







MARKET INSIGHT | August 17 2021, 9:30AM EST

Key Metrics					
Assets	Spot Price	Change (%)	Low	High	7-Day Volatility
 BTC/USD	\$46,490.56	0.89%	\$45,266.63	\$ 47,159.16	
 ETH/USD	\$ 3,232.26	2.16%	\$ 3,112.00	\$ 3,296.90	
 Gold	\$ 1,789.30	-0.03%	\$ 1,831.70	\$ 1,810.20	
 USD/CAD	\$ 1.262	0.38%	\$ 1.257	\$ 1.263	
 EUR/CAD	\$ 1.481	0.01%	\$ 1.480	\$ 1.487	

BITCOIN: A snapshot of Bitcoin's spot price as of this writing is \$46,490.56 representing 1.39% decrease in the past 24 Hours and 1.36% increase in trading volume. The 30-day volatility of BTC is 54.84%. Bitcoin remains the top cryptocurrency trading with a support at \$40,000 and resistance at \$47,000.

ETHEREUM: ETH is trading at \$3,233.26 as of this writing, representing a 24-Hour decrease of 1.31%, and 30-day volatility of 67.53%. Over the last 24 Hours, the trading volume decreased by 3.58%. As of today, ETH holds 19.84 % of the cryptocurrency market, making it the second-largest coin traded.

LATEST CRYPTO EVENTS

- 1) **Breakdown of US crypto tax provision in bit size pieces.** The U.S. Senate infrastructure bill is still the most talked-about issue in the crypto community, as noted in previous SDM reports. But the deeper problem lies in the fact that the legislation fails to define the definition of cryptocurrency broker. Given that brokers in the U.S. are required to collect KYC from their customers, the ambiguous definition of broker means that miners, wallet providers, and developers may also have to request KYC from their customers, which promotes an unfeasible situation in the crypto sector. However, as reported yesterday, the U.S. Treasury Department is set to clarify the report requirements proposed by IRS. On the condition of anonymity, a Treasury official confirmed the broker definition does not include miners, validators, or developers.

The reassurance is apparent, but in the past, the government hasn't always kept its promises. Therefore, until the infrastructure bill is passed, it is difficult to comment on the bright future that lies ahead in the crypto community. Although the infrastructure bill is expected to pass sometime in September, there are whispers that the house could convene as early as next week, August 23.

This situation becomes more concerning as we delve deeper into the timeline of crypto politics in the U.S. Last week, SEC Chairman Gary Gensler requested the House of

Representatives to provide SEC with the authority and resources needed to clamp down and monitor activities within the digital assets market. Warren, a willing ally, reaffirmed her commitment to work closely with the SEC to close regulatory gaps in the crypto market through legislation. Nevertheless, despite the slim chance that the house will address the SEC's power next week, the situation lies in the realm of possibilities.

- 2) **Hacker who can break into Poly Network's system will be rewarded.** A system vulnerability within the Poly Network has brought to light one of the biggest concerns in the crypto industry that led to over \$600M in losses. Poly Network has announced a \$500,000 bounty program called "MrWhiteHat", to prevent any further security breaches.

A bug bounty is a common practice adopted in the tech world, where tech-savvy individuals, hackers per se, hack into a company's software to discover vulnerabilities. Often, successful individuals/ hackers are offered monetary compensation. In theory, the practice is meant to put a financial incentive on coders not to publicly disclose or exploit software bugs but instead to report potential weaknesses and receive rewards.

As if the return of \$200M stolen funds was not shocking enough, the anonymous friendly crypto hacker responsible for Poly Network returned this week, making headlines. The infamous hacker notably for returning \$200M stolen funds have surprised the crypto community by further returning the rest of \$600M stolen coins while rejecting the invitation to participate in Poly Network's \$500K bounty program

The ironic twist of the infamous \$600M DeFi hack has sparked speculation about what really went down. The extent of rumors circulating pushes as far as this may be an act of an insider.

- 3) **Criminals can check how clean their Bitcoin is** with an encryption tool recently discovered on the dark web and determine the risk involved in holding the asset. The tool, called Antinalysis, was built on the darknet market to help merchants launder Bitcoin.

However, Elliptic Co-Founder Tom Robinson has deemed the tool ineffective, and Antinalysis's data sources were seized within the span of 8 hours upon discovery. Elliptic is a London-based blockchain company that provides analytics for regulators and businesses to manage financial crime risk and achieve regulatory compliance in the crypto community.

For the public, the chaos of crime-related blockchain analytics is definitely not a stranger; however, the launch of Antinalysis reinforces the level of difficulty for criminals to cash out their bitcoin proceeds.

This is another use case to examine, as the inherent transparency structure of blockchain proposes an ideal practice for AML controls.

TRADER'S DIGEST: MARKET MOVER

As previously noted, the 21-week moving average and a 200-day moving average are key levels when predicting BTC price momentum in the near future. For BTC to continue to move upward over the next few weeks, it must hold above these two levels.

This week marks the milestone of BTC/USD's first weekly close above the 21-week and 200-day moving averages after a weekend of wild swings and liquidations. This is worth celebrating because the signals have led to significant price rallies for bitcoin.

A common saying, history repeats itself. Last year in March 2020, the covid crash sent the world of risky assets plummeting, including the famous bellwether currency. Shortly after BTC/USD reclaimed the 21-week and 200-day MA, the pair rallied over 600% before reaching an all-time high of \$64K. At the time of the press, BTC/USD is trading at \$46,490.56.



Nevertheless, the next couple of weeks will be crucial to the continuation of BTC's bull market. While reclaiming the two key levels can give the market confidence, there have been instances where BTC reclaimed the 200-Day MA and consolidated for months. In the event, if BTC trades sideways for months, it might lead to a situation where 21-week MA crosses below 40-week MA, indicating a bearish signal.

Support: Nevertheless, a base is now forming in the \$46,000 range, an area defined by 50% retracement from the previous month's sell-off.

Resistance: The pair will soon look to move higher if the short-term support level of \$46,000 continues to hold. The next area of resistance is between \$49,750 and \$51,500.

Nevertheless, the weekly chart shows a positive momentum, similar to November 2020, when the rally above \$20,000 mark broke.

UPCOMING DATES

Date	EVENTS
August 25 th	Second SEC response date for First Trust SkyBridge ETF
September 15 th	The Third Sec response date for VanEck Bitcoin Trust

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