

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



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**Binvest**

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# Introduction



In April, Bitcoin's price showed a quiet price action started with around \$28.5K and rose up to almost \$31K level which was the highest level in the past 9 months. The closing price was around \$29.2K which showed totally a 2.7% rise in one month.

This month is passing under the sign of banking turmoil in the US. We could argue whether this is a full-sized crisis or just few “occasional” cases of banking insolvency, but this could definitely play an important role in the crypto market. The problem is halted for now, but embers are still red. And recent First Republic Bank crash is a new wave starting. There are many concerns about the vulnerability in the banks situation which can benefit the crypto market by drawing the mass attention to crypto as a reliable alternative for the conventional and inefficient financial system.

In the past month, an update in Ethereum network also happened that made staked ETH open to withdraw. It did not show a meaningful sell pressure despite the concerns existed before the update.

The strong market performance in 2023 is a stark contrast to 2022, and suggests a favorable regime shift is under way. There are some signs confirm a robust recovery from a bear market is in play, however no one can make sure that the bear market may well be behind us.

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

## Ethereum Shapella upgrade: Community celebrates as update goes live on mainnet

Members of the Ethereum community responded to the latest upgrades to the Ethereum mainnet.



Figure 1: Ethereum Shapella Upgrade.

The much-awaited Shapella update on Ethereum gone live, paving the way for new features like the unstaking of ETH. Shapella is a term the community uses that blends together “Shanghai” and “Capella,” the upgrades that happened simultaneously. The hard fork is an important milestone on Ethereum's roadmap, leaving a lot of community members excited for the network's future. At the Shapella watch party hosted by the Ethereum Foundation team, Ethereum co-founder Vitalik Buterin said that the network is now in a “really good place.” One of the expected effects of the Shapella update is the onboarding of more institutional investors to Ethereum. Freddy Zwanzger, Ethereum ecosystem lead at Blockdaemon, foresees that there may be more interest in ETH staking opportunities from larger investors since there's a clear withdrawal option in place now.

# US banking crisis: federal body prepares to put First Republic into receivership

Move comes as Federal Reserve report admits it failed to take 'forceful enough action' before Silicon Valley Bank collapse.



Figure 2: First Republic Bank.

The US Federal Deposit Insurance Corporation (FDIC) is preparing to place First Republic under receivership. Bitcoin (BTC) experienced a significant increase in value, rising by approximately 10% shortly after a news release.

The California-based bank looks set to be the third such financial institution to collapse this year, following the failure of Silicon Valley Bank and Signature in April. The bank revealed that it had lost \$100bn in deposits during last month's banking crisis. Although the withdrawals have abated at many banks, First Republic appears to be in peril, even after receiving a \$30bn infusion of deposits from 11 major banks in April.

The news comes as the Federal Reserve has admitted it failed to "take forceful enough action" ahead of the collapse of Silicon Valley Bank last month. In a hard-hitting report released, the Fed blamed extremely poor bank management, weakened regulations and lax government supervision for the failure.

# 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 59 which is down from 93 from mid-January and 61 from last month.

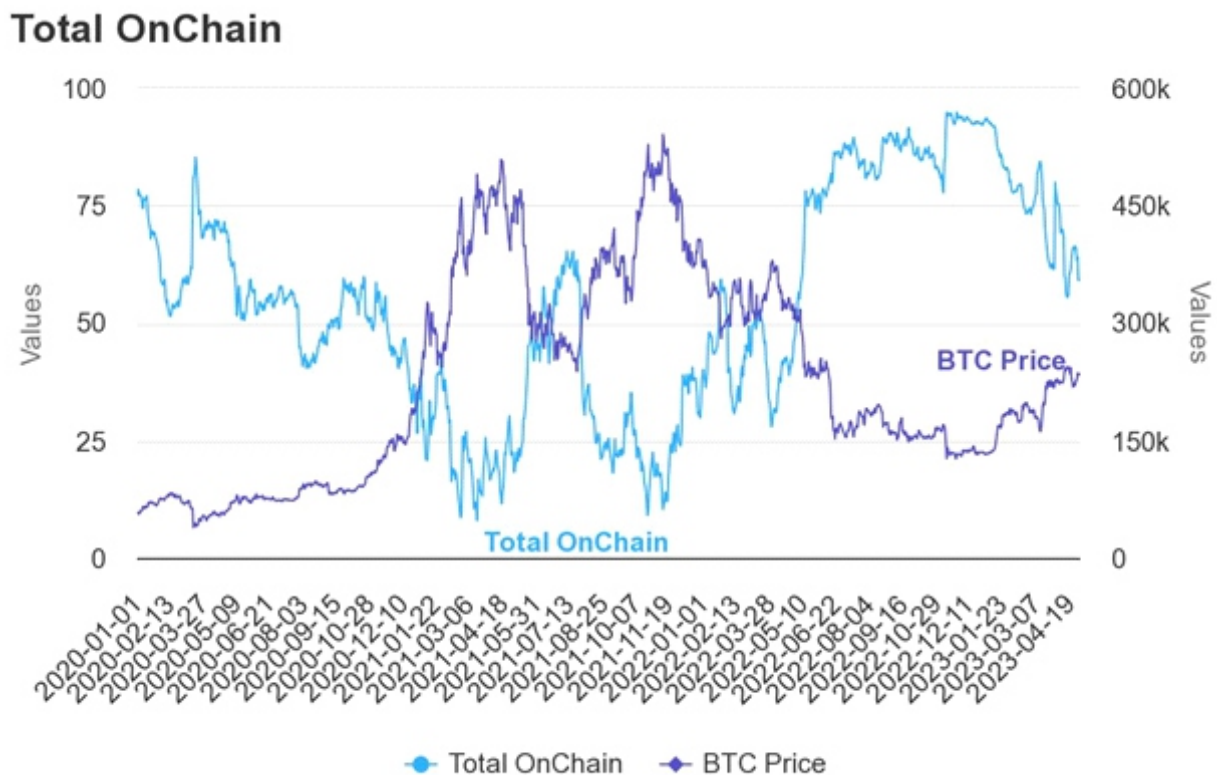


Figure 3: Binvest-Machine Total On-chain Value Since 2020.

# Technical Analysis

## BTCUSDT

The chart below presents the Bitcoin price analysis in the daily timeframe. The picture reveals the formation of a Head and Shoulder (H&S) pattern, while the price consolidating below a significant and robust weekly supply area. It is notable that BTC adheres precisely to the H&S pattern, with the top of the right arm now completed. As a valuable directional indicator, the H&S pattern's failure suggests an immediate upside continuation with a potential breakout at the 31K level. However, according to its traditional performance, BTC may regress to at least the 25K area.



Figure 4: Bitcoin price in daily timeframe.



# DXY

Figure 5 displays the DXY's monthly timeframe trend, which shows that DXY is currently situated within a robust monthly demand area, fluctuating between the 0.5 and 0.382 Fibonacci levels. Further analysis of the chart depicts the formation of a red candle, signifying the possible continuation of the downtrend. Should the DXY experience a rebound from this demand range, there may be a surge of pressure on the crypto market. However, in the event of a break of the monthly demand range, a significant decrease in the dollar's strength may be observed, potentially easing the pressure on the crypto market.



Figure 5: US dollar index (DXY) chart in monthly timeframe.





# Overview and Conclusion

The report discusses Bitcoin's recent price action, which has shown a 2.7% rise in one month, reaching almost \$31k, the highest level in 9 months. The US banking turmoil has caused concern in financial markets, and there are worries about banking vulnerability that may benefit the crypto market.

In the current financial turmoil, Bitcoin is being seen as a safe haven due to the banking crisis, and its rising correlation with gold has boosted demand. The Bitcoin market has posted the strongest Quarterly returns (+70%) since the Oct 2021 all-time-high, firmly placing Bitcoin as the best performing asset class YTD, once again.

However, a caution in the perspective of 2-3 months should be considered, as BTC's upward trend may not continue due to the technical corrections and also Fed's meeting in June, which could fizzle out the BTC rally. On-chain indicators suggest a favorable regime shift is underway, and a robust recovery from a bear market may be in play.

## 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.