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DIGITAL MARKETS








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# DIGITAL ASSET MARKET WRAP UP

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WEEK ENDING OCT 15, 2021 // [TRADING@SECUREDIGITALMARKETS.COM](mailto:TRADING@SECUREDIGITALMARKETS.COM)

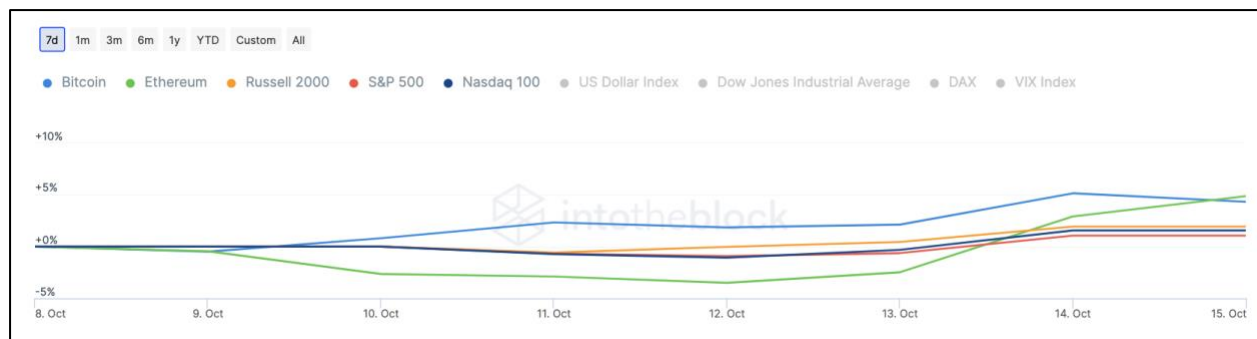
## Macro View

Key Metrics					
Assets	Spot Price	Change (%)	Low	High	7-Day Volatility
 BTC/USD	\$60,375.65	5.10%	\$56,869.80	\$ 60,679.35	
 ETH/USD	\$ 3,810.24	1.23%	\$ 3,735.69	\$ 3,859.98	
 Gold	\$ 1,767.60	-1.69%	\$ 1,764.00	\$ 1,796.00	
 USD/CAD	\$ 1.239	0.19%	\$ 1.234	\$ 1.239	
 EUR/CAD	\$ 1.436	0.17%	\$ 1.432	\$ 1.437	

**BITCOIN:** A snapshot of Bitcoin's spot price as of this writing is \$60,375 representing **11.79%** weekly increase and **9%** decrease in 24 Hour trading volume. The 30-day volatility of BTC is 57%. Bitcoin remains the top cryptocurrency trading with a support at \$50,000 and resistance at \$64,000.

**ETHEREUM:** ETH is trading at \$3,810 as of this writing, representing a weekly increase of **5.30%** and 30-day volatility of 72%. Over the last 24 Hours, the trading volume decrease by **4.30%**. As of today, ETH holds 18% of the cryptocurrency market, making it the second largest coin traded.

### Price Performance: BTC/ETH VS Equity Market



## Market Wrap up: Week ending October 15<sup>th</sup>, 2021

### Market Insight, October 12, 2021

- 1) **Regulations:** The blockchain and crypto asset sectors are undergoing higher levels of regulation and enforcement; finding the right balance between investor protection and fostering innovation is critical. Now, the U.S. Justice Department has established a new unit that will investigate crimes pertaining to cryptocurrencies including money laundering and theft. The Justice Department is looking to create this division during a

time when the U.S. appears hell-bent on regulating crypto and making sure there are no loopholes for illicit actors to exploit.

**Bank of England:** Bitcoin and Crypto Assets pose "limited" risks to the stability of the UK financial system, according to the Bank of England. The Financial Policy Committee (FPC) released its October edition of "Financial Stability in Focus" on Friday. As digital assets and their related markets and services continue to grow, the FPC notes that crypto has become increasingly integrated into the financial system.

**South Korea's opposition party wants to postpone cryptocurrency taxation rules until January 1, 2023:** A proposal by the opposition party in South Korea, the People Power Party, appears to propose delaying taxation regulations for digital assets by one year. The lawmakers also intend to revise tax rates, proposing the investors who generate profits over \$42,000 pay 20% in tax, while gains over \$2,900 are taxed under the initial legislation. The current proposals state that South Korea will begin taxing profits earned from trading with cryptocurrencies on January 1, 2022.

Furthermore, politicians would seek to change the taxation rate. In contrast to financial regulators who will slam South Koreans with 20% in excess of \$2,900, the People Power Party intends to raise this limit to people with profits between \$42,000 and \$251,000. Gains above \$251,000 would be subject to a 25% tax. Despite this, Hong Nam-Ki, the Finance Minister, expressed no interest in the proposal.

2) **Crypto Miner:** Bitcoin mining company BitFury plans to go public in the next 12 months with a valuation of billions of pounds. According to The Telegraph, BitFury's IPO will be the largest cryptocurrency company IPO in Europe to date.

### 3) **Worldwide:**

- i) **Venezuela** – By the end of the year, airline tickets can be purchased in Venezuela using cryptocurrencies. The Director of Maiquetia International Airport, Freddy Borges, stated that the airport is working to include cryptocurrencies such as Dash, bitcoin, and the national petro in the airport's payment system.
- ii) **US** – Texas and New York are leading the race to lure bitcoin miners in the US. Several states are competing to attract bitcoin miners, and new data suggests that a lot of them are headed to New York, Kentucky, Georgia, and Texas. According to Foundry USA, the biggest mining pool in North America and the fifth-largest globally, 19.9% of bitcoin's hash rate resides in New York, 18.7% in Kentucky, 17.3% in Georgia, and 14% in Texas.

1) **Crypto firms and exchange:**

**As part of Binance's commitment to the continued development of the Binance Smart Chain ecosystem (BSC), the company announced a \$1 billion fund:**

A \$1 billion investment fund has been launched by Binance, to support the Binance Smart Chain blockchain, with the goal of accelerating the adoption of digital assets and blockchain technology. As stated in a press release from Binance, approximately half of the funds will be directed toward investments in sectors such as gaming, virtual reality, and blockchain-based financial services. Of the remainder, approximately \$300 million will go to a builder program and \$100 million each will be allocated to liquidity incentives and talent development.

**Crypto lender Celsius Closes \$400M funding round:** This news was announced on October 12, 2021 in a press release, which now puts the firm at \$3 billion valuation. This new capital will be used to expand product offerings, launch new institutional grade-products, and even double its employee count, according to the firm. Celsius is currently one of the largest centralized lending firms alongside BlockFi. Since launching in 2017, Celsius has processed \$25 billion in total assets and paid out \$850 million in interest.

**NFT: Coinbase is launching an NFT Marketplace in 2021:** The exchange promises a social focus that will encourage creators to grow their communities. Market will likely support Ethereum NFTs, but no details have been released about hosting on blockchains.

2) **Worldwide:**

- i) **Switzerland is gearing up to tame cryptocurrencies:** In order to establish a regulatory framework within the untethered crypto industry, the country is introducing legislative reforms and granting licenses for blockchain trading. This year, Switzerland introduced both institutional and financial laws to allow for a solid foundation to build a more gentrified and regulated crypto industry.
- ii) **Romania:** Elrond Network has acquired Capital Financial Services S.A, which is licensed to operate an electronic money institution (EMI) in the Euro Economic Area. This purchase has been agreed upon despite regulatory approval which is still pending. Capital Financial Services S.A. is a principal member of two of the largest global financial corporations, which are both Visa and MasterCard.

Through this new agreement, the firm will be able to provide payment processing services to over 300 merchants, including Romania's largest airline, Blue Air. For the acquisition to be finalized, Romania's National Bank must approve the

transaction. The acquisition would also allow the company to offer customer accounts that include IBANs, debit cards, and e-money payments.

- iii) **Miami:** An upcoming plan for paying city employees in Bitcoin has been announced by Miami's mayor. Miami Mayor Francis Suarez said it was a "major priority" for his city to be able to pay government employees in bitcoin. Furthermore, in an interview on Tuesday October 12th, 2021 with Bloomberg Technology's Emily Change, Suarez is quoted saying "I want us to differentiate ourselves as a crypto capital of the United States or of the world". The city intends to issue a request for proposals this month to help build this payment mechanism, as well as to let residents pay fees -- and possibly taxes as well -- in Bitcoin.
- 3) **Bitcoin ETF:** ProShares could launch on 18 October if SEC approves bitcoin ETFs. As Bloomberg's chief ETF analyst, Eric Balchunas mentioned, Bitcoin ETFs may be approved by the SEC by the end of October or beginning of November. Assuming everything goes according to plan, the company has submitted an application for Bitcoin ETF ProShares, which will be available in three days.

## Market Insight, October 14, 2021

### 1) Financial institutions:

**Swiss digital asset bank SEBA launches institutionally focused crypto yield product:** Switzerland's fintech bank, SEBA, announced the launch of SEBA earn, which is its yield generating product for custodied crypto.

Guido Bueler, CEO of SEBA bank said that "It is clear that as institutional interest in digital assets accelerates, investors have a broader appetite for crypto assets, with a particular interest in earning services like staking DeFi and centralized crypto borrowing and lending." in a release statement. SEBA bank will allow its institutional clients to lend out their bitcoins, which is a relatively low-risk way of generating liquidity for bitcoins on the corporate balance sheet.

**Investment giant BlackRock CEO says its "researching blockchain and crypto":** During a segment in CNBC, BlackRock CEO Larry Fink discussed cryptocurrencies and investing in global markets. The sector continues to expand in size and breadth, this is shown by the increasing number of financial service firms establishing and developing crypto platforms. When Fink was asked whether he had shifted his thoughts about providing cryptocurrency goods or other access to his investors, he claimed that his team was "researching blockchain technology and the concept of crypto."

## 2) Around the world:

### i) **Largest Canadian Bitcoin ETF opens to mutual fund investors:**

Purpose Investments, which is an institutional firm with more than \$12 billion under management, announced the launch of mutual fund units for the world's first ETF backed

and settled by Bitcoin. The purpose Bitcoin ETF invests directly in Bitcoin allowing investors efficient exposure to Bitcoin without the associated risk and burden of self-custody. This purpose ETF will accurately reflect the price of Bitcoin, meaning that its units may be purchased or redeemed at net asset value per unit of the applicable class without premiums or discounts, which might otherwise be associated with listed Bitcoin securities like Grayscale for example. The Purpose fund is currently has \$1.2 billion in assets under management consisting of 21,688.95 Bitcoin.

### ii) **Russia Accepts Bitcoin in the role of making payments:**

As regulators around the world grow weary of cryptocurrencies amid fears they can be used for money laundering and criminal activity, Russian President Vladimir Putin expressed a willingness to tolerate them. In an interview with CNBC that was posted to the Kremlin's website Thursday, Putin said that cryptocurrency "has the right to exist and can be used as a means of payment." But he urged caution about using digital currencies for the bulk of Russia's exports, such as oil.

After sanctions were imposed in 2014 after the annexation of Crimea, Russia began seeking alternative currencies to dollars, and Putin claims that the United States uses its currency as a weapon. Some cryptocurrency proponents suggest that decentralized money will eventually replace fiat currency issued by central banks.

## Market Insight, October 15, 2021

### 1) **DeFi outpacing centralized exchanges in North America:** Decentralized finance protocols are now handling more transaction volume than centralized exchanges found in a report by Chainalysis.

The report data suggests that DeFi protocols have flipped centralized exchanges in North America. The report outlines trends and developments in the crypto space over 12 months starting in July of 2020. The data shows an explosion in crypto activity in North America with transactions rising from \$14.4 billion in July 2020 to a high of a whopping \$164 billion in May 2021. North America has the second highest total value sent to DeFi protocols, trailing just behind Europe. The cryptocurrency service with the highest transactions volume as Uniswap. This decentralized exchange handled over \$100 million worth of transactions over the 12-month period, claiming the top spot from the U.S crypto exchange Coinbase. DeFi protocols

such as dYdX and Compound beat out centralized exchanges such as Binance and Kraken, topping in \$50 million of value transacted.

- 2) **Ripple joins the development of digital British pound CBDC:** Ripple has partnered with the Digital Pound Foundation, thus joining the development of a digital pound. The DPF is a non-profit organization that seeks to facilitate the rollout of Central Bank Digital Currency in the United Kingdom. Global central banks are increasingly considering the idea of CBDC. The Bank of England for one is actively working towards rolling out a digital pound and has accomplished various steps to do so. This past June, Bank of England governor Andrew Bailey said that he was encouraged by the country's CBDC progress, he claimed the CBDC as a possible 'fundamental innovation in the history of central banking; it will move us to a new era'.

### 3) Around the world:

- i) **Post Crackdown: China's \$28 Billion crypto outflow to foreign countries drops by 40%:** Data from the report shows that the amount of unregulated fund outflow dropped by 40% in China after the most recent round of tightened crypto regulations. This new development could drive China to adopt even stricter rules for the industry. This decrease in the outflow of funds suggests that Chinese citizens have caved into the mounting pressure from the government and have become more cautious in interacting with cryptocurrency. This drop in outflow is viewed as a success by the government, which may lead to more strict rules being implemented.

Crypto enthusiasts think that China is driving out cryptocurrencies to make room for its digital Yuan to gain dominance in the country. These enthusiasts believe that China considers these leading cryptocurrencies to be competitors to the digital Yuan in the long term.

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## Market Move: October 15<sup>th</sup>, 2021

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In just over two months since we started the recovery, the Bitcoin price has jumped over \$59,000, breaking local resistance of \$58,000 and closing in on \$60,000 for the first time ever.

Following expected approval by the US regulator, the market is likely to see rise in BTC Futures.

Bitcoin continues to excite investors as it steadily climbs toward its all-time high near \$65,000. Holders and enthusiasts did not seem alarmed by the bellwether cryptocurrency's retreat to \$55,000 mid this week, as most analysts believed it was a healthy pullback.

The flagship cryptocurrency has gained ground to new October highs above \$59,000 as of writing. There is only a matter of time before Bitcoin reaches the \$60,000 plateau and begins the final phase of its rise to record heights.

### The Periphery of Bitcoin Futures ETFs

Bloomberg reports that the Securities and Exchange Commission (SEC) in the US is expected to approve the first Bitcoin exchange-traded fund (ETF). Citing people with knowledge of the matter, the report concluded that the SEC "will not likely block the products from trading next week."

In an intriguing twist, the regulator posted a warning before the above report on its Twitter account saying, "Before investing in a fund that holds Bitcoin futures contracts, consider carefully the potential benefits and risks."

Investors should understand the difference between Bitcoin ETFs and Bitcoin Futures ETFs. The latter is a proponent of futures contracts and is filed under the existing mutual funds rules. However, there is a growing sentiment among investors and industry figures such as Anthony Pompliano that the introduction of the first Bitcoin ETF would be a catalyst to this already explosive situation.

As BTC reclaims all-time highs, the next rendezvous for bulls is above \$60,000, a move believed to be the final piece of the puzzle. Even so, it's unlikely that the party will end at \$65,000, as some speculate that it could top \$100,000 by 2021.



On the daily chart, you can see that the overall technical picture is bullish. The MACD and the RSI indicate the bulls' presence and growing influence. Any slight resistance is therefore likely to remain upward.



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