

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



[www.Binvest.ir](http://www.Binvest.ir)  
February 2023

**Binvest**

# Contents:

1. Introduction .....	3
2. Macroeconomics .....	4
3. On-chain Metrics .....	7
4. Market Technical Analysis .....	10
5. Overview and Conclusion .....	11
6. About Binvest .....	12

# Introduction

In February, Bitcoin's price remained steady at approximately \$23.1K, with fluctuations ranging from \$21.3K to \$25.3K throughout the month. Following the FTX crash in November 2022, investors experienced a significant blow to their confidence, taking some time to recover. However, the mood has improved over the past few months, as the US economy has shown signs of inflation slowing down, and the job market and consumption have remained relatively strong. The recovery of \$5 billion in FTX assets, which was returned to investors, resulted in a strong uptick in the cryptocurrency market in February. February was a relatively quiet month in the crypto world, with concerns and hopes for the future direction of the market in 2023 influenced by factors such as economic recession risk, FED actions, and regulations.

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

## Federal Reserve Lifts Interest Rates another 25 Basis Points

Bitcoin's price was little changed in the minutes following the announcement.



Figure 1: FED chair, Jerome Powell.

Matching market expectations, the Federal Reserve's Federal Open Market Committee (FOMC) hiked its benchmark federal funds rate by 25 basis points to a range of 4.5%-4.75%.

With the 25 basis point rate hike largely priced in, markets were looking for clues in the accompanying policy statement about whether the central bank was mulling a pause in its monetary tightening cycle. For now, that doesn't appear to be the case, with the FOMC saying "ongoing increases" in rates will be necessary.

# Coinbase to Suspend Binance USD Stablecoin, Saying It Doesn't Meet Listing

The suspension affects Coinbase.com, Coinbase Pro, Coinbase Exchange and Coinbase Prime



Figure 2: BUSD delisted from Coinbase.

Coinbase will suspend trading of Binance USD (BUSD) starting March 13 because the stablecoin doesn't meet its listing standards.

The suspension affects Coinbase, Coinbase Pro, Coinbase Exchange and Coinbase Prime. Users will still be able to access their BUSD funds and withdraw them at any time, Coinbase said.

Binance coin (BNB), the exchange token of Binance, and dropped 1% after the news.

# Second Ethereum Testnet Successfully Simulates Shanghai Hard Fork

The Sepolia testnet was able to successfully process staked ETH withdrawals. There is one more test on the Goerli testnet that is planned before Shanghai goes live.



Figure 3: Ethereum Shanghai upgrade is planned on March 2023.

A second Ethereum test network (testnet), known as Sepolia, successfully replicated withdrawals of staked ether (ETH) Monday, bringing the Ethereum blockchain closer to its highly anticipated Shanghai Upgrade.

The Shanghai Upgrade will mark Ethereum's complete transition to a fully functional proof-of-stake network, enabling validators to withdraw rewards earned from adding or approving blocks to the blockchain.

There is one more test, on Ethereum's Goerli testnet that is planned before Shanghai goes live. The final testnet upgrade will occur to Goerli sometime in the coming weeks. That would be the final dress rehearsal before the main blockchain is able to process staked ETH withdrawals.

If the developers continue to run test upgrades three weeks apart, the next testnet upgrade on Goerli would likely occur around March 21, which could likely push the mainnet Shanghai Upgrade into April. If that were the case, there would be a slight delay versus the target of March that Ethereum developers had initially signaled for the release of staked ETH.

# Hong Kong Proposes Rules for Crypto Trading Platforms

Service platforms that do not plan to apply for a license should start preparing for closure in the jurisdiction, Hong Kong's securities regulator said.



Figure 4: Hongkong to regulate crypto activities.

Hong Kong's Securities and Futures Commission (SFC) has proposed new rules for virtual asset trading platforms, including setting up a licensing regime for crypto service providers and seeking public comment on whether to allow licensed platforms to serve retail investors.

The proposed measures include requirements for operators to assess clients' risk profile, do due diligence on tokens, and monitor them. Operators can only offer tokens that satisfy the SFC's criteria for an "eligible large-cap virtual asset," and must not offer virtual assets that fall within the definition of "securities" if it would breach Hong Kong's Securities and Futures Ordinance.

The consultation is open through March 31, while the new licensing regime is set to take effect on June 1.

# 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. Each of these sub parts analyzed some parts of the on-chain data and returns a value between 0 and 100. The total on-chain value is the average of these three subpart values. The obtained value varies in a range of 0 to 100 where 100 shows a situation which is the most valuable one and 0 shows the most dangerous zone in the market. Of course, these values are relative and are obtained by comparing the current state to the history of Bitcoin price. The current value is around 75 which is down from 93 from mid-February .

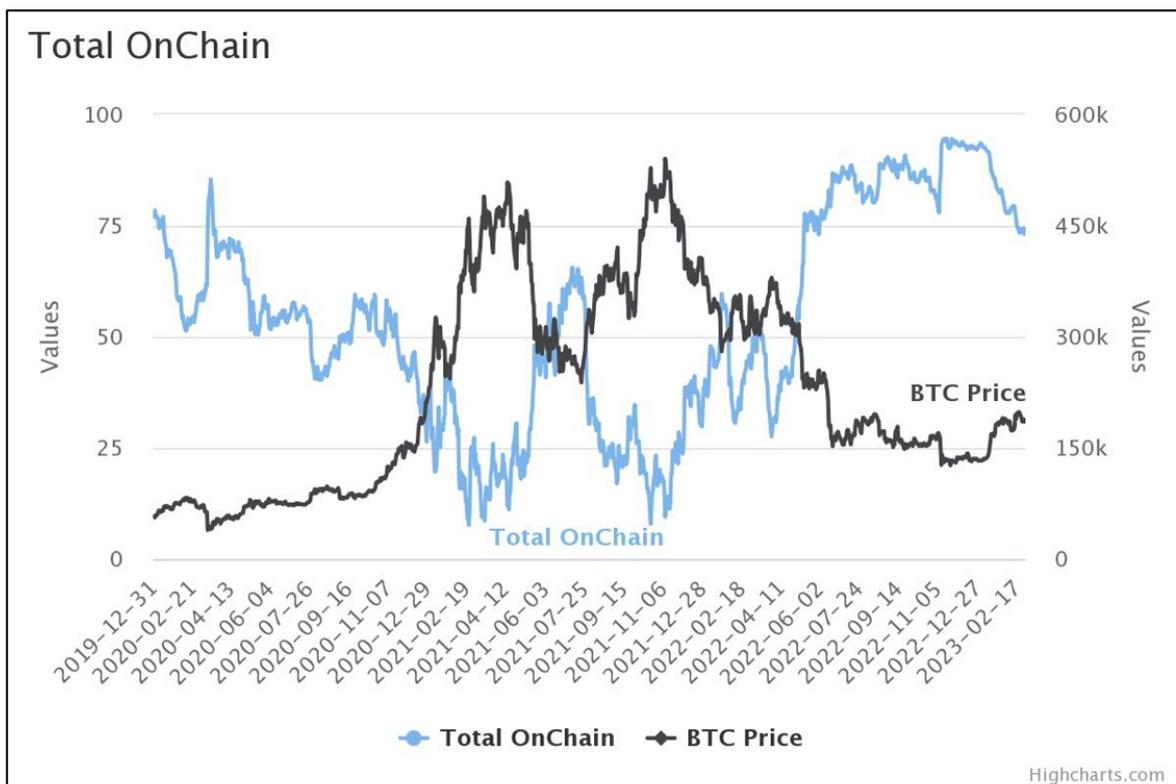


Figure 5: Binvest-Machine Total On-chain Value Since 2020.

# Technical Analysis

## BTCUSDT

While Bitcoin is involved in a strong supply area in the weekly timeframe, a negative divergence can be seen on the RSI indicator in the daily timeframe. If Bitcoin fails to break this supply area upwards, considering the good upward momentum it has had from \$16,000 to here, we can expect the price to drop to first \$20,500 and then \$17,800. But If Bitcoin breaks this important supply area to the upside, after a pull-back, we can expect good bullish moves to the \$30,000 to \$34,000 area.



Figure 6: Bitcoin price in daily timeframe.



Figure 7: Bitcoin price in weekly timeframe.

# DXY

The US dollar index, DXY showed an upward move in February, as is shown in Figure below. The US Department of Commerce released data showing a sharp drop in the month-on-month rate of durable goods orders in February, indicating weakness in the US economy and raising concerns in the market about the US dollar (which is promising for crypto market). As a result, the US dollar index fell almost 1% in one candle. In terms of trading strategy, as long as there are no significant news affecting the market, there is a high probability that the US dollar index will continue to rise, and this would cause a sell pressure on the risky markets specially the crypto market. But if it starts a bearish trend and breaks down the charted demand area, it can be a positive signal for the crypto market.



Figure 8: US dollar index (DXY) chart in weekly timeframe.

# Overview and Conclusion

The crypto currency market is a rapidly evolving space and is largely unregulated. The lack of regulation means that there is a considerable degree of volatility and uncertainty, making it a risky investment for individuals and institutions alike. There is a significant risk of fraud, hacks, and market manipulation, which can result in significant losses for investors, like what happened in FTX and LUNA crash last year. Due to what happened last year, regulatory frameworks are starting to emerge, which has its own risk and rewards. It could start a sell pressure and a panic wave across the market. There is also a clear concern about the regulatory authorities try to take the atmosphere under their control which centralizes the crypto market and is a negative impact. On the other hand, it helps to stabilize the market and protect investors, while also facilitating the growth of the industry by facilitating the investment by institutional investors.

Another matter should be considered is the risk of a global economic recession. The economic recession can have both risks and rewards for the crypto currency market. However many believe that the rewards are for midterm to long term and risks are for short term. During an economic downturn, traditional financial assets such as stocks and bonds can lose value, and investors may turn to alternative assets like crypto currency as a hedge against inflation and economic uncertainty. This can lead to increased demand and higher prices for crypto assets in a period of midterm to long term period. However, recessions can also lead to decreased consumer spending, which can result in reduced demand for crypto assets in a short term. Additionally, if the recession is severe, it may lead to widespread financial distress and a decrease in overall investment in all asset classes, including crypto. Overall, the impact of a recession on the crypto currency market will depend on the severity of the recession and the behavior of investors during this time.

## 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.