

# **BITVO MARKET RECAP REPORT**

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### **INSIGHTS FROM THE BITVO TRADING DESK**

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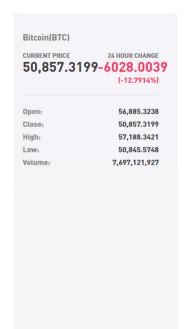
# WHAT HAPPENED IN CRYPTO LAST WEEK

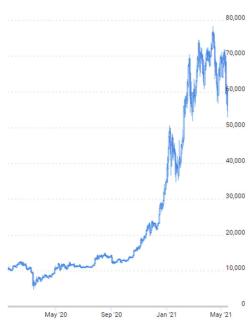


Last week was challenging for cryptocurrency markets as well as financial markets broadly with most experiencing price pressure. Higher than expected inflation data out of the U.S. kicked off the sell off. Specifically, U.S. CPI rose 4.2% year-over-year in April, well above expectations at 3.6% and at the fastest pace since September 2008. Crypto markets were hit harder than most due to a series of Twitter commentary from Elon Musk.

Overall, the price of Bitcoin was down over 20% on the week. The price of Ether continued to fare better, as it has done over the past two months, but was still down approximately 8%. Cardano was the only major crypto spared, up over 15% on the week.

Total cryptocurrency market capitalization shed about US\$400B, now sitting at US\$2.1T.







## **ALTCOIN HEADLINES**

#### What's on Elon's Mind?

After a knock against Dogecoin during his appearance on Saturday Night Live the prior week, Elon Musk appeared to be more supportive of the coin last week, taking to a Twitter poll to inquire if Tesla should accept Dogecoin as payment for cars and further stating that he was in dialogue with Dogecoin developers to see if the mining process for DOGE could be made more energy efficient.

#### What's Behind a Tether

Tether released an audit of its reserves last week that may have sparked more questions than answers. The audit, completed by Moore Cayman, a small Caribbean-based firm, detailed that Tether's reserves as of March 31, 2021 were composed of 75.85% cash and equivalents, 12.55% secured loans, 9.96% in corporate bonds and precious metals and 1.64% in other investments, including digital currencies. When diving further into the details, 49% of all USDT is backed by unspecified commercial paper.

#### Vitalik Chips In

Vitalik Buterin, the founder of Ethereum, donated more than US\$1B worth of crypto to the India Covid-Crypto Relief Fund.

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### **NEWSWORTHY BITS**



#### Musk Master Market Mover

After throwing all of his Twitter star power as well as the support of the firm he is CEO of behind Bitcoin earlier in 2021. Elon Musk shocked markets last week when he said that Tesla would no longer accept Bitcoin for payment of cars stating "We are concerned about rapidly increasing use of fossil fuels for Bitcoin mining and transactions, especially coal, which has the worst emissions of any fuel. Cryptocurrency is a good idea on many levels and we believe it has a promising future, but this cannot come at great cost to the environment."

#### But Yet He Hodls...

Despite his concerns, Musk said that both he personally as well as Tesla would continue to hold the Bitcoin they owned, with Tesla's position being worth over US\$1B. "Tesla will not be selling any Bitcoin and we intend to use it for transactions as soon as mining transitions to more sustainable energy. We are also looking at other cryptocurrencies that use <1% of Bitcoin's energy/transaction.", Musk clarified.

The price of Bitcoin dropped to US\$45,000 following Musk's Tweets.

#### ...For Now, That Is

However, in a Twitter exchange Sunday afternoon, Musk implied that Tesla sold or may sell the rest of its Bitcoin holdings, sending the price of the cryptocurrency down even further below US\$43,000.

Price has not yet recovered despite Musk's later clarification that Tesla has not yet sold. "To clarify speculation, Tesla has not sold any Bitcoin," Musk said in a Tweet.

### Counter Arguments

Musk's comments sparked many well-respected individuals, including Mark Cuban and the Winklevoss Twins, to aggressively counter Musk's statements. Main counter agreements favourably compared Bitcoin mining to gold mining, the banking system, governments, and others, noting that accepting US Dollars uses even more energy. Further, it is worth noting that the narrative about the digital age being too energy-intensive has been around for decades, including with the upbringing of the internet.

#### Corporates Continue to Buy

Many corporations used the price decline as a buying opportunity with long time supporter MicroStrategy buying another 270 Bitcoin for US\$15M. This brings MicroStrategy's total holdings to 91,850 Bitcoin acquired at an average price of US\$24,400 per Bitcoin. Canada's Mogo Financial added 146 Ether to its cryptocurrency holdings, which previously included Bitcoin. Finally, Peter Thiel's Palantir announced it will accept Bitcoin as payment and is thinking about a treasury investment.

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# BITVO'S CRYPTO TECHNICAL ANALYSIS SCORE



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Crypto	Overall	Short Term	Medium Term	Long Term
Market	Technical Score	(0-5 days)	(5-20 days)	(>20 days)
Bitcoin	30.59	30.96	30.52	30.29
	Poor	Poor	Poor	Poor
Ether	47.38	32.8	50.49	59.33
	Neutral	Weak	Neutral	Good
XRP	43.33	37.01	33.77	59.73
	Neutral	Wesk	Poor	Good
Bitcoin Cash	41.33	30.76	37.15	56.89
	Weak	Poor	Wesk	Heutral
Litecoin	41.63	30.76	38.39	56.5
	Weak	Poor	Weak	Neutral
Dash	63.43	61.12	65.14	64
	Excellent	Good	Excellent	Excellent

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