BITFINEX Alpha

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EXECUTIVE SUMMARY

With the sharp fall seen in Bitcoin at the end of last week, there has been a significant decline in unrealised profits, particularly among short-term holders. We believe this could contribute to a potential increase in selling pressure.

The tendency of this cohort to react more acutely to short-term market fluctuations means there is a possibility of a further substantial market correction, with critical support levels only at $38,000 and $36,000. These levels, closely aligned with the short-term holder realised price discussed in last week's *Bitfinex Alpha*, are pivotal in gauging Bitcoin's short-term market stability and investor sentiment.

On the macro front, December saw a surprising surge in retail sales driven by robust motor vehicle purchases and a significant rise in online shopping. This strong retail activity, coupled with higher-than-expected consumer sentiment, hints at an upside risk to inflation, which is causing markets to reconsider how certain a rate cut could be. We still believe policy loosening is likely but it is important to watch the data.

Concurrently, the manufacturing sector, accounting for 10.3 percent of the economy, saw only a marginal boost in production, as it continues to grapple with the constraints imposed by the tight monetary policy in place since March 2022. The New York Fed's Empire State survey from early January further underscored this trend, revealing a deepening slowdown in factory activity.

The manufacturing industry remains cautiously hopeful that conditions will improve, and adding to the economic narrative, January's decline in unemployment benefit claims to a 16-month low highlights the labour market's enduring strength. But more data is key to forming a firmer prognosis of the economic outlook.

In the latest news from the crypto-sphere, South Korea's government has signalled a potential greater openness to approving domestic spot Bitcoin ETFs, following the successful launches of the same product in the US earlier this month. Indeed, in the two weeks since 10 spot BTC ETFs were launched in the US, their popularity has meant that they have now surpassed Silver ETFs, in terms of assets under management. This milestone not only underscores Bitcoin's increasing market acceptance but also reflects a paradigm shift in investment preferences.

The past week has seen further potential deepening and diversification of the Bitcoin ETF market, with ProShares, the original issuer of Bitcoin ETFs tied to BTC futures markets, filing for five new ETFs tied to leveraged and inverse BTC options. The increasing range of ways to gain exposure to Bitcoin is extremely healthy for the underlying market.

We are now in a market that is more sophisticated, more liquid and arguably more mature than just a few months ago. Even as the new Grayscale ETF saw outflows as investors looked to exit the previous closed end BTC trust that Grayscale had converted, to move to cheaper investing options, it is further evidence of the market spreading its risk and growing its size. That said, Grayscale maintains a formidable presence in the market, holding over half a million Bitcoins. This considerable holding underscores the company's potential to influence the broader market, a factor that becomes increasingly critical if the current rate of outflows continues.

Happy Trading!

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WHAT’S ON-CHAIN THIS WEEK?

Unrealised Profit Declines

The tracked metrics for unrealised and realised profit and loss in the Bitcoin network indicate significant shifts in the market. Since the BTC price has fallen and stayed below the $43,000 level, over half of the profits accumulated by short-term holders have been wiped out (refer Figure below). Many holders, especially those who acquired BTC less than a month ago, are now exiting the market at a loss.

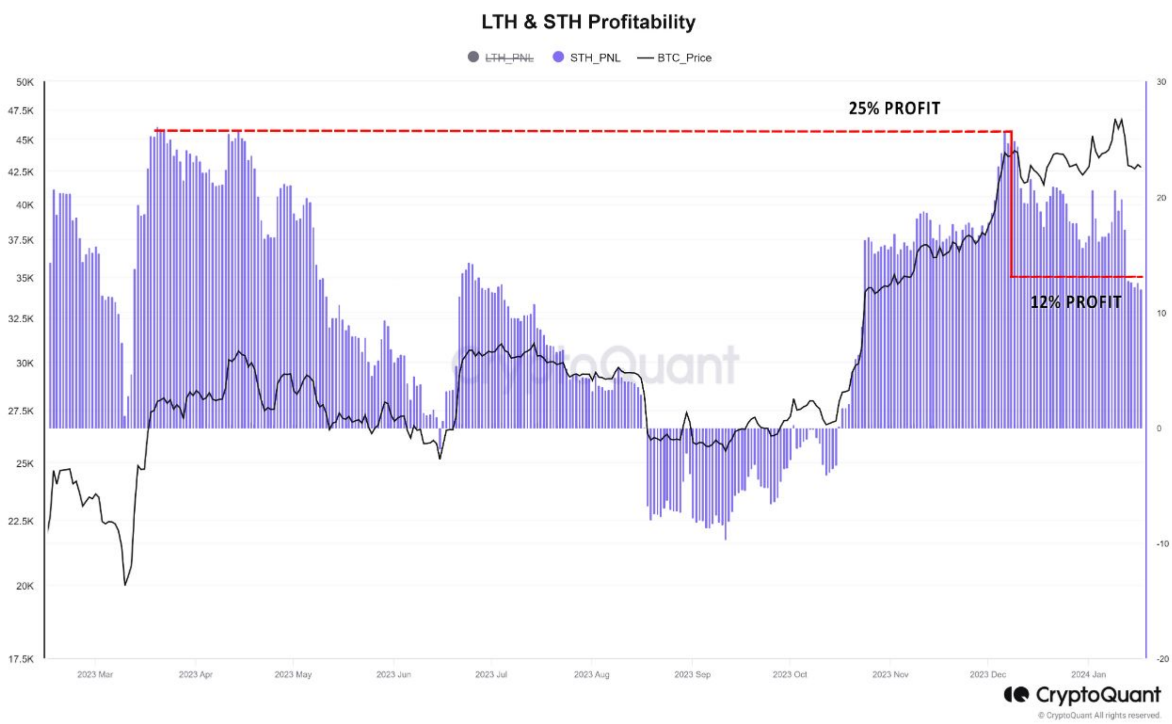


Figure1. Long-Term Holder And Short-Term Holder Profitability As A Percentage. (source: CryptoQuant)

Typically, such a substantial decrease in average profits for short-term holders, who tend to react more acutely to short-term market fluctuations, can be a precursor to selling pressure or exit liquidity.

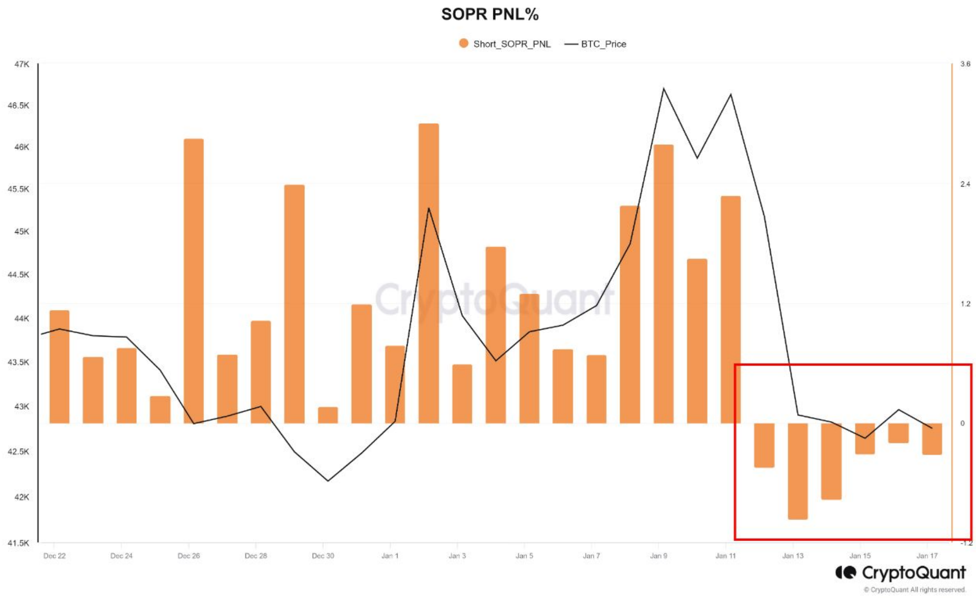


Figure 2. Spent Output Profit Ratio Profit And Loss Percentage. (source: CryptoQuant)

Using the Spent Output Profit Ratio (SOPR), which compares the combined USD value of all coins spent on a given day with the combined USD value of these coins at the time of their creation - the profit or loss of spent coins - shows that the percentage of unrealised profit has reduced in the market.

To effectively utilise the SOPR, one should focus on its value relative to the break-even point, which is represented by a value of one. A SOPR value of one implies that, on average, coin sellers are breaking even, meaning they are selling their coins without making any profit. Values above one indicate that sellers are, on average, selling at a profit, while values below one suggest that sellers are disposing of their coins at a loss. This metric is particularly useful for gauging the overall market sentiment and understanding whether sellers are motivated by profit-taking or loss-cutting.

This current behaviour often precedes even more significant market corrections, as these holders look to liquidate their positions to minimise losses or lock in remaining profits.

Given these dynamics, a considerable price correction even further down from current levels across the market would not be surprising. As bearish sentiment appears to be prevailing, the next crucial price levels for BTC that could provide support are estimated to be between $38,000 (close to the short-term holder realised price for BTC at $38,307) and $36,000 (refer Figure below).

Figure 3. BTC and Short-Term Holder Realised Price. (source: ChainExposed)

These levels are critical to watch, as they may determine BTC's short-term price stability and market sentiment.

Following a rapid climb to $48,800, post the spot Bitcoin ETC approvals by the SEC, this peak was followed by a significant sell-off, with the market shedding 18 percent over the weekend. This downturn led to multiple crypto assets including BTC setting new year-to-date lows, approximately around $40,000, occurring at a time when traditional markets were closed. This price fluctuation (refer figure below) exemplifies the return of volatile market conditions after a year of very low volatility on average, and highlights the distinct dynamics of cryptocurrency trading to traditional Wall Street investors.

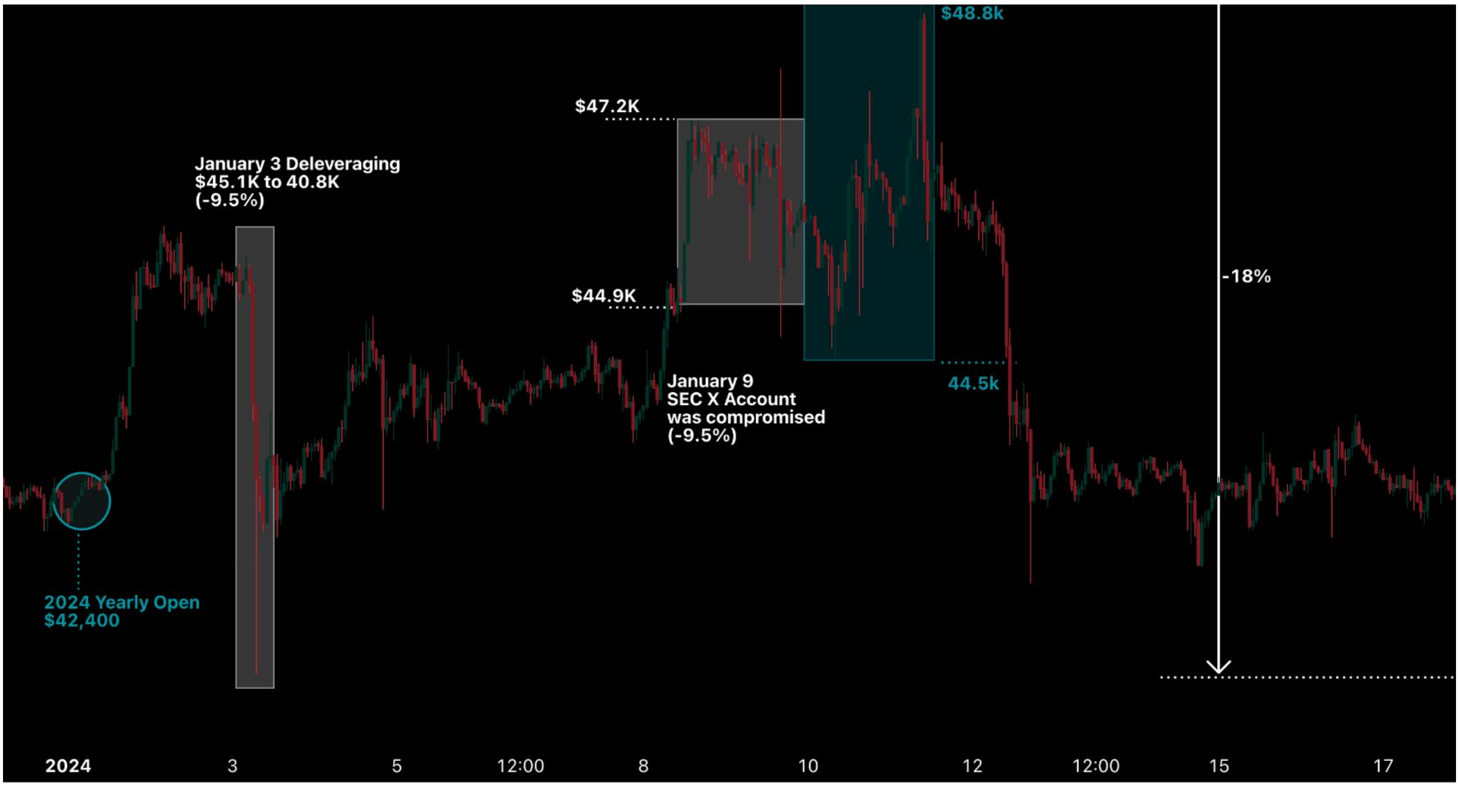


Figure: 4. BTC/USD Year-To-Date Price Fluctuation. (source: Glassnode)

GENERAL MARKET UPDATE

US Retail Sales Exceeds Predictions, Bolstering Economic Optimism

ADVANCE MONTHLY SALES

December 2023	$709.9 billion	+0.6%
November 2023 (revised)	$706.0 billion	+0.3%*

Next release: February 15, 2024

* The 90 percent confidence interval includes zero. There is insufficient statistical evidence to conclude that the actual change is different from zero.
Data adjusted for seasonal variation and holiday and trading-day differences but not for price changes. Source: U.S. Census Bureau, Advanced Monthly Retail Trade Survey, January 17, 2024

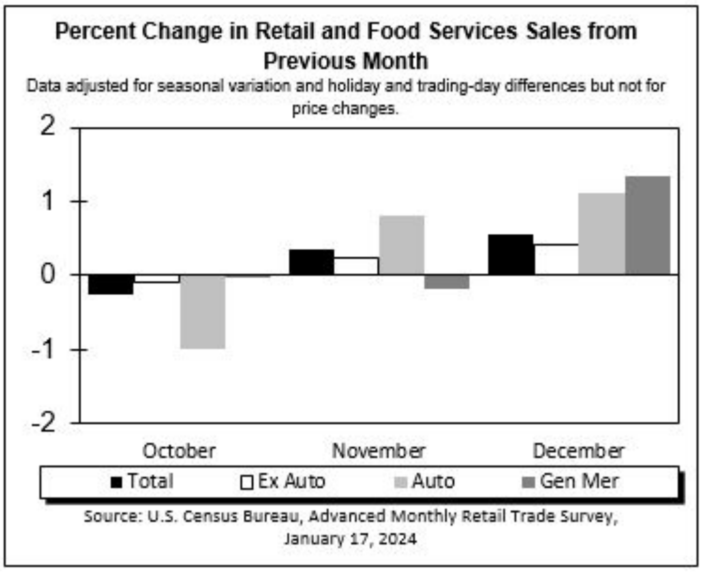


Figure 5. Monthly Advanced Sales Figures And Percentage Change. (source: US Census Bureau)

December witnessed an unexpected surge in US retail sales, primarily fueled by increased purchases of motor vehicles and a significant uptick in online shopping. The data reinforces the robust economic outlook for this year.

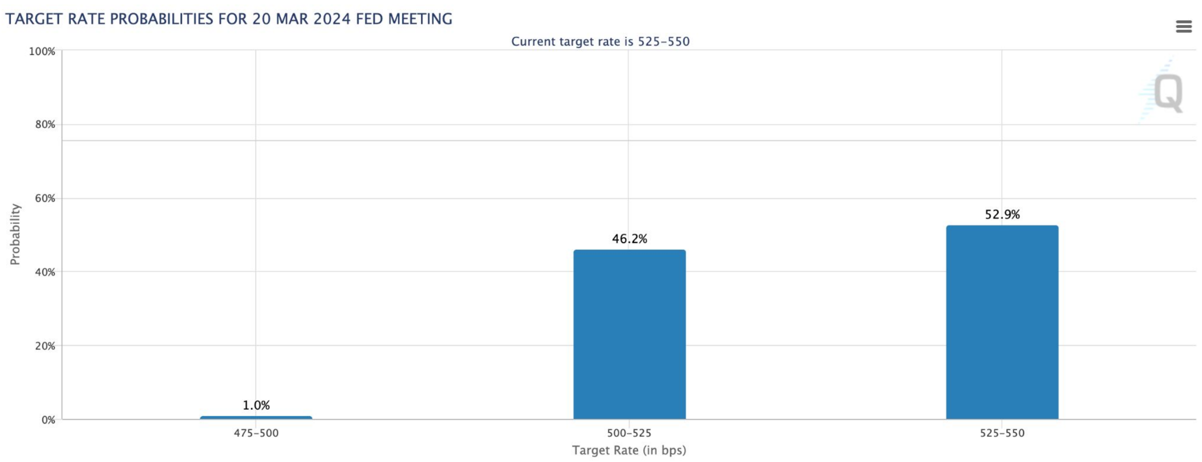
Following earlier concerns over the higher-than-expected Consumer Price Index data reported for December, the latest Retail Sales report for the same month has however posed some questions about how sure the market should be about expectations of a rate cut at the March policymaking Federal Open Market Committee (FOMC) meeting.

According to the Census Bureau, retail sales saw a 0.6 percent increase for December, surpassing the November growth of 0.3 percent, as well as the consensus forecast of 0.4 percent rise. On a year-over-year (YoY) basis, retail sales saw a 5.6 percent rise.

This data aligns with other economic data from December, including strong employment figures, significant wage increments, but also a noticeable rise in consumer prices. Christopher Waller, a Federal Reserve (the Fed) governor, made dovish comments last week on the robust state of the economy: "The healthy state of the economy provides the flexibility to lower the (nominal) policy rate to keep the real policy rate at an appropriate level of tightness," he said.

Consumer spending is remaining resilient, thanks to a robust labour market, even though the pace has moderated slightly compared to the vigorous spending observed in the third quarter. This sustained spending has played a crucial role in steering the economy away from a widely anticipated recession. Additionally, revisions in November's core sales figures indicate a more robust growth of 0.5 percent, a slight increase from the initially reported 0.4 percent.

Americans also seem to be confident about their financial situation, enabling them to keep up with robust spending habits. Evidence of some disinflation, such as the reduction in gasoline prices, is further reinforcing this sense of financial confidence. The [University of Michigan's preliminary report on Consumer Sentiment] in January, showed the overall consumer sentiment index increasing from 69.7 to 78.8, higher than the consensus forecast of 70.1. American's expectations for inflation also declined, with one-year and ten-year expectations falling to 2.9 percent and 2.8 percent, respectively. The report also showed an increase in all subindexes for spending plans, even for home buying.



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 18 JAN 2024	1 WEEK 12 JAN 2024	1 MONTH 20 DEC 2023
475-500	1.0%	1.7%	4.1%	9.4%
500-525	46.2%	53.8%	76.9%	69.6%
525-550 (Current)	52.9%	44.6%	19.0%	21.0%

* Data as of 20 Jan 2024 02:09:20 CT

Figure 6. Target Rate Probabilities for the March 2024 meeting (Source: CME Fedwatch Tool)

However, robust retail spending, aligned with recent consumer sentiment data, suggests a potential uptick in inflation. Last week's economic indicators appeared to alter the market's expectations for a rate cut. Data from the CME FedWatch tool indicates a notable shift in the likelihood of a rate cut this March: the probability dropped from a 76.9 percent chance of a 25 basis point reduction on January 12th to just 46.2 percent by January 20th (48% as we go to press). Although a rate cut is anticipated this year, the market's early projection of a cut in March looks less sure on this reading.

US Manufacturing: Slight Growth Amidst Challenges in December

December data shows that there was only a minimal increase in factory production, primarily driven by a rise in motor vehicle manufacturing, while there was a downturn in the production of machinery, electrical equipment, appliances, and components.

The Fed reported a modest 0.1 percent increase in manufacturing output for December, while November was also marked down to a rise of 0.2 percent, from an initial estimate of 0.3 percent. The consensus forecast was also that factory output would remain stagnant.

The final quarter of the year saw manufacturing activity contract by 2.2 percent, a situation exacerbated by the United Auto Workers' prolonged strike against the major Detroit automakers, lasting one and a half months. This strike contributed to a decline in output following a previous downturn of 0.3 percent during the third quarter. When considering the production figures exclusive of motor vehicles and parts, there was a slight decrease of 0.1 percent. However, on an annual basis, December recorded a 1.2 percent increase in total factory production.

Manufacturing, which constitutes 10.3 percent of the US economy, has been significantly affected by the tighter monetary environment that has been in play since March 2022. The New York Fed's Empire State survey, taken in the first week of January also indicated a deepening recession in factory activity.

In broader terms, overall industrial production mirrored the manufacturing sector's marginal growth, registering a 0.1 percent increase in December after stagnant growth in November. The fourth quarter saw industrial production decline by 3.1 percent, following growth 1.8 percent in the third quarter. Capacity utilisation across the industrial sector remained constant at 78.6 percent, with the manufacturing sector operating at a rate of 77.1 percent.

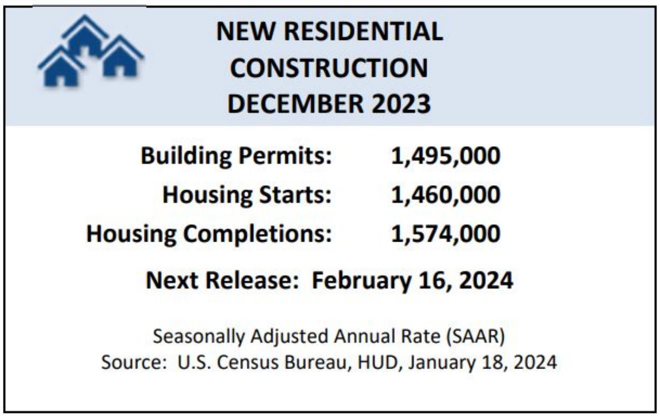
Despite the current downturn, the reduction we are seeing in long-term rates, is expected to eventually stimulate capital investment plans. However, a tangible increase in actual spending is likely several months away. US industry appears cautiously optimistic, waiting to see if the recent easing in financial conditions will positively influence the manufacturing sector.

US Labor and Housing Market Underline the Strength of US Economy

Unemployment benefit claims fell in January, reaching their lowest point in 16 months, showcasing the ongoing resilience of the job market. The number of Americans filing for unemployment benefits hit a 16-month low of 187,000, a significant drop from the previous week's 203,000 claims and well below the 218,000 average seen in 2019, prior to the pandemic.

One factor to take into account that may have impacted this number is the school holiday effects in New York. This one week of data may not necessarily indicate a fortification of the labour market or the broader US economy.

That said, the enduring robustness of the job market is apparent. The downward trend in initial jobless claims, historically a reliable precursor to job market trends, suggests that the job market may continue to exhibit strength, anticipating further employment growth in January.



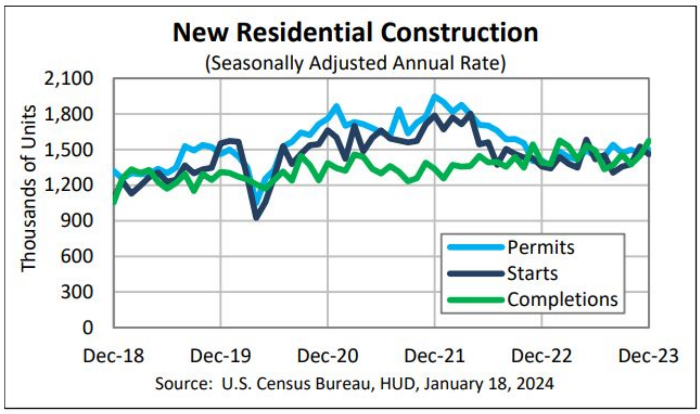


Figure 7. New Residential Construction (Source: US Census Bureau)

In a separate report from the US Census Bureau last Thursday, the housing sector showed an unexpected 4.3 percent decline in housing starts, settling at 1.46 million, a figure substantially below the consensus forecast of an 8.7 percent decrease. Despite a downward revision of November's figures, the residential construction sector concluded the year more robustly than anticipated, potentially buoyed by diminishing mortgage rates.

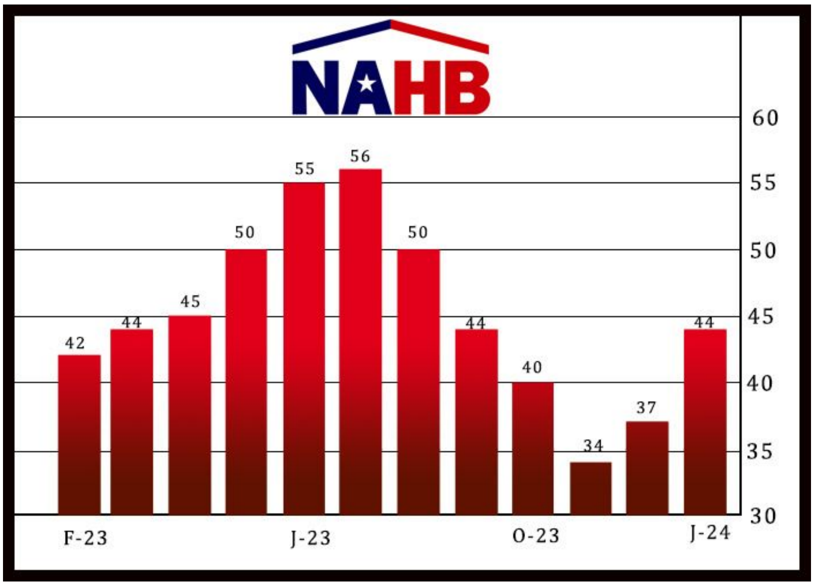


Figure 8. National Association of Home Builders' (NAHB) Monthly Confidence Index (Source: NAHB)

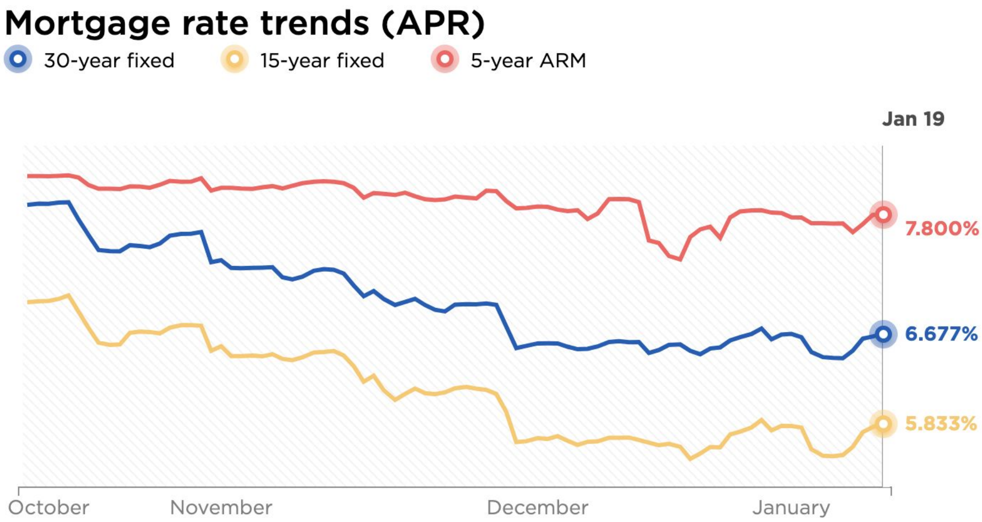


Figure 9. Mortgage Rates as of January 19, 2024

As markets are projecting rate cuts this year, optimism amongst builders is mounting. The 30-year mortgage rate stayed well below seven percent, which pushed the National Association of Home Builders' monthly confidence index up 8 points to 44 in January. Builders confidence exceeded the consensus forecast of a rise to 39.

Building permits, indicative of future construction activity, also witnessed an uptick in December, rising by 1.9 percent to 1.495 million. Moreover, the year ended with two consecutive months of robust completion rates, further bolstering this optimism.

Figure 10. To handle population growth and family formation, analysts believed the "Equilibrium level" for US housing starts to be 1.6 million per year (Source: US Census Bureau)

Nonetheless, challenges persist in the new home market, primarily due to a persistent supply deficit. Both building permits and starts are both below the annual equilibrium level of 1.6 million new homes, exerting continuous pressure on housing prices. This imbalance renders homeownership increasingly unattainable for numerous potential buyers, sustaining critical pressure in the housing market.

The job market's strength, coupled with an unexpected resilience in the housing sector despite some downward trends, suggests underlying robustness in these critical economic areas. However, the persistent challenges in the housing market, particularly the supply deficit and its impact on housing affordability, remind us of the lingering vulnerabilities that could potentially destabilise the economic landscape

NEWS FROM THE CRYPTO-SPHERE

South Korea Contemplates Approval of Local Bitcoin ETFs

Figure 11. South Korea Contemplates Approval of Local Bitcoin ETFs

- **South Korea's government indicated it might start approving domestic spot Bitcoin ETFs, aiming to align with international regulatory standards**
- **The move follows earlier warnings from the Financial Services Commission against local firms trading foreign-listed Bitcoin spot ETFs**

South Korea's Presidential Office has signalled a potential shift in its stance on the approval of a domestic spot Bitcoin exchange-traded funds (ETFs). In a briefing last Thursday, January 18th, Sung Tae-yoon, chief policy strategist of the Presidential Office said that the South Korean government is exploring ways to align local regulations more closely with international norms. This move hints at a possible openness to the introduction of spot crypto ETFs, as was reported by the local news platform *Maeil Business* last Friday.

The statement came in the wake of a more cautious stance being taken by the Financial Services Commission, who also last week issued a warning to local firms, suggesting that facilitating foreign-listed Bitcoin spot ETFs might breach existing capital market laws. This led to a swift response from several prominent local securities firms, who halted the trading of such ETFs.

A change in stance in South Korea would open up a significant additional source of investment, given the popularity and penetration of crypto in the country.

Bitcoin Overtakes Silver to Become the Second Largest US Commodity ETF Asset Class

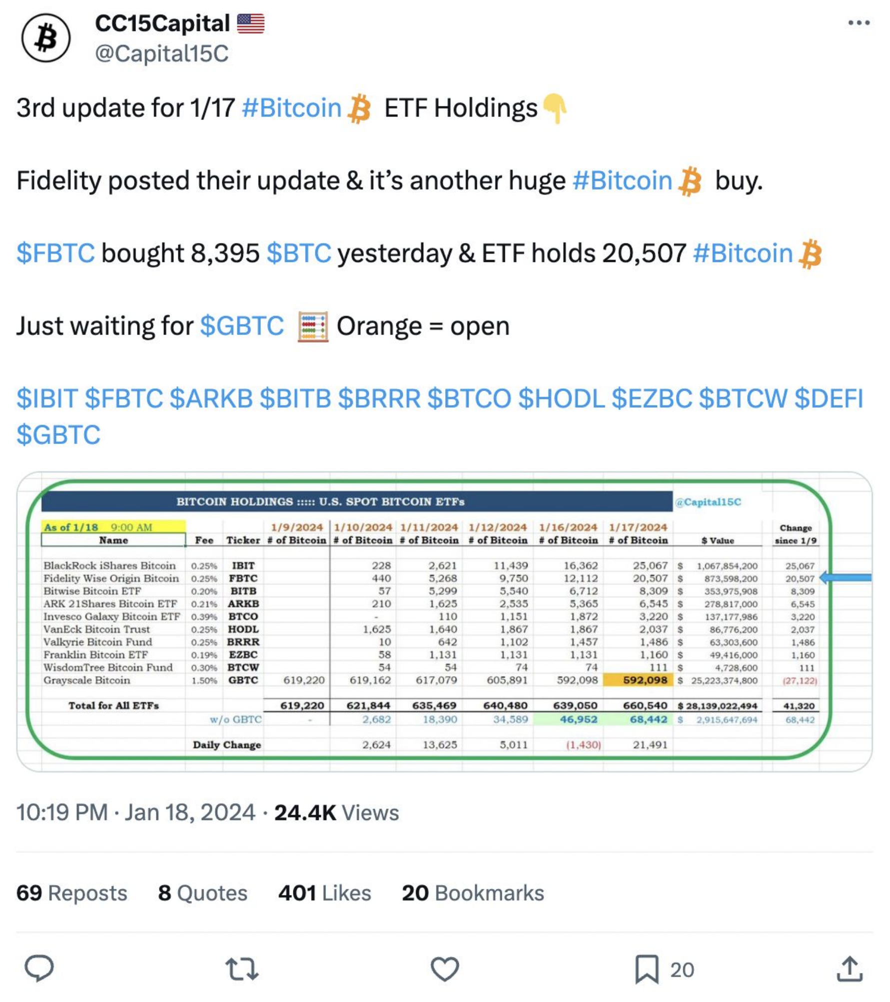
Figure 12. Bitcoin Overtakes Silver to Become the Second Largest US Commodity ETF Asset Class

- **Bitcoin ETFs have rapidly overtaken Silver in the US, as the second largest commodity ETF asset, and has amassed about 660,000 Bitcoins**
- **This milestone reflects Bitcoin's growing market acceptance**

In a remarkable week of trading, Bitcoin exchange-traded funds (ETFs) have swiftly surpassed their Silver counterparts in the US, in terms of assets under management.

The 10 spot Bitcoin ETFs (which includes the conversion of Grayscale's GBTC Trust, have amassed approximately 660,000 Bitcoins, equating to approximately $28.1 billion in AUM, as reported by CC15Capital.

Grayscale Bitcoin Trust ETF (GBTC) is a major contributor to this figure, with around 592,000 Bitcoins, as of January 18th. This shift puts Silver in third place, within the single commodity ETF category based on AUM, with approximately $11.5 billion distributed across five ETFs, according to ETF Database. In comparison, US funds that hold gold have a combined AUM of $96.3 billion, across 19 ETFs.



CC15Capital
@Capital15C

3rd update for 1/17 #Bitcoin ₿ ETF Holdings 👇

Fidelity posted their update & it's another huge #Bitcoin ₿ buy.

$FBTC bought 8,395 $BTC yesterday & ETF holds 20,507 #Bitcoin ₿

Just waiting for $GBTC 🧮 Orange = open

$IBIT $FBTC $ARKB $BITB $BRRR $BTCO $HODL $EZBC $BTCW $DEFI $GBTC

BITCOIN HOLDINGS ::::: U.S. SPOT BITCOIN ETFs @Capital15C

As of 1/18 9:00 AM Name	Fee	Ticker	1/9/2024 # of Bitcoin	1/10/2024 # of Bitcoin	1/11/2024 # of Bitcoin	1/12/2024 # of Bitcoin	1/16/2024 # of Bitcoin	1/17/2024 # of Bitcoin	$ Value	Change since 1/9
BlackRock iShares Bitcoin	0.25%	IBIT		228	2,621	11,439	16,362	25,067	$ 1,067,854,200	25,067
Fidelity Wise Origin Bitcoin	0.25%	FBTC		440	5,268	9,750	12,112	20,507	$ 873,598,200	20,507
Bitwise Bitcoin ETF	0.20%	BITB		57	5,299	5,540	6,712	8,309	$ 353,975,908	8,309
ARK 21Shares Bitcoin ETF	0.21%	ARKB		210	1,625	2,535	5,365	6,545	$ 278,817,000	6,545
Invesco Galaxy Bitcoin ETF	0.39%	BTCO		-	110	1,151	1,872	3,220	$ 137,177,986	3,220
VanEck Bitcoin Trust	0.25%	HODL		1,625	1,640	1,867	1,867	2,037	$ 86,776,200	2,037
Valkyrie Bitcoin Fund	0.25%	BRRR		10	642	1,102	1,457	1,486	$ 63,303,600	1,486
Franklin Bitcoin ETF	0.19%	EZBC		58	1,131	1,131	1,131	1,160	$ 49,416,000	1,160
WisdomTree Bitcoin Fund	0.30%	BTCW		54	54	74	74	111	$ 4,728,600	111
Grayscale Bitcoin	1.50%	GBTC	619,220	619,162	617,079	605,891	592,098	592,098	$ 25,223,374,800	(27,122)
Total for All ETFs			**619,220**	**621,844**	**635,469**	**640,480**	**639,050**	**660,540**	**$ 28,139,022,494**	**41,320**
		w/o GBTC	-	2,682	18,390	34,589	**46,952**	**68,442**	$ 2,915,647,694	68,442
		Daily Change		2,624	13,625	5,011	(1,430)	21,491		

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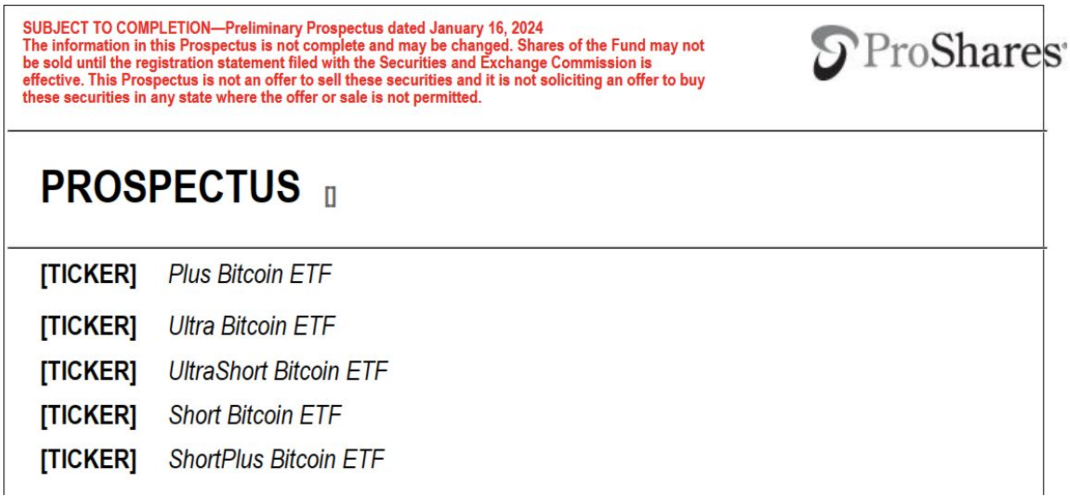
20

Figure 13. Bitcoin Holdings: US Spot Bitcoin ETFs (Source: CC15Capital)

Bitcoin ETF issuers have introduced competitive fee structures, offering a variety of discounts and fee waivers, which have enticed investors. This approach not only draws in more capital but also intensifies the pricing competition among ETF providers.

This development is especially significant considering Silver's long standing reputation as a key player in the commodity investment sector. Bitcoin ETFs placing second highlights the evolving stature of Bitcoin in the financial sector.

ProShares Expands Bitcoin ETF Offerings with Five Innovative Funds



SUBJECT TO COMPLETION—Preliminary Prospectus dated January 16, 2024
The information in this Prospectus is not complete and may be changed. Shares of the Fund may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

ProShares

PROSPECTUS

[TICKER]	*Plus Bitcoin ETF*
[TICKER]	*Ultra Bitcoin ETF*
[TICKER]	*UltraShort Bitcoin ETF*
[TICKER]	*Short Bitcoin ETF*
[TICKER]	*ShortPlus Bitcoin ETF*

Figure 14. ProShares Expands Bitcoin ETF Offerings with Five Innovative Funds

- **ProShares filed for five new Bitcoin ETFs on January 16th, featuring leveraged and inverse options, shortly after the launch of spot Bitcoin ETFs.**
- **The new funds include ProShares Plus, Ultra, UltraShort, Short, and ShortPlus Bitcoin ETFs, with one targeting double daily returns of the Bloomberg Galaxy Bitcoin Index**

ProShares, a major issuer of exchange-traded funds (ETFs) in the US, filed it's prospectus proposal for five new Bitcoin-focused exchange-traded funds (ETFs), introducing a mix of leveraged and inverse options, last Tuesday, January 16th. This strategic move was revealed just a short period after the trading debut of spot Bitcoin ETFs. The lineup includes the ProShares Plus Bitcoin ETF, ProShares Ultra Bitcoin ETF, ProShares UltraShort Bitcoin ETF, ProShares Short Bitcoin ETF, and ProShares ShortPlus Bitcoin ETF.

One of the funds - the ProShares Ultra Bitcoin ETF - aims to deliver daily returns, prior to fees and expenses, that are double the daily performance of the Bloomberg Galaxy Bitcoin Index. It's worth noting that two of the ETFs are structured to avoid direct Bitcoin investment, and the remaining three are designed not to engage in direct shorting of Bitcoin.

This filing emerged shortly after the Securities and Exchange Commission's green light for 11 spot bitcoin ETFs.

ProShares specialises in futures-based cryptocurrency ETFs, and as early as October 2021 launched the Bitcoin Strategy ETF, BITO, which was the first ETF linked to Bitcoin futures in the US. The fund has experienced considerable growth, briefly reaching $2 billion in assets under management (AUM) for the first time earlier this month.

Investors Pulling Out of Grayscale Bitcoin ETF

Figure 15. Investors Pulling Out of Grayscale Bitcoin ETF

- **Bitcoin's value dropped around 10 percent following the launch of spot Bitcoin ETFs in the US, with significant outflows from Grayscale's Bitcoin fund (GBTC) as investors withdrew hundreds of millions**
- **Grayscale transferred over 16,712 BTC to Coinbase to meet redemption requests, reducing its ETF's assets**

Since the launch of the initial spot Bitcoin ETFs, Bitcoin's value has dropped approximately 10 percent. This period also marked a significant outflow of funds from Grayscale's Bitcoin fund (GBTC), with investors withdrawing hundreds of millions of dollars since its transition to an ETF.

Since January 11th, when investors in GBTC were first allowed to redeem their shares, Grayscale has also been actively transferring large quantities of Bitcoin to its custodian, Coinbase, to meet the surge in redemption requests. Detailed data from Arkham Intelligence indicates that Grayscale moved a total of 16,712 BTC, valued at over $726 million, to the cryptocurrency exchange in various transactions, some involving up to 1,000 BTC each.

The impact of these redemptions is evident in the ETF's total assets. Grayscale ETF's assets under management (AUM) plummeted from $28.5 billion on January 10th to approximately $23 billion by January 18th. This decline is not solely due to investor withdrawals; the falling price of Bitcoin also played a significant role. As the primary asset of the ETF, the market value of Bitcoin directly influences the fund's overall worth.

Ticker	Name	Total Volume 5 Days ($ Mlns)	Total Flows 5 days ($ Mlns)	Assets* ($ Mlns)	Day 5 $Volume ($ Mlns)	Day 5 Flows ($ Mlns)
GBTC	Grayscale Bitcoin Trust BTC	$ 7,650	-$2,216.4	$23,124.7	$1,081.5	-$582.3
IBIT	iShares Bitcoin Trust	$ 2,763	$1,227.4	$1,171.7	$425.6	$145.5
FBTC	Fidelity Wise Origin Bitcoin Fund	$ 2,151	$1,060.3	$1,016.7	$376.4	$177.9
BITB	Bitwise Bitcoin ETF	$ 369	$393.8	$360.2	$65.1	$20.1
ARKB	ARK 21Shares Bitcoin ETF	$ 741	$319.5	$309.7	$119.6	$41.8
BTCO	Invesco Galaxy Bitcoin Etf	$ 236	$194.0	$190.0	$67.7	$58.8
HODL	VanEck Bitcoin Trust	$ 68	$25.0	$90.3	$10.5	$2.3
EZBC	Franklin Bitcoin ETF	$ 101	$51.3	$47.5	$7.6	$0.0
BRRR	Valkyrie Bitcoin Fund	$ 17	$63.8	$60.8	$1.5	$1.2
BTCW	WisdomTree Bitcoin Fund	$ 15	$2.6	$4.6	$1.4	$0.0
	Total	$14,110.7	$1,121.3	$26,376.1	$2,156.8	-$134.8
	Total EX-GBTC	$6,460.8	$3,337.7	$3,251.4	$1,075.3	$447.6

Note: *Scaling for bars in assets column are adjusted

Bloomberg

Figure 16. Bitcoin ETF's Total Assets (as of January 18 2023, Source: Bloomberg)

USD												
Ticker	IBIT	FBTC	BITB	ARKB	BTCO	EZBC	BRRR	HODL	DEFI	BTCW	GBTC	
Provider	Blackrock	Fidelity	Bitwise	Ark	Invesco	Franklin	Valkyrie	VanEck	Hashdex	'isdomtree	Grayscale	**Total Spot ETF**
Dev Donation			10%					5%				
Fee	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.90%	0.00%	1.50%	
Total Assets	1,171.7	1,016.7	360.2	309.7	190.0	47.5	60.8	90.3	16.1	4.6	23,124.7	
Total Flow	**1,230.6**	**1,062.3**	**395.5**	**320.9**	**194.9**	**51.3**	**64.1**	**25.1**	**12.6**	**2.6**	**(2,200.0)**	**1,159.8**
11 Jan 2024	111.8	226.9	238.8	65.5	17.4	50.0	0.0	10.6	0.0	1.0	(93.6)	**628.5**
12 Jan 2024	386.5	195.6	17.5	39.9	28.5	0.0	27.7	0.0	12.0	0.0	(478.4)	**229.4**
15 Jan 2024	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**0.0**
16 Jan 2024	213.6	102.9	50.5	123.1	32.1	0.0	20.0	7.4	0.0	0.0	(590.1)	**(40.5)**
17 Jan 2024	373.0	359.0	68.6	50.6	57.8	1.2	15.2	4.9	0.5	1.6	(458.3)	**474.0**
18 Jan 2024	145.6	177.9	20.1	41.8	59.0	0.0	1.2	2.3	0.0	0.0	(579.6)	**(131.6)**

Figure 17. Total Assets from Different Funds (Source: BitMEX Research)

Wednesday, January 17th, saw the largest volume of transfers where Grayscale offloaded 11,712 Bitcoins.

Name	Ticker	Issuer	Fee (after Waiver)	Waiver Details	Exchange	Most Recent Filing
				"Physically" Backed		
Grayscale Bitcoin Trust(Re-file)Conversion	GBTC	Grayscale	1.5%	None	NYSE	1/8/24
ARK 21Shares Bitcoin ETF(Re-filing)	ARKB	21Shares & ARK	0.0% (0.25%)	6 Months or $1 Billion	CBOE	1/8/24
iShares Bitcoin Trust	IBIT	BlackRock	0.20% (0.30%)	6 Months or $5 Billion	Nasdaq	1/8/24
Bitwise Bitcoin ETP Trust (Re-filing)	BITB	Bitwise	0.0% (0.24%)	6 Months & $1 Billion	NYSE	1/8/24
VanEck Bitcoin Trust(Re-filing)	HODL	VanEck	0.25%	None	CBOE	1/8/24
Wisdomtree Bitcoin Trust(Re-filing)	BTCW	Wisdomtree	0.50%	None	CBOE	1/8/24
Invesco Galaxy Bitcoin ETF(Re-filing)	BTCO	Invesco & Galaxy	*0.0% (0.59%)	6 Months & $5 Billion	CBOE	1/8/24
Fidelity Wise Origin Bitcoin Trust(Re-filing)	FBTC	Fidelity	0.39%	None	CBOE	1/8/24
Valkyrie Bitcoin Fund(Re-filing)	BRRR	Valkyrie	0.80%	None	Nasdaq	1/8/24
Hashdex Bitcoin ETF Strategy Change	DEFI	Hashdex	0.90%	None	NYSE	12/26/23
Franklin Bitcoin ETF	EZBC	Franklin	0.29%	None	CBOE	1/8/24

Source: Bloomberg Intelligence, SEC.gov

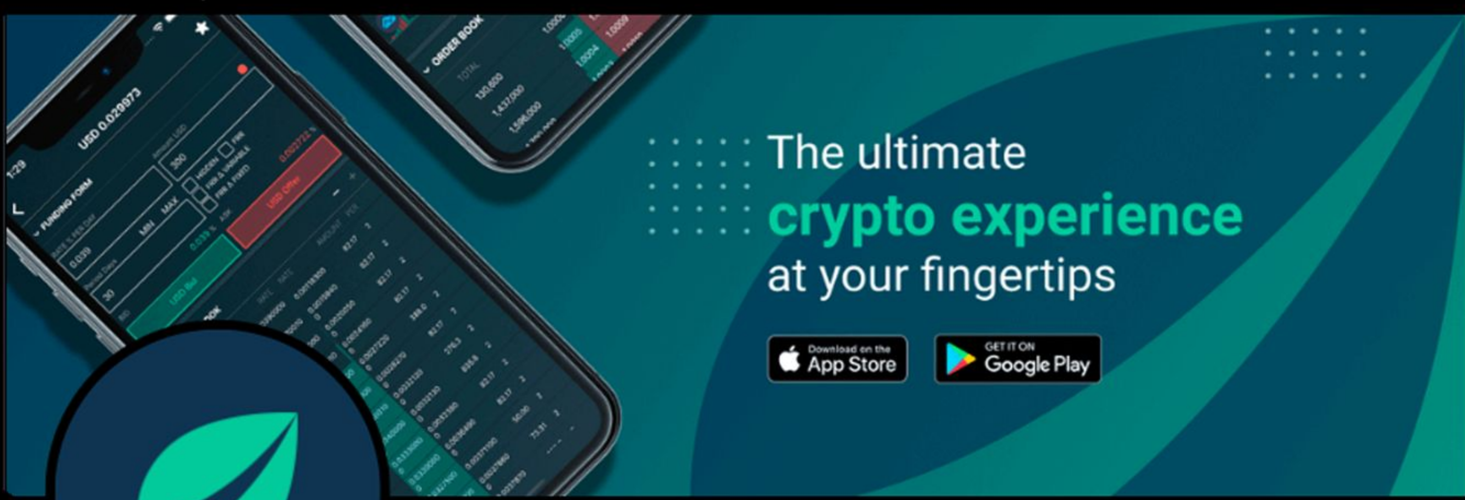
Bloomberg

Figure 18. ETF Issue Fees (Source: Bloomberg)

Given that GBTC's management fees are notably steeper compared to its competitors, the capital flight away from GBTC could be attributed to investors shifting their funds to more cost-effective options. GBTC charges a 1.5% fee, in contrast to other ETFs that offer rates as low as 0.20 percent, coupled with six months of free investing (See *Bitfinex Alpha 87*).

Recent GBTC redemption transactions however constitute only a minor portion of the over 19.6 million BTC currently in circulation. Hence, these activities are probably not the main driver of the market's downtrend observed since the launch of these ETFs.

However, with the company still in possession of over half a million Bitcoins, its potential to sway the broader market remains significant, especially if the current rate of outflows persists.



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