BITFINEX Alpha

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EXECUTIVE SUMMARY

Could October be 'Uptober'?

Bitcoin has surged by 26.2 percent since the September 6th low of $52756, in doing so breaching the $65,000 mark and exceeding the previous local top recorded on August 25th. This upward move marks Bitcoin's first major break above a local top since March 2024. The timing aligns with the start of October, historically the month with the highest median price increase for Bitcoin, with a median return of 27.7 percent and an average return of 22.9 percent. These strong historical trends, along with the upcoming Q4, which also typically sees the highest average quarterly returns, have bolstered optimism for further gains.

However, while Bitcoin has reclaimed key on-chain levels such as the Short-Term Holder Realised Price (currently $62,750), there are warning signs. Spot market buying, which had been aggressive since the September 6th local bottom, has recently flattened, suggesting that the market may be reaching a temporary equilibrium.

Additionally, BTC open interest (OI) has surged, exceeding $35 billion, a level that has historically correlated with local price peaks. This raises concerns of potential market overheating, although a modest 5-10 percent pullback could reset OI without disrupting the overall uptrend. Bitcoin remains in a large consolidation range between $50,000 and $68,000, reminiscent of its halving year performance in 2020. If historical trends hold, Bitcoin could be poised for a new all-time high by the end of Q4 2024 or early 2025, supported by declining exchange reserves and reduced passive selling pressure.

The economic landscape in the US for August and early September reflects a mixed, yet cautiously optimistic outlook. Inflation has slowed, registering its smallest annual increase in over three and a half years, signalling growing economic stability. This is reinforced by robust economic growth, with the second quarter of 2024 seeing a three percent annualised rise in gross domestic product. However, consumer confidence - recorded before the Fed announced a cut in rates this month - took a sharp downturn in September, marking its most significant decline in three years, largely driven by concerns over the labour market.

Despite these anxieties, there is a surprising surge in households planning to purchase homes within the next six months, offering a potential sign of resilience in an increasingly hopeful economic environment.

The latest developments in the cryptocurrency industry highlight both progress and ongoing concerns. US businesses now have the ability to buy, hold, sell, and transfer cryptocurrencies, but scepticism lingers over the non-custodial nature of these models, with many in the crypto community feeling that platforms like PayPal, with their centralised approach, undermine the decentralisation that is core to the crypto ethos. Meanwhile, Vice President Kamala Harris has pledged to strengthen US leadership in emerging technologies, including blockchain and cryptocurrency, as part of her vision for an "opportunity economy" aimed at enhancing the nation’s global competitiveness in the digital era.

In the corporate space, Ethena is set to launch a new stablecoin, UStb, backed by BlackRock's USD Institutional Digital Liquidity Fund, in partnership with Securitize. This stablecoin offers a more stable alternative to their existing USDe stablecoin and can be used as margin collateral on exchanges, catering to a different risk profile. These advancements reflect a dynamic landscape where innovation continues to grow, even as debates over the principles of decentralisation persist.

Have a great trading week!

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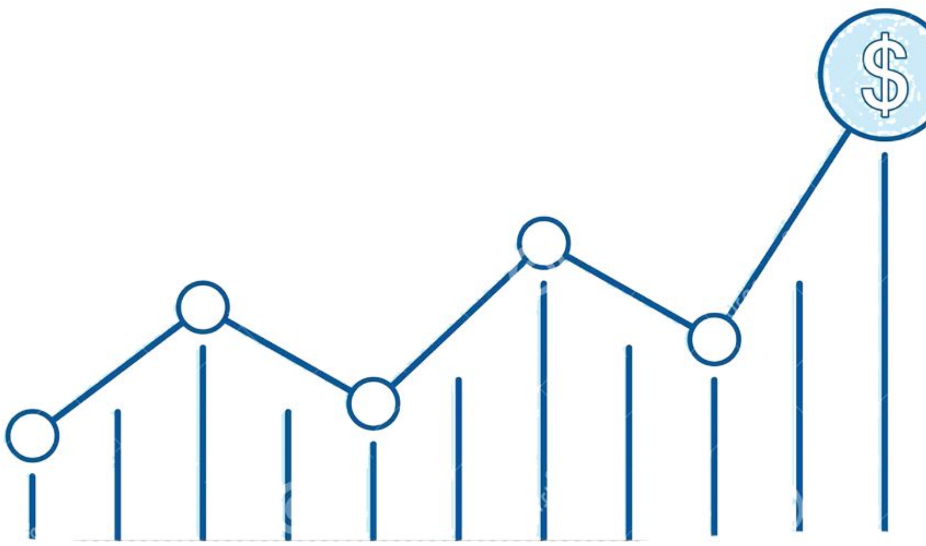


WHAT’S ON-CHAIN THIS WEEK?

BTC Breaches the $65,000 Mark Before Heading Into October

Since the sharp correction seen on September 6th, Bitcoin has surged by 26.2 percent. Over the last seven days, BTC has broken through $65,000 and surpassed the August 25th local top of $65,200 after multiple previous rejections. This marks Bitcoin's first significant move above a local top since March 2024 (a level we noted as highly significant in last week's *Bitfinex Alpha*). Notably, this upward movement coincides with the upcoming monthly and quarterly opens. Historically, October has been the month with the highest median price increase for Bitcoin, while Q4 boasts the highest average and median price gains across all quarters. This sets an encouraging backdrop for Bitcoin as we enter the final quarter of the year.

Figure 1. BTC Breaches the $65,000 Mark Before Heading Into October

One of the most important points of discussion during the ranging conditions/downtrend that seemed to afflict BTC, was seasonality. Seasonality often refers to historical asset performances across specific time periods that seem to repeat themselves over time. We see this more as abstracted data analysis where the actual cause behind a bullish / bearish return for a month or quarter might be based on geopolitical, climatic or interest rate cycles which often coincide with a specific time of the year (eg - US elections take place in November, funds release annual reports in April, etc).

Drawing on the historical price performance of Bitcoin in October, and the added catalyst this year, of the Fed potentially beginning a new rate-cutting cycle, some commentators have coined the term "Uptober", to mark expectations of price performance in the coming month. This is based on October consistently delivering strong results for Bitcoin, with an average return of 22.9 percent and a median return of 27.7 percent since 2013, which is the most out of any calendar month. These statistics highlight October as one of the most favourable months for Bitcoin performance, reinforcing optimism in the market as we enter the fourth quarter.

Time	January	February	March	April	May	June	July	August	September	October	November	December
2024	+0.62%	+43.55%	+16.81%	-14.76%	+11.07%	-6.96%	+2.95%	-8.6%	+11.26%			
2023	+39.63%	+0.03%	+22.96%	+2.81%	-6.98%	+11.98%	-4.02%	-11.29%	+3.91%	+28.52%	+8.81%	+12.18%
2022	-16.68%	+12.21%	+5.39%	-17.3%	-15.6%	-37.28%	+16.8%	-13.88%	-3.12%	+5.56%	-16.23%	-3.59%
2021	+14.51%	+36.78%	+29.84%	-1.98%	-35.31%	-5.95%	+18.19%	+13.8%	-7.03%	+39.93%	-7.11%	-18.9%
2020	+29.95%	-8.6%	-24.92%	+34.26%	+9.51%	-3.18%	+24.03%	+2.83%	-7.51%	+27.7%	+42.95%	+46.92%
2019	-8.58%	+11.14%	+7.05%	+34.36%	+52.38%	+26.67%	-6.59%	-4.6%	-13.38%	+10.17%	-17.27%	-5.15%
2018	-25.41%	+0.47%	-32.85%	+33.43%	-18.99%	-14.62%	+20.96%	-9.27%	-5.58%	-3.83%	-36.57%	-5.15%
2017	-0.04%	+23.07%	-9.05%	+32.71%	+52.71%	+10.45%	+17.92%	+65.32%	-7.44%	+47.81%	+53.48%	+38.89%
2016	-14.83%	+20.08%	-5.35%	+7.27%	+18.78%	+27.14%	-7.67%	-7.49%	+6.04%	+14.71%	+5.42%	+30.8%
2015	-33.05%	+18.43%	-4.38%	-3.46%	-3.17%	+15.19%	+8.2%	-18.67%	+2.35%	+33.49%	+19.27%	+13.83%
2014	+10.03%	-31.03%	-17.25%	-1.6%	+39.46%	+2.2%	-9.69%	-17.55%	-19.01%	-12.95%	+12.82%	-15.11%
2013	+44.05%	+61.77%	+172.76%	+50.01%	-8.56%	-29.89%	+9.6%	+30.42%	-1.76%	+60.79%	+449.35%	-34.81%
Average	+3.35%	+15.66%	+13.42%	+12.98%	+7.94%	-0.35%	+7.56%	+1.75%	-3.44%	+22.90%	+46.81%	+5.45%
Median	+0.29%	+15.32%	+0.50%	+5.04%	+3.17%	-0.49%	+8.90%	-8.04%	-4.35%	+27.70%	+8.81%	-3.59%

Figure 2. Bitcoin Historical Monthly Performance From 2013 Till 2024. (Source: Coinglass)

It also follows a strong performance in September, with a likely monthly close of over 11 percent, which is the most positive September on record in terms of monthly price performance.

To reinforce the idea of seasonality being in favour of the bulls moving into the new quarter and month, Q4 also has the highest average as well as the median returns for Bitcoin across all quarters at 88.84 percent and 56.9 percent respectively.

Bitcoin Quarterly returns(%) coinglass

Time	Q1	Q2	Q3	Q4
2024	+68.68%	-11.92%	+4.69%	
2023	+71.77%	+7.19%	-11.54%	+56.9%
2022	-1.46%	-56.2%	-2.57%	-14.75%
2021	+103.17%	-40.36%	+25.01%	+5.45%
2020	-10.83%	+42.33%	+17.97%	+168.02%
2019	+8.74%	+159.36%	-22.86%	-13.54%
2018	-49.7%	-7.71%	+3.61%	-42.16%
2017	+11.89%	+123.86%	+80.41%	+215.07%
2016	-3.06%	+62.06%	-9.41%	+58.17%
2015	-24.14%	+7.57%	-10.05%	+81.24%
2014	-37.42%	+40.43%	-39.74%	-16.7%
2013	+539.96%	-3.97%	+40.6%	+479.59%
Average	+56.47%	+26.89%	+6.34%	+88.84%
Median	+3.64%	+7.38%	+0.52%	+56.90%

Figure 3. Bitcoin Historical Quarterly Performance From 2013 Till 2024. (Source: Coinglass)

How do alts perform in Q4?

In terms of Ethereum and the altcoin market in general, while the fourth quarter has delivered exceptional returns (+23.29 percent for Ether) on average, the results are mixed for altcoins, with Q1 often being the best performing quarter, and on a rare occasion Q2. It is important to note that the data for Ether and altcoin returns are quite dynamic and relatively small compared to Bitcoin, as Ether only started trading in Q2 2016, and most altcoins in the top 100 by market capitalisation were only created in the past 3-4 years.

Ethereum Quarterly returns(%) coinglass

Time	Q1	Q2	Q3	Q4
2024	+59.66%	-5.74%	-23.69%	
2023	+52.15%	+6.29%	-13.64%	+36.66%
2022	-10.75%	-67.34%	+24.09%	-9.94%
2021	+160.7%	+18.53%	+31.86%	+22.59%
2020	+3.02%	+69.62%	+59.5%	+104.15%
2019	+5.72%	+102.25%	-37.43%	-28.9%
2018	-46.61%	+15.29%	-48.69%	-41.62%
2017	+518.14%	+453.71%	+9.87%	+142.81%
2016		+8.95%	+6.51%	-39.47%
Average	+92.75%	+66.84%	+0.93%	+23.29%

Figure 4. Bitcoin Historical Quarterly Performance From 2016 Till 2024. (Source: Coinglass)

Figure 5. BTC/USD Daily Chart From March to October 2020. (Source: Bitfinex)

Don't forget it is also a halving year

As we head into the next quarter, it is also important to note that BTC currently remains trading in a very large consolidation range between $50,000 and $68,000. This is very reminiscent of the way previous halving years have performed, and in particular 2020.

As can be seen above, in 2020 BTC exhibited extensive ranging/downtrending behaviour for about 200-250 days before commencing an uptrend in October. This rally resulted in a substantial price increase, with BTC moving from $11,000 in October 2020, to peak at $64,829 in April 2021.

Drawing on these multiple historical patterns, if the seasonal trends hold true once again, we might expect Bitcoin to reach a new all-time high towards the end of Q4 2024 or into Q1 2025. This projection is contingent on similar market dynamics and investor sentiment occurring, that has historically accompanied post-halving cycles.

Bitcoin Holds Above Critical Bull Market Levels but Onchain Data Signals Warnings

Bitcoin is trading above key on-chain levels such as the Short Term Holder Realised Price (STH-RP), currently at $62,750. Maintaining a level above the STH-RP is one of the key indicators for a bull market trend. The price dipped below the STH-RP multiple times in our March-September 2024 range.

Figure 6. Bitcoin Short-Term Holder Realised Price. (Source: Bitcoin Magazine Pro)

However, while significant trend indicators have been reclaimed, the lack of spot market aggression (the amount of market buying on the spot markets, signalling an urgency or aggression to buy at current market price), has signalled some warning signs. This is also coupled with an increase in perpetual and futures markets open interest, implying that leveraged market participation has also increased over the past week.

Figure 7. BTC/USD Hourly Chart With Aggregate Spot Cumulative Volume Delta. (Source: Coinalyze)

The spot Cumulative Volume Delta (CVD) metric has increased sharply since the September 6th local bottom of $52,756, but has flattened over the past week, especially after price reached the $64,000 mark. While there was an impulse up on the metric showing aggression from spot market participants to break through the important $65,000 resistance level, there has been a lack of a follow through. This could potentially indicate a “balancing” of directional bias amongst aggressive market participants, meaning that both taker bids and asks are at an equilibrium and the price is nearing fair value based on current market conditions. We believe a catalyst is required to re-ignite momentum towards the upside or downside. The current flattening of the metric could also be related to a lack of interest in directional trading (buying or selling aggressively) before the important October and Q4 open.

Furthermore, open interest has reached $35.35 billion, which is only the sixth time OI has exceeded $35 billion. Historically, such a level has coincided with a local price peak in the market. This raises some concerns about potential market overheating. (Refer to the Figure below).

Open interest, which represents the total value of outstanding contracts in the Bitcoin Futures market, is a crucial metric for gauging market sentiment. It reflects the extent to which investors are speculating on rising Bitcoin prices, often using leverage. This leverage can render these positions particularly volatile.

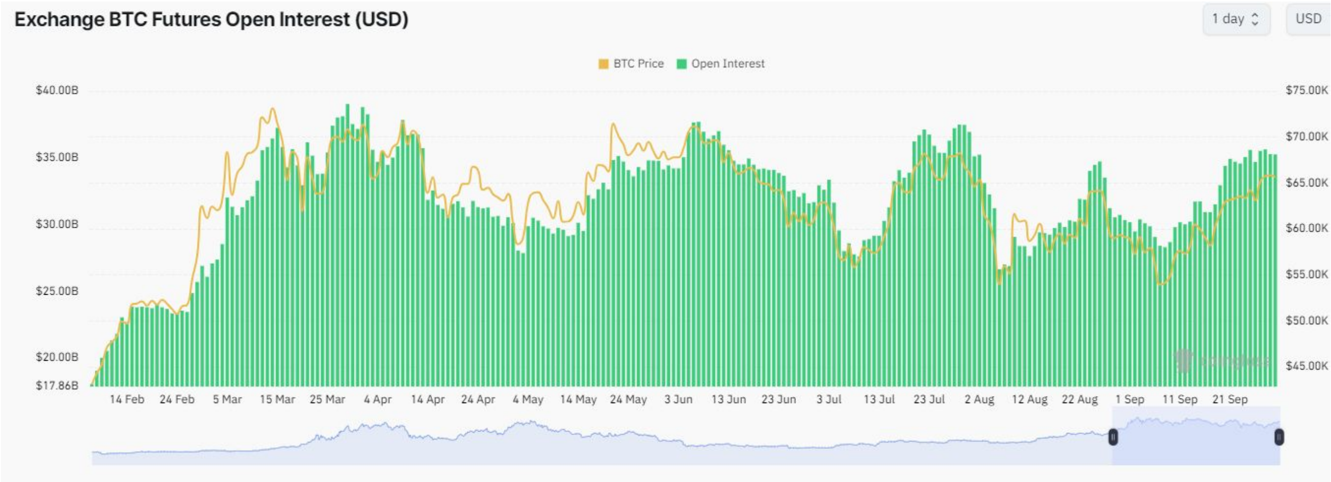


Figure 8. Bitcoin Global Open Interest Across All Perpetual And Futures Trading Pairs. (Source: Coinglass)

This pattern suggests caution, as previous instances have typically preceded adjustments in price trends, indicating that we may be nearing another critical juncture in market dynamics.

However, while increased leveraged market participation might signal an impending pullback, we do not believe this has to mark a significant local top. Prices could pullback from current levels by 5-10 percent, before continuing an uptrend, and trigger a return of aggressive market buying as discussed above.

We also see a gradual decrease in passive selling pressure with the number of BTC in exchange reserves declining to 2.57 million, levels not seen since late 2019.

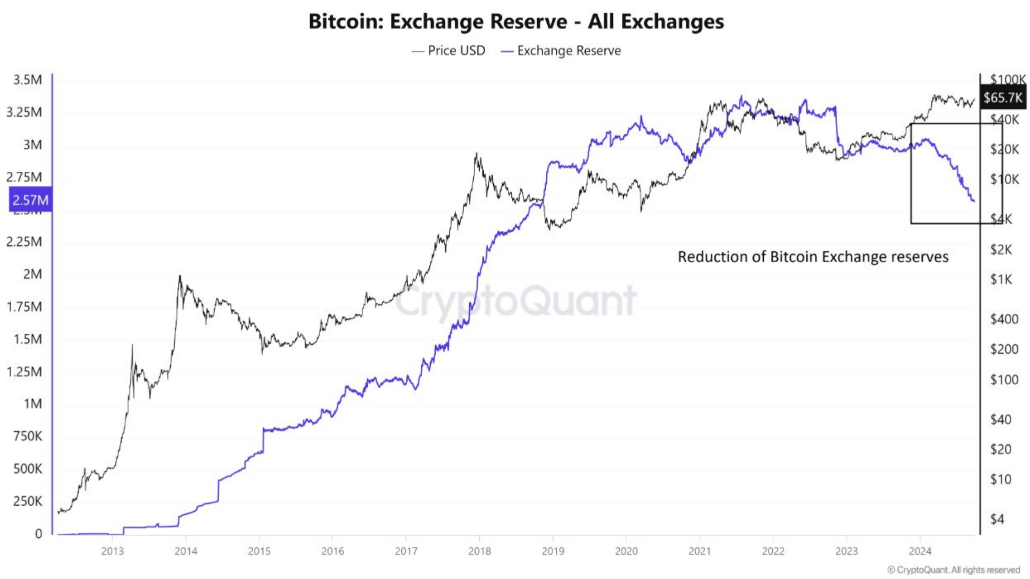


Figure 9. Bitcoin Exchange Reserve Across All Major Centralised Exchanges. (Source: Cryptoquant)

GENERAL MACRO UPDATE

US Consumer Spending and Inflation Data Signal Continued Economic Growth, Soft Landing Achieved

	2024				
	Apr.	May	June	July	Aug.
	Percent change from preceding month				
Personal income:					
Current dollars	0.4	0.5	0.3	0.3	0.2
Disposable personal income:					
Current dollars	0.3	0.4	0.2	0.2	0.2
Chained (2017) dollars	0.1	0.4	0.1	0.1	0.1
Personal consumption expenditures (PCE):					
Current dollars	0.3	0.5	0.3	0.5	0.2
Chained (2017) dollars	0.0	0.5	0.1	0.4	0.1
Price indexes:					
PCE	0.3	0.0	0.1	0.2	0.1
PCE, excluding food and energy	0.3	0.1	0.2	0.2	0.1
Price indexes:	Percent change from month one year ago				
PCE	2.7	2.6	2.4	2.5	2.2
PCE, excluding food and energy	2.9	2.7	2.6	2.6	2.7

Figure 10. Personal Income and Outlays, August 2024 (Source: Bureau of Economic Analysis)

The latest economic data for August has provided a clearer picture of the US economy's trajectory, effectively ending debates about whether the nation has successfully navigated a soft landing.

Inflation saw its smallest annual increase in over three and a half years, further signalling economic stability. Additionally, while consumer spending in August rose slightly less than anticipated, it did not alter expectations that the economy continued to expand robustly during the third quarter.

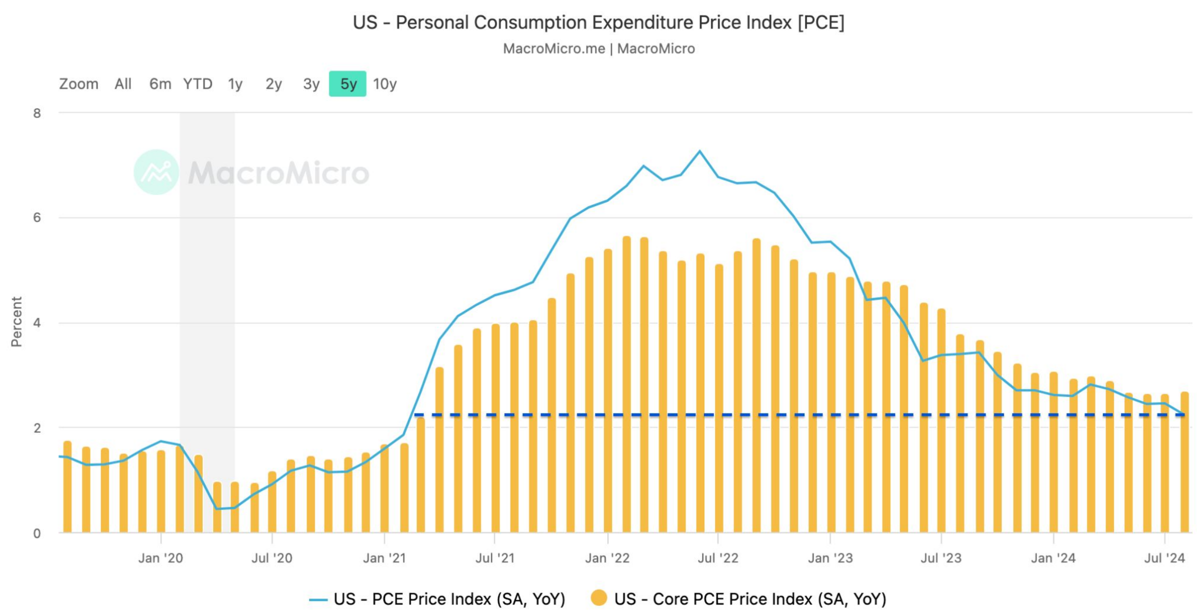


Figure 11. US Personal Consumption Expenditure Price Index in the Last Five Years (Source: Macromicro)

A key measure of inflation, the personal consumption expenditures (PCE) index, which is closely monitored by the Federal Reserve, dropped to 2.2 percent year-on-year, according to the Bureau of Economic Analysis' Personal Income and Outlays report issued last Friday, September 27th. This represents the lowest inflation rate since February 2021, a period when the economy was still grappling with the aftereffects of the pandemic. The PCE index increased by 0.1 percent in August, a slight slowdown compared to the 0.2 percent rise recorded in July. Meanwhile, the Core PCE index, which excludes the more volatile categories of energy and food, also rose by 0.1 percent for the month and 2.7 percent on an annual basis.

With inflation looking manageable, the data indicates that the Fed does not need to introduce another 50 basis point rate cut in November. Strong consumer spending, driven by wage growth, is expected to keep the economy moving forward in the coming months. While wages have decreased since 2022, they remain higher than pre-pandemic levels.

Consumer spending, which is responsible for more than two-thirds of US economic activity, increased by 0.2 percent in August following a 0.5 percent rise in July. Such healthy consumer spending and a stable, though cooling, labour market, the economy is showing the characteristics of a soft landing—a scenario where growth slows but avoids tipping into a recession. Achieving such stability is rare and has not been accomplished in the past 30 years.

While we expect the Fed to moderate the pace of future rate cuts, the task of balancing the economy remains complex. Falling energy prices and further cooling in the labour market pose a risk that inflation could fall below the Fed's 2 percent target by the end of the year. In fact, the short-term, three-month annualised inflation figure is already below 2 percent in August (See Figure below).

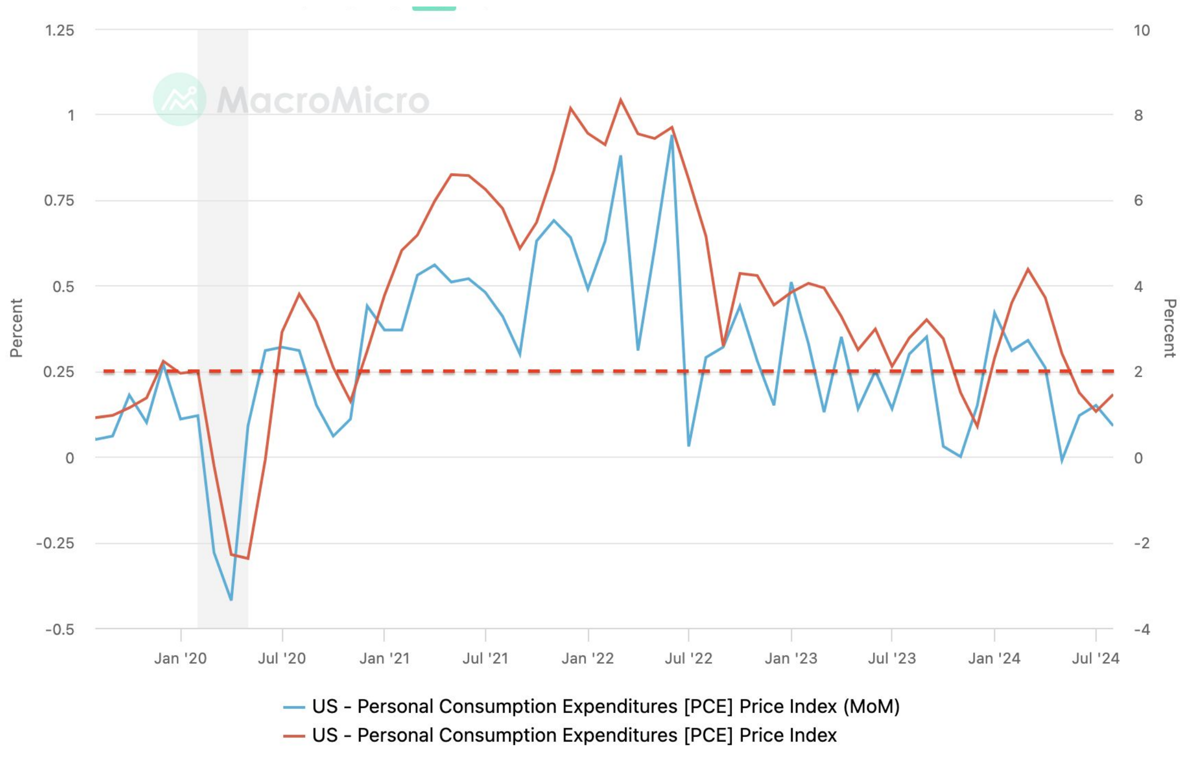
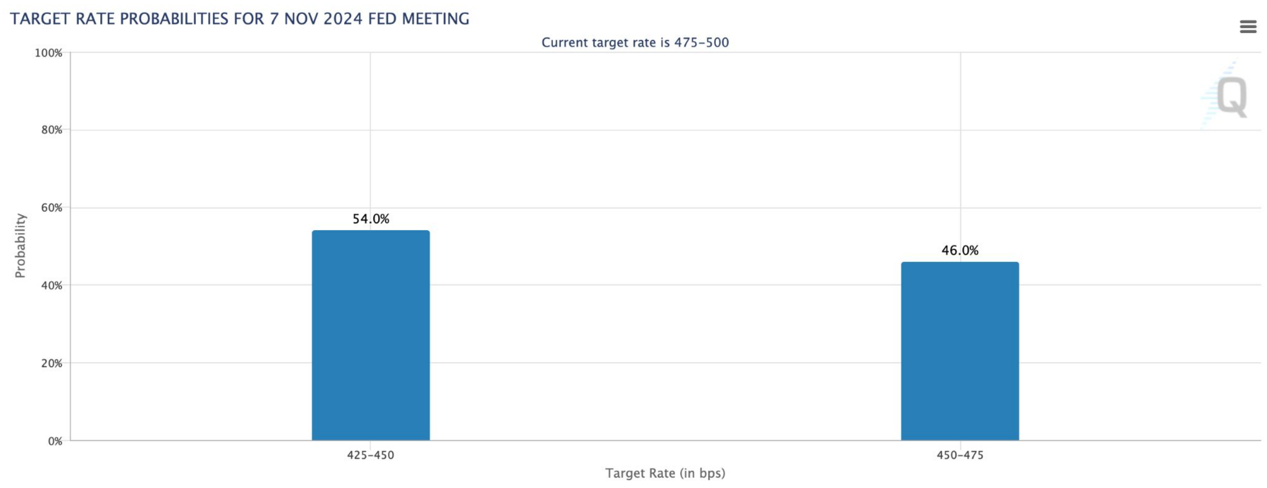


Figure 12. Personal Consumption Expenditure Three-Month Annualised Inflation Figure (Source: Macromicro)



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 27 SEP 2024	1 WEEK 23 SEP 2024	1 MONTH 30 AUG 2024
425-450	54.0%	53.3%	53.0%	8.9%
450-475	46.0%	46.7%	47.0%	41.8%
475-500 (Current)	0.0%	0.0%	0.0%	49.3%

* Data as of 30 Sep 2024 12:19:04 CT

Figure 13. CME FedWatch Tool Target Rate Probabilities For November Meeting (Source: CME FedwatchTool)

The market has been pricing in a 50 basis point rate cut for November. However, we expect the next Federal Open Market Committee (FOMC) meeting to introduce only 25 basis points, when they next meet. The situation could change however, depending on the jobs data set to be released this Friday, October 4th. If employment figures are significantly weaker than anticipated, it could lead to further shifts in monetary policy.

Looking ahead, there is strong confidence in continued economic growth. An increase in productivity, coupled with anticipated interest rate reductions, supports the view that the economy will maintain its positive trajectory. The upcoming jobs report will play a crucial role in determining the Fed’s next moves, as employment data, rather than inflation, is now seen as the most critical factor influencing future policy decisions.

US Economic Growth Surges in Second Quarter, Revisions Show Stronger 2023

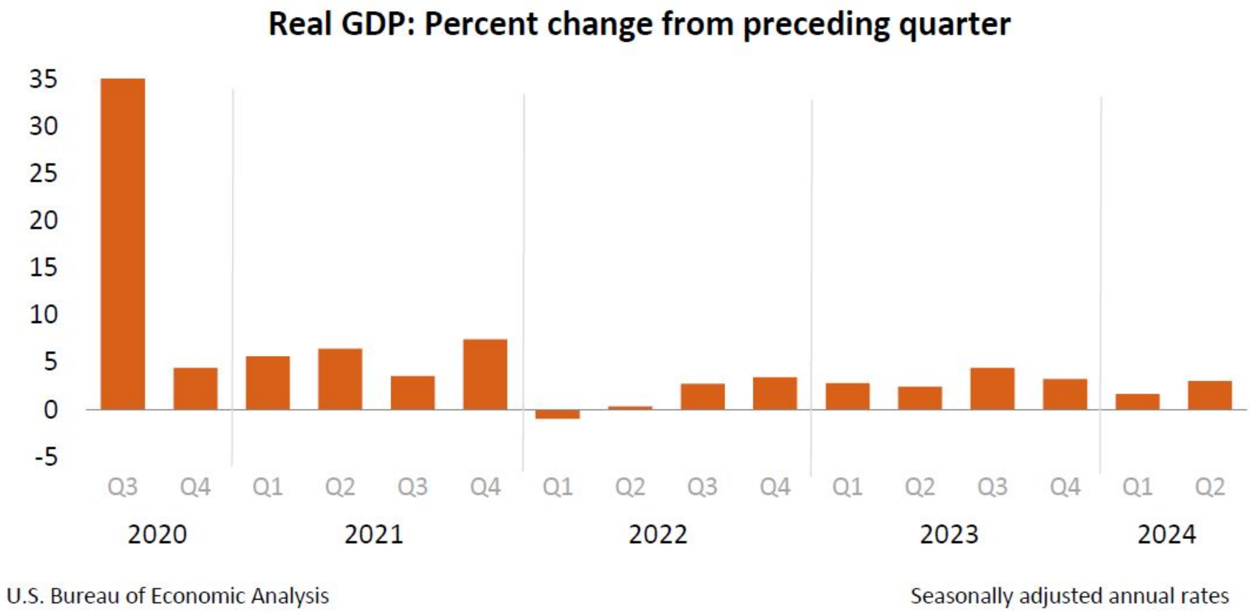


Figure 14: Real GDP, Percent Change From Preceding Quarter (Source: Bureau of Economic Analysis)

The US economy experienced accelerated growth in the second quarter of 2024, according to the latest data released last Thursday, September 26th, by the Bureau of Economic Analysis (BEA). Gross domestic product (GDP) rose at an annualised rate of 3 percent, matching earlier estimates and confirming the economy's robust performance.

The recent data aligns with the consensus forecasts. However, what’s surprising is the government’s revisions to the national accounts data, covering the period from the first quarter of 2019 through the first quarter of 2024. These adjustments revealed that economic growth and corporate profits in 2023 were stronger than initially reported, providing a more optimistic outlook for the country's economic trajectory.

One key adjustment involved a narrowing of the gap between GDP and Gross Domestic Income (GDI), an alternative metric for measuring economic activity. In theory, both figures should coincide because, fundamentally, the value of production (GDP) should equal the income generated from that production (GDI). However, in practice, disparities arise between the two due to differences in data collection methods and timing. GDP is often derived from surveys of businesses and output data, while GDI relies on income reports such as payroll data and tax records.

Some economists have pointed to the disparity between the two figures as a sign that GDP might be overestimating the health of the economy. The revised data, however, show greater alignment, dispelling some concerns about potential overstatements in economic growth.

The revised figures mean that 2023's growth was upgraded to 2.9 percent from the previously reported 2.5 percent. In total, the revisions added $294.2 billion in economic activity over the past five years, with a notable improvement in inflation-adjusted gross domestic income, which was revised to a 1.7 percent increase for last year, up from an earlier estimate of just 0.4 percent. This substantial boost underscores the improved financial health of households across the country.

Earlier concerns regarding weakening growth, driven by disappointing jobs data in July, now appear overstated. Other economic indicators, such as retail sales, have since pointed to continued expansion.

The job market in particular, showed resilience despite earlier hiccups. In the week ending September 21, the initial jobless claims report revealed that new claims fell in August and September, settling back to pre-pandemic levels of 218,000. The rise in claims earlier in the summer was largely attributed to policy changes affecting school jobs, adverse weather conditions, and lingering effects from the pandemic. With the Elementary and Secondary School Emergency Relief (ESSER) funds—a federal program that provided nearly $200 billion to help schools address the challenges of the pandemic—which expired this September, many schools reduced their workforce and imposed hiring freezes early in the summer.

Additionally, durable goods orders, covering products designed to last at least three years, outperformed expectations. Despite an anticipated 3 percent decline, the actual figures painted a more positive picture of economic resilience.

Taken together, the latest data and revisions reinforce how strong the US economy is, and should quell any fears of an impending recession. With consumer spending holding steady, a resilient job market, and rising orders for capital goods, growth is expected to remain solid through the third quarter.

US Consumer Confidence Drops Sharply in September Amid Labour Market Fears

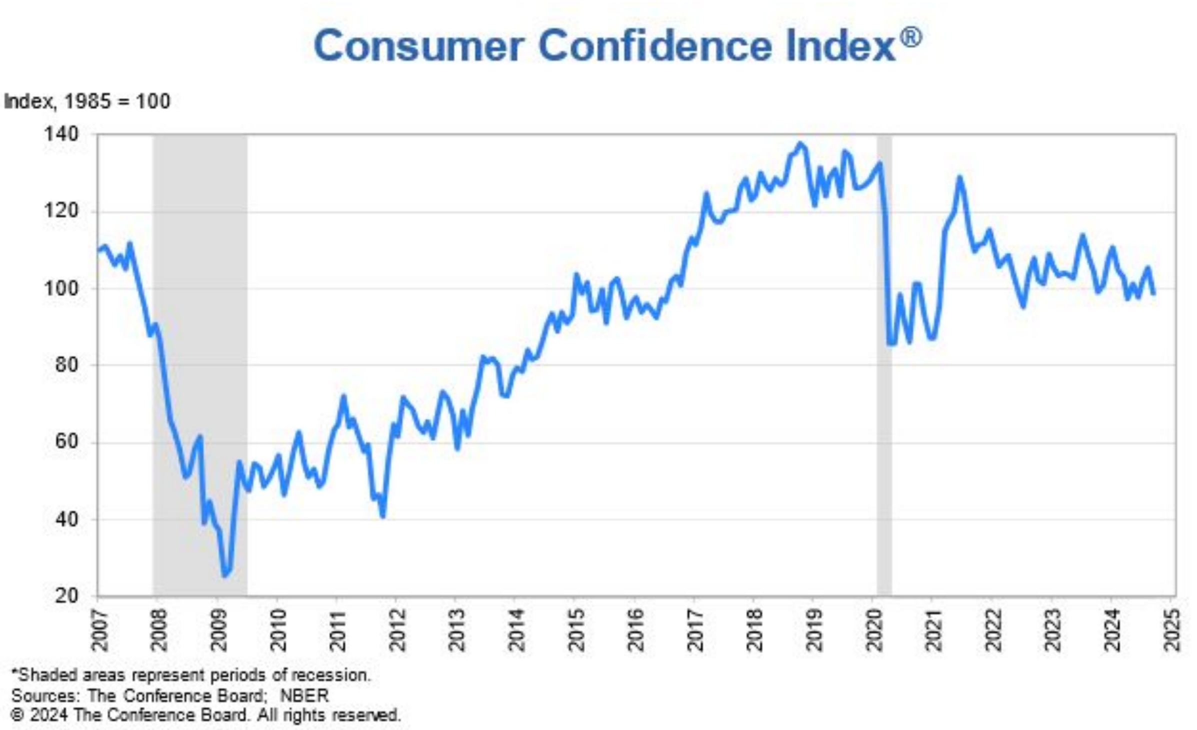


Figure 15. Consumer Confidence Index (Source: US Conference Board)

September consumer confidence data -derived from a survey conducted before the Fed cut rates earlier this month - revealed the sharpest decline in three years, driven by increasing concerns over conditions in the labour market. However, the same report also showed that a growing number of households indicated plans to purchase a home within the next six months.

The Conference Board's consumer confidence index issued last Tuesday, September 24th, fell to 98.7 this month, a significant drop from the revised August figure of 105.6. This marks the steepest decline since August 2021. The consensus forecast was a modest increase in the index to 104.0 from the previously reported 103.3.

The survey also revealed that consumers are bracing for higher inflation in the upcoming year, adding to the uncertainty surrounding the economy as the November 5th presidential election approaches. With the economy being a key factor influencing voters, inflation and employment trends could play a decisive role in the election outcome.

Consumers however still expressed interest in activities such as travel, dining out, and attending movies. This ongoing interest in leisure activities may provide some support for consumer spending, which is crucial for maintaining economic growth.

The drop in consumer confidence reflects growing unease over the labour market. Many households are facing reduced working hours, slower payroll growth, and fewer job openings, contributing to the overall decline. However, the labour market remains relatively strong, with unemployment still low, layoffs minimal, and wages elevated.

The significant dip in confidence highlights the mounting pressures on households as the labour market shows signs of weakening. The survey was conducted before the Fed began its new cycle of easing monetary policy. Should the central bank pursue a more aggressive strategy to lower rates over the next year, it may help to restore optimism among consumers regarding the economy's future trajectory.

NEWS FROM THE CRYPTO-SPHERE

Few Crypto Users Leverage PayPal for Retail Transactions, Raising Questions About New Business Features

Figure 16. Few Crypto Users Leverage PayPal for Retail Transactions, Raising Questions About New Business Features

- **US businesses can now buy, hold, sell, and transfer cryptocurrencies, but concerns remain over its custodial and KYC-restricted model**
- **Scepticism from the crypto community: Many believe PayPal's centralised approach undermines the decentralised principles of crypto, making it less appealing to retail and business users alike**

Despite PayPal's push to expand its cryptocurrency offerings to US business account holders, the reality is that most retail crypto users rarely, if ever, use the platform for crypto transactions. PayPal's custodial, KYC-required (Know Your Customer) services stray far from the decentralised ethos that originally drew many to cryptocurrencies in the first place. This raises the question: Will businesses embrace a system that dilutes the very appeal of crypto, or will they too, remain cautious? PayPal launched its superapp in 2021 to enable "digital wallet transactions" to transition from a payments utility to a full fledged finance app and experienced a 12 percent YoY growth in users but growth has been stagnant since with no new users onboarded and total users going from 426 million to 429 million in the subsequent four year period.

On September 25th, PayPal announced that US business account holders (outside of New York) can now buy, hold, sell, and transfer cryptocurrencies through the platform. While this sounds like a step toward integrating crypto into everyday business operations, it remains to be seen if companies will adopt it, given the current disinterest among crypto enthusiasts on the retail side.

Many in the crypto community view PayPal’s approach as too centralised and restrictive, standing in stark contrast to the decentralised nature of blockchain technology. By requiring KYC and limiting control over private keys, PayPal effectively turns cryptocurrency into a digital asset that functions more like a traditional financial instrument, making it almost indistinguishable from conventional payment methods.

Jose Fernandez da Ponte, PayPal's Senior Vice President of Blockchain and Digital Currencies, claimed that merchants have been asking for this new functionality, stating, "Business owners have increasingly expressed a desire for the same cryptocurrency capabilities available to consumers." Yet, the broader crypto space has voiced concerns about whether this offering truly empowers users or just adds another layer of corporate control to digital assets.

Although PayPal now allows businesses to transfer crypto to external blockchain wallets, this doesn't fully address the scepticism about its custodial model. For true crypto advocates, the ability to hold private keys and maintain control over digital assets is paramount—something PayPal doesn't offer.

While PayPal continues its push to mainstream digital currencies with products like its own stablecoin, PYUSD, and integration with services like Venmo and Xoom, these features appeal more to casual users rather than die-hard crypto enthusiasts. Retail adoption of PayPal’s crypto services remains low, which makes it uncertain whether businesses will find value in these newly extended capabilities.

For now, the introduction of crypto services to business accounts may spark interest among those already tied into PayPal’s ecosystem. However, for businesses looking to embrace the true decentralisation of crypto, PayPal’s offerings might still feel like more of the same—a watered-down version of a technology meant to be revolutionary.

Kamala Harris Vows to Boost US Leadership in Emerging Technologies, Including Crypto

Figure 17. Kamala Harris Vows to Boost US Leadership in Emerging Technologies, Including Crypto

- **Vice President Kamala Harris pledged to strengthen US leadership in emerging technologies like AI, blockchain, and cryptocurrency**
- **Harris' recent remarks signal her commitment to creating an "opportunity economy" centred on technological advancement, positioning the US for global competitiveness in the digital age**

Vice President and US Presidential Candidate, Kamala Harris, emphasised the United States' commitment to maintaining global leadership in key emerging technologies during a speech to The Economic Club of Pittsburgh last Wednesday. She stated that under her leadership, the US will "recommit" to remaining dominant in sectors such as artificial intelligence (AI), quantum computing, blockchain, and other technological advancements shaping the future.

Although Harris has remained largely silent on cryptocurrency throughout her presidential campaign, she recently outlined her vision for an "opportunity economy" that includes digital assets. During a fundraiser in Manhattan, she noted the importance of embracing new technologies like AI and cryptocurrency, while also ensuring consumer and investor protection.

"We will encourage innovative technologies like AI and digital assets while protecting consumers and investors. We will create a safe business environment with consistent and transparent rules of the road," Harris remarked during the event, echoing the sentiments expressed in her detailed 80-page economic plan.

This development is a positive signal for the cryptocurrency industry, which has seen more vocal support from Republican candidate Donald Trump. Trump has made headlines this year for engaging with the crypto community, most recently with his visit to the Bitcoin-themed PubKey bar in New York and the announcement of a token sale for his family's World Liberty Financial project.

This development signals a shift in the Democratic campaign's approach to cryptocurrency and emerging technologies, positioning Harris as a leader willing to embrace innovation while advocating for regulatory clarity.

Ethena Set to Launch New Stablecoin UStb in Collaboration with Securitise

Figure 18. Ethena Set to Launch New Stablecoin UStb in Collaboration with Securitize

- **Ethena is launching a new stablecoin, UStb, backed by BlackRock's USD Institutional Digital Liquidity Fund, in collaboration with Securitize, to provide a more stable alternative to their existing USDe stablecoin**
- **UStb will offer a different risk profile and can be used as margin collateral on exchanges**

Ethena, in partnership with Securitize, is preparing to introduce a new stablecoin called UStb, designed to function similarly to traditional stablecoins, according to an announcement issued last Thursday, September 26th. UStb's reserves will be invested in BlackRock's USD Institutional Digital Liquidity Fund (BUIDL), which operates on the Ethereum blockchain. This fund primarily invests in US dollars, short-term US Treasury bills, and repurchase agreements.

Since its launch in March, the BUIDL fund has grown rapidly, becoming the largest tokenised US Treasuries fund with over $522 million in assets under management. The broader market for tokenised government securities now exceeds $2 billion, as according to RWA.xyz.

Securitize, which manages over $950 million in tokenised investments, including funds for BlackRock, Hamilton Lane, and KKR, plays a key role in this collaboration. UStb will operate as a distinct product, separate from Ethena's current USDe stablecoin, and offer a different risk profile.

USDe, launched earlier this year, has grown into the fifth-largest stablecoin by market cap, with a current supply of $2.6 billion. Unlike traditional stablecoins, USDe employs derivative hedging strategies and relies on collateral from cryptocurrencies like Bitcoin and Ethereum. While it maintains a peg to the US dollar, it faces risks related to market volatility and collateral.

UStb is expected to support USDe during challenging market conditions by allowing Ethena to reallocate assets when necessary. It will also serve as an alternative margin collateral on exchanges such as Bybit and Bitget, helping further stabilise Ethena's ecosystem.

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