

# **The Crypto-Currency Market Analysis Report**



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# Introduction

Since the beginning of the January Bitcoin and other crypto assets show great upside performance (more than 35% rise for BTC and ETH in January), so that market participants start asking – whether the bottom is achieved and market is in the stage of direction changing? There are many reasons to think so. Inflation shows decreasing for 2nd consecutive month, job market is constantly strong, GDP numbers stand positive. Analysts oftener start talking about Fed pivoting and Inflation peaking.

Besides, some positive things have happened in crypto industry as well. FTX tragedy is appearing to be not as devastating, as \$5 Bln is returned to investors and additionally 700 Mln is under confiscation from Sam Bankman-Fried in favor of the clients. Now speech is going about even FTX could keep working. This has brought euphoria to the markets and we already see BTC above 20K area. But how reliable this rally is? Can't it turn down as fast as it has started? That's the question that depends on many factors and needs to be assessed.

In this report, we analyze the market from three different aspects and draw our conclusion at the end:

- Macroeconomics
- On-Chain Metrics
- Market Technical



# Macroeconomics

## Genesis' Crypto Lending Businesses File for Bankruptcy Protection


The collapse of FTX in late 2022 was the final straw for Genesis, which earlier that year reportedly suffered losses of several hundred million dollars due to its exposure to failed crypto hedge fund Three Arrows Capital.



Figure 1: Genesis bankruptcy.

Genesis Global Holdco LLC, the holding company of troubled cryptocurrency lender Genesis Global Capital, filed for Chapter 11 bankruptcy protection in New York after being pummeled by two of 2022's biggest industry collapses.

Genesis Global Holdco, LLC and its subsidiaries Genesis Asia Pacific Pte. Ltd and Genesis Global Capital, LLC filed a trio of voluntary petitions with the United States U.S. Bankruptcy Court for the Southern District of New York. All three fall under the umbrella of Digital Currency Group, which also owns CoinDesk. Genesis has moved for joint administration of the cases.



Genesis owes over \$3.5 billion to its top 50 creditors, among which include crypto exchange Gemini, trading giant Cumberland, Mirana, MoonAlpha Finance and VanEck's New Finance Income Fund, according to the bankruptcy filing published late Thursday.

Those companies comprise Genesis' crypto lending business, which was rocked last year by the implosions of hedge fund Three Arrows Capital and crypto exchange FTX. Genesis' other subsidiaries involved in the derivatives and spot trading and custody businesses as well as Genesis Global Trading were not included in the filing and continue client trading operations, according to a press release.

Shortly after FTX collapsed into its own bankruptcy case in November, Genesis Global Capital was forced to suspend customer withdrawals, which hurt customers of a yield product offered by the Gemini crypto exchange.

Bankruptcy filing could have broader implications for bitcoin as Genesis and digital assets manager Grayscale share the same parent company in DCG. Grayscale operates the Grayscale Bitcoin Trust (GBTC), which has \$10 billion-plus in assets under management and was late last year trading at a record discount to net asset value, although that discount has narrowed recently. There are market fears that the repercussions of the Genesis bankruptcy could somehow lead to the liquidation of GBTC's holdings of 600,000+ bitcoin.

# Bitcoin Holds Steady above \$23K as Traders Eye Fed's Next Meeting

Bitcoin and ether have outperformed equities this year. The FOMC's decision on interest rates looms large over markets.



Figure 2: Jerome Powell, Chair of the Federal Reserve of the United States.

Bitcoin (BTC) held above \$23,000 on Friday as traders awaited next week's Federal Open Market Committee decision on interest rates and any hints policymakers may drop about when their hiking campaign might end.

It's been a roaring start to 2023 for bitcoin, which has surged in price by more than 40% since New Year's Eve. BTC surpassed \$23,000 for the first time since mid-2022 about a week ago and has managed to stay in that territory.

The crypto rally came after the latest Personal Consumption Expenditures (PCE) report showed a slowdown in inflation at the end of last year – a goal the Fed has been aiming for with rate hikes. The CME FedWatch tool currently shows that traders see roughly a 99% chance the FOMC will raise rates by 25 basis points (0.25 percentage point) at its February meeting.

With the recent broader market rally, top crypto assets like bitcoin and ether (ETH) have topped equities this year: ETH is up about 32%, while the CoinDesk Market Index is up 39%. In comparison, the S&P 500 and the Nasdaq Composite index were up 6% and 10%, respectively.

# On-chain Metrics

The On-Chain data scan the behavior of the macro and micro investors and is utilized to trace the investors general sentiment, major transactions, wallets and exchange balance, miners' condition, etc. Money Flow Tracker, Whale Indicator and Cycle Detector are main subparts of the BINVEST Machine studying the On-Chain metrics to clear the investors behavior.

## 1. Money Flow Tracker:

Money flow tracker is a tracer which is part of the BINVEST MACHINE and developed by the BINVEST team. This program shows the condition of major and minor holders, calculated based on the realized cap, MVRV and bitcoin price parameters. The quantified output for this machine is calculated based on several complicated mathematical formulation. The obtained value varies in a range of 0 to 100 where 100 shows a situation when old and big holders are intensely buying more Bitcoins, and on the contrary, 0 shows they are strongly selling their Bitcoins.

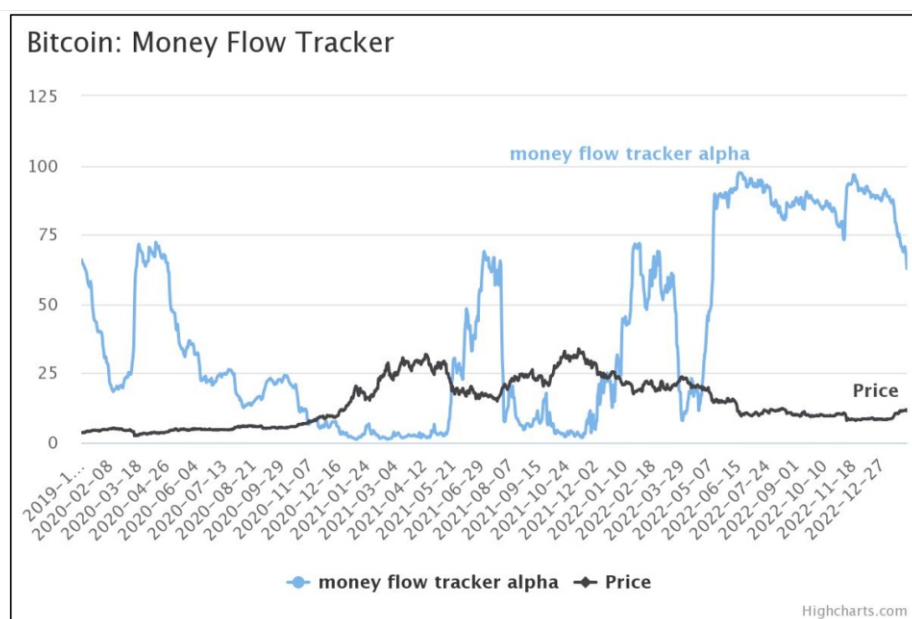


Figure 3: Money Flow Tracker output since 2020.

The indicator value is around 62.8, which shows a 30% decline during past month value and shows less attractive point than last month.



## 2. Whale Indicator:

Whale indicator is another part of the BINVEST MACHINE observing the behaviors of bitcoin whales. This indicator works based on the big wallets balance, exchanges reserve, MVRV and bitcoin price. The whale indicator output is a number showing the condition of the market. In the newest update of this indicator, if the number is higher than 60 (Alpha = 0), it means that the big whales are selling their coins and if the number is lower than 30 (Alpha = 100), it means the market is in the accumulation phase and the whales are buying more Bitcoins.

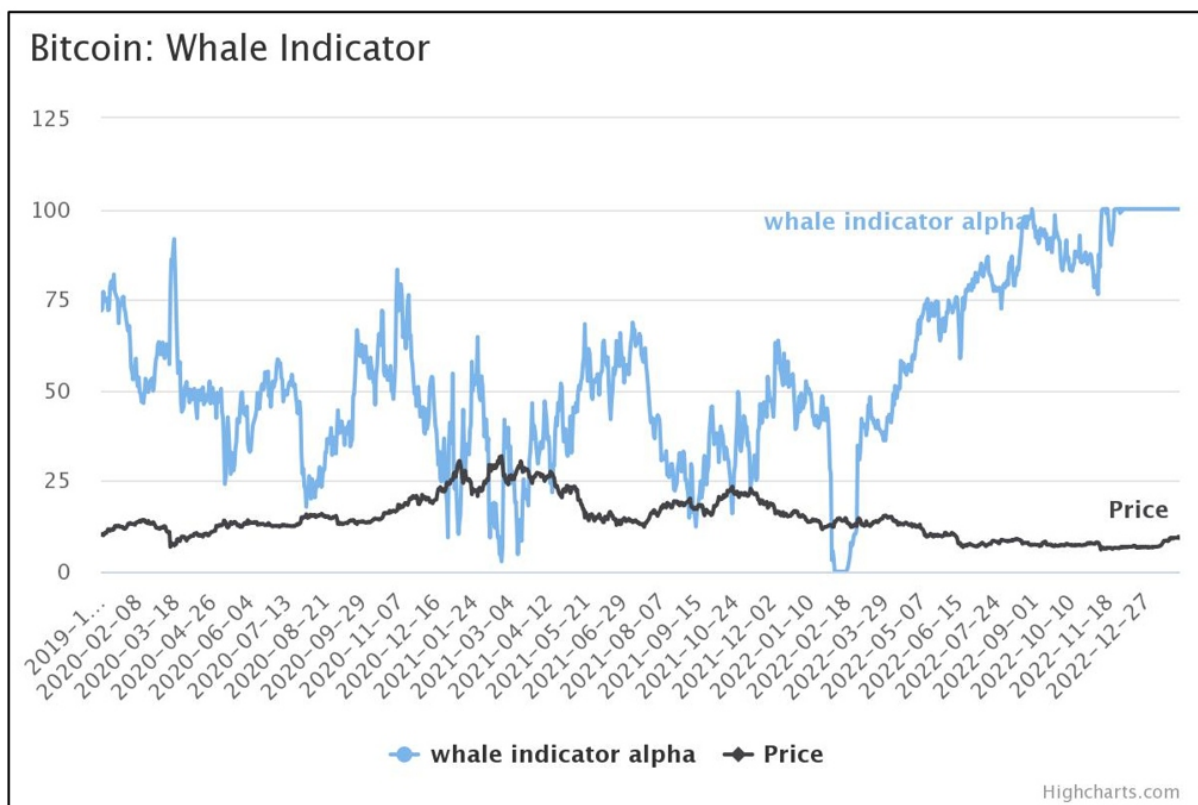


Figure 4: Whale indicator output since 2020.

As it has been shown in the above figure, the current value of the whale indicator alpha is 100. It means the big wallets are accumulating bitcoin and a high amount of bitcoin has been exited from the exchanges which is considered a bullish sign.



### 3. Cycle Detector:

The cycle detector is a machine simulating the start and end of any bull run cycle in the cryptocurrency market, according to the various prices of the bitcoin. This program specifically calculates the cycle start time and shows the position of the current price in a cycle period.

This algorithm tries to estimate the cycle start and the end time in the cryptocurrency market according to the various prices of the bitcoin (showed in the below figure). This program shows the position of the current price in a cycle.

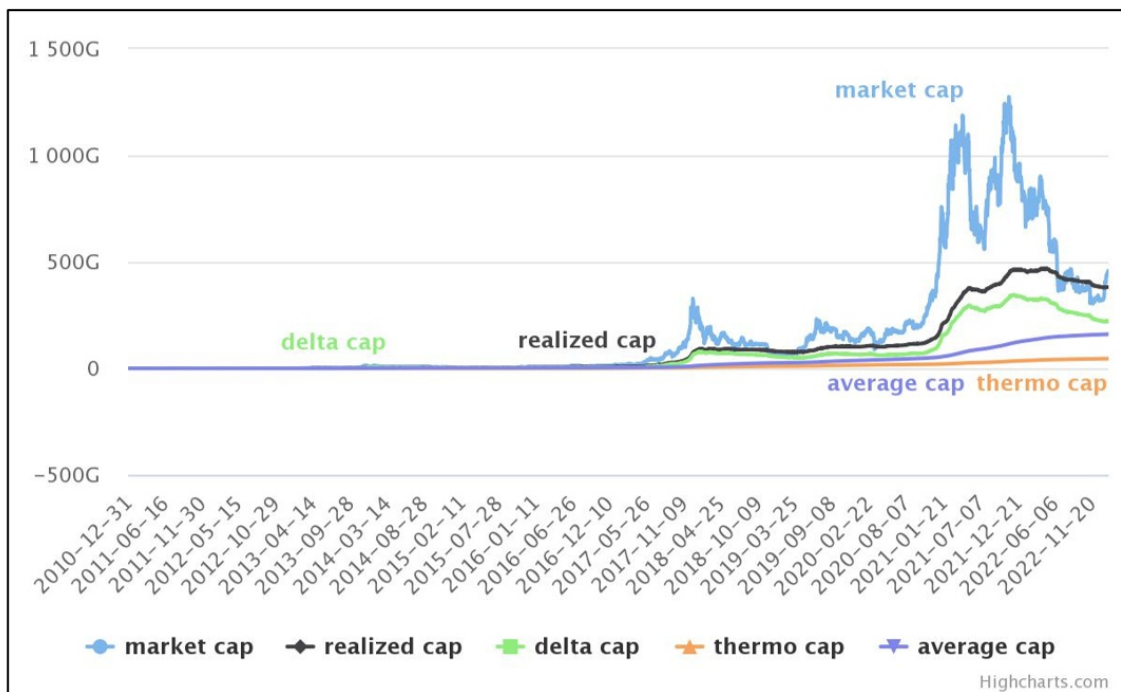


Figure 5: Cycle detector output since 2011.

As could be seen in fig.5, the price broke the red realized Price upward. If the price holds above it, it could be a strong sign for the new bull run. The quantified output for this part is 78.93 out of 100 which marks now as a valuable point in the crypto market.

# Technical Analysis

## BTCUSDT



Figure 6: The BTC price chart in the weekly timeframe.

Fig.6 shows the Bitcoin price in the weekly timeframe. After weeks of being on an important and strong demand area at \$16K, Bitcoin was able to show a good upward movement and grew to around \$23K level. Currently, Bitcoin is ranging below the strong \$25K resistance and after the strong rise last month, it is expected to have a correction to \$19K level. But depending on the fundamental news in the market in the week ahead, another leg to \$30K might also be possible.

## DXY



Figure 7: DXY chart in monthly timeframe.

The chart above, shows the performance of DXY in monthly timeframe. In the last 4 months, DXY has been in a downtrend, and this is the reason why the stock and crypto market was able to recover a little. DXY is currently on an important and strong monthly demand area, and if it continues to fall, we can expect the stock and crypto market to experience another leg up. Otherwise, it might put extra selling pressure on crypto and the stock market.

# Overview and Conclusion

After one of the least volatile periods in Bitcoin history, the market pulled off a remarkable and explosive rally in January. BTC prices rallied from a monthly low of \$16.5k to almost \$24k, breaking through several widely observed technical and on-chain pricing models. Many of these models tend to act as significant psychological resistance levels during bear markets, which makes this particular event noteworthy. Besides the price crossed the realized price up and held above it for more than three weeks now which is a good sign.

This explosive rally occurred amid a more promising macro picture. US short-term inflation expectations fell in early January to the lowest in almost two years, providing a bigger-than-expected boost to consumer sentiment, according to the University of Michigan's preliminary survey reading. The Federal Reserve is on track to downshift to smaller interest-rate increases following the further cooling in prices, though it's likely to keep hiking until pressures show more definitive signs of slowing. Still, we express some caution. Despite our view that the absolute lows for the BTC might be in, we still believe there are some possible near-term risks that needs to be taken care of. High inflation in EU and US and the danger of economic recession in US and EU are the dangers that might act as headwind to the risky markets like Cryptocurrencies.

After all the challenges of 2022, the digital asset industry survived, and Bitcoin blocks keep being found. Irrespective of what comes in 2023, we believe this industry will stand the test of time and will find its way forward during 2023 and further on.

## About

# Binvest

Every once in a while, a new technology comes along and changes everything. The internet defined the past few decades of innovation. We believe crypto will define the next few decades.

BINVEST was founded in 2019 and provides services for crypto currency asset management for private and institutional investors. BINVEST has in-depth financial and crypto knowledge that enables the company to actively manage its crypto-funds 24/7. The discretionary investment strategy currently implemented at BINVEST has proven to be successful over the last years during different market crises.