AMBERDATA DIGITAL ASSET SNAPSHOT

2024-11-08

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In this edition, we explore how Trump's election victory and recent economic shifts could reshape the crypto landscape. With potential regulatory easing, a proposed U.S. Bitcoin reserve, and ongoing rate cuts by the Fed, the stage is set for crypto-friendly policies and renewed investment. Rising institutional inflows and pro-crypto congressional support further signal a promising future, potentially driving continued growth and solidifying crypto's role in mainstream finance.

What can we expect following Trump's victory?

- **Potential Departure of Gary Gensler from the SEC**
  With Trump in office, speculation has risen that Gary Gensler might be replaced as SEC Chair, easing the stringent regulatory stance that's characterized his tenure. Gensler's oversight led to numerous crypto lawsuits, putting pressure on innovation and discouraging some institutional investment. A change in SEC leadership could foster a more crypto-friendly environment, attracting more investors and opening doors for new products such as ETFs and other regulated instruments, which would boost liquidity and solidify crypto as a recognized asset class.

- **Establishment of a U.S. Bitcoin Strategic Reserve** The recent push by Senator Cynthia Lummis for a national Bitcoin reserve, backed by Trump, could transform Bitcoin's role in the U.S. financial system by making it a strategic asset. This initiative would mean the U.S. government purchasing and holding Bitcoin, reducing market supply and possibly elevating Bitcoin's status as "digital gold." Such a move could drive prices up due to increased demand, establish Bitcoin as an economic safeguard akin to traditional reserves, and set a precedent for other nations to follow, fueling global adoption.

- **Shift of Crypto Oversight to the Commodity Futures Trading Commission (CFTC)** Lawmakers favor shifting regulatory oversight from the SEC to the CFTC, which has generally taken a lighter approach to crypto, viewing assets like Bitcoin as commodities rather than securities. This transition could ease operational burdens on crypto firms, who would face fewer regulatory constraints and likely experience fewer legal roadblocks, fostering innovation in the industry. A CFTC-regulated environment would make the crypto market more accessible, thereby potentially attracting more institutional interest and contributing to the expansion of crypto markets as a legitimate financial sector.

- **Continued Fed Rate Cuts Bolstering the Crypto Market** The recent 25-basis-point rate cuts by the **Federal Reserve** and **Bank of England** reduce borrowing costs, fostering a risk-on sentiment and driving more capital into higher-yield assets like crypto. Lower interest rates encourage investors to seek alternative assets with growth potential, and Bitcoin, as a decentralized and inflation-resistant asset, becomes a more attractive hedge. This supportive monetary policy may sustain the current crypto bull run, as more investors turn to digital assets to diversify in a low-interest environment, further legitimizing crypto as a mainstream investment.

- **Increased Institutional Inflows into Bitcoin ETFs** Institutional investors have responded favorably to the election outcome, with Bitcoin ETFs experiencing record inflows, highlighted by BlackRock's iShares Bitcoin Trust, which reached $4.1 billion in trading volume post-election. This surge signifies growing institutional confidence in Bitcoin as a secure and regulated asset class, potentially adding price stability and enhancing liquidity. The rise in ETF investments broadens accessibility for institutional players, making it easier to gain exposure to Bitcoin without holding it directly, and thus increasing overall adoption in traditional financial circles.

- **Pro-Crypto Congressional Majority Likely to Push Favourable Legislation** A Congress with more pro-crypto members, including figures like Bernie Moreno and Tim Sheehy, is expected to support legislation that clarifies and promotes crypto regulation. This political backing could encourage innovation, reduce compliance costs, and establish a more predictable regulatory environment that attracts institutional investors. Favorable legislation could also protect crypto businesses, which may increase public trust in digital assets, helping the U.S. lead in the global blockchain and crypto sector by providing a stable regulatory foundation for long-term growth.

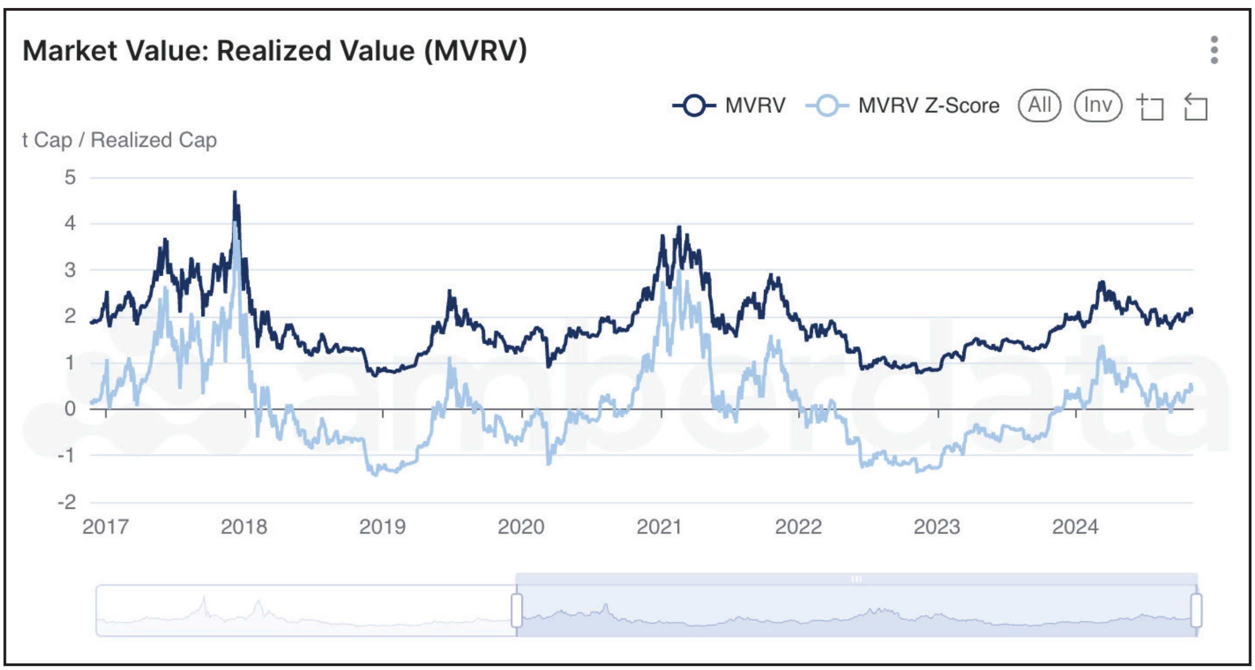
These shifts suggest a promising and bullish future for the crypto market, with regulatory, legislative, and macroeconomic factors aligning to sustain growth, attract investment, and expand the industry's legitimacy.

MARKET ANALYSIS

Bitcoin Price Momentum: Golden Cross Points to Extended Rally

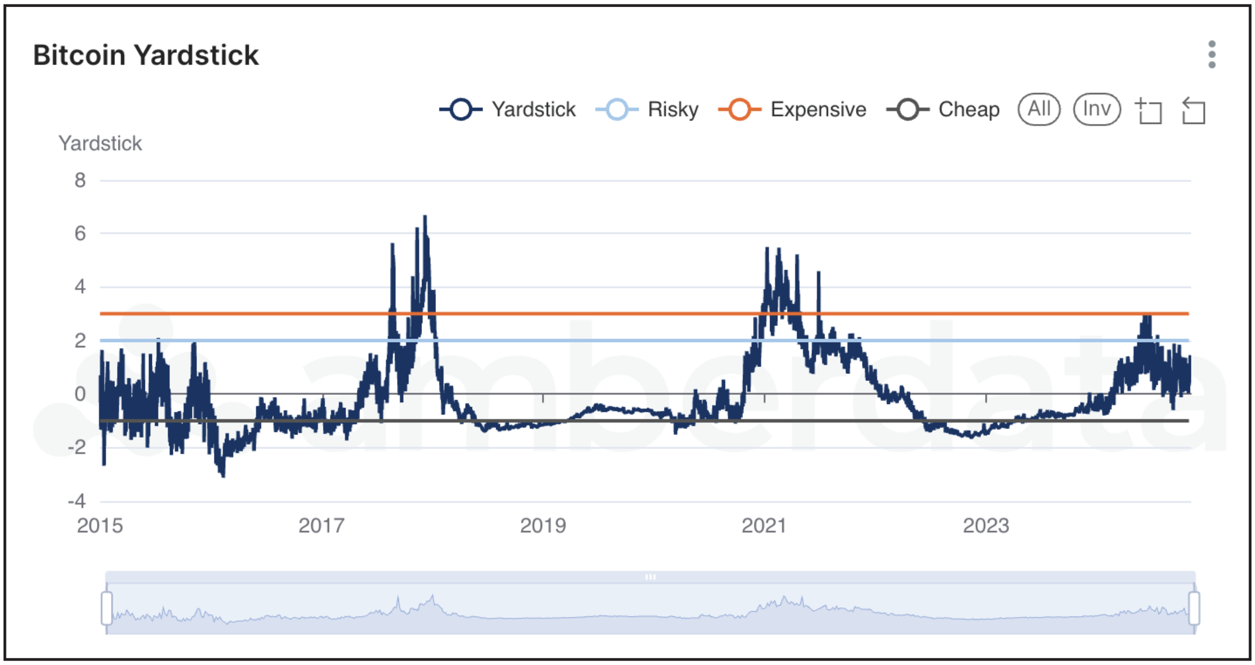
Bitcoin's recent price action underscores a solid bullish trend, supported by the "Golden Cross" between the 50-day moving average (50 DMA) and the 200-day moving average (200 DMA). This crossover, where the shorter-term 50DMA rises above the longer-term 200DMA, typically signals a significant upward shift in momentum and has historically led to multi-month rallies, similar to those seen in 2017 and 2021. For institutional traders, this points to favorable conditions for long-term positions as Bitcoin exhibits strong momentum, positioning itself as a bullish asset within their portfolios. This pattern highlights broader optimism, with potential for sustained growth as the market gains confidence in Bitcoin's upward trajectory.

MVRV Analysis: Room to Run Before Market Top



The MVRV Z-Score, which compares Bitcoin's market cap to its realized cap, provides a meaningful snapshot of Bitcoin's current "fair value" relative to historical norms. Currently, the MVRV is wide, showing a significant gap between the network's market value (2.2) and realized value (0.4). This wide divergence suggests we are far from reaching a typical market top, implying that Bitcoin could continue to gain value without facing immediate risks of a pullback. For investors, this metric signals that Bitcoin is trading at a premium to its realized cap but not at overheated levels, offering room for continued upward momentum. With the potential for further appreciation, traders may find this an attractive moment to capitalize on Bitcoin's undervalued position relative to its realized historical average.

Bitcoin Yardstick: Intrinsic Value Supports Upside

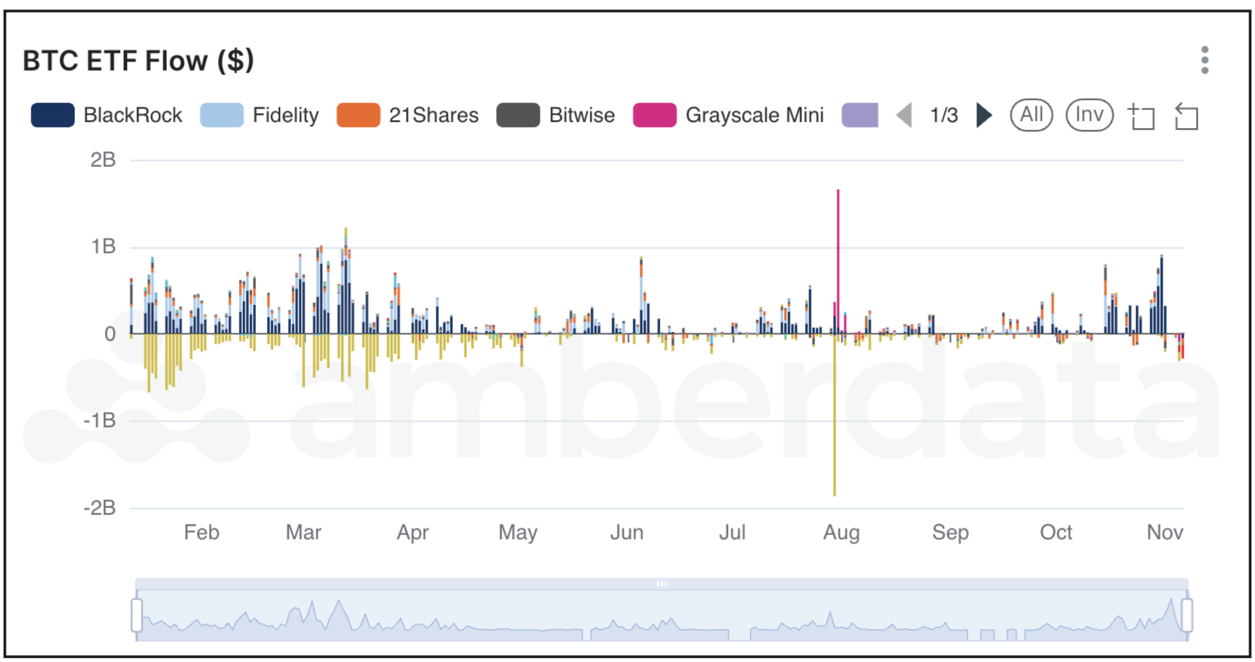


The Bitcoin Yardstick, which measures network value relative to the energy expended (hash rate), further affirms this bullish outlook. This metric is crucial because it assesses the intrinsic value of Bitcoin's security cost against its market value. With the yardstick below the +2σ level, Bitcoin remains within a "safe" valuation range, indicating that the network is not yet overheated despite recent price growth. Institutional investors should interpret this as a sign that, while Bitcoin is appreciating, it hasn't reached levels of excessive speculation. The implication is that Bitcoin's intrinsic network value supports its current price, suggesting potential for further gains with manageable downside risk.

Reserve Risk: Long-Term Holders Show High Confidence

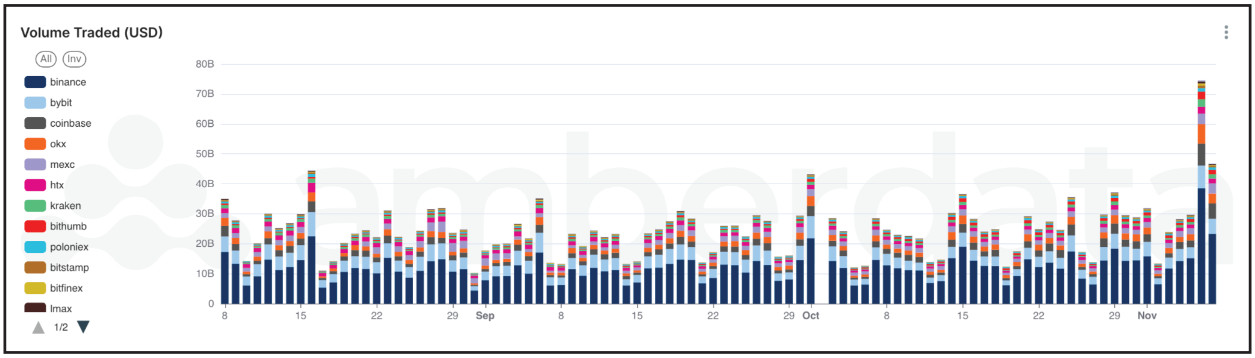
Reserve Risk measures the confidence of long-term holders against the current price, where lower values indicate high confidence combined with favorable entry levels. At a current Reserve Risk of 0.001, Bitcoin stands far from past market peaks, with the metric at only about 30% of its 2021 high. This low-risk value signals that seasoned investors retain high conviction in Bitcoin's long-term potential, often a precursor to prolonged price increases. For institutional players, this indicates a market still buoyed by strong hands, reducing the likelihood of sudden sell-offs and reinforcing the view that Bitcoin's current uptrend may have ample runway ahead. Traders can interpret this low Reserve Risk as a stable foundation for further accumulation.

Rising ETF Demand: Institutions Backing Bitcoin Growth



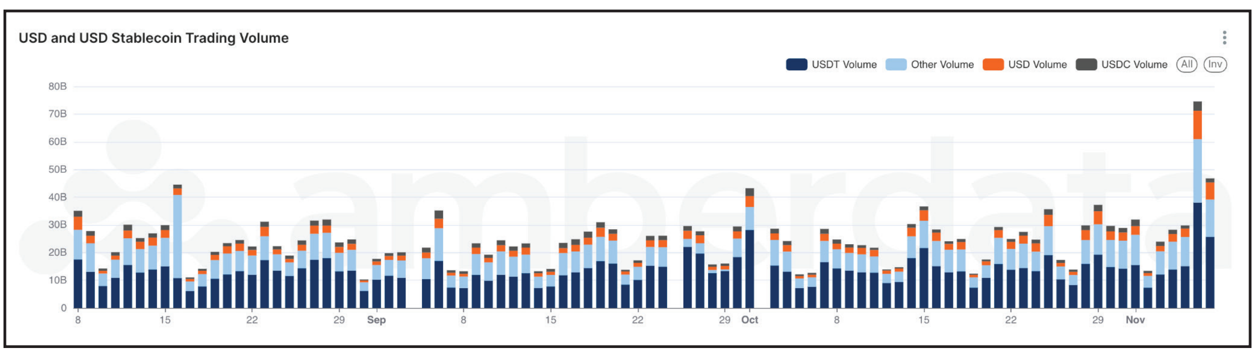
Demand for Bitcoin ETFs has surged, with holdings nearing $500 billion, a level last seen in March. Leading institutions like BlackRock, Fidelity, and Grayscale are capitalizing on this demand, collectively amassing substantial Bitcoin assets. This increase in ETF holdings signified growing institutional confidence, particularly ahead of regulatory milestones and key macroeconomic events such as the U.S. election. The rise in institutional participation signals deepening acceptance of Bitcoin as an investment-grade asset. Institutional traders, therefore, might see this as a long-term bullish signal, with increasing ETF inflows potentially adding stability and liquidity to Bitcoin's market, setting the stage for further upward price movement.

Spot Trading Surge: High Volume Signals Renewed Interest



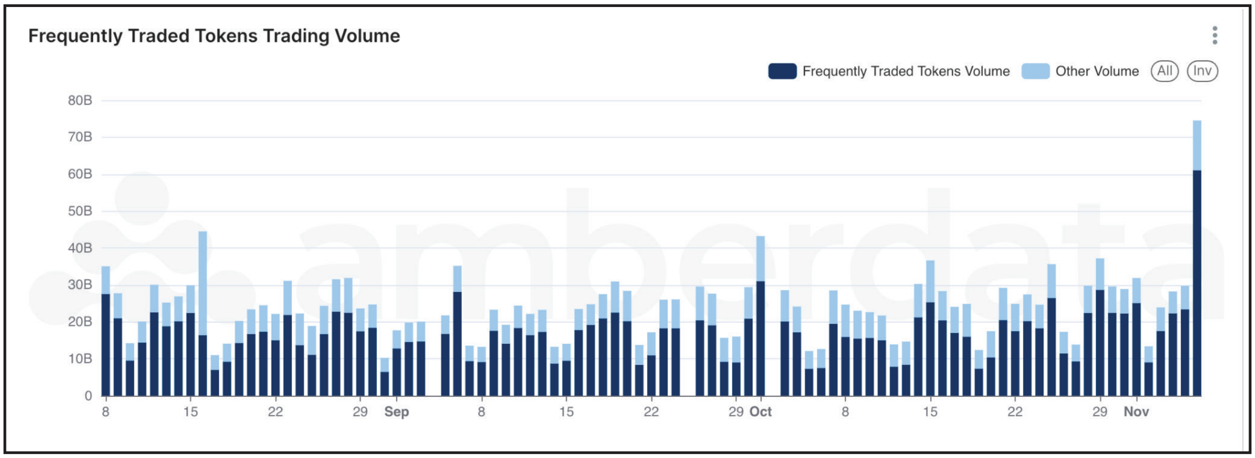
Spot trading volumes have seen a remarkable surge, reaching over $70 billion on November 6th and $50 billion on November 7th—substantially higher than the recent average of $20-25 billion. This spike suggests renewed interest in Bitcoin and likely enhances short-term volatility, offering more trading opportunities for active participants. Notably, non-USD pairs such as BTC/USDT and BTC/ETH have captured a larger share of trading activity, reflecting a growing preference for globally accessible trading pairs. For traders, this activity hints at intensified global participation and an environment conducive to higher liquidity, likely contributing to a sustained bullish trend across Bitcoin and related assets.

Stablecoin Dominance: USDT and USDC Drive Liquidity



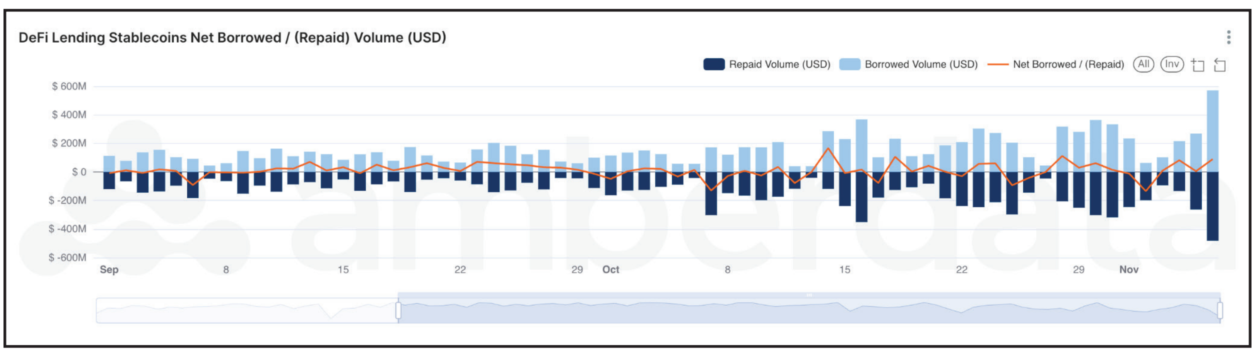
Stablecoin trading volumes, especially for USDT and USDC, have also increased markedly, with USDT pairs reaching nearly $40 billion in trading volume. This strong performance by USDT underscores its status as the preferred stablecoin, providing crucial liquidity and acting as a buffer in volatile markets. USDC's volume has spiked as well, notably on platforms like Coinbase, where it is treated as a fiat pair. For institutional traders, the dominance of stablecoins like USDT and USDC implies a reliable source of liquidity, bolstering Bitcoin's price resilience and underscoring the market's preference for stable, fiat-backed assets. This stablecoin-driven liquidity is essential for maintaining robust trading conditions as Bitcoin continues its bullish run.

Altcoin Activity: Broader Market Optimism Across Tokens



The positive sentiment extends beyond Bitcoin to other frequently traded tokens, including ETH, SOL, DOGE, and others. Increased trading volumes across these assets reflect renewed optimism in the market and provide liquidity that enhances price stability across the crypto ecosystem. This broad-based activity suggests that institutional and retail investors alike are willing to engage in a variety of assets, seeing potential in both high-market-cap coins and altcoins. For traders, this indicates a healthy diversification of interest, with opportunities not only in Bitcoin but in several leading altcoins, pointing to a more inclusive market rally.

DeFi Borrowing Recovery: Growing Confidence in DeFi



In the DeFi space, borrowing volumes have stabilized, with net borrowing turning positive and reaching nearly $100 million after dipping in early November. This recovery reflects a renewed sense of optimism among DeFi participants, who may perceive a more favorable outlook as market conditions stabilize. Institutional traders interested in DeFi markets should view this as a signal of confidence in DeFi lending and borrowing, suggesting a potential rebound in activity that could drive additional liquidity into these protocols. The recovery in net borrowing points to increasing demand for DeFi services, enhancing liquidity and providing a supportive backdrop for further growth in this segment.

Conclusion - A Bullish Environment

Bitcoin and the broader crypto market are positioned for continued growth, backed by bullish indicators such as the MVRV Z-Score, Reserve Risk, and ETF inflows. Together, these metrics reflect a confident market outlook among both retail and institutional participants, suggesting the potential for Bitcoin's sustained rally. As liquidity builds across stablecoins and DeFi protocols, the market appears well-equipped for further upward momentum, creating a positive environment for traders seeking opportunities in a bullish market landscape.

LINKS

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Spot Market

Spot market charts were built using the following endpoints:

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DeFi DEXes

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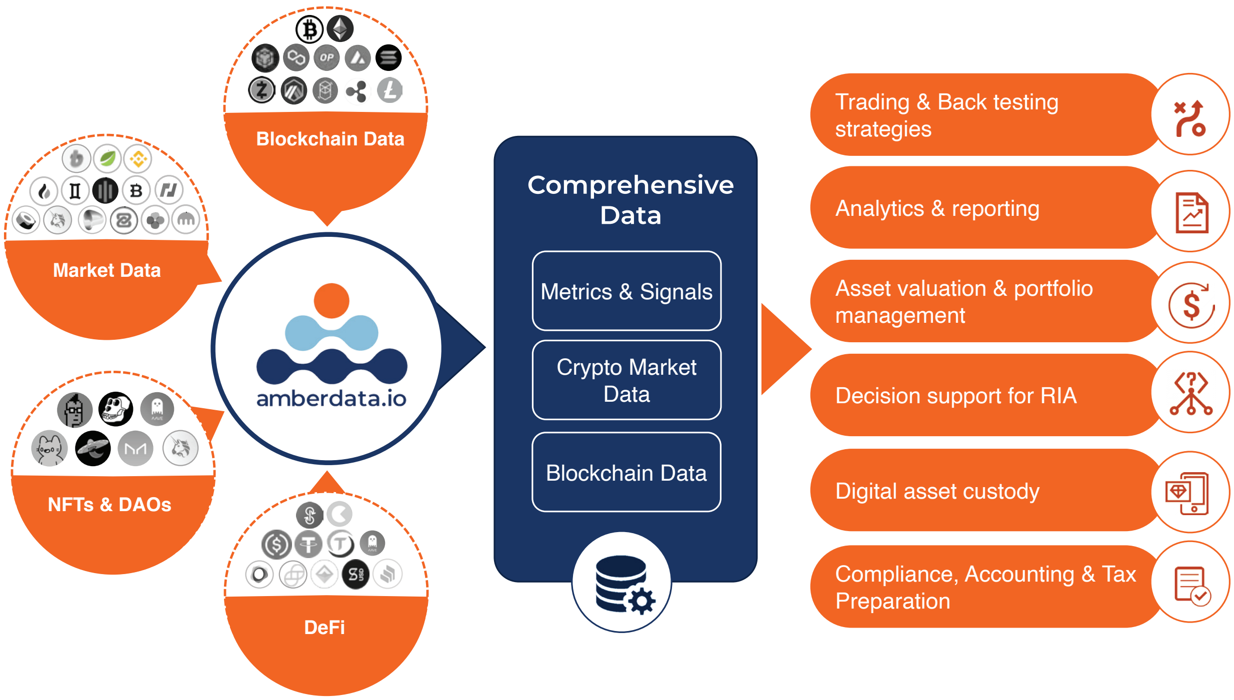

If you're looking to enter the digital asset space, you need Amberdata.

Our platform connects to all the blockchains and markets that matter today, allowing a comprehensive view of crypto markets, blockchain networks, NFTs, DAOs, and DeFi. We provide real-time and historical transparency into markets and price discovery across spot, derivative and decentralized exchanges, as well as on-chain data from the most active cryptocurrency networks and protocols.

Our data solutions support all pre- and post-trade functions. We provide deep market data, down to Level 2 order books, facilitating backtesting of quant trading strategies. And our blockchain data provides transparency not seen with other asset classes, allowing you to track pending transactions and wallet balances over time across various blockchain networks, as well as market cap and total value locked. You can also create analytics dashboards with fundamental data to track network health and understand DeFi data like liquidity and lending rates. For fund accounting and administration, you'll know what was in a wallet at any time and what it was worth in any currency. For institutions that want to do custody themselves rather than outsource it, we provide the on-chain data needed.

With Amberdata, you get a single integration point for market and on-chain data, eliminating the need to integrate offerings from multiple vendors and allowing you to accelerate time to market for your digital asset products. We've built our data sets with institutional use cases in mind, providing the easy to consume formats and reliability you receive with traditional asset classes.

Request a demo to find out how the Amberdata platform solves digital asset data challenges and enables institutions to enter the digital asset space quickly, easily, and reliably. amberdata.io/demo

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