



# DIGITAL FUTURE CAPITAL

Cryptocurrency Market Insights  
August 2020



## MESSAGE FROM OUR CEO, KRIS LINDAHL:

Tolstoy once remarked that all happy families are alike, while every unhappy family is unhappy in its own way. The same can be said of nations, and as the global pandemic threatens national supports for well-being, especially health and income, only political leadership with altruistic family values is likely to flourish. For in times of crises it is only human morals that separate the families that come together or fall apart. Since 2010, the U.S has dropped from 11<sup>th</sup> to 19<sup>th</sup> place on the happiest countries' world rankings according to the UN's annual World Happiness Report, as trust in its Government has waned due to the real pandemic – the one of egoism.

The US government reported last week that its economy shrank a dizzying 32.9% in Q2, its worst quarterly plunge in history, as the mismanagement of the coronavirus outbreak disintegrated its ability to recover economic productivity in the long-term. The US death toll was likely aggravated by a president concerned more about re-election than citizen welfare. As a result, Gold topped \$2000/ounce for the first time in history last month, keeping in mind that Gold is a mirror-image of the collective psychology's confidence in the global economy. With an unprecedented central banking printing frenzy diluting fiat money by \$11 trillion this year, hyper-inflation has become a real risk for some of the world's leading currencies, hence Gold supplies have nearly dried up and Bitcoin is therefore no longer a get rich quick scheme, but a don't get poor slowly scheme - as recently eloquently put by James Lopp.

As a result, July 2020 was the second highest monthly price close in Bitcoin's history, only surpassed by its all-time high price run in December 2017 following a 2-year 10,000% price increase. It also set a new 2020 price high, probabilistically forming the start of a new multi-year bull market. According to data from Glassnode, 93% of Bitcoin holders are now profitable investors, following the July breakout above the \$11k level. Let's be perfectly clear about the sheer magnificence of that statement, it means that Bitcoin has increased 11,399,900% in value since it was first publicly traded in 2010! **The market has spoken, and the future is digital.** Yet, the real benefit of digital currencies and assets is much more than just investment opportunities, our current arthritic financial system has still left nearly 2 billion people unbanked from underprivileged lack of access, and that is frankly unacceptable in this age of technological ubiquity. This is finally remedied by blockchain technology, now all the third world needs to access financial services is crypto and a smartphone – no more privileged access to basic banking.

But 'banking the unbanked' to elevate global equality will require more than just Bitcoin, it will also require the second-largest crypto known as Ethereum, which enables decentralised finance ("De-Fi") apps; think the Lego of digital finance. As a result of Ethereum's 2.0 upgrade being released soon, it shot up 50% in July. Imagine the impact of banking the entire creative human ecosystem, without prejudice, a truly peer-to-peer global marketplace. We have the technology; we just need to adopt it. To change the world, we just need to change banks, from third parties with personal agendas, to self-sovereign blockchain currencies. Bitcoin is not just the future of money, it is the ability to take the power of money out of the hands of those who squandered our trust and putting it back in the hands of the people. We may not be able to buy happiness, but at least we can now buy freedom.





# CRYPTO NEWS HIGHLIGHTS

(ARTICLE LINKS IN HEADERS)

## [Visa's Outlook on Digital Currency Payments.](#)

Visa has been working closely with licensed and regulated digital currency platforms like Coinbase and Fold to provide a bridge between digital currencies and the existing global network of 61 million merchants. Around the world, more than 25 digital currency wallets have linked their services to Visa, giving users an easy way to spend from their digital currency balance using a Visa debit or prepaid credential — anywhere Visa is accepted.



## [US Banks to Offer Crypto Custodianship](#)

“This is arguably the most significant news in crypto in the last two years,” Christopher Robins, Binance.US Head of Legal and Regulatory Affairs, told Decrypt in a statement. “The OCC stating that national banks and federal savings associations can provide cryptocurrency custody services is a huge step in promoting wider adoption of cryptocurrencies.” JPMorgan is now banking Coinbase and Gemini



## [PayPal Partners with Paxos to Offer Crypto Options](#)

The new Paxos brokerage making crypto services easy for businesses to roll out, allows cryptocurrency buying, selling, holding and sending capabilities — while handling all regulatory compliance aspects. Paxos, which holds a New York state trust charter, is a qualified custodian, legally permitted to hold gold and digital assets such as bitcoin (BTC) and ether (ETH) on institutional investors’ behalf.



## [IMF Blog: Fiscal Policies for a Transformed World](#)

The ongoing COVID-19 pandemic has already prompted an unprecedented fiscal policy response of close to \$11 trillion worldwide. But with confirmed cases and fatalities still rising fast, policymakers will have to keep the public health response their No. 1 priority while retaining supportive and flexible fiscal policies and preparing for transformational economic change.























## [Grayscale Digital Asset Investment Report Q2 2020](#)

Grayscale recorded its largest quarterly inflows, \$905.8 million in 2Q20, nearly double the previous quarterly high of \$503.7 million in 1Q20. For the first time, inflows into Grayscale products over a 6-month period crossed the \$1 billion threshold, demonstrating sustained demand for digital asset exposure despite a backdrop characterized by economic uncertainty.





# TOP 10 DIGITAL CURRENCY SUMMARY

#	NAME	PRICE	1M CHANGE		MARKET CAP ↓	24H VOLUME
1	 BTC Bitcoin	\$ 11,113	22.00%		\$ 205.01B	\$ 31.90B
2	 ETH Ethereum	\$ 337.19	50.08%		\$ 37.76B	\$ 18.33B
3	 USDT Tether	\$ 1.00	-0.01%		\$ 10.63B	\$ 50.06B
4	 XRP XRP	\$ 0.244617	38.43%		\$ 10.59B	\$ 2.50B
5	 BCH Bitcoin Cash	\$ 291.59	31.49%		\$ 5.39B	\$ 3.46B
6	 ADA Cardano	\$ 0.139568	71.49%		\$ 4.39B	\$ 464.83M
7	 BSV Bitcoin SV	\$ 214.39	35.82%		\$ 3.96B	\$ 380.00M
8	 LTC Litecoin	\$ 56.58	36.86%		\$ 3.69B	\$ 3.11B
9	 CRO Crypto.com Chain Token	\$ 0.162571	33.43%		\$ 3.01B	\$ 104.43M
10	 BNB Binance Coin	\$ 20.69	34.21%		\$ 2.99B	\$ 449.37M

Source: [coincodex.com](https://coincodex.com) (July 31st 2020)

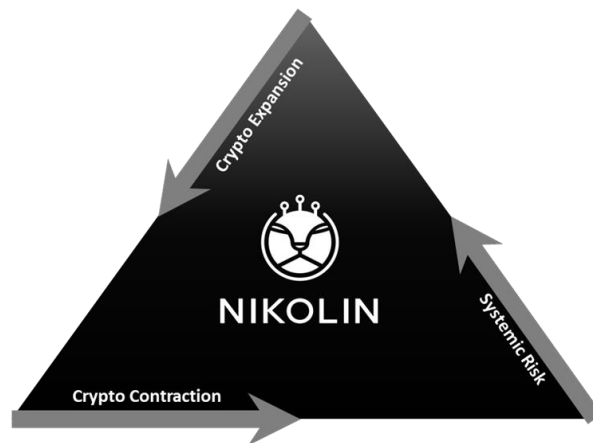




# NIKOLIN™ FORECAST: BITCOIN

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).*

At the time of writing 10.00 GMT 4<sup>th</sup> August, Bitcoin is trading around the \$11,200 level.

## Review of Past Month (July):.

July 2020 was the second highest monthly price close in Bitcoin's history, only surpassed by its all-time high price run in December 2017 following a 2-year 10,000% price increase. It also set a new 2020 high, probabilistically forming the start of a new multi-year bull market following the Covid-19 lows in March this year.

## Short-term (1-4 weeks) –

Bitcoin is currently retracing into current support levels at \$10,900 - \$10,600 after briefly braking ground above \$12k before traders booked profits, prior to its next advance towards our \$12,800 target by late August.

## Medium-term (1-3 Months) –

Pending confirmation of August price action, our bullish scenario is a retracement from August price target into \$10,400 technical support levels in mid-September. Alternatively, the bearish scenario may present a larger price retracement into \$7000 level in late November.

## Long-term (3-6 months) –

Bitcoin has now likely formed a new multi-year bull market, driven by large scale institutional adoption due to the Covid-19 QE measures, and we anticipate long-term growth towards \$70,000 per Bitcoin over the next 1-2 years.

**Note:** *There is quite a strong possibility that the Traditional Markets are due a large contraction in Q4, where a potential for mass sell offs to occur amid further economic depression.*



## CURRENT MARKET SENTIMENT: **GREED**

*The Fear and Greed Index to the right is an apt indicator of market sentiment to gauge investment timing.*

There are two simple assumptions:

**Extreme fear (0)**, could indicate that investors are in a state of *panic leading to oversold price conditions*.

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

### Analysis:

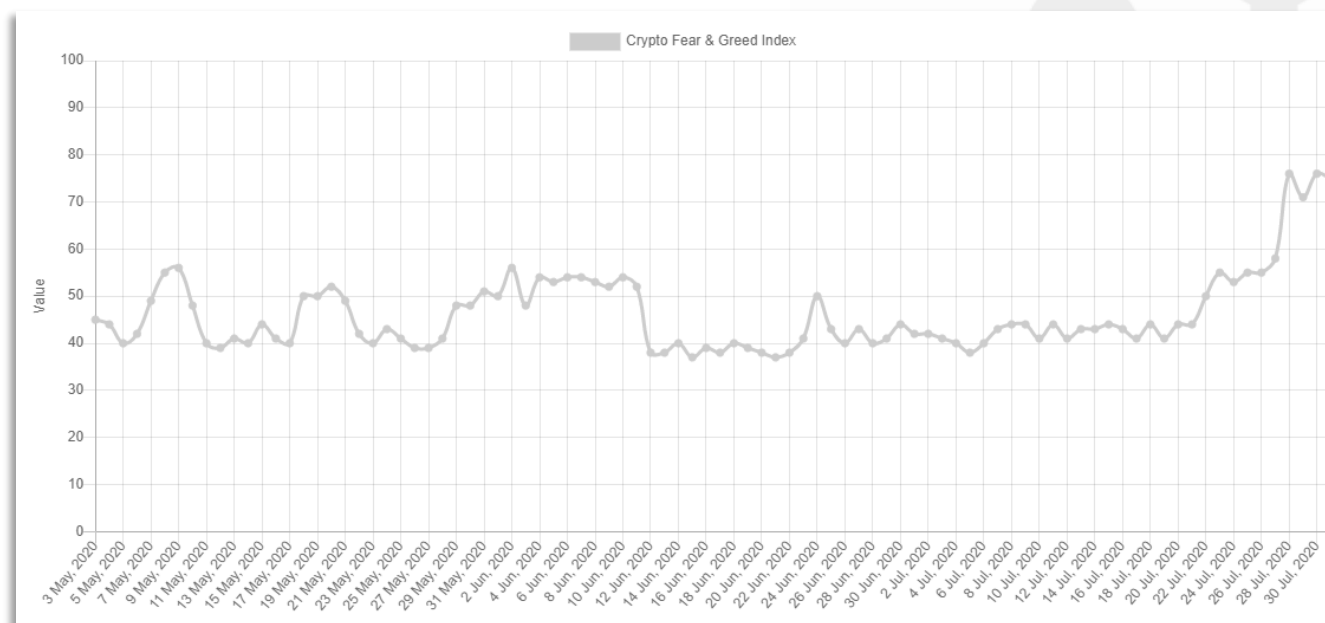
As we predicted, after institutional influx into crypto, creating a two and half month large-scale accumulation period of Bitcoin as a non-systemic hedge for the negative long-term economic implications of Covid, we are seeing the predicted price expansion of Bitcoin towards the \$12k level.

We now remain vigilant of the markets moving towards Extreme Greed, which tends to signify Irrational exuberance and overbought [over-valued] market conditions to indicate the timing of the next market correction, which we would consider the next optimal entry point of any further Bitcoin investments.



### Historical Values

Now	75
<b>Greed</b>	
Yesterday	76
<b>Extreme Greed</b>	
Last week	53
<b>Neutral</b>	
Last month	42
<b>Fear</b>	



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



## CRYPTO LONGS VS. SHORTS

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

The long awaited upside breakout is finally here, and with it – the return of Bullish investors placing long positions.

**BTC** Longs outweigh Shorts by 6.16 : 1

**ETH** Longs outweigh Shorts by 15.12 : 1

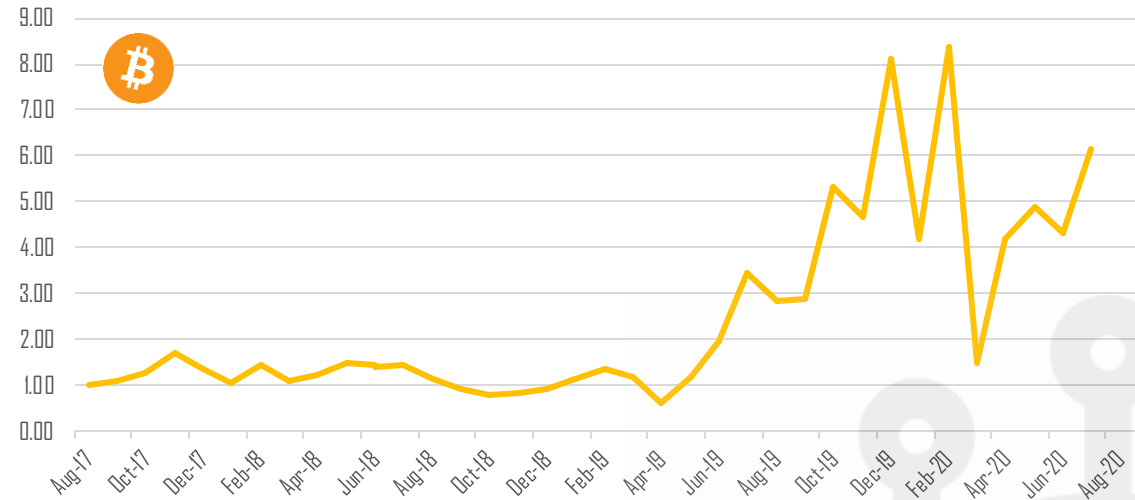
Ethereum (ETH) has played a pivotal role in the adoption of Cryptocurrency in the last 12 months.

The announcement of staking options (the ability to earn passive income through the network (think bank interest)) has seen a meteoric rise in investors buying the ETH token to prepare for the upcoming ETH 2.0 upgrade.

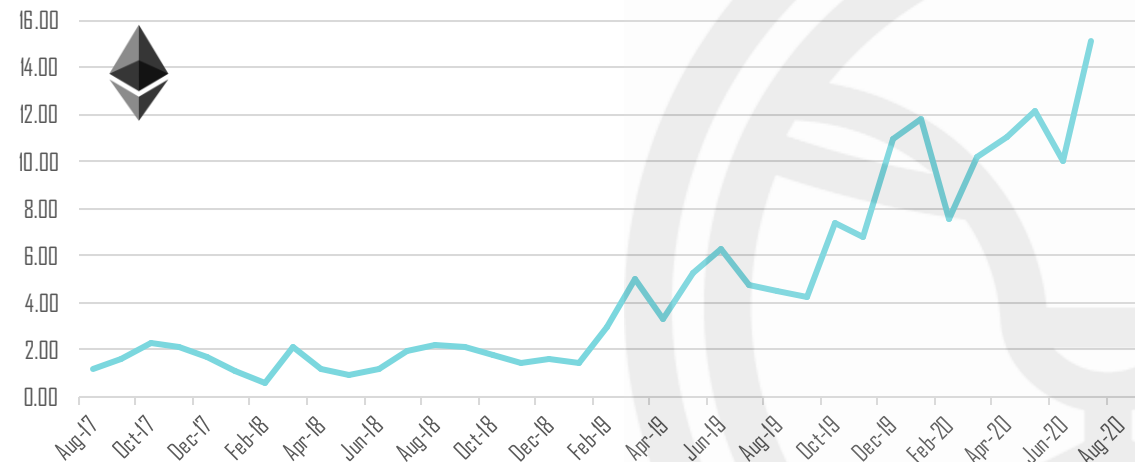
Interest from institutional investors has been steadily growing, observing the recovery that Bitcoin made from the Covid-19 crash has led to a further confidence in the future role digital assets as the future of finance.

Data from TradingView symbol: BTCUSDLONGS, ETHUSDSHORTS, ETHUSDLONGS, BTCUSDSHORTS.

Bitcoin LvS Ratio



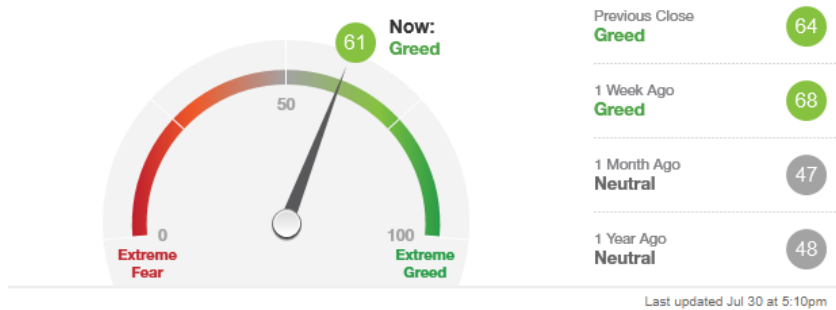
Ethereum LvS Ratio





# TRADITIONAL STOCK MARKET OVERVIEW

*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.
- **LSE (LSE):** London Stock Exchange – UK macro economics
- **NYSE (NYA):** New York Stock Exchange – US macro economics
- **SSE (000001):** Shanghai Stock Exchange – Chinese macro economics
- **JPX (NI225):** Japanese Exchange Group – Japanese macro economics

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

Market	Price	Comments	Summary
Gold/USD	\$1976	Gold is closing into a new All Time High this month, clearing past resistance levels and exploding forward. The reduction in supply and the uncertainty of future economic growth have pushed investors to speculate into historically safe assets. Expect growth to continue as the world recovers from Covid-19.	Bullish
Brent Crude/USD	\$43.26	Bullish on Brent crude, technicals suggests that a massive multi-year correction has finished. The oil industry as a whole is still suffering with the low oil price, and attempting to find the new norm. Oil has been rangebound for a number of weeks now as OPEC nations aren't fighting one another – instead, fighting Covid-19.	Bullish
LSE	8524p	London Stock Exchange has been heavily overbought for quite some time, finding a top level resistance once again this week. Should talks between Europe and the UK go well – we should see growth in the LSE, and the FTSE100 provided the USA doesn't fall into complete disarray.	Tentative Bullish
NYSE	12533.2	Reports that the US economy has shrunk by 32.9% in Q2, The Federal Reserve announced yesterday that they continue to be committed to doing anything it takes to ensure the US economy can recover swiftly. Sadly, although their intentions may be noble, the continuation of providing liquidity swaps for Banks (Globally) will only drive debt levels to great heights.	Bullish / Corrective
SSE	3310	This month we saw China explode out of a downtrend, up as high as 16%, an incredible rally given the circumstances globally. We're seeing what is likely the start of another rally as China is tightening it's grip on the World Economy.	Bullish
JPX	21710	This past week, Japan has seen a resurgence of Covid-19 cases, as parts of the country are enforcing restrictions of movement and social distancing. Fearful of further poor economic data coming from the USA, Japan took a dip over the last week.	Bullish / Corrective





## BEHIND THE BLOCKCHAIN: THE DE-FI'ANT ONES

The power of Bitcoin's Blockchain technology: to make banking universally accessible to **anyone**, no matter where they are in the world or how much money they have.

The **Decentralized Finance (DeFi)** or Open Finance movement takes that promise a leap further. Imagine a global, open alternative to every financial service we use today: savings, loans, trading, insurance and more – accessible to anyone in the world with just a smartphone and internet connection! No banks required.

It is now becoming possible to remove the middle-man and their [now] unnecessary fees when processing payments for goods and services using Smart Contracts, which automatically execute on delivery of the good or service. Making payment processing drastically cheaper and quicker for both parties.

These smart contracts enable developers to build far more sophisticated payment platforms than ever before – automated finance with no one taking a slice of your pie just to simply 'send/store' money for us. These programs are what we now call **decentralized apps**, or "**dapps**".

This is crucial for developing third-world nations, where a significant number of people live without banking services, or in a dominantly cash based society. Paving the way to "banking the unbanked". The emergence of the De-Fi industry is still very much in its infancy, but is currently one of the hottest growth sectors in the financial industry.

From the current **5749** Cryptocurrencies currently recognised on listed indexes, **only 44** of them are **De-Fi projects**. Enjoying the rampant success of many of its predecessors, the growth of Decentralized Exchanges, P2P Lending, Oracle Markets and Asset Management Systems are proving to be a major growth sector in the future of finance.

### A brief overview of the Top De-Fi Apps available today (links embedded):

**Maker:** Cryptocurrency Maker (MKR) is a digital token created on the Ethereum platform of the project Maker, the main purpose of which is to create a line of decentralized digital assets that would be tied to the value of real instruments such as currency, gold, etc

**Aave:** (LEND) an open source and non-custodial protocol enabling the creation of money markets. Users can earn interest on deposits and borrow assets.

**Compound:** Individuals with long term investments / HODLers, can generate additional interest on their investments by supplying crypto-assets to as loans.

**Kyber Network:** Kyber Network's on-chain liquidity protocol allows decentralized token swaps to be integrated into any application, enabling value exchange to be performed seamlessly between all parties in the ecosystem



## BLOCKCHAIN BASICS: BANKING THE UNBANKED

It may come as a surprise that an estimated 1.7 billion adults today remain unbanked from a global population of roughly 7.8 billion people.

That means that over 1 in 5 people (or 22%) don't have access to traditional financial services, and has little to no input in their local or global economy! It is estimated that an additional **\$250 billion dollars could be added to the world's GDP**, the equivalent productive potential of a country the size of Vietnam, if we banked the unbanked.

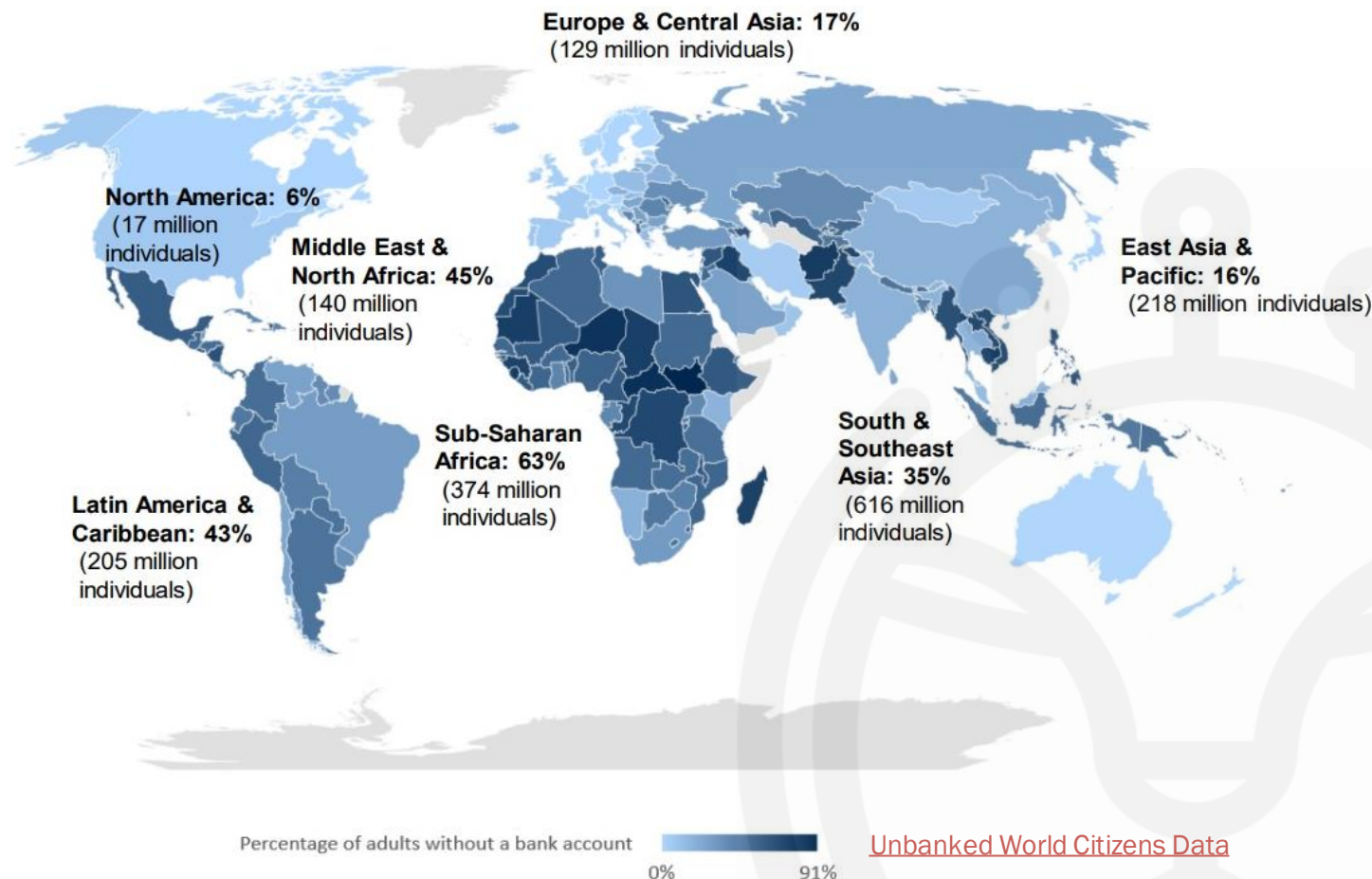
In other words, **our current financial technology is failing nearly 2 billion people worldwide!** It is essentially like having a missing country from the global marketplace.

As the number of smart phone users is growing rapidly, it is one of the biggest potential growth markets in the world today to synergise and combine the growth of De-Fi applications with the growth of access to smart phone technology.

With blockchain technology it has finally become possible to **introduce the missing 22%** of the unfinanced human population to the world of finance, through the miracle of peer-to-peer banking on the blockchain.

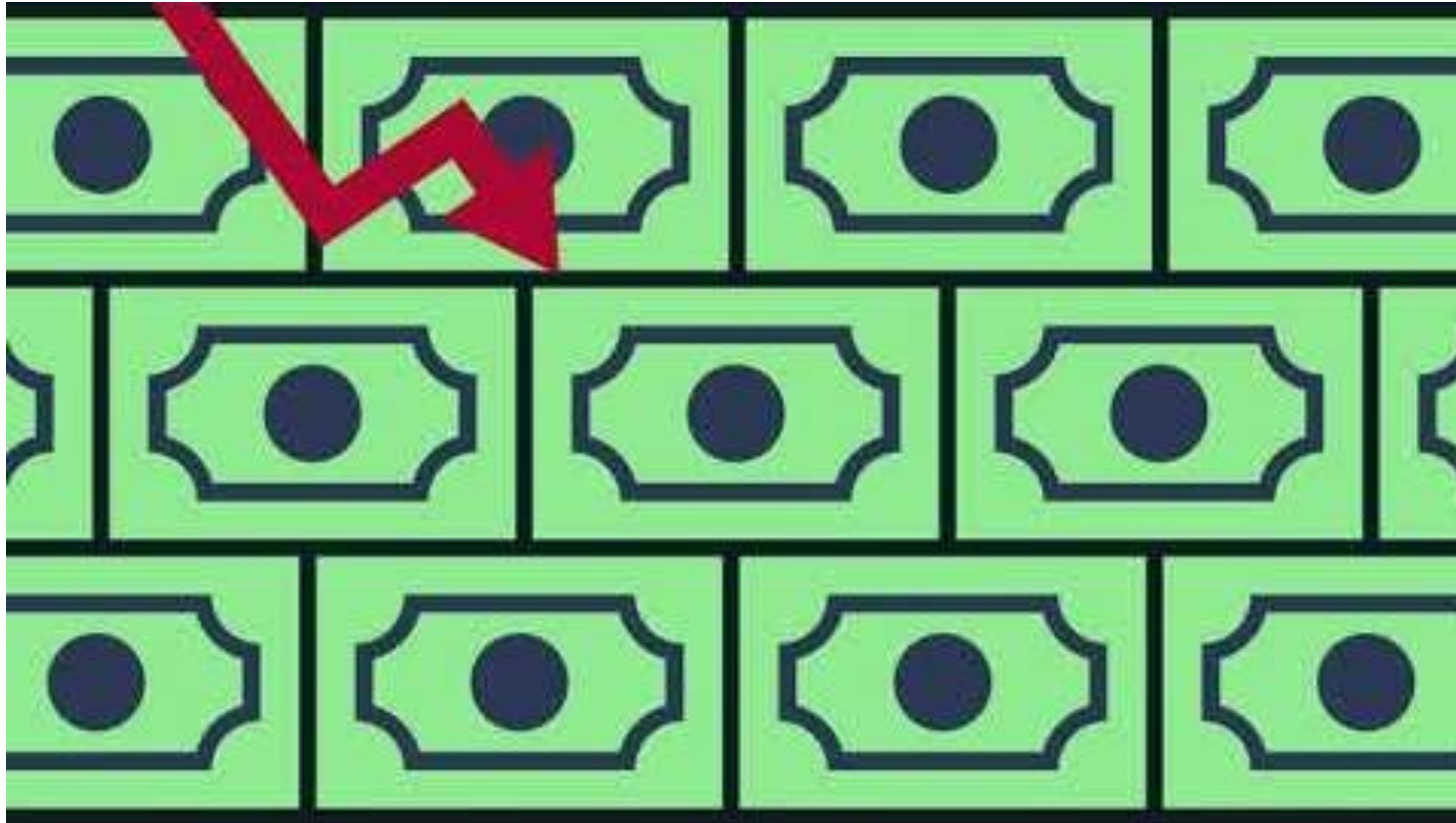
**The next Bill Gates will be the one that makes the 'Windows' for De-Fi.**

### Proportion of adult population without access to financial services





## ABOUT DIGITAL FUTURE CAPITAL



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