



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

7th July 2024

BITCOIN-RELATED



Bitcoin's price fell below \$54,000 on July 5, amid Mt. Gox payout concerns, potential government selling, and US economic uncertainty.

Per Google Trends, searches of “buy Bitcoin” spiked to their highest level in a month. The residents of Nigeria, Cameroon, Singapore, the United Arab Emirates, South Africa, and Australia are among the most intrigued ones. Americans were placed in the 12th spot, while those residing in countries like Sweden, Switzerland, the UK, and Ireland just behind.

Defunct exchange Mt Gox moved around \$2.7 billion worth of Bitcoin to another address late on July 4, ahead of its impending \$9 billion payout to creditors, according to Arkham.

The German Federal Criminal Police Office on July 1 transferred ~\$95 million of BTC to multiple crypto exchanges, including Bitstamp, Coinbase, and Kraken. Then, another ~\$175 million of BTC on July 4. These movements follow a series of transactions since June 19, where the German government has moved Bitcoin worth ~\$220 million, according to data from Arkham. (Addresses linked to German and US governments have recently sent \$737.6 million in Bitcoin to various exchanges – with Germany making up ~75% of that total.

A dormant Bitcoin address containing 119 BTC (~\$6.8 million) woke up and sent funds for the first time in 12+ years on July 4. The wallet made an initial transaction of 76 BTC (~\$4.4 million), according to Mempool, followed by a second 43 BTC (~\$2.4 million) transaction.

Singapore-based QCP Capital posted: “Bitcoin has a median return of 9.6% in July and tends to bounce back strongly, especially after a negative June (-9.85%). Our options desk also saw flows positioning for an upside move last Friday into the month-end, possibly in anticipation of the ETH spot ETF launch. Many signs point to a bullish July.”

Billionaire Bitcoin buyer Peter Thiel revealed he's sold much of his Bitcoin and isn't feeling bullish after the debut of a fleet of spot Bitcoin ETFs on Wall Street earlier this year. He told CNBC: “I still have a small position. I'm not sure [the Bitcoin price will] go up that dramatically from here from here. We got the ETF edition and I don't know who else buys it from here.”

Robinhood aims to offer CME-based Bitcoin (and Ether) futures in the US and perpetual futures in Europe through its Bitstamp acquisition.

A group of Bitcoin Core developers has introduced a comprehensive security disclosure policy to address past shortcomings in publicizing security-critical bugs. This new policy aims to establish a standardized process for reporting and disclosing vulnerabilities, thereby improving transparency and security within the Bitcoin ecosystem.

Mark Casey, portfolio manager of the Washington Mutual Investors Fund and Capital Group Growth ETF, recommended a Bitcoin book *Resistance Money* (released this month). Per Casey: “It’s the first book about Bitcoin to be published by an academic press, but it’s still very accessible and readable by a general audience. It does a great job of delving into the philosophy behind Bitcoin, which isn’t surprising because the authors – Andrew Bailey, Bradley Rettler and Craig Warmke – are philosophy professors. I highly recommend it to anyone who wants to know more about Bitcoin, and why it’s the only cryptocurrency that I find interesting.”

Set against the backdrop of the Bitcoin 2024 conference in Nashville, Tennessee, Satoshi Summer Camp is poised to be the highlight for families attending the event. This two-day extravaganza will blend fun, education, and community-building. (Read more about it, [here](#).)

INDUSTRY ADVANCES



Per a quarterly report from investment bank Architect Partners: The digital asset industry is beginning a major growth phase and is in a far better place than it was two years ago, published last week. The value of the crypto industry climbed more than \$750 billion in the first half. Growth was driven by a surge in the value of crypto tokens equating to more than \$700 billion, the successful launch of spot Bitcoin ETFs in the US, which drew in more than \$15 billion, and the appreciation of publicly listed crypto companies, which added a further \$11 billion. Crypto and the internet, both of which are disruptive technologies, have very similar characteristics – a noting the cryptocurrency market is recovering from the so-called crypto winter much faster than the internet recovered after the dot-com bubble burst in 2000.

Robinhood Crypto expanded its availability to all US states, including Puerto Rico and the US Virgin Islands, giving users across all territories the ability to trade 15 different crypto assets (e.g., BTC, ETH, etc.). This expansion was facilitated by regulatory adaptations (e.g., the Hawaii-specific MTL license is no longer required) and additional licensing.

Abra, the digital asset prime services and wealth management platform, introduced Abra Treasury, a service for corporates that want to hold crypto on their balance sheet as a reserve asset. The service will be operated by Abra Capital Management, which is an SEC-registered investment advisor, and will provide corporates, family offices, and non-profits with a range of digital asset treasury management solutions, including custody, trading, borrowing, and yield services and clients can hold their crypto in separately managed clients, allowing them to retain title and ownership over their digital assets.

Sony plans to restart the Whalefin crypto exchange, acquired from Amber Group in 2023, with the parent company now rebranded to S.BLOX.

Web3 applications hit a milestone with 10 million daily active users, marking a 40% increase last quarter, driven by growth in SocialFi, and NFTs.

CoralApp, a Binance-backed Web3 platform, introduced its new product, the Coral Phone. According to a recent announcement, the new smartphone will feature AI in conjunction with Web3 capabilities to bring DeFi, GameFi, and SocialFi to the masses.

Valora, a P2P payments app, introduced Mobile Stack, described as “an open protocol that simplifies the creation of Web3-native mobile apps on iOS and Android.” Its team said “it unlocks a critical pathway for bringing the next billion users on-chain by providing Web3 brands and startups with the tools they need to bring their apps to consumers’ fingertips.”

Mantra Chain will tokenize \$500 million worth of assets of Dubai-based real estate developer MAG Group.

CertiK, Web3’s leading blockchain security company, announced that CertiK successfully migrated its cloud infrastructure in Asia to Alibaba Cloud. This strategic move leverages Alibaba Cloud’s advanced resource management services to enhance the security, reliability, and cost-efficiency of CertiK’s blockchain applications.

Fidelity International and crypto bank Sygnum teamed up with Chainlink to bring NAV data on-chain, enhancing transparency for tokenized assets.

Schroders Capital teamed up with reinsurer Hannover Re to tokenize a portfolio of reinsurance contracts on a public blockchain as part of a proof of concept. The trial involved tokenizing a portfolio of reinsurance contracts with each token representing a share in the portfolio, and the tokens tradable on public blockchain.

Global cybersecurity company WISEKey, announced a project to integrate blockchain technology into space, aiming to revolutionize the satellite industry by improving logistics, insurance, regulatory compliance, and data security. WISEKey plans to test blockchain technology with its new WISESat satellite, set to be launched with SpaceX from Vandenberg Space Force Base in October.

Italian restaurant group Langosteria signed a wine and spirit supply agreement with Crurated, a UK company specializing in providing sought-after bottles protected by a blockchain-powered traceability technology to guarantee authenticity of origin.

MINING



Bitcoin's mining difficulty is set to drop by 5%, its second-largest decline since the FTX collapse, as miners face reduced rewards and lower hash prices.

Marathon Digital Holdings, the world’s largest Bitcoin mining firm, did not sell any of its Bitcoin holdings in June. According to the firm’s operations report published on July 3, the company held a total of 18,536 BTC worth over \$1.1 billion. Marathon Digital: “The company still intends to sell a portion of its Bitcoin holdings in future periods to support monthly operations, manage its treasury, and for general corporate purposes.”

Mining pool operator F2Pool reported that only five Bitcoin mining ASICs remain profitable – Antminer S21 Hydro, Antminer S21, Avalon A1466I, Antminer S19 XP Hydro, and Antminer S19 XP – as Bitcoin’s price fell below \$55,000 on July 5 and hashprice hit all-time lows.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES



Bitcoin ETFs in the US saw their largest daily inflow in almost a month on July 1, totaling \$129 million.

The iShares Bitcoin Trust (IBIT) arrived at the Santiago Stock Exchange, the main financial market for Chile, providing access to Chilean investors.

Bitwise refiled its S-1 for a spot Ethereum ETF ahead of the July 8 deadline, hoping to bring the product to market as soon as next week.

Steno Research: “The market's outlook on the upcoming Ethereum spot ETFs is overly pessimistic.” The firm anticipates “a net inflow of \$15 to \$20 billion within the first year, as Ethereum possesses qualities that appeal to Wall Street.”

Indxx announced the licensing of the Indxx Blockchain Ecosystem Index to Israel-based, Meitav Tachlit Mutual Funds as the underlying benchmark for the Indxx Blockchain Ecosystem TTF, which began trading on the Tel Aviv Stock Exchange on July 2. The Indxx Blockchain Ecosystem Index follows a rules-based approach to capture companies developing and selling Blockchain-based technology solutions. It also includes companies that are powering the global DeFi economy along with the companies that manage or develop digital assets.

FUNDRAISING & OTHER FUNDING (\$5 MILLION OR MORE)

According to Galaxy Digital Research, venture investors put \$3.2 billion into crypto companies during Q2. Deal count decreased slightly in Q2, dropping from 603 to 577.

Iris Energy raised \$413 million through stock sales to expand its Bitcoin mining operations, aiming for 30 EH/s hash rate capacity and 510 MW data center capacity.

Sentient locked \$85 million in seed funding, co-led by Founders Fund and Pantera Capital, to develop an open-source AI platform.

AlloraLabsHQ, a self-improving decentralized AI network, raised \$35 million in a strategic funding round, led by Polychain Capital.

Web3 investor DWF Labs launched a \$20 million Cloudbreak Fund to support promising projects in Chinese-speaking regions. The fund will back initiatives in GameFi, SocialFi, memecoins, and Layer-1/Layer-2 infrastructure.

Lombard closed a \$16 million funding round to integrate Bitcoin into DeFi through restaking, allowing users to earn interest by securing other crypto networks.

RedStone secured \$15 million in a Series A funding round to enhance its blockchain oracle services, led by Arrington Capital.

Prodia raised \$15 million in seed funding from Dragonfly Capital to expand its distributed cloud computing network, aiming to provide efficient, cost-effective services using Web3 infrastructure.

Pi Squared, the team on a mission to enable the next generation of verifiable computing, completed its seed round, raising \$12.5 million to build universal ZK Circuit powered by Proof of Proof. Polychain Capital led the round.

SendBlocks, a company in the blockchain data management space, announced that it emerged from stealth with \$8.2 million in seed funding – led by Castle Island Ventures.

Blockchain firm OpenLedger raised \$8 million in seed funding in a round, led by Polychain Capital and Borderless Capital.

QED Protocol secured \$6 million in seed funding from Blockchain Capital.

Mamori secured \$5 million in seed funding from Blockchain Capital to enhance Web3 security through its innovative algorithm detecting potential blockchain software exploits.

IPOS, M&A, PARTNERSHIPS & DEALS



German Bitcoin miner and cloud computing firm Northern Data AG is reportedly seeking an IPO for two of its entities in the US at a valuation of up to \$16 billion.

Bitcoin miner Genesis Digital Assets is reportedly exploring the possibility of going public.

Indian crypto exchange CoinDCX bought fellow trading platform BitOasis for an undisclosed amount, marking its entry into the Middle East and North Africa (MENA) and its first international expansion.

Consensys acquired crypto security app Wallet Guard to enhance MetaMask's security and protect the non-custodial Web3 wallet's 30 million monthly active users from theft and fraud.

Igloo, parent company of Pudgy Penguins, acquired the Web3 platform Frame to develop Abstract Chain, a Layer-2 network for on-chain culture.

Kraken is considering using nuclear energy to power its data centers, amidst an expected boom in DeFi and increased demand for its services. The exchange is not looking to build its own reactors but is considering partnering with energy providers that can supply nuclear power with small modular reactors. According to the company's chief technical officer, Vishnu Patankar, Kraken is looking to secure its energy supply given the massive surge in demand from AI and high-performance computing firms which is changing the landscape in terms of power stability. Kraken is exploring nuclear power options in North America and Europe.

Crypto exchange Gemini signed a five-year sponsorship deal with Real Bedford football club. The club, co-owned by Peter McCormack, will receive payments in Bitcoin as part of the deal.

Obol Labs formed a group with Ethereum ecosystem companies to advance distributed validator technology for blockchain security and decentralization.

Cloudburst Technologies, a leader in off-chain intelligence data for the digital asset market, and Chainalysis, the blockchain analysis company, announced a strategic partnership aimed at rethinking the role of deep and dark web data in cryptocurrency investigations.

DEFI



dYdX introduced in-app staking, allowing users to stake and unstake DYDX directly through the dYdX trading interface at dydx.trade and earn USDC staking rewards.

Aave DAO approved a \$12 million grant to Aave Labs for developing Aave v4 and new visual assets, which is set to be completed by 2025.

The Aptos Foundation proposed deploying Aave V3 on the Aptos mainnet and is currently gathering feedback from Aave's governance community.

As it faces allegations by the SEC, liquid staking leader Lido is preparing to become more decentralized by taking a step toward integrating a more diverse set of Ethereum node operators, such as solo stakers, the “gold standard” for staking, per the Ethereum Foundation. A Lido initiative called Community Staking Module, which is expected to allow permissionless entry for node operators, activated on the Holesky test network.

New restaking protocol Symbiotic crossed \$1 billion in TVL.

CBDCS & STABLECOINS



The Bahamas is developing regulations to require commercial banks to distribute its Sand Dollar CBDC to increase adoption, as current usage remains limited.

EU stablecoin users are being urged to convert non-compliant stablecoins to regulated ones as the Markets in Crypto Assets (MiCA) regulations take effect.

Russia is considering legalizing stablecoins for international transactions to improve cross-border payments and mitigate the effects of ongoing sanctions. The Russian Central Bank is looking to regulate the transaction chain from entry to utilization. Its initiative would primarily target facilitating transactions with BRICS countries effectively integrating stablecoins into the national framework for international settlements.

Aave DAO is launching its GHO stablecoin on Arbitrum, aiming to boost adoption through a “cross-chain expansion strategy.”

Circle became the first global stablecoin issuer to secure an Electronic Money Institution license, a prerequisite to offering dollar- and euro-pegged crypto tokens in the EU under the MiCA regulatory framework. The license gives the company, whose USDC trails behind rival Tether's market-leading USDT, pole position in grabbing market share among the 27-nation trading bloc's 450 million people.

Paxos gained approval from the Monetary Authority of Singapore to issue stablecoins, with DBS providing custody and cash management services.

Tether signed a memorandum of understanding with local crypto platform BTguru to evaluate digital asset-related educational initiatives in Turkey.

Farcaster introduced in-app USDC payments to simplify crypto transactions, eliminating the need for wallet addresses.

NFTS, BLOCKCHAIN GAMING & METAVERSE



A US District Court judge in Massachusetts denied DraftKings' motion to dismiss a class action lawsuit alleging its NFTs are unregistered securities, potentially setting the stage for a landmark trial that could reshape the NFT landscape. The case, *Dufoe v. DraftKings*, which was filed in March 2023, claims that DraftKings' sports-themed NFTs on the Polygon blockchain meet the criteria of the Howey test, potentially classifying them as securities. Now, a new court filing indicates the case is moving forward under Judge Denise Jefferson Casper.

A wallet address labeled by Arkham as belonging to bankrupt crypto hedge fund 3AC accidentally bought an NFT nearly three years after placing a bid that was seemingly missed by its liquidator, Teneo. The 3AC wallet placed a bid of 20 ETH (\$58,800) for the “Neon Village” NFT on Aug. 21, 2021, according to NFT marketplace SuperRare, which was accepted on July 5 by the previous owner.

Web3 gaming ecosystem Pixelverse will add Solana-based meme coin character MEW to its real-time game rooster. The move will likely attract a new audience within the Telegram ecosystem, where the Pixelverse games operate.

JOB MOVEMENT



Tools for Humanity, builder of decentralized identity project Worldcoin, hired four seasoned experts to beef up areas like privacy, security, and identity management. Damien Kieran joins as chief privacy officer. Adrian Ludwig becomes chief information security officer. Ajay Patel becomes head of World ID. And Rich Heley becomes chief device officer.

Tokenovate, a provider of trade lifecycle event management, appointed Ciarán McGonagle as Chief Legal and Product Officer.

Social media giant Meta is seeking an AI expert for metaverse expansion – with the pay would be around ~\$347,000 a year plus a bonus, equity, and benefits.

REGULATIONS, RULINGS & COMMENTARY



The US Marshals Service, a part of the Department of Justice, awarded a \$32.5 million contract to Coinbase Prime for custody and advanced trading of its digital assets.

The US Department of the Treasury's Internal Revenue Service will require crypto brokers to file 1099 forms like their traditional investment-firm cousins, but DeFi operations and non-hosted wallet providers will have to wait for their own rule later in the year. The rule released on June 28 but will go into effect for transactions starting in 2025 and will require brokers to keep tabs on cost basis for customers' tokens starting in 2026. The IRS won't call for reporting on most routine stablecoin sales and is putting a \$600 annual threshold on NFT proceeds before they need to be reported.

The Bank for International Settlements (BIS) approved a disclosure framework for banks' exposure to crypto that must be implemented by the start of 2026, via its Basel committee on banking supervision. Per a BIS press release: “Members discussed the prudential implications of banks as potential issuers of tokenized deposits and stablecoins. Members noted that the scale and magnitude of financial stability risks from such products depend in part on their specific structures and jurisdictional laws and regulations.” (Read the full press release, [here](#).)

Hong Kong regulators plan to adjust crypto rules as needed, according to finance secretary Christopher Hui. His comments come amid questions of whether the country would relax crypto licensing regulations following the withdrawal of license applications by major exchanges in May.

South Korea is tightening crypto regulations with new guidelines and a 24-hour real-time monitoring system to enhance investor protection and prevent fraud.

Nigeria plans to establish nationwide research centers focused on AI, the Internet of Things, and blockchain to enhance its technological development.

Tokinvest, a pioneering marketplace for real-world asset tokenization, was granted a provisional broker-dealer license by Dubai's Virtual Assets Regulatory Authority (VARA). It also announced the formation of a new advisory board to propel global RWA tokenization.

Multicoin Capital is pledging up to \$1 million to support Senate candidates with favorable views of the industry.

BUGS, OUTAGES, HACKS, SCAMS, ALLEGATIONS, INVESTIGATIONS, ENFORCEMENTS & WRONGDOINGS

Bittensor developers paused the blockchain network following a suspected security exploit on user wallets, with \$8 million worth of TAO reportedly stolen.

An Illinois judge ruled in favor of the CFTC, declaring tokens OHM and Klima as commodities in a case involving a crypto Ponzi-like scheme.

A Texas judge approved an expedited schedule for the SEC's case against Consensusys, with a decision expected by late 2024 or early 2025.

Coinbase argued that SEC Chair Gary Gensler's emails are a valid source of discovery in its ongoing lawsuit with the regulatory body.

Evolve Bank, a crypto-friendly bank, has acknowledged a significant data breach involving the theft of 33 terabytes of user data by the Russian ransomware group Lockbit affecting users of Bitfinex, Copper Banking, and Nomad.

Digital Shovel Holdings filed a lawsuit against RK Mission Critical, RK Mechanical, and RK Industries in the US District Court for the District of Colorado, accusing them of patent infringement. The dispute revolves around Digital Shovel's V-Shape technology, designed to increase miner density in crypto mining containers.

Two former executives of Tether-backed German tech company Northern Data filed suit against the firm, alleging that they were wrongfully terminated after raising concerns about the company's financial health and alleging tax evasion.

The Floki Inu memecoin project warned users and the broader cryptocurrency community about ongoing scams involving unauthorized tokens falsely associated with its brand. The fraudulent tokens have surfaced on the Solana and Base blockchains.

TRON DAO welcomed an unprecedented victory by its founder Justin Sun in the People's Court of China over a landmark defamation suit filed against the Chongqing Business Media Group. Per court order, the media group has removed all of its false contents and issued a formal statement of apology to Sun, who has long been a target of media misrepresentations.

MISCELLANEOUS

Speculation surrounding the 2024 US presidential election surged on Polymarket, the predictions market on Polygon'. According to Dune Analytics, Polymarket attracted ~30,000 monthly active users and seen over \$110 million in trading volume for the month of June, both of which are all-time high figures for the predictions market.

In addition, more than \$216 million has been bet on the general presidential election contract on Polymarket, while \$10 million has been bet on Biden dropping out (with his odds of dropping out jumping to ~80%).

Polkadot spent \$87 million worth of DOT tokens on various activities for the first half of this year, doubling from the pace of the prior six months, community representatives for the blockchain published in a treasury report over the weekend. The treasury has just over \$245 million worth of DOT left for spending, an amount community members estimate will last for two years at current prices. The first-half spending represents a more than 125% jump from the nearly \$25 million spent in the second half of 2023.

Binance announced that 11 altcoins are facing a potential delisting. Its “monitoring tag” includes Balancer (BAL), Cortex (CTXC), PowerPool (CVP), Convex Finance (CVX), Dock (DOCK), Kava Lend (HARD), IRISnet (IRIS), MovieBloc (MBL), Polkastarter (POLS), Status (SNT), and Sun (SUN).

Blast, an Ethereum Layer-2 network created by the founder of Blur's NFT marketplace, Tieshun Roquerre, announced its second rewards distribution of 10 billion tokens. The Phase 2 airdrop is set to last 12 months, with user rewards split equally between Blast Points and Blast Gold.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Grayscale's Research Team posted "June 2024: Supply Overhang Weighs on Bitcoin." (See highlights below. Read the full piece, [here](#).)

- Ongoing and expected selling pressure from a variety of sources weighed on Bitcoin and crypto markets more broadly during June. However, fundamentals for the asset class were little changed, in Grayscale Research's view.
- There appeared to be more progress toward the listing of spot Ether exchange-traded products (ETPs). While timing remains uncertain, for the purposes of our market analysis, Grayscale Research assumes that these products will begin trading in Q3 2024.
- Absent a major shift in the macroeconomic outlook, Grayscale Research expects that crypto valuations can recover in the coming months.

Blockware Intelligence: This real-life case study from one of Blockware's hosted mining clients demonstrates how the ability to sell ASICs, and realize appreciation on the hardware, greatly improves the mining thesis; allowing miners to earn higher returns, faster. A client purchased 76 S19 K Pro ASICs for ~\$123,000 and paid ~\$37,000 in electricity costs throughout a four-month period from January to Mid-April. Had this client simply mined Bitcoin without liquidating their ASICs, they would have recouped 62% of their capital during this period. However, by selling the rigs at a higher price after mining with them for a few months, they returned 156% of their capital. This level of optionality is made possible by the existence of a liquid secondary marketplace.

Case Study - ASIC Buyer (S19K Pro 120 TH/s)



Cost

# of Units	76
Cost per Unit	\$1,620
Upfront Capital	\$123,120
OpEx	\$37,244
Total Spend	\$160,364

Revenue Mining Only

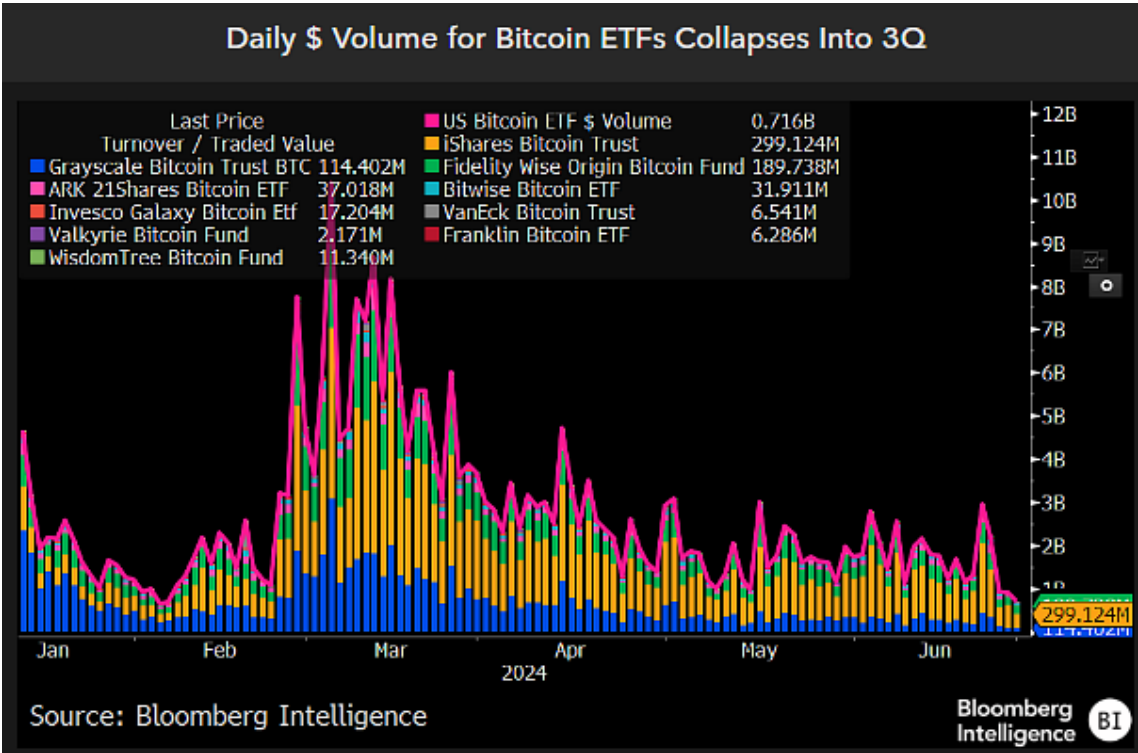
BTC Mined	1.58
\$ Value of BTC Mined	\$99,954
Total Cash In	\$99,954
% of Capital Returned	62%

Revenue Mining + Sell ASICs

BTC Mined	1.58
\$ Value of BTC Mined	\$99,954
Hardware Sell Price	\$1,985
Hardware Sell Rev	\$150,860
Total Cash In	\$250,814
% of Capital Returned	156%

Case Study from 1/1/24 - 4/15/24
BTC Price at Close: \$63,450

James Seyffart on 7/2/24: US Bitcoin ETF flows have mostly stagnated. Not seeing tons of inflows, not seeing tons of outflows. Net inflows since launch sit at very healthy \$14.7 billion. BUT the trading volume for the group is definitely on a downtrend. The group hasn't hit \$3 billion since mid-May.



Eric Balchunas: Even though the 'Newborn Nine' Bitcoin ETFs got all the attention (and flows) in the first half, they were beat perf-wise by GBTC (which was #1 overall thx to big discount collapse in early Jan) and \$EETH, which returned 62% and 44% respectively.



Blockware Intelligence summarized last week from a mostly on-chain perspective...

BTC Drawdown Deepens: While American's celebrated freedom and independence, Bitcoin took a dive to levels not seen since February of this year. Various forms of sell pressure have compounded over recent weeks sending BTC to ~\$55,000; 25% below its all-time high. Retrospectively, Bitcoin bull markets are filled with drawdowns of equal or greater magnitude. These drawdowns provide the opportunity for convicted Bitcoin holders to add to their positions at a significant discount. However, during the moment it can be rattling, especially for newer, less convicted market participants.

Germany Selling Coins: Foolishly, the German Government has transferred more than \$390 million worth of BTC to exchanges over the past few weeks to be sold for fiat currency. From a geopolitical perspective, it is a strategic blunder for any nation-state to sell Bitcoin holdings for fiat currency given that they can simply print the latter out of thin air. Comparatively, Bitcoin is much more difficult to acquire given the immense amount of physical energy necessary to mine it and its limited supply of 21,000,000. According to Bitcoin Magazine, these BTC holdings were seized by German authorities from a movie piracy website, and the coins recently moved on-chain represent approximately 20% of their total holdings, with ~40,000 more BTC remaining in their possession.

Inefficient Bitcoin Miners: In the wake of April's halving in which the amount of newly issued Bitcoin dropped to 3.125, Bitcoin miners with inefficient hardware and high electricity rates have been struggling to turn a profit. The net result is increased sell-pressure on Bitcoin as these miners deplete their BTC treasuries in an attempt to subsidize their operations while they are unprofitable. The struggles of "weak" miners has resulted in the lengthiest miners capitulation in nearly two years, as indicated by hash ribbons. After the 2020 halving, there was a 2-months long miner capitulation. After which BTC's price began to increase dramatically due to the relief in sell-pressure. Miners who survived the initial decline in revenue were able to profit significantly as BTC's price increased by many multiples in the 12-18 months post-halving.

Declining Mining Difficulty: The Bitcoin network has a feature known as "the difficulty adjustment" which ensures Bitcoin blocks are mined every ~10 minutes regardless of how much computational power is being dedicated towards mining at any given moment. Inefficient miners unplugging their ASICs has resulted in the second largest negative difficulty adjustment in more than a year and a half. While negative difficulty adjustments are typically a sign of trying times for Bitcoin miners, they are highly beneficial for surviving miners. Miners that are still in operation are able to earn more BTC than they were previously, benefiting at the expense of those who unplugged. This is ruthless, free-market competition. The post-2020 halving miner capitulation saw two consecutive negative difficulty adjustments of 6 and 9%. It's possible that difficulty continues to push lower from here. Only the strong survive.

US Spot Bitcoin ETF Flows: The signal within the noise is that ETF flows, which were a driving force behind BTC's rise earlier this year, remained net-positive for the week despite the bearish price action. The most important buying cohort is relatively unfazed by the recent volatility. A common concern echoed surrounding the introduction of Bitcoin ETFs would be how these investors respond to BTC price drops. Would they panic sell or buy the dip? They haven't aggressively smash bought the dip, but they haven't taken their ball and gone home. This is a testament to the power of passive flows, which likely represents a significant portion of ETF buyers. An increase in the amount of investors/capital that is price agnostic, and simply buys Bitcoin consistently, will decrease the magnitude of price drawdowns going forward.

Energy Gravity: At a typical hosting rate today, new-gen Bitcoin ASICs require ~\$52,800 worth of energy to produce 1 BTC.

Summary and conclusion from Glassnode’s “The Week On-Chain” from 7/3/24. (Read the full report, [here.](#))

The Bitcoin market is in an interesting place, with apathy and boredom dominating, despite prices being 20% below the ATH. The average coin is still holding a 2x unrealized profit. However, newer buyers are disproportionately underwater on their positions.

We also explored key pricing levels where investor behavior patterns may shift. We sought a degree of confluence across both on-chain and technical indicators and derived three key areas of interest.

- A break below \$58k to \$60k would put a significant number of STHs into loss, and trade below the 200DMA price level.
- Price action between \$60k and \$64k continues the current sideways trajectory of market indecision.
- A decisive break above \$64k would put a meaningful volume of STH coins back into profit, with a likely uptick in investor sentiment.

Volatility continues to compress across multiple time frames, both from a pricing, and an on-chain perspective. Metrics like the Sell-Side Risk Ratio, and 60-day price range have fallen towards historic lows. This suggests that the current trading range is in the later stages of developing towards the next range expansion.

Conclusion from Coin Metrics’ “State of The Network” weekly report from 7/2/24. (Read the full report, [here.](#))

Bitcoin’s 5th epoch looks likely to be characterized by consolidation, with well-capitalized miners buying up the assets of less-efficient operators. The AI sector is also enviously enamored with the industry’s unique access to energy infrastructure, and many publicly-traded miners have seen success in embracing a more generalized datacenter strategy. Others remain laser-focused on Bitcoin, treating the HPC sideshow as a momentary distraction. Regardless, surviving the onslaught of efficiency gains and competitive pressures requires all miners to turn their sights towards the future, with the long-term trajectory of BTC price remaining an unpredictable input to a highly capital-intensive business model.

Blockworks updated key metrics...

Total Crypto Market Cap	\$2.65 T
Bitcoin Market Cap	\$1.32 T
Ethereum Market Cap	\$421.48 B
ETH/BTC Ratio	0.05
Ethereum Gas Price	4 gwei
DeFi TVL	\$176.01 B
Fear and Greed Index	26 (Fear)

Raoul Pal: The Latest Exponential Age Asset Management performance tables are out. Crypto still comfortably leading both long-term and YTD.

EXPLAN

Digital Assets Have Been The Best Performing Assets In 11 Of The Last 14 Years.

Returns in %	ETF/Coin	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*	Cumulative	Annualized
Bitcoin	BTC	1474	186	5310	-56	33	126	1339	-73	93	304	60	-64	155	48	20,892,664	140
Ethereum	ETH						771	9082	-82	-3	473	399	-67	91	50	369,192	149
Solana	SOL											473	-94	922	44	9,596	214
US Nasdaq 100	QQQ	3	18	37	19	9	7	33	0	39	48	27	-33	54	17	881	18
US Large Caps	SPY	2	16	32	13	1	12	22	-5	31	18	29	-19	24	15	439	13
US Small Caps	IWM	-4	17	39	5	-4	22	15	-11	25	20	15	-21	15	1	204	8
US REITs	VNQ	9	18	2	30	2	9	5	-6	29	-5	41	-28	7	-5	136	6
LD Treasuries	TLT	34	2	-13	27	-2	1	9	-2	14	18	-5	-32	-1	-7	30	2
Preferred Stocks	PFF	-2	18	-1	14	4	1	8	-5	16	7	7	-21	1	2	55	3
High Yield Bonds	HYG	7	11	6	2	-5	13	6	-2	14	4	4	-13	4	1	61	3
IG Bonds	LQD	10	10	-2	8	-1	6	7	-4	17	11	-2	-19	4	-3	45	3
EM Bonds	EMB	8	17	-8	6	1	9	10	-5	15	5	-2	-21	4	0	39	2
EM Stocks	EEM	-19	19	-4	-4	-16	11	37	-15	18	17	-4	-22	6	6	13	1
Gold	GLD	10	7	-28	-2	-11	8	13	-2	18	25	-4	-1	13	12	55	3
US Cash	BIL	0	0	0	0	0	0	1	2	2	0	0	0	-1	1	5	0
Commodities	DBC	-3	4	-8	-28	-28	19	5	-12	12	-8	41	19	-11	5	-13	-1
Highest Return		BTC	BTC	BTC	VNQ	BTC	ETH	ETH	BIL	BTC	ETH	SOL	DBC	SOL	ETH	BTC	SOL
Lowest Return		EEM	BIL	GLD	BTC	DBC	BIL	BIL	ETH	BIL	DBC	TLT	SOL	DBC	TLT	DBC	DBC

Source: CoinMarketCap, Yahoo Finance; * data until 2024-06-30

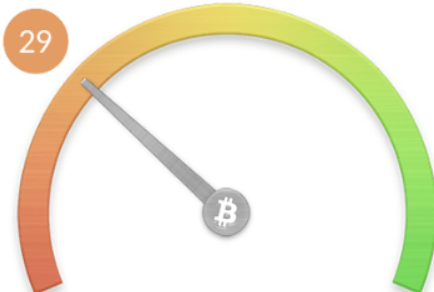
EXPONENTIAL AGE ASSET MANAGEMENT

The Crypto Fear & Greed Index – which shows market enthusiasm towards Bitcoin and other large cryptocurrencies, with 0 being extreme fear and 100 translating to extreme greed – dropped to 29 on July 5 (even lower after). That's its deepest dive into the fear zone since early January 2023.

Fear & Greed Index

Multifactorial Crypto Market Sentiment Analysis

Now:
Fear



alternative.me

Last updated: Jul 5, 2024

Historical Values

Now

Fear

29

Yesterday

Fear

44

Last week

Neutral

Last month

Greed

75

Highlights from Travis Kling's (CIO – Ikigai Asset Management) monthly crypto commentary...

Opening Remarks

June was relatively quiet for crypto although still bringing significant events, mostly on the regulatory side. After the enormously positive surprise month we had for crypto regulations/politics in May, ETH marched towards launching spot ETFs in June and we'll likely have them trading in July. The SEC sued Consensys over MetaMask, named Lido and RocketPool as securities, but left out ETH, appearing to finally acquiesce after 6+ years of mixed signals and uncertainty about ETH's security status.

You would have thought all of that would have added up to strong price performance for ETH, but that wasn't the case. ETH was down 9% in June, slightly lagging BTC's -7%, despite ETH ETF timing getting essentially locked in for July. That's a bit confusing and had market participants (those that bothered to be in front of the screens during summer) a bit nervous about crypto markets broadly.

It's worth highlighting that ETH is currently ~30% below prior ATH and BTC was ~35% below prior ATH immediately before the BTC ETFs started trading. So from that perspective, ETH is pretty much acting like BTC did. You recall what happened next- BTC ETF inflows blew expectations out of the water and BTC ripped to new ATHs. Given that, wouldn't you expect ETH price to be frontrunning strong ETH ETF inflows, after seeing what happened with the BTC ETF inflows? My best guess is that there weren't enough deep-pocketed bulls that believed initial ETH ETF inflows would be strong to drive ETH price higher in June – at least not relative to folks willing to sell ETH here. That's my best explanation for ETH price action in June. TBD on where those initial ETH inflows will end up shaking out.

ETH also may have been dragged down a bit by Bitcoin's supply overhang issue–

That all adds up to billions of dollars of BTC coming to the market, although we don't know the US and Germany's pace of selling or what Mt Gox creditors will end up doing. But it was enough to weigh on BTC price action in June. My guess is the BTC supply overhang will get worked out and price is heading higher later this year.

Market Update

BTC was -7% in June, -12% in Q2 and +48% in 1H. That's pretty solid performance YTD but honestly that Q2 performance was pretty crappy all things considered. For example, NASDAQ was +8% in Q2 with BTC -12%. Another example - Q2 BTC ETF inflows were \$2.4bn and BTC was -12%.

One thing that I think we can say with confidence is that the BTC ETFs have a lot of arb flow in them. We discussed this last month – you can look at the 13Fs and see arb guys in size and I have heard about it from multiple folks. There's NAV arb that gets laid off into futures and spot markets and then there's the same basis trade that's always been present in this market. At this point I don't get the sense you can glean ALL that much from just looking at daily ETF flows. The trend matters, but there's just a lot of other stuff going on under the hood.

In June, the US government sold ~4k seized BTC and the German government sold 6,500 seized BTC. This amounts to ~4% of their combined holdings. I have no idea what the future pace of sales will be, but if both those governments continue to sell 4% of their stack every month (not my base case), BTC price will almost certainly struggle over that time. It's a weird spot for BTC price to be beholden to US and German governments due to their stack of seized BTC, but here we are.

Last month I gave you this chart for BTC-



Source: TradingView. As of 5/31/24.

I think that chart still holds, although the white vertical ETH ETF line has moved out a few weeks. As mentioned above, the pace of government selling will matter here, but so long as they don't hammer it (I doubt they will but maybe), and so long as Mt Gox creditors don't aggressively dump en masse (I doubt they will but maybe), the above chart is probably a good look.

There are reasons to be excited about BTC price action in the near term. First you have nice July seasonality for NASDAQ, which hasn't had a down July since 2014-

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
10 Yr Avg	1.48	.62	.47	1.16	1.82	1.69	4.06	1.01	-2.93	1.42	4.13	-.44
2024	1.02	6.12	1.79	-4.41	6.88	5.97						
2023	10.68	-1.11	6.69	.04	5.80	6.59	4.05	-2.17	-5.81	-2.78	10.70	5.52
2022	-8.98	-3.43	3.41	-13.26	-2.05	-8.71	12.35	-4.64	-10.50	3.90	4.37	-8.73
2021	1.42	.93	.41	5.40	-1.53	5.49	1.16	4.00	-5.31	7.27	.25	.69
2020	1.99	-6.38	-10.12	15.45	6.75	5.99	6.82	9.59	-5.16	-2.29	11.80	5.65
2019	9.74	3.44	2.61	4.74	-7.93	7.42	2.11	-2.60	.46	3.66	4.50	3.54
2018	7.36	-1.87	-2.88	.04	5.32	.92	2.15	5.71	-.78	-9.20	.34	-9.48
2017	4.30	3.75	1.48	2.30	2.50	-.94	3.38	1.27	1.05	3.57	2.17	.43
2016	-7.86	-1.21	6.84	-1.94	3.62	-2.13	6.60	.99	1.89	-2.31	2.59	1.12
2015	-2.13	7.08	-1.26	.83	2.60	-1.64	2.84	-6.86	-3.27	9.38	1.09	-1.98
2014	-1.74	4.98	-2.53	-2.01	3.11	3.90	-.87	4.82	-1.90	3.06	3.47	-1.16
	-13.26 15.45											

Source: @zerohedge. As of 6/20/24.

BTC also has very nice July seasonality in years when June is negative-

Bitcoin Monthly returns(%)												
BTC ↕	Daily returns(%)			Weekly returns(%)			Monthly returns(%)			Quarterly returns(%)		
Time	January	February	March	April	May	June	July	August	September	October	November	December
2024	+0.62%	+43.55%	+16.81%	-14.76%	+11.07%	-8.44%	🤔					
2023	+39.63%	+0.03%	+22.96%	+2.81%	-6.98%	+11.98%	-4.02%	-11.29%	+3.91%	+28.52%	+8.81%	+12.18%
2022	-16.68%	+12.21%	+5.39%	-17.3%	-15.6%	-37.28%	🤔	+16.8%	-13.88%	-3.12%	+5.56%	-16.23%
2021	+14.51%	+36.78%	+29.84%	-1.98%	-35.31%	-5.95%	🤔	+18.19%	+13.8%	-7.03%	+39.93%	-7.11%
2020	+29.95%	-8.6%	-24.92%	+34.26%	+9.51%	-3.18%	🤔	+24.03%	+2.83%	-7.51%	+27.7%	+42.95%
2019	-8.58%	+11.14%	+7.05%	+34.36%	+52.38%	+26.67%	-6.59%	-4.6%	-13.38%	+10.17%	-17.27%	-5.15%
2018	-25.41%	+0.47%	-32.85%	+33.43%	-18.99%	-14.62%	🤔	+20.96%	-9.27%	-5.58%	-3.83%	-36.57%
2017	-0.04%	+23.07%	-9.05%	+32.71%	+52.71%	+10.45%	+17.92%	+65.32%	-7.44%	+47.81%	+53.48%	+38.89%
2016	-14.83%	+20.08%	-5.35%	+7.27%	+18.78%	+27.14%	-7.67%	-7.49%	+6.04%	+14.71%	+5.42%	+30.8%
2015	-33.05%	+18.43%	-4.38%	-3.46%	-3.17%	+15.19%	+8.2%	-18.67%	+2.35%	+33.49%	+19.27%	+13.83%
2014	+10.03%	-31.03%	-17.25%	-1.6%	+39.46%	+2.2%	-9.69%	-17.55%	-19.01%	-12.95%	+12.82%	-15.11%
2013	+44.05%	+61.77%	+172.76%	+50.01%	-8.56%	-29.89%	🤔	+9.6%	+30.42%	-1.76%	+60.79%	+449.35%
Average	+3.35%	+15.66%	+13.42%	+12.98%	+7.94%	-0.48%	+7.98%	+2.69%	-4.78%	+22.90%	+46.81%	+5.45%
Median	+0.29%	+15.32%	+0.50%	+5.04%	+3.17%	-0.49%	+9.60%	-7.49%	-5.58%	+27.70%	+8.81%	-3.59%

Source: @0xjaypeg. As of 6/26/24.

BTC has had negative Junes in 2013, 2018, 2020, 2021 and 2022. Every year, July was positive, averaging +19% in July. Nice.

Another noteworthy factor is BTC hashrate. Hashrate has currently declined ~8% from its recent peak. It is typical for hashrate to decline after the halving, as unprofitable miners roll off. Hashrate will also decline from significant declines in BTC price. The current 8% decline is in-line with the last significant decline we saw after the FTX collapse, which marked the bottom in BTC price.



This next one is courtesy of Pladizow. Top panel is BTC in white and the 200D moving average in red. Bottom panel is weekly Bollinger Band Width, a measure of realized volatility. As you can see, BTC realized volatility is at historically low levels – only been this low 8 other times (green vertical), to be precise.



6 out of 8 times price went up after, 2 times price went down. But when you add the 200DMA to the mix, you can see that whenever price is above the 200D, the low realized volatility resolves with higher prices. When price is below the 200D, volatility expands with price going lower. Basically, when you're in an uptrend, low vol means a price increase is coming next. Nice.

Last month we took note of the ETHBTC chart on the verge of breaking out of its 18-month downtrend, after experiencing a +20% weekly candle on huge volume. Fast forward a month later and we saw virtually zero follow-through on that volume-



ETHBTC was actually down 2% in June and is currently hugging that downtrend line. This is the backdrop for ETH ETFs to begin trading, which will likely happen in July. Solely from a price perspective, there's been pretty minimal frontrunning IMO. If the first couple weeks of inflows are weak, I would expect ETH to trade off, but it could end up being a good buying opportunity.

As you can see, ETH price is currently 12% off its recent high (which is in-line with BTC over that period), and only 12% above where price was when the ETH ETF approval news broke. 12% down from here is where price was when the market was assigning little probability to ETH ETFs near term.



Is there a chance the initial ETH ETF inflows disappoint and price pukes all the way back down there? Yes, there is. Specifically, the Open Interest profile on ETH is a potential cause for concern, should initial ETF inflows disappoint.



Above in green is aggregate ETH OI (in ETH terms, not dollar terms). You can see the big spike up on the ETF news. That was a ~19% increase in OI. That's a pretty big move. If initial ETF inflows disappoint and all the OI runs for the exits (or gets liquidated), you could see a pretty nasty move to the downside –

perhaps 20%. But I would expect that to get gobbled up pretty quickly. Like I said, only 12% down from here and price is where it was with no ETFs priced in. The market will likely anchor to that and see it as a buying opportunity, should it occur.

I'll leave you with one last point-

One lens that may be helpful to look at the ETH ETF inflows through is the following – if you are any kind of crypto whale (except maybe a BTC whale), you want the price of ETH to go up. Obviously if you're an ETH whale, that's true. But it's true for Solana whales and Aptos whales and Chainlink whales and Uniswap whales and Dogecoin whales and all the rest. Regardless of the size of your ETH bag, if you have big bags of ANY Alt, you want ETH price to go up. If you're Paradigm, Polychain, Pantera, Galaxy, Multicoin, Brevan Howard, Blocktower. You name it. The BEST POSSIBLE THING that can happen to your bags, is for ETH to go up a lot. Because first you get a crypto wealth effect, and then your bag magically becomes "cheap" to ETH. SOL's market cap is current 16% of ETH's. If ETH doubles and SOL stays flat, SOL is then only 8% of ETH's market cap.

If you're a crypto whale, you know this to be true. So you are incentivized to make it so. You are willing and able to make it so. So don't you probably make it so?

Closing Remarks

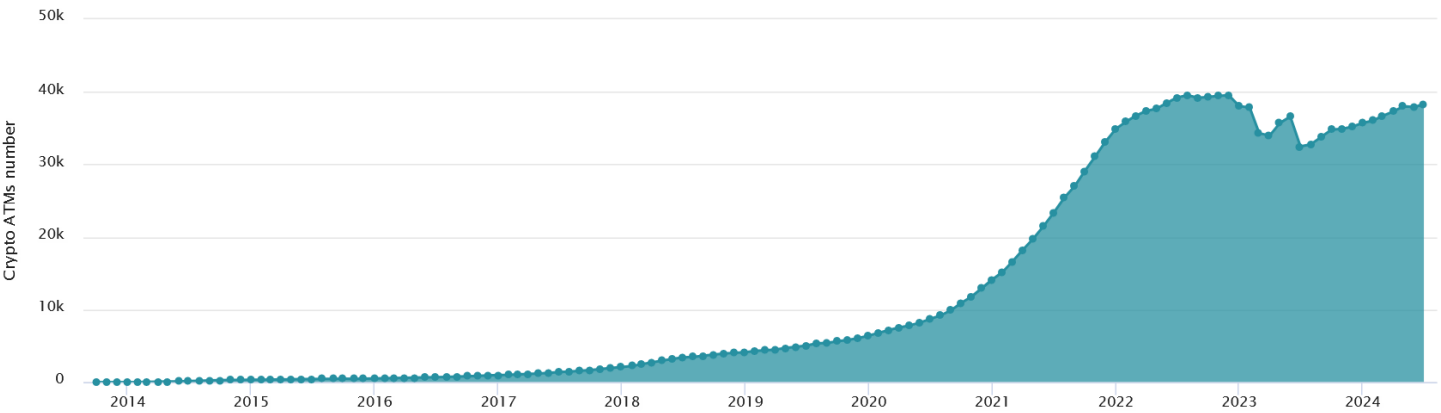
1H-24 in the books. Welcome to 2H! 1H-24 was an exciting one for crypto in general. We got BTC ETFs and then we got a huge pile of inflows into those ETFs. MicroStrategy raised billions and bought BTC. We got a new BTC ATH before the halving for the first time ever. BlackRock started tokenizing Treasuries. We had a major about-face on the Democrats' stance towards crypto, which led to an ETH ETF approval when virtually no one thought we'd get one. There were more negative things that happened too but I won't harp on them here. You can go here to peruse the historical list of bulleted Monthly Highlights.

2H-24 will likely be exciting too. The election is set to be a wild one. I don't have a good sense of the likelihood that Biden will actually be the Dem nominee. If you were one of the 51mm viewers that watched the debate last week, or you've been paying attention to the Defcon 5 aftermath of the debate, you know how dynamic the Biden situation is at the moment. If Biden is going to bow out, it seems like that needs to happen rather quickly, certainly by the Democratic convention on August 19th at the latest. And before that, we'll get a Trump sentence for his 37 felonies. Crazy times.

The outcome of the election will certainly matter for crypto. If you get a red wave (which is a whole lot more likely today than a week ago), crypto will likely rip. In fact, if the polls are looking that way, crypto should be trading well in advance of the elections. A red wave will likely bring sensible crypto legislation along with much higher crypto prices. If the White House, Congress and Senate are some mix of red and blue, it's anybody's guess about how crypto legislation would work out. But even a Trump presidency alone likely ushers in a favorable de facto crypto framework via executive orders and settlements and no action letters from the SEC and CFTC. So if you care a lot about crypto, you should want Trump to win.

That's a tough pill to swallow for the crypto bulls who loathe Trump, of which there are plenty. I'm certainly not a fan, but he's absolutely better than the alternative. Watching the debates last week was a reminder of how sad and strange our political process is at the moment. How did we end up here? How do we move on from this to something better and then make sure our political process never gets this broken again? Those are important questions.

Coin ATM Radar: The number of cryptocurrency ATMs installed worldwide has spiked 17.8% to 38,279 over the last 12 months – inching closer to its record of 39,541 set in December 2022. As of 2024, there have been 2,564 new cryptocurrency ATMs installed, indicating a positive trend compared to the net loss of 2,861 machines in 2023.



Matt Hougan's (Bitwise) Weekly CIO Memo: "The Tech Play: Why Ethereum ETPs Could Be More Successful Than You Think."

In last week's CIO Memo, I argued that Ethereum ETPs would gather \$15 billion in net flows by the end of 2025. That would be a massive haul, putting Ethereum ETPs near the top of the all-time list for most successful ETP launches.

It would not, however, match the success of Bitcoin ETPs.

Bitcoin ETPs have already pulled in \$14 billion in net flows after less than six months on the market. I expect that number to swell to north of \$50 billion by the end of 2025, as Bitcoin ETPs are approved on large platforms like Morgan Stanley and Merrill Lynch.

By market capitalization, Bitcoin is 3x the size of Ethereum, and it's better known, so it makes sense that Bitcoin ETPs would draw three times the flows of Ethereum products.

But something has been stuck in the back of my mind since I wrote that CIO Memo. If things break a certain way, I think Ethereum ETPs could vastly outperform my expectations.

Here's why.

A High-Growth Technology Play

Naive investors (and parts of the media) lump Bitcoin and Ethereum together. And it's understandable why: They're the two largest crypto assets. But readers of this memo know that they are as different as gold and oil.

By design, Bitcoin is structured as a new monetary asset. It aims to compete with gold, the US dollar, and other fiat currencies as both a store of value and (eventually) as a medium of exchange.

This is an exciting arena. Gold is a more than \$10 trillion market, and the market for "money" is the largest in the world. Bitcoin's value could easily jump 10x or more if it successfully penetrates these markets.

Ethereum is wholly different. Ethereum is structured as a technology platform: It is a fully programmable blockchain that serves as the backbone for new crypto-based applications, like tokenization, stablecoins, and decentralized finance.

And the economics of Ethereum are simple: Other things equal, as more people use these applications, the value of ETH – the asset that powers the Ethereum blockchain – grows. That's because you have to pay a fee in ETH in order to use the platform.

The Leading Blockchain by Use Case

	BITCOIN	ETHEREUM
Monetary Asset	●	
Tokenization		●
Stablecoins		●
DeFi		●
Gaming		●
NFTs		●
Digital Identity		●
DAOs		●

Source: Bitwise Asset Management

Why Ethereum ETPs Could Outperform Expectations

This is where my sneaking suspicion comes in that Ethereum ETPs could surprise to the upside. After all, investors love technology stocks. Nearly all investors have exposure to high-growth tech plays like Nvidia and Meta, and relatively few have exposure to monetary assets like gold.

It's pretty easy for me to imagine investors selling a small amount of their tech exposure and adding ETH. I'd argue it's easier than imagining investors carving out an entirely separate portfolio sleeve for a new monetary asset.

For this to happen, we need the core idea – that ETH is a technology investment – to gain mainstream traction. And for that to happen, you need to see two things: 1) More people need to understand how Ethereum differs from Bitcoin, and 2) some of the applications built on Ethereum need to gain mainstream traction.

What might that look like? Imagine stablecoins going from \$160 billion to \$1.6 trillion in assets as more people embrace the speed and transparency of blockchain-enabled payments. Or consider decentralized finance applications opening up new avenues for lending and borrowing with the onset of regulatory clarity. Or imagine more firms following BlackRock's lead and building tokenized funds on the Ethereum platform. Sure bets? Of course not. But you don't have to strain that hard to picture it.

Maybe someone needs to launch a new ETF that's 10% ETH and 90% tech stocks. As a starting point for the future of technology, you could do a lot worse.

CCData released a report titled “Integrating Digital Assets: Evaluating the Role of Cryptocurrency in Investment Portfolios.” (See key findings below. Download the full report, [here](#).)

- SEC Approvals Have Significantly Impacted the Crypto Market: The 11 spot Bitcoin ETFs in the United States have significantly altered cryptocurrency market dynamics. By June 7th, these ETFs had amassed nearly 875,000 BTC, contributing to a 171% rise in Bitcoin's price to a new high of \$73,802 in March. This approval also spurred a broader market rally, with the total crypto market rising 149% to \$2.70tn.
- Institutional Participation Driving Market Stability: Since the approval of spot Bitcoin ETFs, Bitcoin's trading behavior during US market hours has shown reduced volatility and a stronger alignment with traditional financial markets. Institutional open interest in Bitcoin instruments has increased notably, with CME derivatives participation outpacing open interest on centralized exchanges, highlighting the entry of more sophisticated market participants.
- Unlocking Greater Portfolio Returns with Digital Assets: Portfolios incorporating digital assets, such as Bitcoin and Ethereum, can achieve higher risk-adjusted returns, lower volatility, and greater diversification benefits compared to those excluding digital assets. An example analysis shows portfolios with digital assets achieving annual returns of 17.5% with an annualized volatility of 6.25%, compared to 7.46% volatility in portfolios without digital assets.

Continued fallout from the various crypto liquidity issues, regulatory problems, and 2022 ‘crypto winter’ in the space...

- Crypto-friendly Silvergate Bank settled with the SEC, Federal Reserve, and California regulator for \$63 million over allegations of inadequate anti-money laundering controls and misleading disclosures.
- Judge Amy Berman Jackson from the US District Court for the District of Columbia ruled that the SEC had brought plausible allegations against Binance, Binance.US, and Changpeng Zhao, refusing to dismiss most of the charges against the companies. She did, however, dismiss a charge tied to secondary sales of BNB by sellers who aren't Binance, a charge tied to the sale of BUSD and a charge tied to Binance's “Simple Earn” product.