rising borrowing costs. The widely predicted US recession may still be distant. However, challenges exist: unemployment continues to rise and wage growth is slowing.

The latest Beige Book report, which analyses more localised economic activity, showed that while spending on leisure, hospitality, healthcare and education continues, economic activity in the transportation and agriculture sectors is softening. There continues to be concerns too about liquidity in the financial sector, and increasing credit risk in the commercial real estate sector.

Consumer confidence has also declined to its lowest level in six months, as reported by The Conference Board, but April data from the Bureau of Labor Statistics show that job openings continue to increase and that layoffs are decreasing.

Markets will also be relieved with news over the weekend that President Joe Biden signed legislation lifting the national debt ceiling, averting an unprecedented default on the federal government's debt.

However, Germany, regarded as the economic powerhouse of Europe, has entered a state of recession. The ongoing conflict between Russia and Ukraine, the enduring effects of the global pandemic, rising interest rates and Germany's lack of substantial investment in innovative sectors have contributed to two consecutive quarters of negative economic growth - with a third expected in the current quarter. Where Germany goes, the rest of Europe usually follows.

In crypto markets, Bitcoin mining activity is expanding sharply, as more miners compete to secure the network. The BTC mining difficulty has risen to 51.23 trillion as of the bi-weekly adjustment on May 30th, indicating an increase of more than 2.7 percent in the difficulty that individual miners encounter as they endeavour to unearth a Bitcoin block.

But BTC markets are lagging equities. While the Nasdaq is up 7.3 percent in May, BTC is down 6.94 percent. Furthermore, the options market is indicating that the current low volatility environment could be prolonged. Traders are hedging their bets and waiting for macro newsflow to determine direction.

Newsflow from the crypto industry continues to be mixed. The SEC has filed lawsuits against both Gemini and Genesis, for allegedly offering securities; and Binance confirmed that it is conducting a talent evaluation and reassessing its headcount after speculation of significant layoffs.

But growth and expansion in the industry continue too. Tether announced it is entering the Bitcoin mining industry in Uruguay using renewable energy sources, and Hong Kong is allowing retail trading of crypto assets and is reviewing applications for licences by trading platforms and exchanges, as it seeks to establish itself as a crypto hub

The economic landscape is as diverse as it is dynamic, with sectors experiencing growth, others facing challenges, and some undergoing significant changes. As we move forward, it will be interesting to see how these trends evolve and what impact they will have on the broader economy.

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GENERAL MARKET UPDATE

US Job Growth Accelerates and Unemployment Rate Rises in May: A Dilemma for Federal Reserve

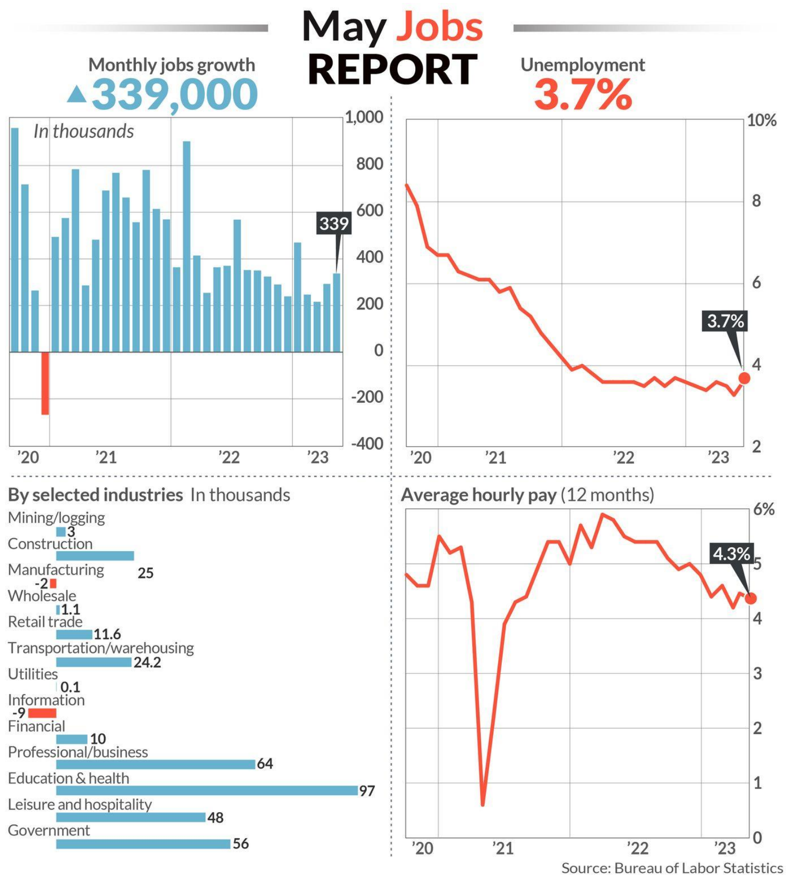

Figure 1. May 2023 Jobs Report (Source: US Bureau of Labor Statistics)

According to a report from the Bureau of Labor Statistics on Friday June 2nd, the US economy added a robust 339,000 new jobs in May, surpassing the consensus forecast of a 190,000 increase. The data underscores the resilience of the economy in the face of rising borrowing costs and indicates that a widely predicted recession may still be far away.

However, the escalation in the unemployment rate to 3.7 percent, the highest level since October, raises concerns and presents a dilemma to the Federal Reserve (the Fed). This is because the surge in unemployment does not appear linked to any economic weakness, but is more likely stemming from the fact that 4.3 million people voluntarily quit their jobs in May 2023, as reported by the Bureau Of Labor Statistics (BLS). This increase therefore, is discretionary, although it also points to apparent confidence that it is easy to secure new employment, and that it is worth waiting for a desired position and compensation because new job opportunities continue to increase in tandem (refer to Figure 1 above)

As per BLS data, 1.3 million of those unemployed people are in the "frictional" category, meaning they are between jobs and actively looking for work. The increase in jobs in April and March, which were significantly higher than previously reported, further emphasises the strength of the labour market. Despite these positive indicators, economists note that the moderation in wage growth and the rise in unemployment could signal a slowdown. When the number of jobs added significantly exceeds forecasts, but the unemployment rate surges, it suggests that while the economy is experiencing strong job growth, there is also an increase in the number of people actively seeking employment. This can be an indication of individuals entering the labour force.

What is interesting is that despite the increase in unemployment, the labour force participation rate was unchanged. The labour force participation rate is calculated by dividing the number of people in the labour force (employed and actively looking for a job) by the total working age population (refer to Figure 2).

$$\text{Participation Rate} = \frac{\text{Employed People} + \text{Unemployed People}}{\text{Working Age Non-Institutionalized Population}}$$

Figure 2. Equation for Labour Participation Rate

An illustration for the participation rate calculation could be the following: let's say that the civilian non-institutional population of the United States is 250 million. If the labour force participation rate is 61.4 percent, then the labour force would be 154 million. This means that there are 96 million people who are not in the labour force. These people could be retired, stay-at-home parents or not in the labour force due to long-term hospitalisation, incarceration etc..

Although there has been an increase in unemployment, the labour participation rate has remained unchanged because of individuals entering the labour force. This is evident in the reported sharp decline in self employment individuals in May by 369,000.

This robust demand for labour has led to a shortage of workers and pushed wages higher, contributing to inflationary pressures. The inflation rate remains stuck in the four to five percent range (refer to Figure 3), which is three times higher compared to pre-pandemic levels. The Fed had been expected to hold off on an interest-rate hike in June to assess the impact of prior increases on the economy and avoid triggering a potential recession, but this data may make the market reconsider this view.

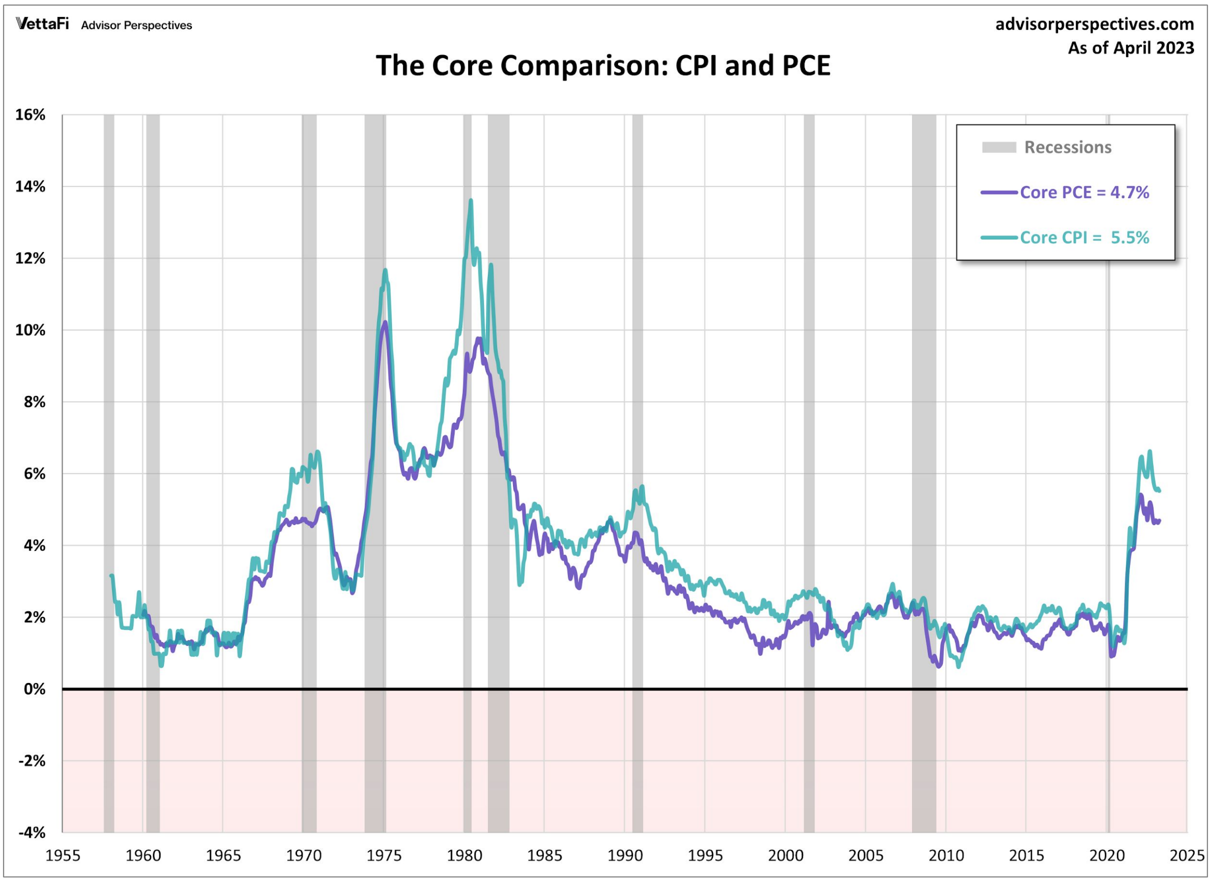

Figure 3. Core Consumer Price Index and Core Personal Consumption Expenditure (Source: advisorperspectives.com)

The job gains seen in May were broad-based, with professional businesses, government, healthcare, and bars and restaurants leading the way. Construction, a sector that has faced challenges in finding workers, also saw an increase in employment. However, there was a notable decline in employment in information services, which includes the media and some high-tech industries.

The moderation in wage growth to 0.3 percent in May, resulting in a slowdown to 4.3 percent (refer to Figure 1) year-on-year, raises questions about the true strength of the labour market. Prior to the pandemic, wages were rising at less than three percent annually.

Despite the challenges faced by certain sectors such as manufacturing and housing, the overall job growth and the gradual increase in the labour pool are helping to meet pent-up demand for workers. The economy needs to add 70,000 to 100,000 jobs per month to keep up with the growth in the working-age population.

This mixed employment report provides evidence that the economy is far from a recession, but it also indicates areas of softness. This situation has put the Fed in a difficult position, as they aim to bring inflation back to their two percent target. Financial markets currently predict a 74.7 percent chance of the Fed keeping its policy rate unchanged at the upcoming meeting.

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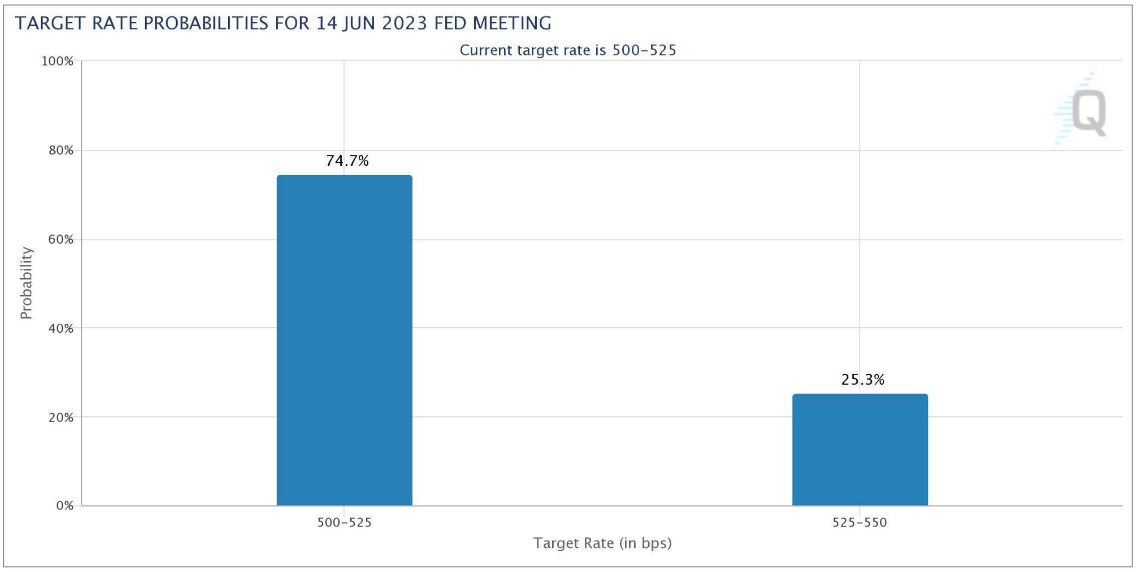


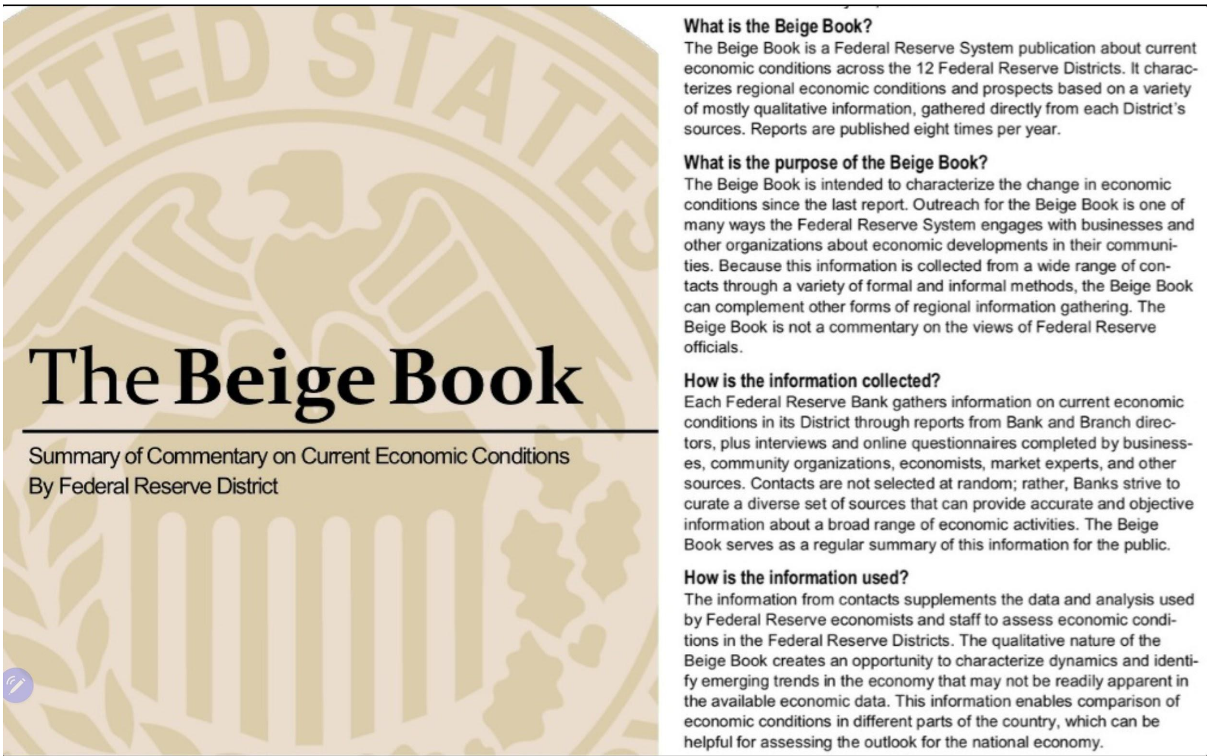
Figure 4. Target Rate Probabilities for June 14 2023 FED Meeting (As of June 3 2023)

Looking ahead, economists remain cautious about the potential for a recession and the impact of inflation. The strength in employment pushes back the start of a prospective recession but does not eliminate the likelihood entirely. If the economy remains too hot to meaningfully slow inflation, the Fed may have to raise rates higher, potentially paving the way towards a downturn.

In conclusion, the recent job growth numbers in the US demonstrates the economy's resilience, but the rise in the unemployment rate and the moderation in wage growth present challenges for the Fed. Balancing the need to control inflation with the risk of triggering a recession will be a key consideration for the central bank in the coming months.

Federal Reserve's Beige Book Shows Slower Economic Growth and Tight Labor Market

The latest Beige Book report, released on May 31st, 2023, suggests a mixed performance in the economy, with a strong showing in some sectors and softening in others. The Fed's Beige Book is a significant report published eight times a year by the United States Federal Reserve System. It serves as a crucial barometer for assessing the health of the American economy, providing a detailed analysis of economic conditions in each of the twelve Federal Reserve Districts.



The Beige Book

Summary of Commentary on Current Economic Conditions
By Federal Reserve District

What is the Beige Book?
The Beige Book is a Federal Reserve System publication about current economic conditions across the 12 Federal Reserve Districts. It characterizes regional economic conditions and prospects based on a variety of mostly qualitative information, gathered directly from each District's sources. Reports are published eight times per year.

What is the purpose of the Beige Book?
The Beige Book is intended to characterize the change in economic conditions since the last report. Outreach for the Beige Book is one of many ways the Federal Reserve System engages with businesses and other organizations about economic developments in their communities. Because this information is collected from a wide range of contacts through a variety of formal and informal methods, the Beige Book can complement other forms of regional information gathering. The Beige Book is not a commentary on the views of Federal Reserve officials.

How is the information collected?
Each Federal Reserve Bank gathers information on current economic conditions in its District through reports from Bank and Branch directors, plus interviews and online questionnaires completed by businesses, community organizations, economists, market experts, and other sources. Contacts are not selected at random; rather, Banks strive to curate a diverse set of sources that can provide accurate and objective information about a broad range of economic activities. The Beige Book serves as a regular summary of this information for the public.

How is the information used?
The information from contacts supplements the data and analysis used by Federal Reserve economists and staff to assess economic conditions in the Federal Reserve Districts. The qualitative nature of the Beige Book creates an opportunity to characterize dynamics and identify emerging trends in the economy that may not be readily apparent in the available economic data. This information enables comparison of economic conditions in different parts of the country, which can be helpful for assessing the outlook for the national economy.

Figure 5. The Fed Beige Book (Source: The Federal Reserve)

While four districts reported slight increases in economic activity, six districts reported no change, and two districts noted slight to moderate declines.
Consumer expenditures remain steady or higher in most districts, particularly in the leisure and hospitality sectors. Education and healthcare organisations also reported consistent activity during this period.

Labour markets remain tight, although pressures have eased slightly since late 2022. Specific sectors still face the challenge of filling roles, particularly in areas where housing affordability is an issue. On the pricing front, non-labour costs are stabilising, and some inputs, such as construction materials and freight and container costs, have moderated.

Financial conditions across most districts were stable or slightly tighter. Several districts observed an increase in consumer loan delinquencies, which were gradually returning to pre-pandemic levels. Employment continued to grow, albeit at a slower pace than in previous reports. The labour market remained tight, where there is low unemployment and high demand for workers. Some businesses are struggling to find workers across various skill levels and industries. Staffing firms reported slower growth in demand, while wages experienced modest increases.

The Beige Book indicated that prices rose moderately during the reporting period, although the rate of increase slowed in many districts. Most districts anticipated a similar pace of price increases in the coming months. Solid demand and rising costs contributed to the upward movement of consumer prices. However, consumers displayed greater price sensitivity compared to the previous report. Consumers therefore, are more sensitive to small changes in price which influence their purchasing decisions and drive more demand to commodities where they get the best value for their money.

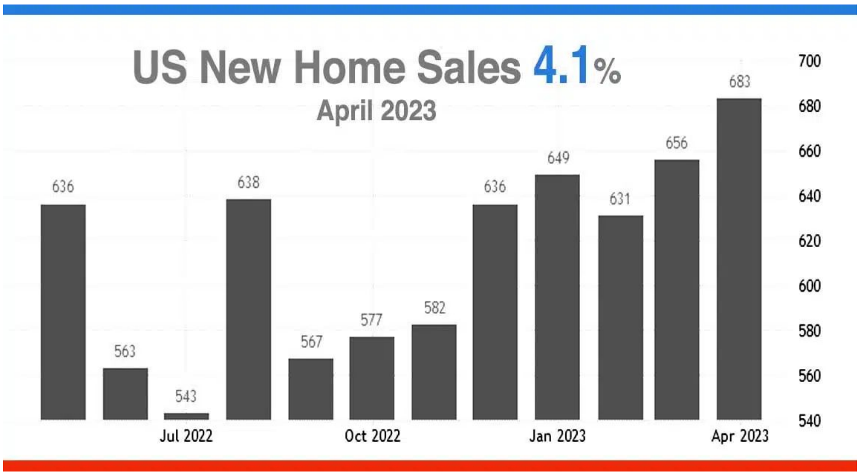


Figure 6. The uptick in Real Estate Activity in most districts is seen in the two consecutive increases in US New Home Sales. (Source: US Census Bureau)

Residential real estate activity saw a slight uptick in most districts, despite low inventories of homes for sale. Housing demand continues to hold strong despite volatility in interest rates and home prices. Commercial real estate conditions, however, present a mixed bag, with some segments like office, multifamily, and certain retail areas, slowing down. There is mounting concern about the availability of financing and declining property values.

Consumer spending remained steady or increased, particularly in the leisure and hospitality sectors. However, several districts noted a rise in consumer loan delinquencies or timely payment of loans, which approached pre-pandemic levels. High inflation and the conclusion of COVID-19 benefits continued to strain budgets for low- and moderate-income households, leading to increased demand for social services, including food and housing.

Transportation costs are often correlated with consumer spending. However, the transportation sector has experienced a softening in demand, with significant year-over-year declines in freight volumes and revenue. This slowdown could potentially be driven by weaker consumer spending, rising interest rates, inflation and consumer preference for online shopping which lessens demand for transportation.

Financial conditions were generally stable or somewhat tighter in most districts, although uncertainty remained high in the Fed San Francisco district following the failure of four banks. Lenders observed reduced demand for certain loans and an uptick in delinquencies in consumer loans, including auto and credit card debt. Stricter lending standards were also reported.

Despite these challenges, the energy sector is performing robustly, with continued activity in liquefied natural gas expansion projects, power infrastructure, clean energy manufacturing, and crude oil production. Residential energy demand is seeing sustained growth from the Southeast's in-migration.

Meanwhile, the agriculture sector has seen conditions soften with weak demand for cotton leading to less cultivation. Concerns about Avian Flu led to an oversupply of poultry meat domestically, while the demand for citrus remains strong despite lower production.

These insights paint a picture of an economy that is in a state of flux. While certain sectors are seeing robust activity and strong demand, other areas like consumer spending, transportation, and agriculture are showing signs of softening. Concerns around liquidity in the financial sector and the increasing credit risk associated with commercial real estate loans are also worth noting.

The implications of these insights are broad and varied. A slowing pace in consumer spending could impact businesses heavily reliant on consumer purchases. Increasing costs in coastal areas due to rising insurance costs could also affect businesses operating in those regions.

The latest Beige Book release comes just ahead of the Fed's mid-June policy meeting, where officials will consider this information when making decisions regarding potential interest rate increases. If these trends continue, it could potentially indicate the onset of a period of economic recession or, at the very least, a slowdown in the American economy. While it is too soon to predict a downturn with certainty, these indicators should be carefully watched as potential early warning signs.

US Job Openings Rise in April, Pointing to Strong Labour Market Despite Economic Slowdown

Figure 7. Total Non-farm Job Openings. (source: FRED)

According to the latest reports from the US Bureau of Labor Statistics, job openings in the country saw a notable increase in April, while layoffs decreased, indicating a continued demand for workers despite a gradual economic slowdown. The data suggests that employers are actively seeking to hire, with a range of businesses from small to large entities looking to fill positions across various sectors.

In April, there were approximately 10.1 million job openings, surpassing the figure of 9.7 million in March. This rise in job openings reversed a three-month declining trend. Although the number of openings decreased from the record high of 12 million in March 2022, it still remained significantly higher than the 5.7 million people actively seeking work during the same period. These figures indicate a solid labour market demand more than a year after the Fed began raising interest rates to cool down the economy and curb inflation.

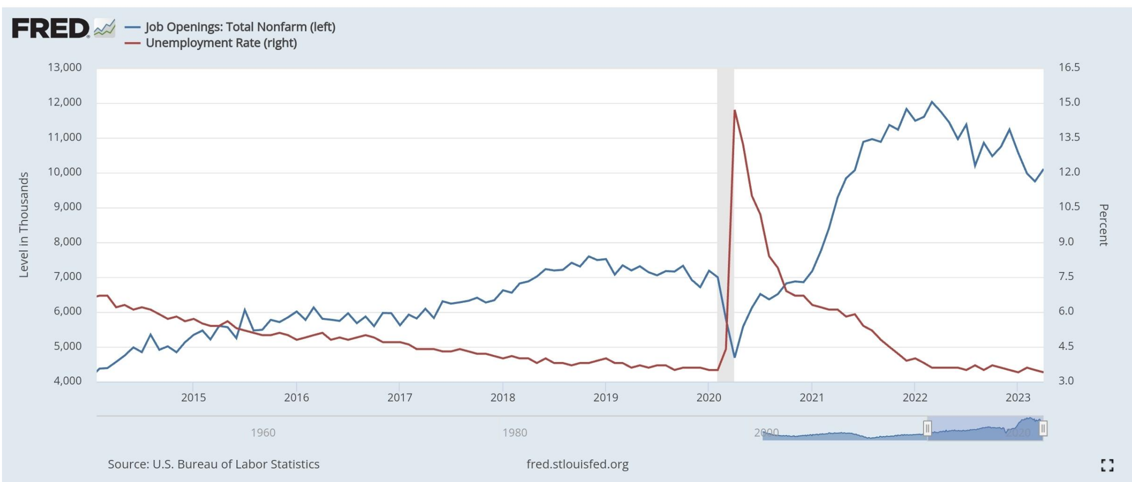


Figure 8. US Job Openings and Compared Unemployment Rate(Source: US Bureau of Economic Analysis

The data shows that the demand is still strong, and the labour market is very active. Everyone is still looking to hire, it seems, whether they're small businesses or large businesses. We're not really seeing any pockets of weakness.

The growth in job openings was observed in sectors such as retail, warehousing, healthcare, and transportation, while vacancies declined in factories, real estate firms, and state and local governments.

Another encouraging sign is that the number of workers voluntarily quitting their jobs remained relatively steady at 3.8 million in April. This suggests that workers remain confident in their ability to find new employment opportunities.

The April job openings and layoffs report is another data point that the Fed's needs to consider ahead of its monetary policy meeting in mid-June. While some Fed officials have indicated that inflation and economic activity have not eased enough to justify halting rate increases, others, including Fed Chair Jerome Powell, have hinted at a potential pause to assess the impact of previous rate hikes and potential strains on the banking sector.

Powell has specifically highlighted the imbalance between job openings and available workers as a factor driving inflation, as strong labour demand can lead to increased wages and upward pressure on prices.

Despite these indications of a strong labour market, Americans' optimism about economic growth has waned in recent months. Economic growth slowed in the first quarter, leading to increased pessimism about job availability among consumers. The Conference Board, a business research firm, reported that consumer confidence fell for the second consecutive month in May, with a notable decline in the assessment of current employment conditions.

In conclusion, the latest data reveals a rise in job openings in April, indicating a strong labour market in the face of a gradual economic slowdown. The sustained demand for workers across various sectors suggests a resilient job market, and while concerns remain about inflation and economic activity, the upcoming Fed meeting will shed further light on the potential trajectory of interest rate hikes.

Consumer Confidence Declines While Labour Market Sentiment Hits Two-Year Low

Consumer confidence in the United States has dipped to its lowest level in six months, according to the latest report from The Conference Board.

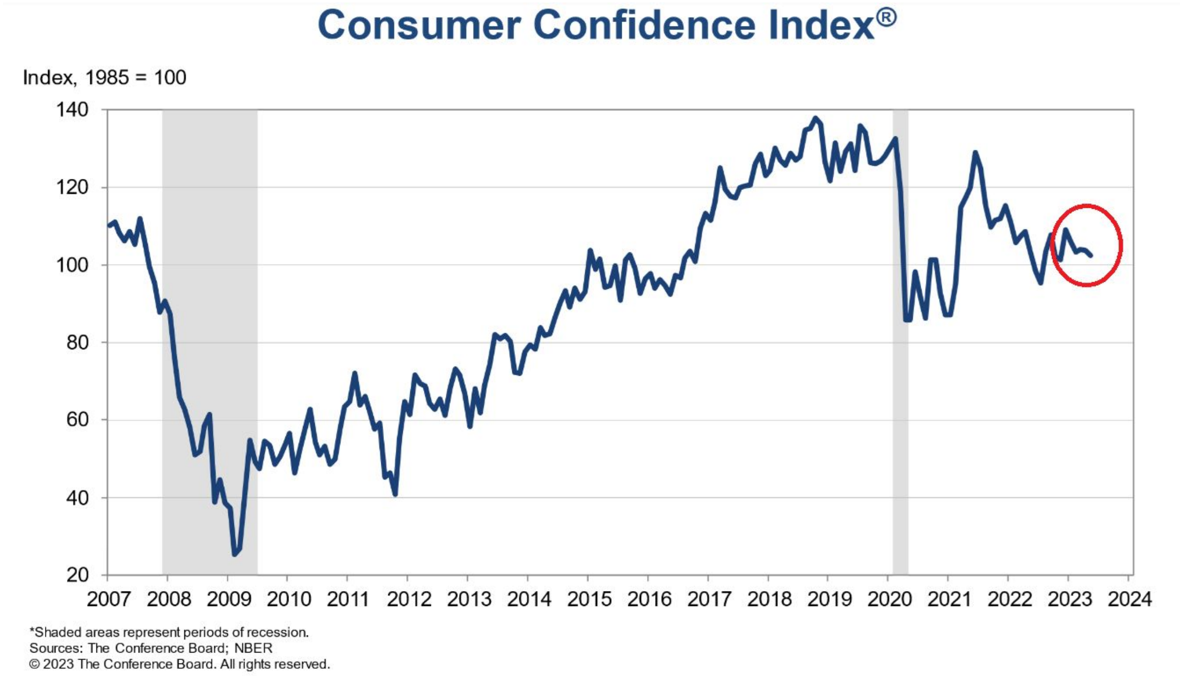


Figure 9. Consumer Confidence Index (Source: The Conference Board, NBER)

The overall consumer confidence level fell to 102.3 in May, a slight decrease from the upwardly revised figure of 103.7 in April (refer to Figure 9). The Consumer Confidence Survey by the US Conference Board reflects prevailing business conditions and likely developments for the months ahead in the US Economy. This monthly report details consumer attitudes, buying intentions, vacation plans, and consumer expectations for inflation, stock prices, and interest rates.

The Consumer Confidence Index (CC), is an indicator designed to measure consumer confidence, which is defined as the degree of optimism about the state of the economy that consumers are expressing through their savings and spending.

There are also two sub-indices:
The Present Situation Index, which is at 148.6, a decrease from 151.8 last month. This sub-index measures how consumers feel about current business and labour market conditions.
The Expectations Index stands at 71.5. This sub-index measures consumers' expectations for the future, specifically for the next six months, regarding business, employment, and income prospects. Historically, a reading below 80 for this sub-index is associated with expectations of a recession occurring.

The labour differential index, a key gauge of how consumers view the job market, plummeted by 5.9 points to 31, marking its lowest level in two years. This is in contrast to job market data, where a large number of workers are voluntarily leaving their jobs, indicating their confidence in the economy and their ability to find new jobs. While the labour differential index offers some insights, current data on job openings and market conditions provide a concrete view of the actual state of the labour market. Because the survey is based on perception, it may not always align perfectly with the current labour market conditions. It tells us, however, that there is still widespread anticipation of slowdown in the US labour market.

The decline in consumer confidence is attributed to weakening sentiment regarding the current state of the economy and future expectations. Furthermore, labour market sentiment has reached its lowest point in two years, raising concerns about a potential job growth slowdown in May. These indicators have significant implications for the Fed's decision to raise interest rates in June.

While consumer confidence has waned, there is a positive outlook on spending for big-ticket items such as housing, automobiles, and major appliances. This suggests that despite concerns over inflation and a possible recession, consumers maintain a solid spending outlook. Increased spending in these categories may contribute to further price rebounds, posing a challenge to the Fed's goal of restoring price stability.

However, the inflation outlook does not align with the Fed's objectives. The latest data from the Personal Consumption Expenditures (PCE) price index revealed that underlying inflation remains at 4.5 percent, indicating no significant progress toward reaching the Fed's target of three percent by the end of the year. This disparity complicates the Fed's decision-making process concerning interest rate hikes.

The May decline in consumer confidence is largely attributed to a less upbeat assessment of current conditions, particularly concerning employment. The proportion of consumers reporting that jobs are "plentiful" decreased from 47.5 percent in April to 43.5 percent in May. Additionally, consumers expressed greater pessimism about future business conditions, which impacted the expectations index. Notably, consumers aged 55 and above experienced a significant worsening in their outlook, contributing to the overall decline.

Despite stable inflation expectations, which averaged 6.1 percent for the next 12 months, consumers continue to view inflation as a significant factor influencing their perception of the US economy. Home purchase plans remained steady, albeit lower than in the fourth quarter of 2022, while intentions to buy automobiles and big-ticket appliances increased slightly compared to April.

The upcoming release of more data on the jobs market and next week's consumer price index report will be crucial in determining the Fed's course of action regarding interest rates in June. As consumer confidence remains subdued and labour market sentiment hits a two-year low, policymakers face the challenge of promoting economic recovery while addressing concerns surrounding inflation and recessionary pressures

President Joe Biden Signs Legislation to Suspend Debt Ceiling and Avert a Catastrophic Default

The US has successfully averted a potentially catastrophic default of the federal government's debt following the signing of new legislation by President Joe Biden, that suspends the nation's debt ceiling last Saturday, June 3.

The signing took place at the White House just two days before the June 5th deadline, after which the US would have defaulted if no action was taken.

The Treasury Department had cautioned that the country would soon face a shortage of funds to cover its expenses, a situation that could have sent shockwaves through the US and global economies. The debt ceiling crisis had been fueled by a standoff between Republicans, who demanded spending cuts, and Democrats, who insisted on raising the borrowing limit.

The new legislation suspends the debt limit until 2025, effectively postponing the issue until after the next presidential election. It also includes measures to restrict government spending and establishes budget targets for the next two years, aiming to ensure fiscal stability during the upcoming political season.

By suspending the debt limit, which currently stands at $31.4 trillion, the government can continue borrowing to fulfill its existing obligations. President Biden emphasized the critical nature of passing this budget agreement, describing the potential consequences of a default as catastrophic. He also highlighted the compromise and consensus achieved in the deal, stating that although no one got everything they wanted, the American people received what they needed.

During the signing, President Biden highlighted some of the accomplishments of his administration during his first term. He said these include initiatives to support high-tech manufacturing, investment in infrastructure, and address climate change. He also mentioned his efforts to address opposing viewpoints and prevent the rollback of his policy agenda by Republicans, particularly in relation to spending cuts. Biden stated that the government aims to reduce spending and deficits while safeguarding important priorities such as Social Security, Medicare, Medicaid, veterans' benefits, as well as investments in infrastructure and clean energy.

Fitch Ratings, a credit rating agency, however, announced that despite the agreement, the United States' "AAA" credit rating would remain on negative watch. Placing the credit rating on a negative watch indicates that there are factors or developments that could potentially lead to a downgrade in the future. While the legislation allows the government to meet its financial obligations, Fitch Ratings expressed concerns about the overall fiscal situation and economic stability. Essentially, it serves as a warning signal to investors and the public that there are still risks associated with the United States' creditworthiness.

Germany Enters Recession Amidst High Inflation and Weak Consumer Spending: Could Lack of Innovation Be the Reason?

Germany, the economic powerhouse of Europe, has entered a state of recession. Several factors have converged to contribute to this downturn, the foremost being the conflict between Russia and Ukraine, the enduring effects of the global pandemic, and rising interest rates. A lack of substantial investment in innovative sectors further exacerbates these issues.

In assessing Germany's economic scenario, analysts point to a certain degree of rigidity within the German economy; the inability to adapt quickly and invest wisely in future-oriented sectors may have exposed the German economy to the vulnerability of external shocks, such as geopolitical conflicts and global pandemics. As these factors have compounded, they have tipped the economy into recession.

Germany's revised figures for the first quarter of 2023 reveal a contraction of 0.3 percent in the country's Gross Domestic Product (GDP). This follows a previous quarter of falling GDP at the end of last year, satisfying the technical criteria for a recession (refer to Figure 10). Initial data had indicated a stagnant economy, but the updated figures paint a bleaker picture for Germany's economic landscape.

Gross domestic product, price adjusted (figures adjusted for seasonal and calendar effects using X13)
Changes on a quarter earlier (percent):

2021				2022				2023
1st qtr	2nd qtr	3rd qtr	4th qtr	1st qtr	2nd qtr	3rd qtr	4th qtr	1st qtr
-1.5	1.9	0.8	0.0	1.0	-0.1	0.5	-0.5	-0.3

Figure 10. Gross Domestic Product, Price Adjusted, Changes on a Quarter Earlier (Source: Statistisches Bundesamt (Destatis), 2023)

Unlike the United States, where consumer spending remains robust, Germany's recession can be attributed to the failure of private consumption to bolster the economy in the face of soaring inflation rates. Individuals are tightening their belts as skyrocketing prices leave little disposable income available for spending. Household consumption experienced a substantial decline of 1.2 percent from the previous quarter, primarily due to high inflation and rising interest rates that have eroded consumers' purchasing power. Additionally, government spending decreased by 4.9 percent (refer to Figure 12). Despite a gradual decline, inflation remains high at 7.2 percent as of April (refer to Figure 11)

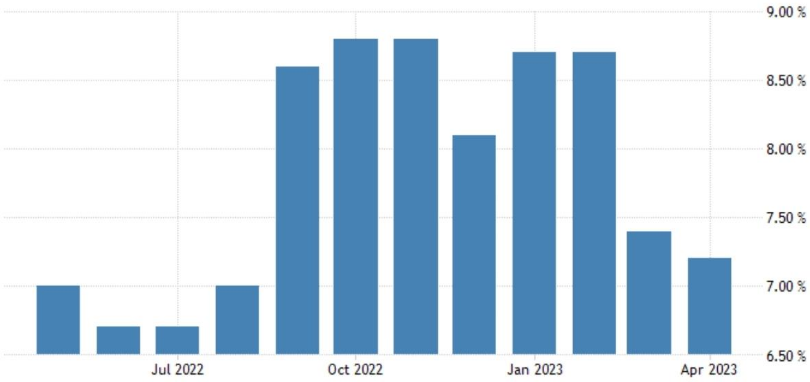


Figure 11. Year-over-Year Inflation Rate in Germany (Source: Statistisches Bundesamt)

Germany Indicators	Reference period	Current	Previous
GDP Growth Rate	Quarter 1, 2023	-0.3 percent	-0.5 percent
Household Consumption	Quarter 1, 2023	-1.2	-1.7
Government Expenditure	Quarter 1, 2023	-4.9	0.2
Unemployment Rate	April 2023	5.6 percent	5.6 percent
Wage Growth	December 2022	-3.7 percent	-4.6 percent
Government Spending	March 2023	169 Billion EUR	177 Billion EUR
Consumer Spending	March 2023	418 Billion EUR	424 Billion EUR
Retail Sales (month-over-month)	March 2023	-2.4	-0.3
Retail Sales (year-over-year)	March 2023	-8.6	-7.1
Consumer Confidence	March 2023	-24.2	-25.8

Figure 12. Overview of Germany Economic Indicators (Source: Statistisches Bundesamt (Destatis), 2023

Several key factors have contributed to Germany's recessionary state:

1. **Spike in Energy Prices from Russia-Ukraine Conflict**

Figure 13. Gasoline Prices In Germany in USD per Litre (Source: Europe's Energy Portal)

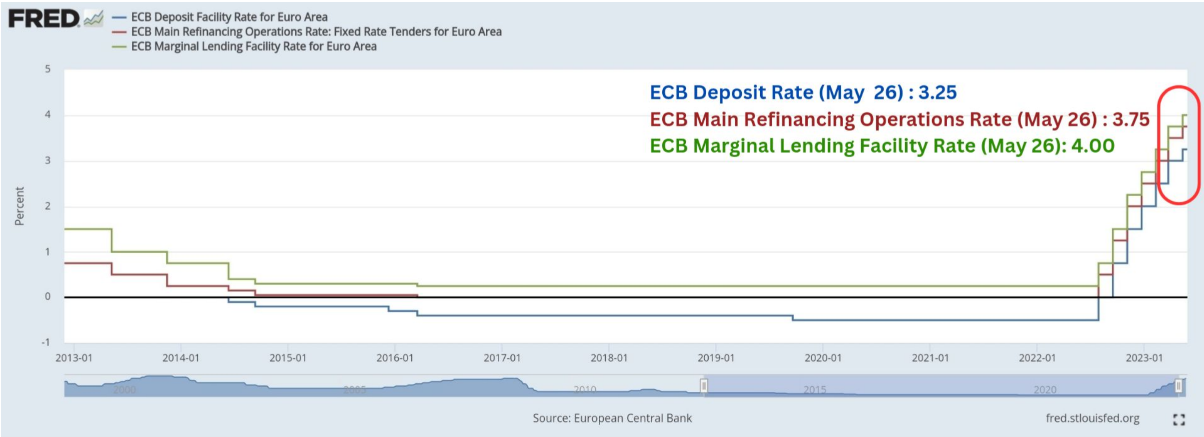
The Russia-Ukraine conflict has played a significant role in disrupting supply chains and driving up energy prices. As a major importer of Russian energy, Germany has suffered the consequences of the conflict, leading to higher inflation, particularly in energy costs and a subsequent decrease in household purchasing power. The war has also caused disruptions in supply chains, resulting in elevated production costs and shortages of goods. Fortunately, Germany was spared from an even deeper recession due to a mild winter.

1. **Lingering effects of pandemic lockdowns**

The COVID-19 pandemic continues to exert a heavy toll on Germany's economy. The country has experienced multiple waves of the virus, leading to periodic lockdowns and other restrictive measures that disrupt economic activity. These restrictions have contributed to increased unemployment, reduced household income, and ultimately dampened consumer spending.

2. **European Central Bank's Rate Hikes**

The European Central Bank's (ECB) decision to raise interest rates poses another challenge to Germany's economic growth. While the ECB aims to combat inflation, the resulting higher interest rates make borrowing more expensive for businesses. This could potentially lead to reduced investment and slower overall economic growth.



Note: The Governing Council of the ECB sets the key interest rates for the Euro Area:
- The interest rate on the main refinancing operations (MRO), which provide the bulk of liquidity to the banking system.
- The rate on the deposit facility, which banks may use to make overnight deposits with the Eurosystem.
- The rate on the marginal lending facility, which offers overnight credit to banks from the Eurosystem.

Figure 14. European Central Bank key Interest Rates for the Euro Area (Source: European Central Bank)

1. Less Innovation

The news of Germany entering a recession coincided with a concerning report revealing a decline in innovation among the country's businesses. The Bertelsmann Foundation in Germany found in 2019 that almost four out of ten companies have stopped actively looking for innovations. Research by *Bertelsmann* shows four metrics showing the decline of the German economy's innovation.

A. A growing gap between applied and granted patents

The number of patents granted is an essential metric in a country's innovation rating as it reflects the level of inventive activity, showcasing the country's capacity for generating new ideas and solutions. A high number of patents granted is indicative of economic growth by attracting investment and fostering a culture of innovation. However, an important distinction lies between patent applications and patents granted in Germany. The recent trend in Germany has been a reduction in the ratio of patents granted to applications. (refer to Figure 15)

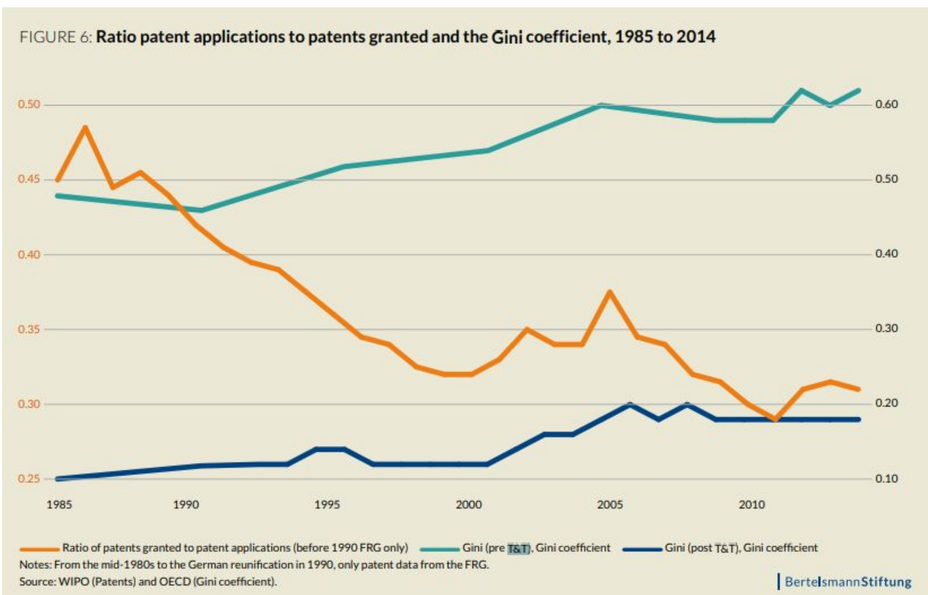


Figure 15. Ratio Patent Application to Patents Granted in Germany. Note: Ginie coefficient is the measure of income or wealth inequality within the population. T&T means Taxes and Transfers (Source: Bertelsmann Stiftung)

B. Declining rates of growth in productivity

Another piece of evidence derives from data on labour productivity and total factor productivity (TFP). TFP growth has been declining in Germany since the 1970s. TFP growth is a critical metric showing a country's innovation because it measures the efficiency and effectiveness of production processes independent of the input used. (refer to Figure 12)

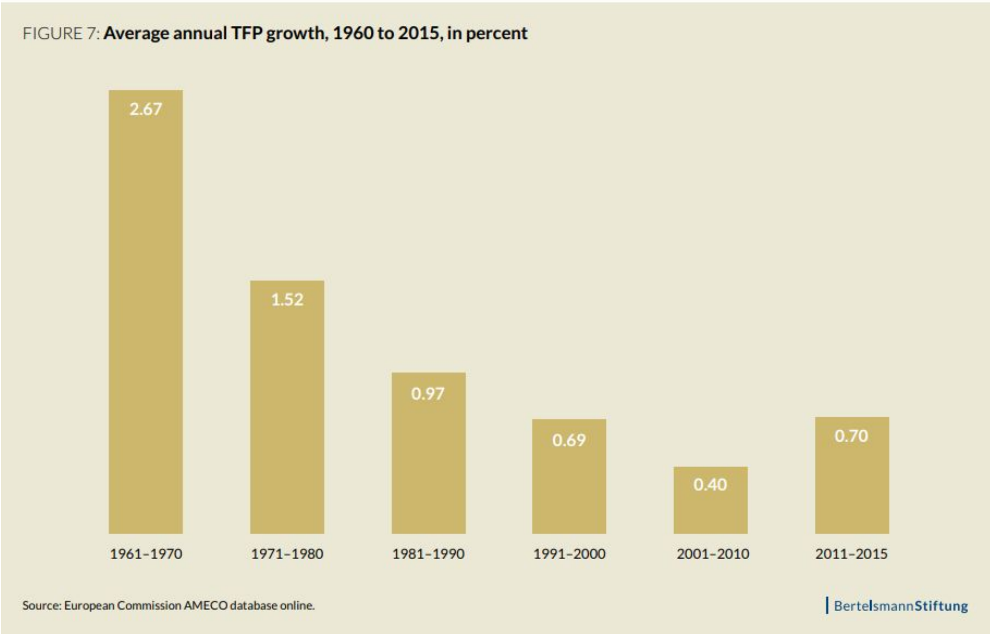


Figure 16. Average Annual Growth in Total Factor Productivity. (Source: Bertelsmann Stiftung)

C. Decline in Working Hours

From 1950 the annual hours worked by the average German worker declined from just over 2,400 hours to less than 1,400 by 2015. Germany has experienced the fastest fall in annual average hours worked per employee compared to the United Kingdom, France, and the United States (refer to Figure 17). This sharp decline can be explained by the growing power of unions and higher incomes (raising the value of leisure). The decline in working hours, though not directly correlated to innovation, can lead to some challenges. If productivity and output decline significantly due to reduced working hours, it may impact the country's ability to invest in research and development.

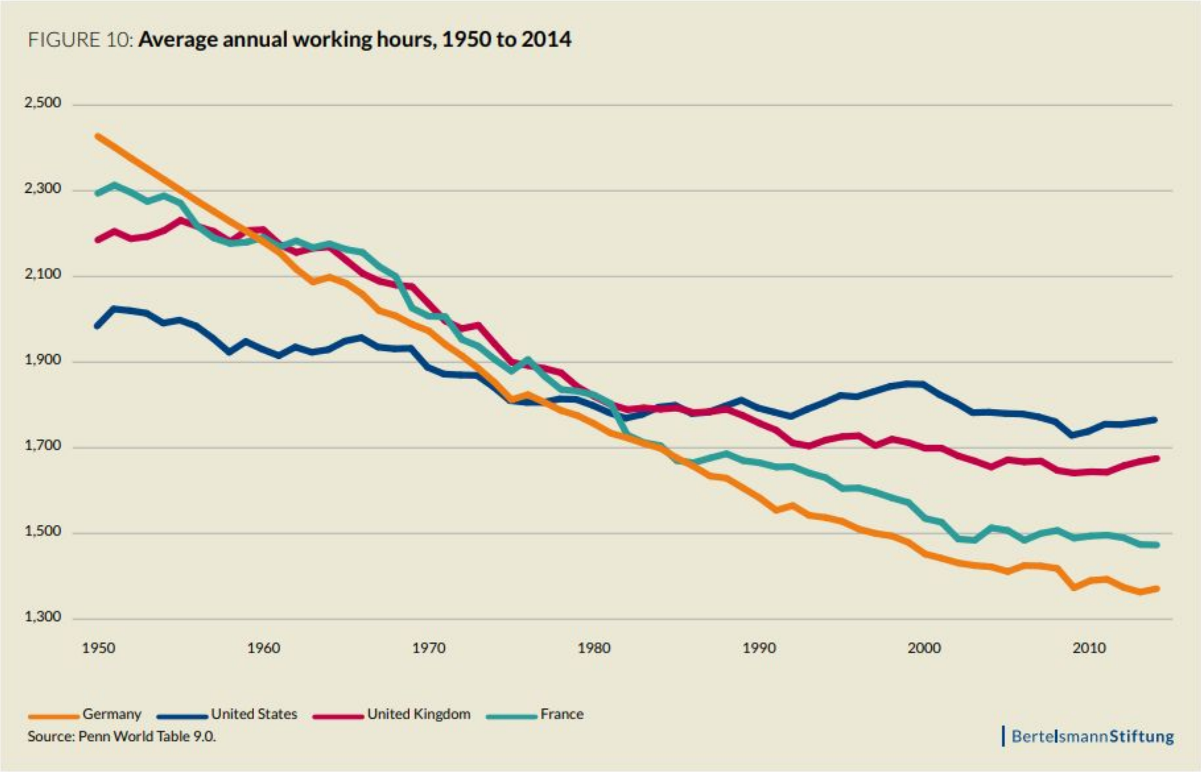


Figure 17. Average Annual Working Hours in Four Countries (Source Bertelsmann Stiftung)

D. The relative scarcity of venture capital investment

Venture capital investment is sometimes used as an indicator of innovation, since it is generally employed to finance high-tech start-ups, particularly in the Information and Communication industries. Germany does not stand out in terms of venture capital investment– on the contrary, it is lagging behind, compared to other countries like the US and China (refer to Figure 18).

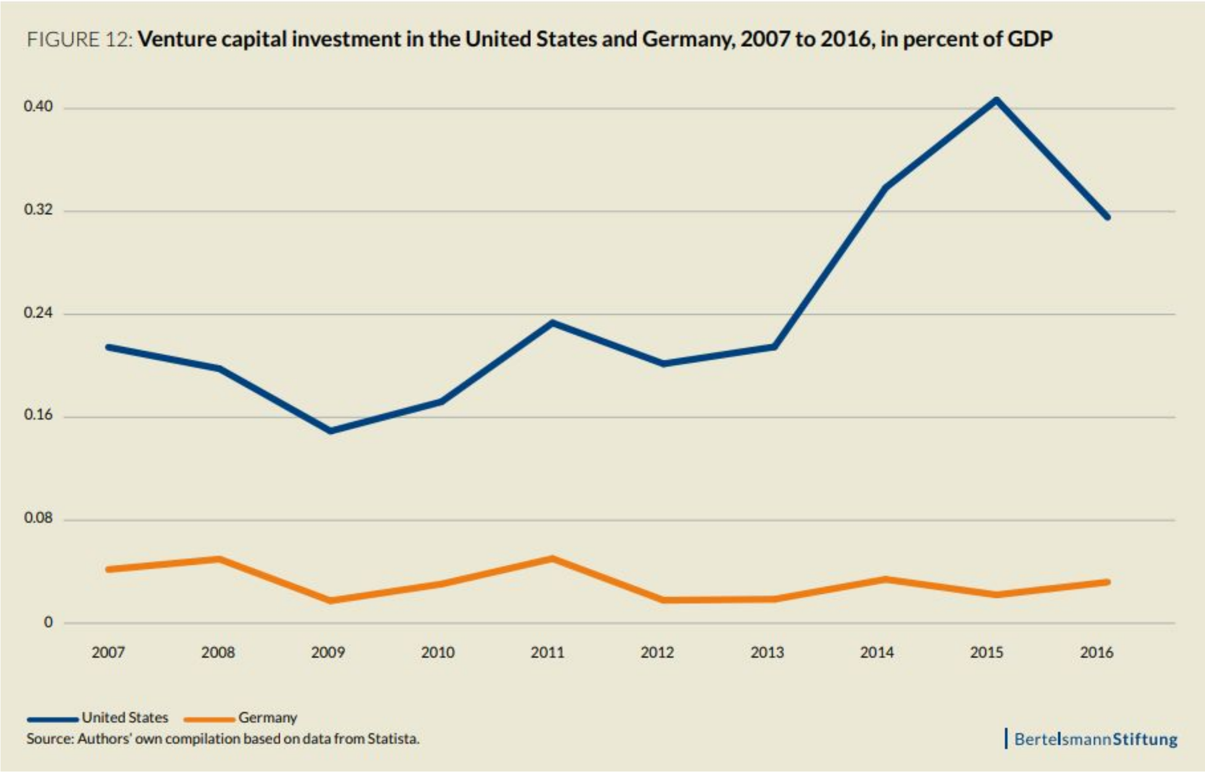


Figure 18. Venture Capital Investment in United States and Germany, in percent of GDP (Source: Bertelsmann Stiftung)

The *Bertelsmann* Foundation, which undertook the study, said that while German companies are still engaging in innovation, the overall rate has been diminishing steadily, with fewer enterprises actively pursuing innovative endeavours. They found a growing proportion of companies that are not actively seeking innovation, from 27 percent, three years ago, to nearly 40 percent today.

The decision not to pursue innovation appears to be influenced by various factors. The study explored the impact of the COVID-19 pandemic on innovation activities. It discovered that 42 percent of companies that had already been cautious regarding innovation prior to the pandemic chose to either postpone or cancel their innovation initiatives during the crisis. Even now, evidence suggests that these companies are not returning to their pre-pandemic innovation levels. The ongoing effects of the pandemic have contributed to this decline.

The revelation of reduced innovation should not come as a surprise to many, as there has been a longstanding recognition that Germany needs to enhance its innovation capacity to remain competitive with investors in Asia and the United States. The current trend raises concerns about the future of the German economy, as highly innovative companies make more dynamic contributions to the labour market, even during crises like the pandemic. These companies also demonstrated an average increase in employees twice as high as the average for all companies, highlighting the importance of innovation for sustained prosperity.

The cumulative impact of these factors has resulted in a sharp deceleration in Germany's economy. The contraction of 0.3 percent in the first quarter of 2023 is anticipated to persist in the second quarter. A consecutive contraction in three quarters would officially solidify the nation's recessionary status.

In response to the economic downturn, the German government has implemented various measures to mitigate its effects. These include providing financial assistance to businesses and households, as well as investing in infrastructure projects. However, it remains uncertain whether these initiatives will be sufficient to stave off a deeper recession.

As Germany navigates its way through this challenging period, economists and policymakers will closely monitor the impact of inflation, supply chain disruptions, and the progression of the ongoing conflict and pandemic. The current state of affairs emphasises the need for structural reform and strategic investments in the German economy. To pull out of the recession and ensure long-term economic stability, it will be essential for Germany to foster innovation and diversify its economic base, focusing on sectors with high growth potential and resilience to external shocks. Furthermore, more flexible economic policies and strategies could help manage the impact of rising interest rates and mitigate the potential fallout from geopolitical conflicts.

WHAT'S ON-CHAIN THIS WEEK?

Bitcoin Mining and Network Activity Continues To Surge

Bitcoin mining difficulty is poised for a record high, reflecting a consistent rise in the quantity of mining machines competing to secure the network.

The difficulty is a measure of the computing power required to mine a Bitcoin block, or in more technical terms, to find a hash below a given target. A high difficulty means that it will take more computing power to mine the same number of blocks, making the network more secure against attacks.

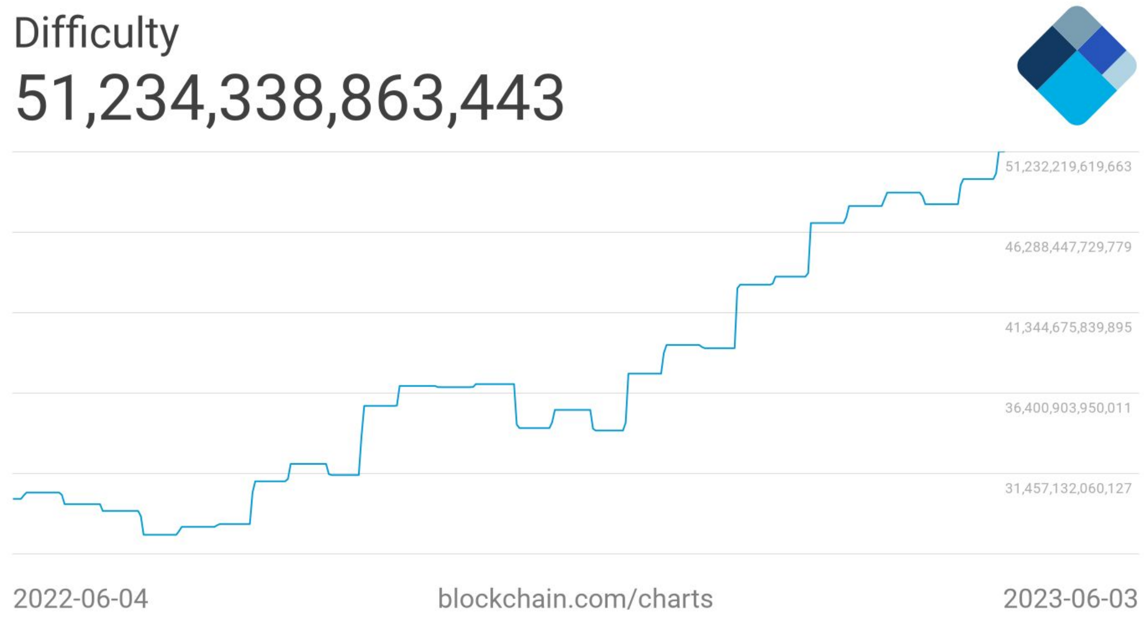


Figure 19. Bitcoin Mining Difficulty. (source: blockchain.com)

According to the data from Figure 19 above, the BTC mining difficulty has risen to 51.23 trillion as of the bi-weekly adjustment on May 30th.

This signifies an increase of more than 2.7 percent in the difficulty that individual miners encounter as they endeavour to unearth a Bitcoin block.

The rise in mining difficulty is an indication that, as per *CoinWarz.com* data, the average block time is presently around 9.73 minutes, which is 0.27 minutes (or approximately 16.2 seconds) swifter than the Bitcoin protocol's long term objective of maintaining a block time of roughly 10 minutes.

The Bitcoin protocol adjusts the difficulty up or down when the average observed block-intervals are shorter or longer (than 10 minutes), respectively.

The surge in BTC mining difficulty coincides with a continued rally in the Bitcoin network's hashrate (or overall computing power).

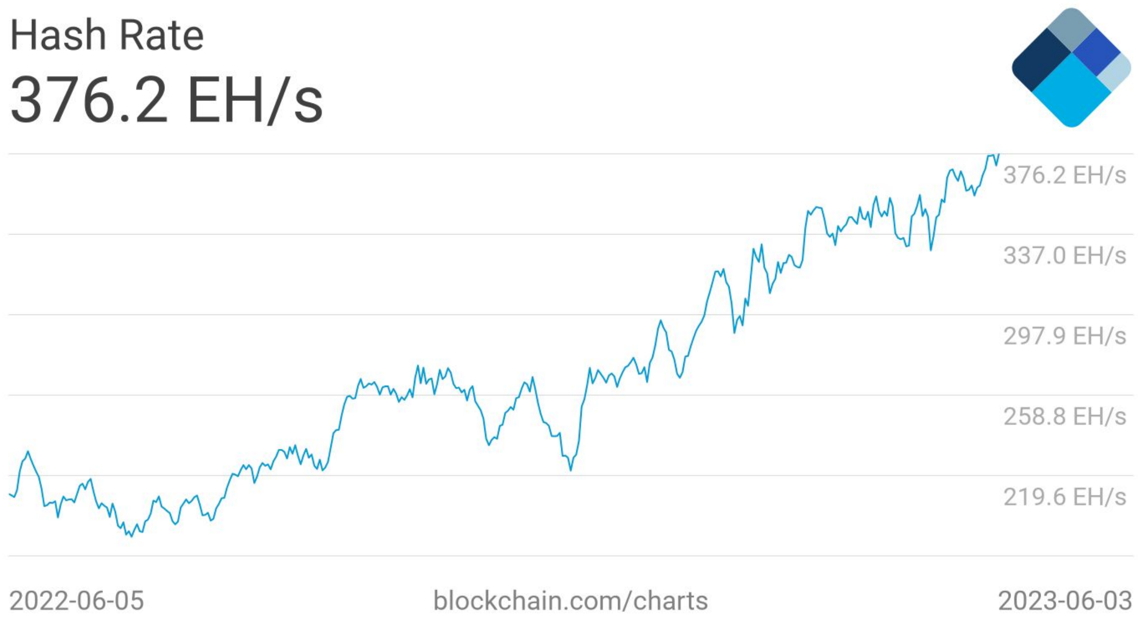


Figure 20. Bitcoin Network Hash Rate in Exahashes per second. (source: blockchain.com)

The mean daily hash rate for the Bitcoin network was around 376.2 EH/s which is a record high.

A high network hash rate and difficulty in cohesion could imply the following things:

- Increased Competition: High mining difficulty means miners need to use more computational power to solve the mathematical problems required to add a new block to the blockchain. This increases the competition among miners.
- Market Sentiment: Miners are more likely to participate and invest in more powerful hardware when they're optimistic about the price of Bitcoin. Therefore, a high network hash rate can sometimes be a bullish signal about market sentiment. However, this is not a hard and fast rule as mining profitability depends on a variety of factors including the cost of electricity in the miner's location, the efficiency of their mining hardware, and more.

BTC Tech Stock Correlation Plummets

The Nasdaq index outperformed the crypto market in the month of May. The BTC price decreased by 6.95 percent in May, while the S&P500 and the NASDAQ Composite appreciated by 3.4 percent and 7.3 percent respectively. This negative correlation metric (refer Figure 21 below) might soon reach its lowest level ever.

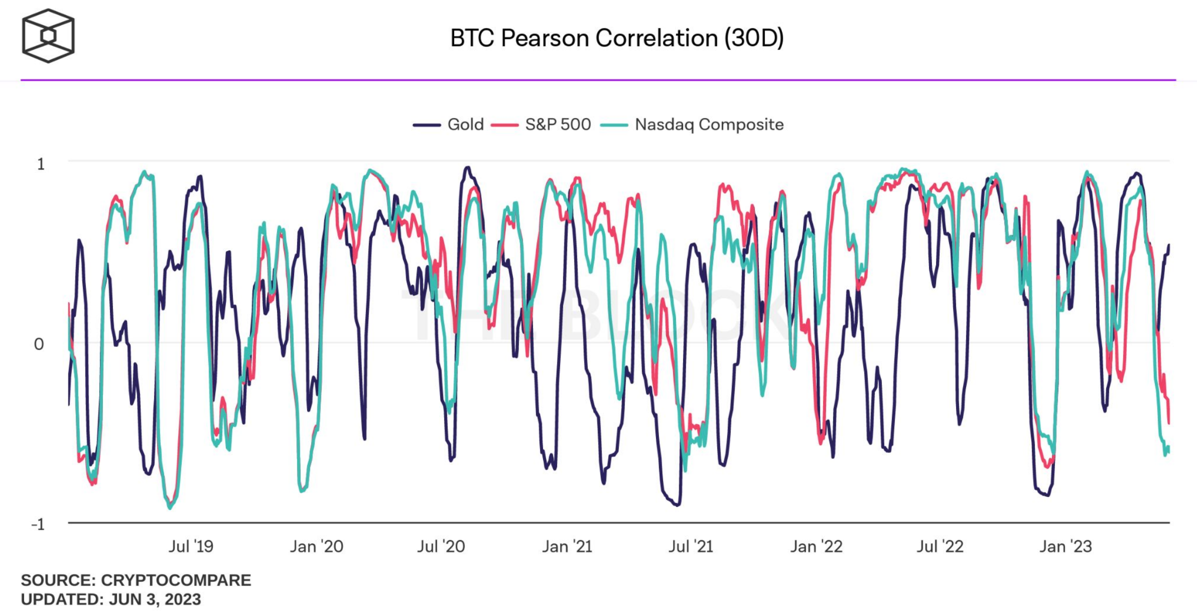


Figure 21. BTC 30-Day Pearson Correlation. (source: TheBlock)

The nexus between traditional finance (TradFi) and cryptocurrencies has recently undergone a significant transformation. The tech-centric Nasdaq index has been climbing to near all-time highs, leaving cryptocurrencies in its wake. The financial world appears to have found a new fascination — artificial intelligence (AI).

AI is the current cynosure in the realm of traditional finance with NVIDIA, a manufacturer of Graphic Processing Units for the AI industry, hitting a 1T market cap just this week. It's intriguing to see companies, irrespective of their scale, striving to align with this burgeoning AI trend. Some are even going so far as to incorporate 'AI' into their names, whether to secure funding or to merely stay in stride with the evolving landscape.

We see this inverse correlation between TradFi and cryptocurrencies continuing until a new volatility cycle emerges in the crypto sector. Such volatility however does not appear to be arriving soon, based on our analysis of volatility and volume data.

Figure 22. BTC ATM Implied Volatility. (source: TheBlock)

As per Figure 22 above, the At-The-Money (ATM) Implied volatility for options expiring in 180 days is around 41.6 percent while the implied volatility for options with a weekly expiry is close to 36 percent. Other metrics lie between these two outer bands.

The crucial data to be highlighted is how the historical volatility for all of these have dropped below 30. When implied volatility is greater than historical volatility, it means that the market is expecting the asset's price to move more in the future than it has in the past. This could be due to upcoming events that are expected to cause price swings. We discussed what these events could be in the previous issue of *Bitfinex Alpha*.

Options market participants are employing a strategy known as an options calendar spread, where they sell options that are due to expire soon (which have low implied volatility or IV due to the shorter timeframe) and buy options that expire further in the future (with higher IV due to the longer timeframe and greater uncertainty).

This trading approach allows them to potentially profit from the difference in implied volatility, as options with a longer timeframe to expiry usually have higher IV. They aim to profit from the accelerated decay of the options they sold (which are closer to expiry), while maintaining a long position in options with a later expiry date (which generally retain their value better).

Low volatility, especially in the crypto market, can indeed unsettle some traders. Continually selling volatility under such circumstances can carry a risk, as any significant spike in Implied Volatility (IV) could potentially destabilise one's portfolio if not properly managed. However, as of now, it seems that larger players remain comfortable in this low volatility environment. It might take an unexpected event (a "black swan") or a significant amount of time to disrupt this trend of low volatility. Volatility can remain low or subdued for extended periods.

It's crucial to note that a majority of major players or 'the herd' being short on volatility could lead to dramatic repercussions in the event of a significant volatility spike. This could cause a rapid unwinding of positions, leading to a sharp increase in prices and potential market dislocation. Hence, while low volatility might seem attractive, traders must always consider the potential risks and manage their portfolios accordingly.

NEWS FROM THE CRYPTO-SPHERE

Gemini Trust Seeks Dismissal of SEC Lawsuit Over Gemini Earn

Figure 23. Gemini Trust Seeks Dismissal of SEC Lawsuit Over Gemini Earn

- **Gemini Trust has requested the dismissal of an SEC lawsuit alleging the illegal sale of unregistered securities in their Gemini Earn program.**
- **The SEC lawsuit claims that Gemini and Genesis Global Capital bypassed disclosure requirements and raised billions of dollars in crypto assets.**
- **Gemini argues that the loan agreements in the program do not qualify as securities and therefore did not require registration with the SEC.**

Gemini Trust Co, the exchange operated by Tyler and Cameron Winklevoss, has filed a motion with a U.S. judge seeking the dismissal of a lawsuit brought by the Securities and Exchange Commission (SEC). The lawsuit accuses Gemini of unlawfully selling unregistered securities through its program called Gemini Earn, which promised investors high-interest rates.

Gemini Trust Co's request was submitted to the Manhattan federal court in response to a civil lawsuit filed by the SEC on January 12th. The lawsuit targeted Gemini and Genesis Global Capital LLC, a cryptocurrency lender and subsidiary of Digital Currency Group.

The SEC's legal action centred around Gemini Earn, which enabled customers to lend cryptocurrencies such as Bitcoin to Genesis. Gemini collected an agent fee of up to 4.29 percent for facilitating the transactions. The program allowed Gemini and Genesis to accumulate billions of dollars in crypto assets. However, in November 2022, Genesis suspended withdrawals from Genesis Earn, in the wake of the collapse of the FTX cryptocurrency exchange owned by Sam Bankman-Fried (SBF).

The SEC alleged that Genesis held around $900 million in assets from approximately 340,000 customers participating in the Gemini Earn program. The regulator accused Gemini and Genesis of evading disclosure requirements designed to safeguard investors.

In its filing, Gemini argued that the loan agreements between itself, Genesis, and customers did not meet the criteria to be classified as securities. Gemini stated that the agreements were not sold or traded on secondary markets and did not transfer asset ownership, therefore negating the requirement for SEC registration.

Genesis, on the other hand, claimed that the transactions constituted loans and requested the court to dismiss the complaint. Additionally, Genesis urged the court to strike the SEC's requests for a permanent injunction and disgorgement. Genesis alleged that it was Gemini, not Genesis itself, that operated the customer-facing aspects of the Gemini Earn program. In a blog update addressed to Earn users, Gemini referred to the SEC lawsuit as "ill-conceived."

Since Gary Gensler assumed the position of SEC chair in 2021, the commission has intensified its efforts to regulate the cryptocurrency market. Gensler emphasised in January that the lawsuit against Gemini and Genesis was intended to underscore the need for compliance with existing securities laws by crypto lending platforms and intermediaries.

The SEC filed lawsuits against both Gemini and Genesis in January, and soon after, Genesis filed for bankruptcy. Since mid-November, users of the Gemini Earn program have been unable to withdraw their funds. Gemini subsequently filed a claim seeking the return of over $1.1 billion in assets to more than 232,000 affected users.

Currently, Gemini, Genesis, and Digital Currency Group (DCG), the parent company of Genesis, are engaged in mediated negotiations to reach a restructuring and settlement agreement. A preliminary deal was reached in February but has yet to be finalised. In recent weeks, DCG missed a $630 million loan payment to Genesis.

Simultaneously, Gemini and other creditors are working on an amended plan of reorganisation that could proceed without the consensual participation of DCG if the mediation fails. The aim is to achieve the best possible outcome for users of the Gemini Earn program. DCG has previously stated that it is in discussions to refinance its debt.

The case is titled SEC v Gemini Trust Co et al, and it is being heard in the U.S. District Court for the Southern District of New York, with the case number 23-00287.

Tether Expands Operations into Bitcoin Mining with Renewable Energy in Uruguay

Figure 24. Tether Expands Operations into Bitcoin Mining with Renewable Energy in Uruguay

- **Tether is entering the Bitcoin mining industry in Uruguay using renewable energy sources.**
- **The company aims to support its stablecoin, USDt, by diversifying its revenue mix and minimising the ecological footprint of its mining operations.**

Cryptocurrency giant Tether, has made an exciting move into the Bitcoin mining industry by establishing operations in Uruguay. The company aims to leverage renewable energy sources to mine Bitcoin, in collaboration with a local licensed company, and diversify its revenue mix. By venturing into the energy sector and investing in renewable energy production, Tether is taking its first steps towards sustainable and responsible Bitcoin mining.

The use of renewable energy for mining will minimise the ecological footprint of its mining operations while maintaining the security and integrity of the Bitcoin network.

This development follows Tether's recent announcement on Wednesday, May 17th, to allocate up to 15 percent of its net profit to bitcoin investments. Tether's stablecoin, USDt, is the largest stablecoin in the market, with a circulating supply surpassing $83.2 billion. Unlike other cryptocurrencies, stablecoins maintain a stable value and are widely used by traders to avoid volatility and facilitate seamless transitions between different digital assets.

As Tether ventures into the Bitcoin mining and renewable energy space, it aims to solidify its position as a responsible and trustworthy player in the cryptocurrency industry.

Uruguay was chosen as the location for Tether's Bitcoin mining operation due to its remarkable capabilities in renewable energy production. With over 98 percent of its electricity generated from renewable sources such as wind and hydropower, Uruguay has emerged as a global leader in sustainable energy. The country's favourable natural resources provide ideal conditions for the production of clean energy, making it an attractive destination for Tether's mining efforts.

Tether's expansion into Bitcoin mining and renewable energy in Uruguay marks a significant milestone for the company. By combining the power of Bitcoin and sustainable energy, Tether aims to lead the way in environmentally conscious mining practices. The company is also actively hiring experts in the field, to support its endeavours and plans to expand its mining operations to other countries in the near future. As Tether continues to assert its bullish stance on Bitcoin, its foray into renewable energy demonstrates a strong commitment to sustainability and responsible practices within the cryptocurrency ecosystem.

Trust Reserve Team Detained as Chinese Government Targets Stablecoin Issuer

Figure 25. Trust Reserve Team Detained as Chinese Government Targets Stablecoin Issuer

- **Trust Reserve's core team has been detained by Chinese police, leading to concerns about the company's stability and the future of its stablecoin projects.**
- **The crackdown on Trust Reserve is part of the Chinese government's ongoing efforts to regulate the cryptocurrency industry, signalling potential implications for the broader cryptocurrency ecosystem in China.**

The core team of Trust Reserve, a major Chinese stablecoin issuer, has been detained by Chinese police on May 29th, according to PANews, causing some concern in the Chinese cryptocurrency industry. Trust Reserve, previously known as CNHC Group, issues the Chinese yuan-backed stablecoin CNHC and the Hong Kong dollar-backed stablecoin HKDC. A notice of "judicial seizure" was announced of their Shanghai office indicating a significant crackdown by authorities.

Multiple arrests took place on May 29th, leaving Trust Reserve employees unreachable. Family members of some employees were notified about the detentions, and Trust Reserve's office in Pudong, Shanghai, was found empty and sealed with the notice of the judicial seizure.

The crackdown on Trust Reserve comes as part of the Chinese government's ongoing efforts to regulate the cryptocurrency industry. In March, Trust Reserve successfully raised $10 million in a funding round led by KuCoin Ventures, with participation from Circle Ventures and IDG Capital. However, recent events have raised concerns about the stability of the company and the future of its stablecoin projects.

KuCoin Ventures, Circle Ventures, and IDG Capital, prominent investors in Trust Reserve's funding round, are closely monitoring the situation. The Chinese government's actions not only impact the Trust Reserve but also raise questions about the broader implications for the cryptocurrency ecosystem in China.

Binance Reevaluates Headcount Amid Market Challenges and Controversies

Figure 26. Binance CEO Changpeng Zhao in Binance Meetup in Athens (Source: NewYork Times)

- **Binance is reportedly conducting a talent evaluation and reassessing its headcount.**
- **The company denies engaging in cost-cutting measures but said it aims to ensure it has the right expertise and talent in critical roles while remaining confident about its long-term growth prospects**

Binance, the world's largest cryptocurrency exchange, has confirmed that it is reassessing its headcount, leading to speculation about significant layoffs. While rumours suggest over 1,000 employees may be affected, Binance maintains that it is not engaging in cost-cutting measures but rather conducting a "talent density audit" to ensure the right expertise and talent in critical roles.

Wu Blockchain tweeted on Wednesday May 31st, that Binance had begun cutting approximately 20 percent of its workforce of around 8,000 employees. Binance's chief strategy officer, Patrick Hillmann, clarified that the exercise is part of a cyclically conducted talent evaluation and resource allocation process.

Binance CEO and president, Changpeng Zhao (CZ), took to Twitter to address the situation on Thursday, June 1st, emphasising that the company is letting go of employees who do not fit well with the company's unique culture or situation rather than implementing fixed layoffs. Binance remains confident about its long-term prospects, despite recent controversies and challenges in the market.

Wu Blockchain
@WuBlockchain

SCOOP: According to multiple sources who confirmed to WuBlockchain, Binance has started layoffs, and the proportion is still uncertain.

The total number of Binance employees is about 8,000, market rumors that the proportion of layoffs in June was about 20%. As of press time, Binance has not responded to this.

8:48 PM · May 31, 2023 · 2.3M Views

121 Retweets 98 Quotes 555 Likes 43 Bookmarks

Figure 27. Tweet from Wu Blockhain on Binance Layoffs.

Binance CEO and president, Changpeng Zhao (CZ), took to Twitter to address the situation on Thursday, June 1st, emphasising that the company is letting go of employees who do not fit well with the company's unique culture or situation rather than implementing fixed layoffs. Binance remains confident about its long-term prospects, despite recent controversies and challenges in the market.

CZ 🔶 Binance
@cz_binance

4. Another day, another FUD. On rumors of layoffs.

Binance has a "bottom out" (we should probably rename it to something else) program. We constantly say goodbye to people who are not strong fits with the company. Many of them are great people or high performers, but may not fit our unique culture/situation. Small example, WFH is not for everyone.

This "program" is constant. I push for it on a weekly basis. There are no % of people we have to "push out". I also push for cost cutting, servers, flights, meals, etc, every week too. This may be why ... 👇

Binance has stay profitable since month 4 of our inception. From Oct 2017 onwards, through 2 crypto winters, Binance maintained profitability on a daily, weekly and monthly basis.

We always strive to increase talent density. We do performance management. And we are still hiring.

Figure 28. Binance CEO and president, CZ response to Wu Blockchain Tweet

This development represents a shift in Binance's previous stance in March when the company stated it had no plans for layoffs and aimed to fill 500 additional roles by the end of June. Binance's ambitions for expansion are in contrast to other industry players that are implementing job cuts due to market volatility.

As the global regulatory scrutiny on cryptocurrency service providers intensifies, Binance has recently announced plans to withdraw business operations from Canada and scale back certain services in Australia. The company's actions reflect the evolving landscape and challenges faced by the cryptocurrency industry as a whole.

Hong Kong Reopens Retail Crypto Trading, Paving the Way for China's Potential Policy Shift

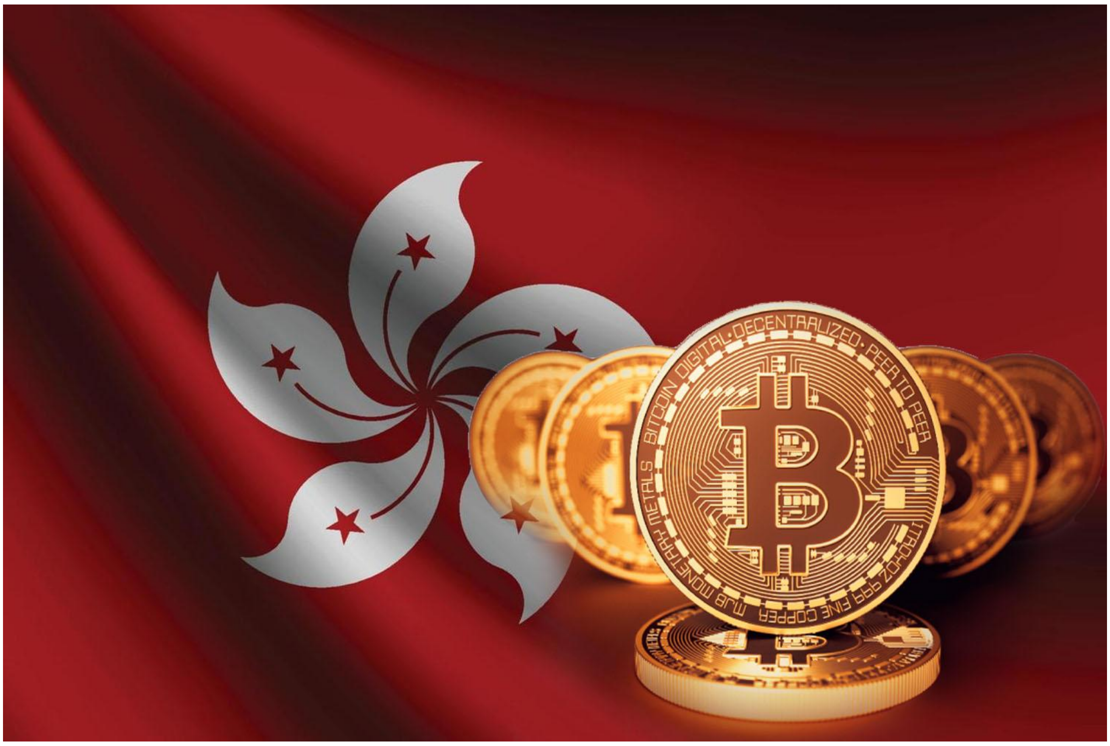


Figure 29. Hong Kong Reopens Retail Crypto Trading, Paving the Way for China's Potential Policy Shift

- **Hong Kong has reopened retail crypto trading and started accepting applications for licences to run trading platforms and exchanges**
- **More than 80 companies, including mainland Chinese firms, have expressed interest in obtaining licences, and the move could serve as a test case for China potentially reversing its 2021 ban on cryptocurrencies.**

Hong Kong has taken a significant step towards establishing itself as a cryptocurrency hub by allowing applications for licences to operate trading platforms and exchanges. On Thursday, June 1st, Hong Kong reinstated retail crypto trading at select exchanges. In contrast to the ban on crypto trading and mining on the Chinese mainland, Hong Kong has cautiously reopened to the nascent asset class, and said it will enable retail trading by the second half of 2023.

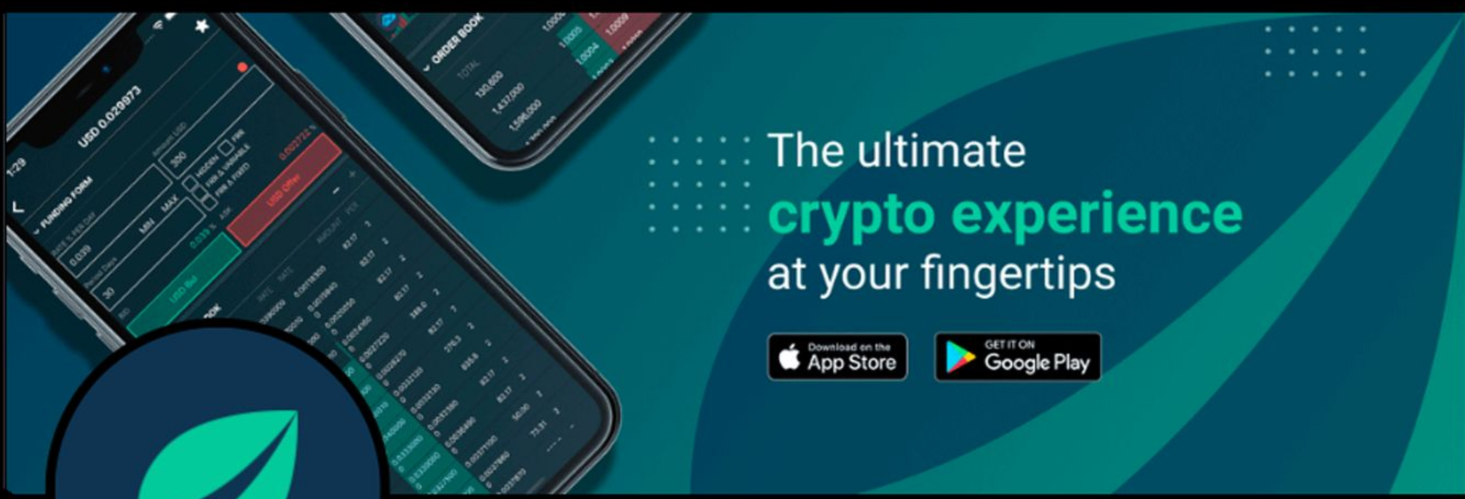
The move by Hong Kong, amidst global regulatory challenges for the cryptocurrency industry, is supported by measures to ensure investor protection and manage risks. Julia Leung, CEO of the Securities and Futures Commission, stated that Hong Kong's virtual assets regulatory framework is designed to provide robust investor protection and foster sustainable industry development and innovation. To obtain a licence, applicants must meet various requirements, including a minimum capital of HKD 5 million ($638,000), anti-money laundering measures, and the appointment of experienced managers.

Authorities have reported that more than 80 companies have expressed interest in obtaining licences, with mainland Chinese companies showing particular eagerness to enter the Hong Kong market due to the complete ban on cryptocurrency-related services in China. Notably, a subsidiary of Chinese state-owned property developer Greenland Group plans to apply for a licence, and online lender ZA Bank has announced its intention to partner with licensed companies to offer trading services for individuals.

Hong Kong's shift towards embracing cryptocurrencies comes after a period when it was tough on the industry following China's ban on related services in 2021. However, the city has reversed its stance and is now actively promoting virtual currencies. The move has instilled confidence among industry experts who view Hong Kong's involvement as a boost to investor confidence.

It is important to note that the change in Hong Kong's policy towards cryptocurrencies is significant due to the potential influence it may have on China's stance. While crypto trading remains banned on the mainland, the reopening in Hong Kong could serve as a test case for China's possible reversal of its 2021 ban. Beijing's recent release of a white paper on Web3 technologies and the establishment of industry associations in Hong Kong further hint at a potential crypto renaissance in China.

Experts believe that Hong Kong's new approach to digital currencies could have a substantial impact, especially considering China's status as the world's second-largest economy. As the United States grows increasingly hostile towards the cryptocurrency sector, China's potential embrace of crypto could reshape the industry landscape. Hong Kong's move to reinstate retail crypto trading underscores the importance of comprehensive regulations to ensure market integrity while allowing room for development and innovation



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