

Merry
Christmas



DIGITAL FUTURE CAPITAL

Cryptocurrency Market Insights
December 2020



MESSAGE FROM OUR CEO, KRIS LINDAHL:

November was an early Christmas present for all those on the monetary Nice list. The respected mainstream news organisation 'Reuters' published the following headline: "Dollar Plummets on U.S. Stimulus Hopes; Bitcoin Hits All-Time Peak". Confirming what we have been advocating for the past 3 years, Central Banks and Fiat money will fail if they continue to print money for nothing, because we now have an option to opt-out from monopoly money. As a testimony to this fact, the USD has lost 99.9% of its value against BTC since 2013. Winter is indeed coming!

The American and British deficit has been rapidly increasing ever since the 2008 banking fiasco, and the continued frivolous money printing policies have only been exasperated in 2020, leading many economists to claim we have entered a new realm of fiscal policy never seen before, and the decline of the U.S. dollar is, now according to many, inevitable.

Yet, we have seen this before, with the fall of the Roman Denarius (ancient Rome's monetary technology). They diluted the silver content through coin clipping (same difference as Quantitative Easing), and now all roads no longer lead to Rome; the irony does not elude me that both Civilisations are symbolised by the Great Eagle – clearly eagles are better predators than economists. As Santayana confidently proclaimed, "those who do not learn from history are doomed to repeat it". Alas, those who have learnt from history can now arm themselves with a brand-new asset class to avoid another repetitive history lesson. Typically, this scenario was merely the battle cry of early crypto and blockchain adopters, who have profited handsomely from all the Quantitative Easing in 2020, with BTC up 156% YTD. Meanwhile, DFC is currently up 205% YTD, and all our money is exactly where our mouth is!

Even Gold has lost billions in market cap to BTC in recent months, it has now beyond a doubt proven in the past decade that it is a far superior alternative to gold, the legacy store of value and Central Banking hedge. According to analysts at JP Morgan, family offices and other funds are selling their gold exchange-traded funds ("ETFs") for crypto with gold-backed ETFs dropping 93 tons of metal, worth some \$5 billion since November, as BTC is a better risk-adjusted hedge against the trillions of new money being printed. All of this seems to have led to a redistribution of funds from gold to BTC, but BTC's market cap is still just 3% that of gold. If that increases to just 5%, BTC's price would quickly rise above \$30k. Notably, already at \$350bn in market cap, BTC is the 20th largest company and the 6th largest currency on Earth; depending if you view it as a technology or money.

From all of us at DFC, have a truly merry Christmas. With a new Peer-to-Peer money technology now creating millions of new millionaires across the world for championing economic equality and data-privacy, tis the season to not get indebted to banks, as BTC coils down before new all-time highs in 2021, falalalala lalalala!





CRYPTO NEWS HIGHLIGHTS (ARTICLE LINKS IN HEADER)

[Ethereum 2.0 Successful Launch on Main-net](#)

The first of Ethereum 2.0 (ETH 2.0) is now live, with the team behind it describing its launch as successful, while ETH erased all its gains today.

At 12 UTC [01 December], the first phase has been launched. The Slot 1, the first that was able to be signed by a validator, was signed with "Mr F was here."



[Macro Guru Raoul Pal Reports Game-Changing Crush of Institutional Money Pouring Into Bitcoin](#)

"From what I know, and I know a lot of people in the industry, they are all onboarding institutional clients, family offices, endowments, at an enormous pace. But \$20,000 here is not the same as \$20,000 back then [in 2017]. Back then it had gone up 100 fold when it got up to \$20,000, we haven't even started this yet."



[QE Dystopia & Corporate Bitcoin Adoption](#)

The drug of quantitative easing (QE) is now wearing off and addictions to loose monetary policy are beginning to reveal themselves in subtle but potentially ugly ways.

The recent COVID-19 crisis has only exacerbated things with government yields in both the UK and the US likely to turn negative soon.



[Director of National Intelligence Lobbied SEC on Bitcoin, ETF Incoming?](#)

John Ratcliffe, the Director of National Intelligence (DNI) sent a letter to the chairman of the Securities and Exchanges Commission (SEC) expressing concerns over their overbearing approach towards cryptocurrencies.

It suggests that cryptos are now seen as a front line in Global competition

















[Dollar Plummets on U.S Stimulus Hopes, Bitcoin Hits All-Time High](#)

The dollar fell on Tuesday to its lowest level in more than 2-1/2 years, as investors' appetite for risk increased on prospects of further fiscal stimulus from the United States as well as expectations of a solid global recovery. News of a proposed COVID bill sank the dollar further, as did the resumption of talks about a stimulus package.





TOP 10 DIGITAL CURRENCY SUMMARY

| # | NAME | PRICE | 1M CHANGE | | MARKET CAP ↓ | 24H VOLUME |
|----|---|-------------|-----------|---|--------------|------------|
| 1 |  BTC Bitcoin | \$ 18,985 | 39.10% |  | \$ 352.37B | \$ 53.91B |
| 2 |  ETH Ethereum | \$ 589.76 | 52.52% |  | \$ 67.04B | \$ 21.54B |
| 3 |  XRP XRP | \$ 0.613201 | 158.12% |  | \$ 26.55B | \$ 15.37B |
| 4 |  USDT Tether | \$ 1.00 | -0.03% |  | \$ 18.55B | \$ 86.48B |
| 5 |  LTC Litecoin | \$ 86.12 | 58.54% |  | \$ 5.68B | \$ 8.81B |
| 6 |  LINK ChainLink | \$ 13.73 | 25.73% |  | \$ 5.42B | \$ 1.36B |
| 7 |  BCH Bitcoin Cash | \$ 290.48 | 13.28% |  | \$ 5.40B | \$ 2.76B |
| 8 |  DOT Polkadot | \$ 5.51 | 34.74% |  | \$ 4.94B | \$ 422.03M |
| 9 |  ADA Cardano | \$ 0.155020 | 64.82% |  | \$ 4.88B | \$ 1.09B |
| 10 |  BNB Binance Coin | \$ 30.26 | 8.52% |  | \$ 4.37B | \$ 739.88M |

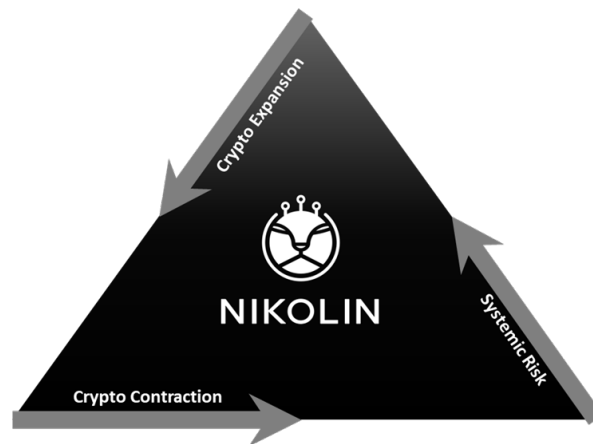
Source: coincodex.com (December 2nd 2020)



NIKOLIN™ FORECAST: BITCOIN

DFC employ a proprietary Quantitative Algorithm, named Nikolin™, providing global market leading cryptocurrency forecasts.

It utilises a mathematical triangulation of both fundamental and technical analysis, in combination with statistical arbitrage.



Here we share select high-level Nikolin™ forecasts and analysis for Bitcoin, the largest digital currency by market capitalisation.

These forecasts are subject to the most recent market data and are **for educational purposes only**.

Currently, our analysis is conducted on the Kraken exchange. Please be aware that prices may vary between exchanges.

Review of Past Monthly Insight (November)

Last month's short and medium-term forecast executed perfectly, as Bitcoin rallied towards its All-Time High ("ATH") price at \$19.7k from January 2018, prior to a year-long correction before resuming its bullish macro trend in Dec 2018. We are now 720 days into the next macro bull market with another 12-24 months remaining.

Short-term (1-3 weeks) – Bullish Consolidation

Bitcoin is now showing signs of short-term bullish exhaustion after setting a minor new ATH at \$19.9k on 1 December. Nikolin forecasts a correction towards \$17.6k to \$16.1k between 14-21 December. Thereafter it should attempt a new ATH in January 2021.

Medium-term (1-3 Months) – Bullish

After setting a new ATH in January between \$21.5k to \$35.5k, Bitcoin should again correct in February 2021 for the next entry opportunity, prior to the long-term forecast below executing.

Long-term (3-12 months) – Bullish

The fundamentals surrounding Bitcoin are exceptionally strong at the moment, and we anticipate a major bull run towards new ATHs. The bull market should terminate above \$100k in the next 12-24 months.



There are two simple assumptions:

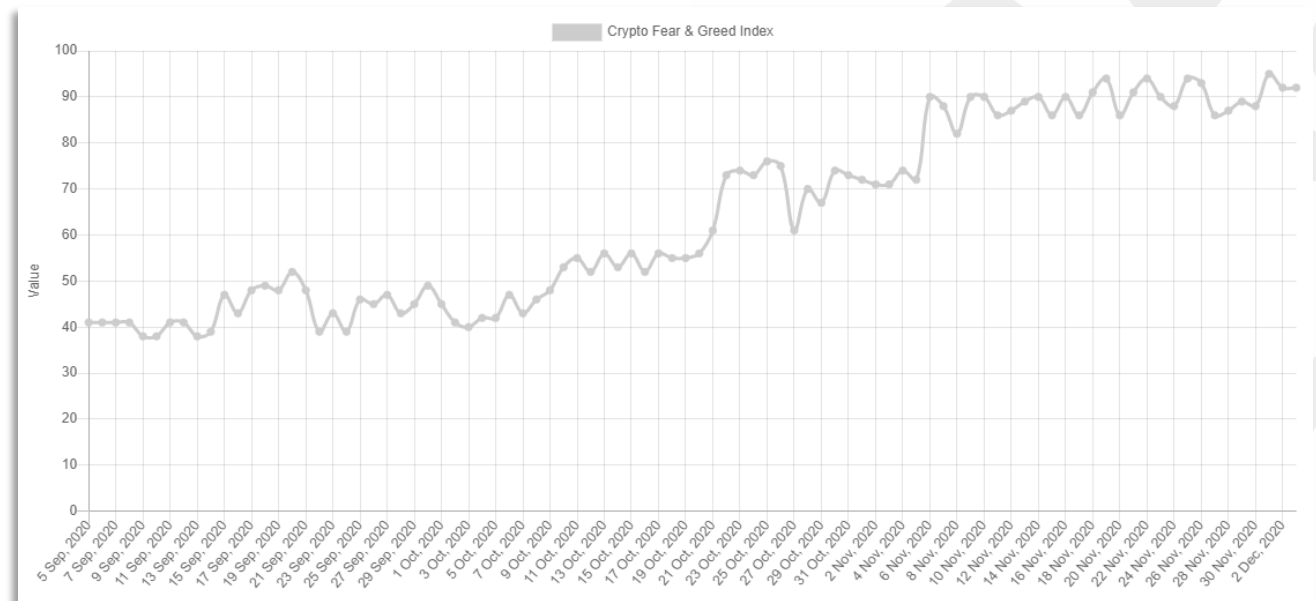
Extreme Greed (100), the market is likely in *Euphoria* leading to overbought conditions.

The 3-month chart clearly shows the massive shift in investor sentiment globally as institutional money is flooding into Bitcoin as a hedge from Quantitative Easing. Bitcoin has not only proven its resilience in a global recession but has outperformed every other asset class in 2020.

However, as we've seen before, when the market is in Extreme Greed, downside volatility is due to follow, and we consider this a dip buying opportunity if price corrects downwards.



| | |
|---------------|----|
| Now | 92 |
| Extreme Greed | |
| Yesterday | 92 |
| Extreme Greed | |
| Last week | 93 |
| Extreme Greed | |
| Last month | 71 |
| Greed | |



Source: [alternative.me](https://www.alternative.me)



CRYPTO LONGS VS. SHORTS

Analysis of the Bitcoin Long Vs Short positions is an indication where investors are placing their capital.

BTC Longs outweigh Shorts 5.1: 1

ETH Longs outweigh Shorts 17.41: 1

One of our subscribers emailed asking, “why is Bitcoin making a new high, if the number of Long Positions is lower than in 2019?”.

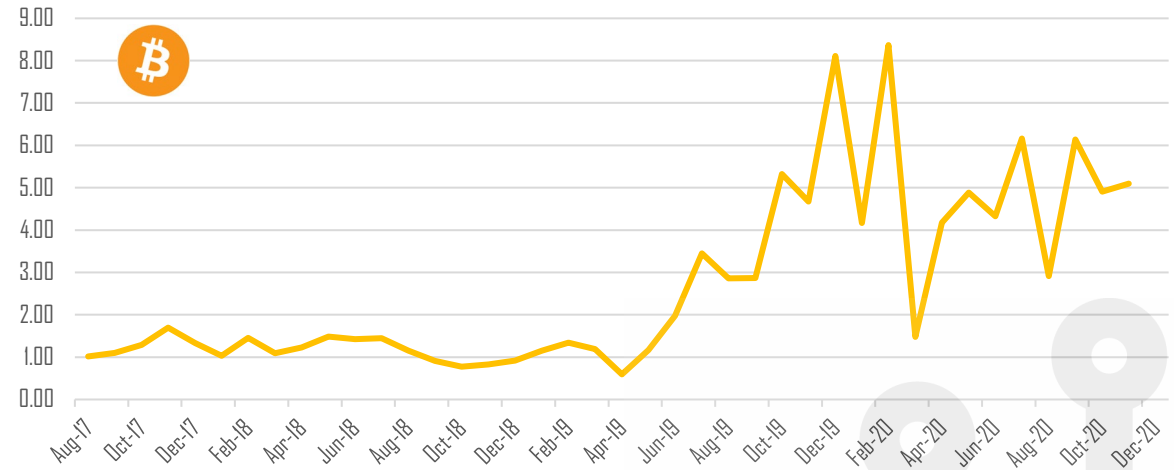
Longs Vs Shorts is a metric which analyses open positions on the market. The reason we’re seeing a reduced number of Longs, and yet new all time highs is because institutions are buying large volumes of Bitcoin, and taking them offline into Cold Storage Wallets (away from the Blockchain).

Buying a Bitcoin and taking it offline, is similar to buying Gold bullion and putting into a safe. Therefore it is out of circulation and is not registered as a Long Position on the open market.

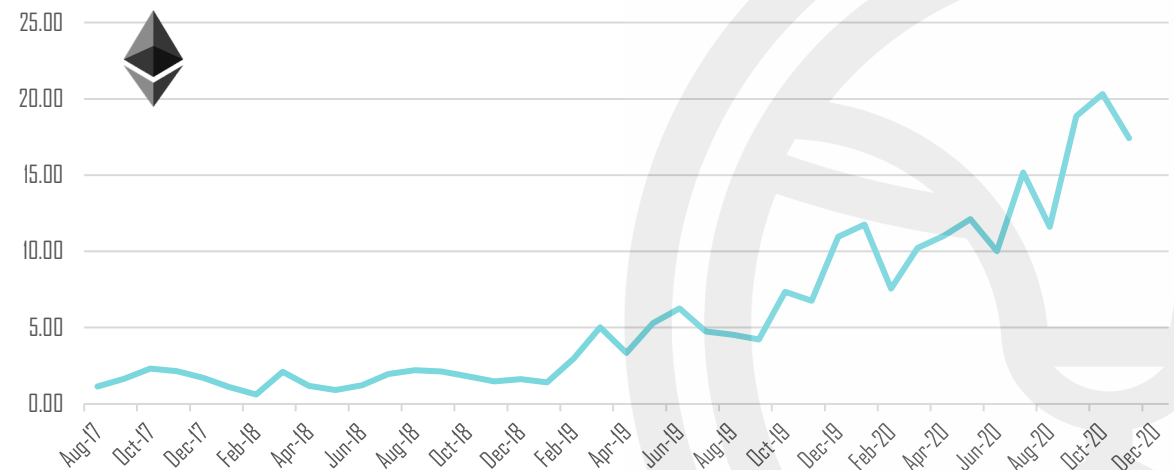
In February 2020, we’ve observed a new trend of Bitcoins being taken offline, we can see by the BTC Longs Vs Short Ratio that the Feb high was the pivotal month prior to the Covid-19 lows in March.

Data from Thursday 2nd December 2020
Data from TradingView symbol: BTCUSDLONGS, ETHUSDSHORTS, ETHUSDLONGS, BTCUSDSHORTS,

Bitcoin LvS Ratio



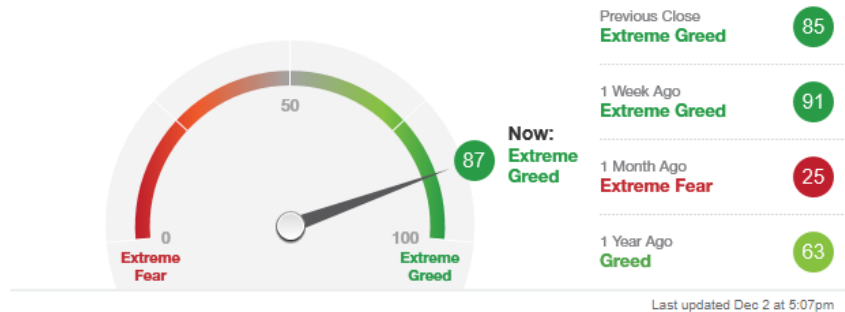
Ethereum LvS Ratio





TRADITIONAL STOCK MARKET OVERVIEW: EXTREME GREED

Analysis of the Traditional Stock Market behaviour provides an indication of the state of the world economy and any correlations to crypto market price action.



A brief overview of the selected markets:

- **Gold (XAUUSD):** a historical “safe haven” asset – typically climbs during times of crisis.
- **Crude Oil (UKOIL):** Indicator of economic activity; fall in prices reduces the cost of production and sales for businesses.
- **FTSE100 (UKX):** UK macro economic business index.
- **S&P500 (SPX)** US macro economics business index.
- **SSE (000001):** Shanghai Stock Exchange – Chinese macro economics
- **JPX (NI225):** Japanese Exchange Group – Japanese macro economics

Data from Sunday 1st November 2020

Source: [CNN Fear and Greed Index](#)

| Market ID | Price | Comments | Summary |
|-----------------|----------|---|---------------|
| Gold/USD | \$1839 | Gold is still in a corrective state following its strong rally from the Covid-19 lows this year. Following the announcement of further QE by the US Fed – we expect Gold to reverse from this corrective state and continue rallying as a hedge against inflation. | Consolidation |
| Brent Crude/USD | 48.80 | In contrast to our previous bearish outlook – OPEC has managed to control production and float the oil market back into a bullish stance as the world demand for fuel is increasing as the Covid-19 pandemic is coming to an eventual end as vaccines have been developed. | Bullish |
| UKX | 6490.3 | Similarly as most global indexes – the FTSE100 rallied on news that a Covid-19 vaccine has been developed and is being rolled out across the globe. Investor sentiment has come flooding back bullishly. | Bullish |
| SPX | 3270 | The S&P500 was looking technically bearish last month as the USA was fearful of a contested Presidential Election. Following a clear Democratic victory – the US markets rapidly returned bullishly. | Bullish |
| SSE | 3224.5 | China has been somewhat unphased in the recent weeks by US political turmoil – instead has quietly completed a corrective cycle and is now poised to breakout of this range and into new local highs. We expect China to become an increasing Global powerhouse in a Post-Covid world. | Bullish |
| JPX | 22977.13 | The Japanese market, much like the rest of the global indexes was also looking clear of direction in the previous weeks. The Japanese market is also heavily influenced by US politics; now that the world is on the recovery phase of defeating Covid-19, and a clear Presidential victory for the US Democratic party has been announced – investors are bullish, breaking into new Multi-year highs. | Bullish |



BLOCKCHAIN BASICS: WHAT IS BLOCKCHAIN?

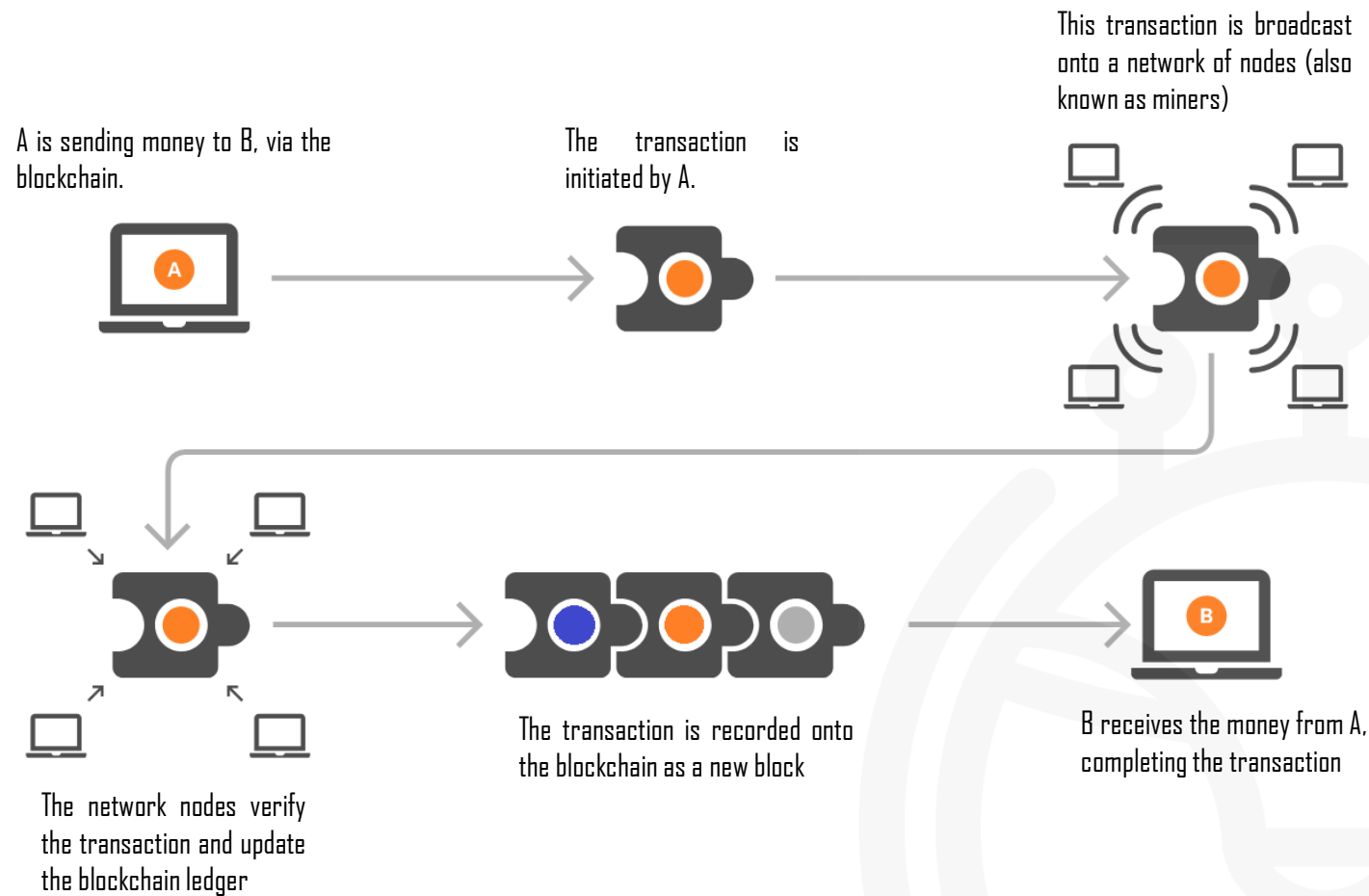
Blockchain technology is designed to let you safely transfer digital assets without the need for any a middleman to verify the transaction.

The blockchain is a permanent record of all transactions that have ever happened on it.

Once information is added to the blockchain, it is impossible to remove it or alter it retrospectively, removing the need for trusted third parties (like banks or lawyers).

Blockchain technology is still in it's infancy, but exciting methods of incorporating it into our daily lives are already taking place, e.g.:

- Peer-to-peer Digital Currencies
- File Storage
- Instant and Free International Payments
- Tamper-proof Voting
- Identity / Ownership Verification
- Charitable Donation Tracking
- Smart Contracts (automated legal agreements).





BEHIND THE BLOCKCHAIN: SMART CONTRACTS

The emergence of Bitcoin, and the Blockchain have birthed an entirely new way we look at transfers of wealth and data. One of the most exciting new technologies, Smart Contracts, has been pioneered by the Ethereum Foundation.

Smart Contracts are automatically executed once the conditions of the contract are met.

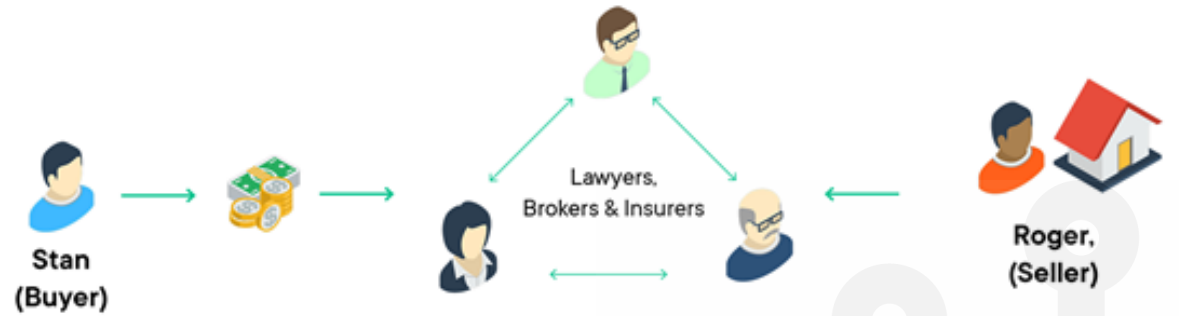
For example, in the current method of purchasing a house. Stan makes an offer to purchase Rogers property, instead of paying Roger directly the cash transfer is handled by Lawyers, Brokers and Bankers. This process is lengthy, and somewhat expensive.

In our current method – these middlemen are required to ensure that the transfer of wealth and property are correctly recorded while charging significant fees for their service. However, using a Smart Contract, the legal underwritings, which ensure the recorded transfer of wealth and property, are built into the Smart Contract.

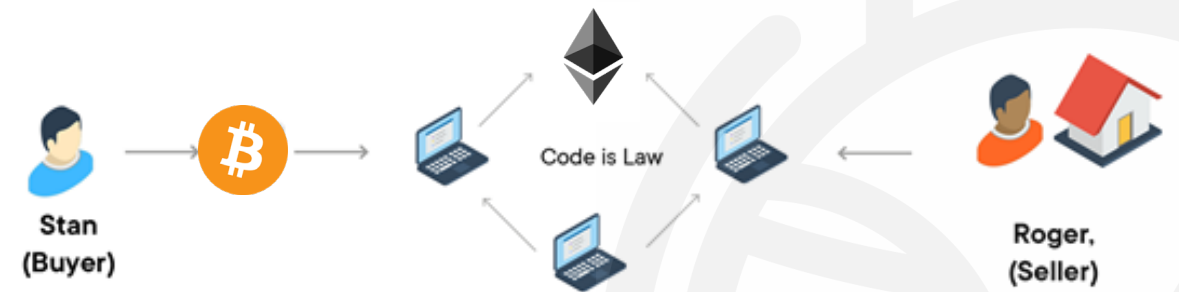
Therefore it becomes possible for Stan to pay Roger directly for his property. The Blockchain will record the transfer of Bitcoin (or preferred Cryptocurrency) from Stan to Roger, and the associated Smart Contract will automatically transfer the title deed of the property to Stan instantly, without the need for a third party taking a cut.

The Blockchain is an opportunity for Lawyers, Brokers and Banks to add value to our economy instead of just taking a slice of someone else's pie.

Current Method

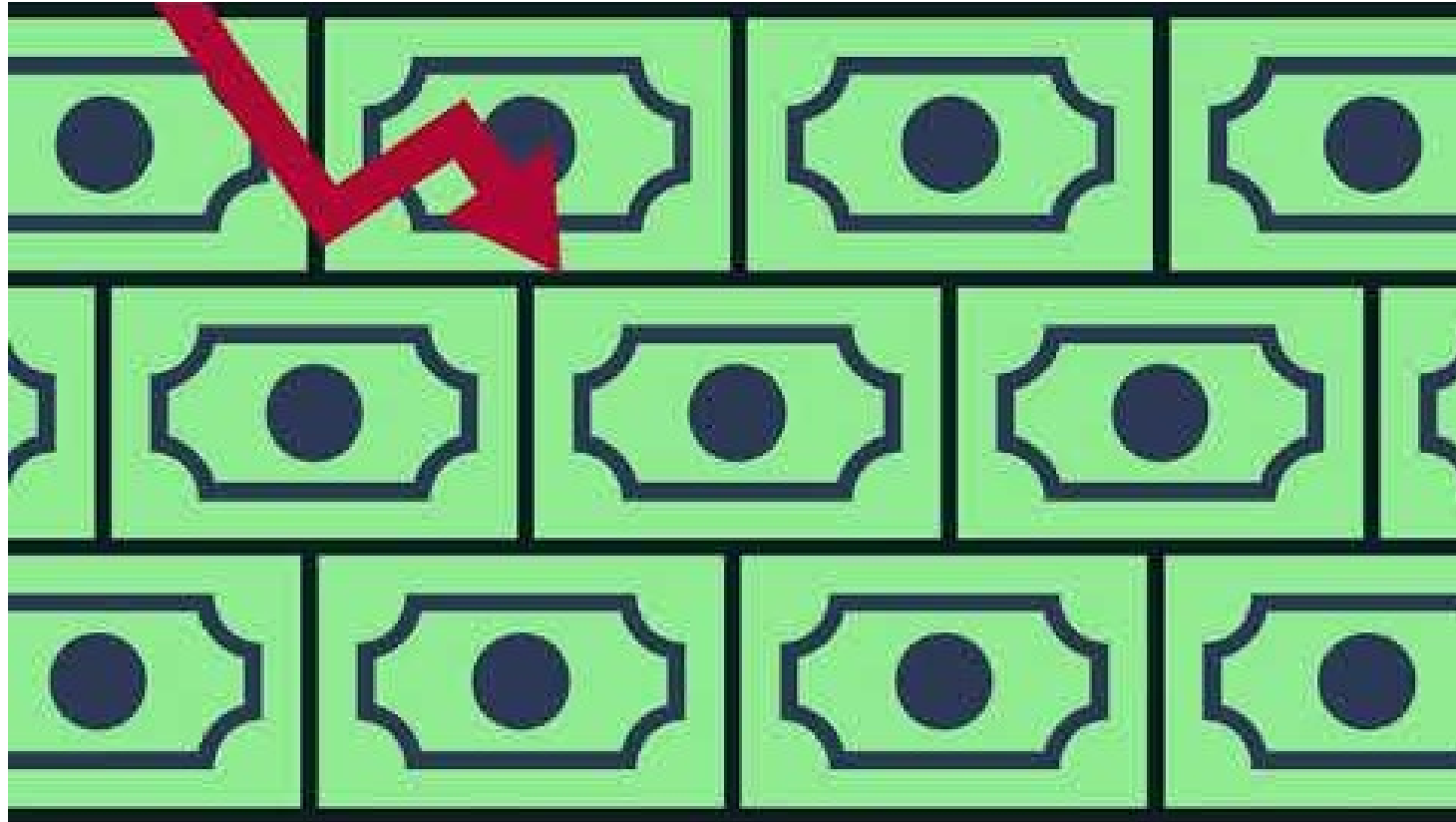


Smart Contract





ABOUT DIGITAL FUTURE CAPITAL



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