



DIGITAL FUTURE CAPITAL

Cryptocurrency Market Insights

07-04-2020

MESSAGE FROM OUR CEO, KRIS LINDAHL:

We are now officially in a recession. Unprecedented events are unfolding across the world on a daily basis. The indebted global economy has been brought to its knees by a nasty cough. The quick fix, more debt, and QE will have unintentional consequences that may be worse than the short-term impact of Covid-19. To put it simply, it dilutes the money supply of USD and will make one dollar less valuable today than it was yesterday. If you counted a \$100 bill every second from the US aid package, it would take you over 600 years to finish – generational erosion of wealth in the making.

Last week equities somewhat stabilised after Trump signed \$2tn of new money into law. London Stock Exchange moved up 4%, while the New York Stock Exchange dropped roughly the same amount. Reflecting that several European countries has seen a drop in reported Corona Virus cases, while the U.S. Surgeon General stated that “next week is going to be our Pearl Harbor moment”, as the US is still set to hit peak Covid-19 infections. Couple that with the fact that unemployment doubled in the US last week – the writing is on the wall for the USD.

Meanwhile, Bitcoin gained 15% last week, with a substantial new amount of organic interest as Google searches for the flagship cryptocurrency soared amidst the risk of fiat hyper-inflation. Quarterly data from 22 exchanges showed a 61 percent increase in trading activity from the previous quarter. It is also noteworthy that Bitcoin is currently showing no selling interest since 13th March. Decentralised money is starting to show its teeth and governments have taken notice. While plans for a digital dollar have fallen by the wayside as it clings to its aging fiat monopoly, China has made it clear it will be pursuing a digital version of its fiat currency, the yuan, and now a digital euro is being trialled by France's central bank. This will open the floodgates of institutional investors to cryptocurrencies. In 2017, Bitcoin soared 2,000%, from \$1,000 to nearly \$20,000 in just 275 days, based on adoption from retail investors alone. Just imagine.

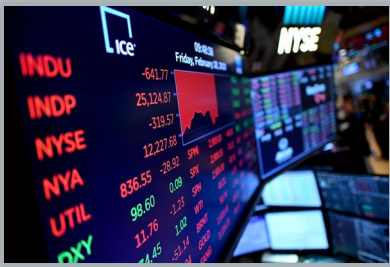
We are standing on the shoulders of giants, and the view is humbling. Media claims that Covid-19 was the black swan that nobody saw coming, yet, centuries of mankind's boldest thinkers foresaw an event of this exact nature. Which is why the anonymous creator of Bitcoin unleashed his vision of democratic money upon the world just over a decade ago. As Time Magazine opined in its 2018 article 'Why Bitcoin Matters for Freedom', "Bitcoin can be a way out"... from the sins of our fathers. I firmly believe there is an incoming financial crisis, so severe, it will permanently change the financial psyche of the next generation; will confidence in centralised governance prevail or will we see decentralised technology's trustless architecture capture the imagination of what we call money?





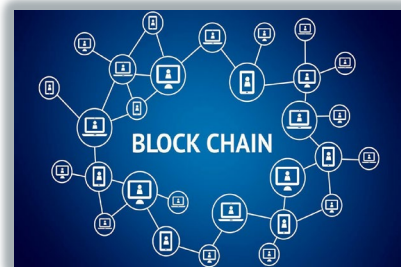
The Stock Market Suffered Worst Quarter in History

Markets closed nearly -2% on Tuesday, the final day of the tumultuous first quarter of 2020. Making it the worst first quarter in history for the Dow and S&P 500. The Dow fell roughly 23% over the past three months (making it the worst quarter for the Dow since 1987), and the S&P 500 dropped about 20%, its worst quarterly decline since 2008.



Investment in Blockchain Energy Markets to reach \$35billion by 2025

According to a new report released by Premium Market Insights (PMI), global investment in blockchain technology application in energy markets is set to reach \$34.7 billion by 2025. Valued at just \$156.5 million in 2016, the sector is forecast to grow at a rate of 82% a year.



French Central Bank proposes a Digital Currency Experiment

On March 27, the Banque de France published a request for proposals for central bank digital currency “experiment” applications. These projects will help France’s central bank understand the risks and mechanisms of a Digital Currency and also contribute to the eurozone’s digital cash conversation.



Ex-Goldman Sachs Exec Shifts Portfolio to Bitcoin, Warns Worst Insolvency Event in History Is Coming

“This is a generational change... the younger generation will look upon everything differently forever. They will look upon the pension system, which is going to fail in this. They’re going to look across securities markets and think “this is just not for me.”























CEO of UnionBank Foresees the End of Physical Cash

“The longer the disruption, the more tenuous the traditional cash supply chain becomes. I expect that banks will be more open to testing, developing and deploying digital cash and currencies, QR codes and maybe even crypto and digital tokens. The crisis will fast track the shift towards digital,” which “represents a huge new opportunity for banking”.





TOP 10 DIGITAL CURRENCY SUMMARY

#	NAME	PRICE	7D CHANGE	MARKET CAP ↓	24H VOLUME
1	 BTC Bitcoin	\$ 7,394.07	15.99% 	\$ 135.39B	\$ 39.94B
2	 ETH Ethereum	\$ 173.00	31.50% 	\$ 19.10B	\$ 18.41B
3	 XRP XRP	\$ 0.202002	17.39% 	\$ 8.75B	\$ 2.19B
4	 USDT Tether	\$ 0.999973	-0.05% 	\$ 6.57B	\$ 52.49B
5	 BCH Bitcoin Cash	\$ 259.13	18.72% 	\$ 4.76B	\$ 2.76B
6	 BSV Bitcoin SV	\$ 191.90	16.91% 	\$ 3.53B	\$ 1.46B
7	 LTC Litecoin	\$ 46.46	20.05% 	\$ 2.99B	\$ 3.12B
8	 EOS EOS	\$ 2.77	25.92% 	\$ 2.55B	\$ 3.39B
9	 BNB Binance Coin	\$ 15.25	22.45% 	\$ 2.37B	\$ 442.74M
10	 XTZ Tezos	\$ 2.05	30.68% 	\$ 1.44B	\$ 240.70M

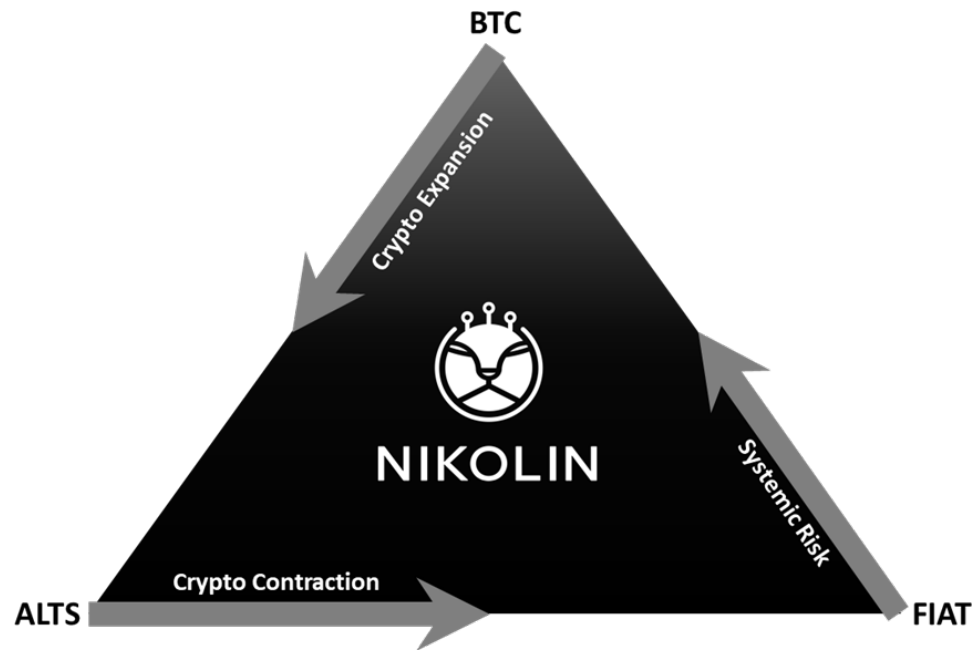
Source: coincodex.com (05.04.2020)



WELCOME TO DIGITAL ALCHEMY

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.



In the following pages, 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.**



NIKOLIN™ FORECAST: BITCOIN

KRAKEN:XBTUSD, 1D 7350.0 ▲ +6.5 (+0.09%) O: 7342.3 H: 7459.9 L: 7235.1 C: 7350.0



Nikolin **Entry** and **Exit** Targets Shown in Chart.

We are still in a low-probability market scenario and advice caution in the markets.

7 Day Forecast:

Last week's Nikolin™ entry target hit producing a 24% gain, confirming bullish market conditions in the short-term. We are now monitoring for the current rally to halt between 8-14 April at \$7,700 - 8,000.

If the next target hits and Bitcoin maintains support from buyers, the market will move into higher-probability investment conditions.

30 Day Forecast:

Nikolin™ maintains a neutral position until 3 targets have hit in a row, however, we have a bullish bias for late April as we move towards the halving in May.

6 Month Forecast:

We have never been more bullish on BTC in the long-term, as QE and low interest rates will hurt both the GBP and USD, while BTC's supply remains limited to only 21m coins, delivering a hedge against the imminent supply dilution of fiat currencies.



CURRENT MARKET SENTIMENT: **EXTREME FEAR**

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*.

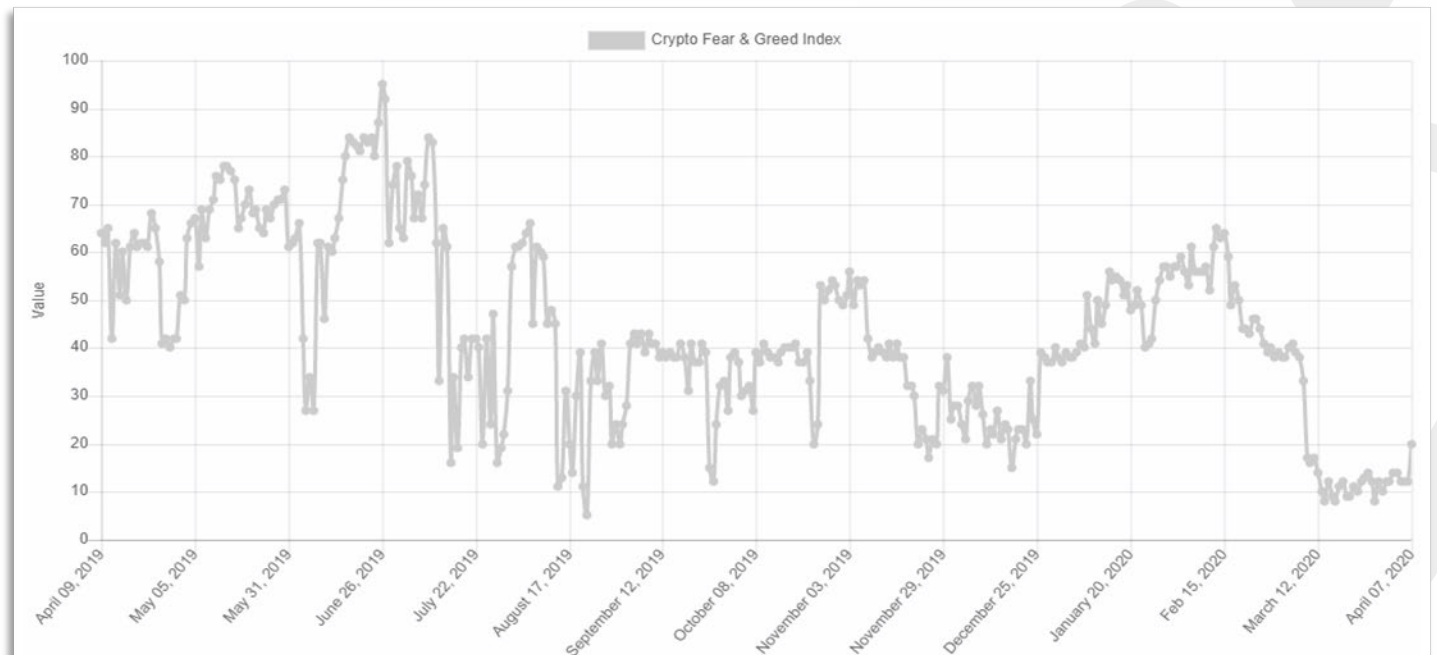
Analysis:

For the past month, Crypto has been in a state of Extreme Fear. Although price action and market sentiment is heading towards recovery, it is still too early to confirm a macro bull market reversal.

However, we remain vigilant that we are now moving away from oversold conditions in the crypto markets.



Historical Values	
Now	20
Yesterday	12
Last week	12
Last month	17



Source: alternative.me (Data from 07.04.2020))



BITCOIN LONGS VS. SHORTS

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

This past week we have observed a 27% decline in Short Positions on the market.

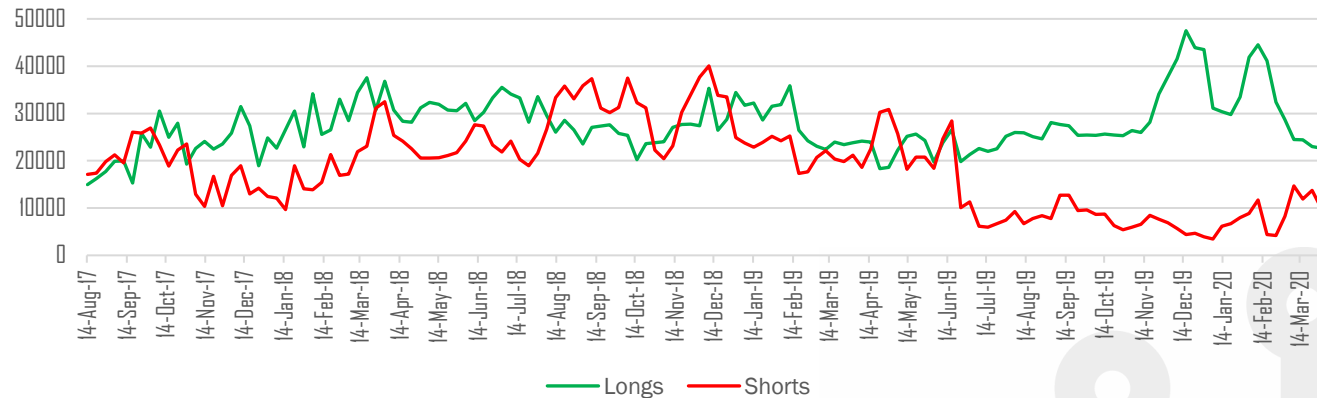
Longs outweigh Shorts by a 2.31 : 1 ratio.

Volume profiles and increased price action suggests new investors are hedging into cryptocurrencies this past week with larger position sizes, in smaller number of longs.

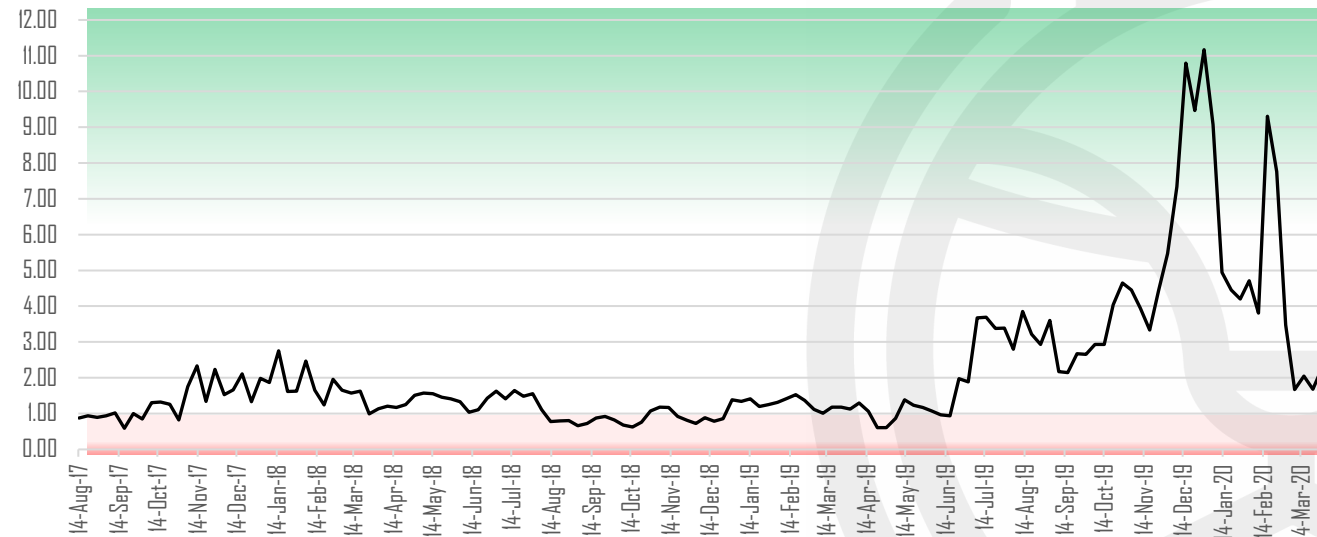
Although it is still too early to determine if the market is in a bullish continuation, the persistent dominance of Long Positions throughout this volatile period in the market, is an indication of a potential upside recovery.

Data from TradingView symbol: BTCUSDLONGS and BTCUSDSHORTS
More Info: [Long and Short Positions in the Market](#)
(Data from 05.04.2020)

Longs Vs Shorts (Weekly Close)



Longs Vs Shorts Ratio (Weekly Close)





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.

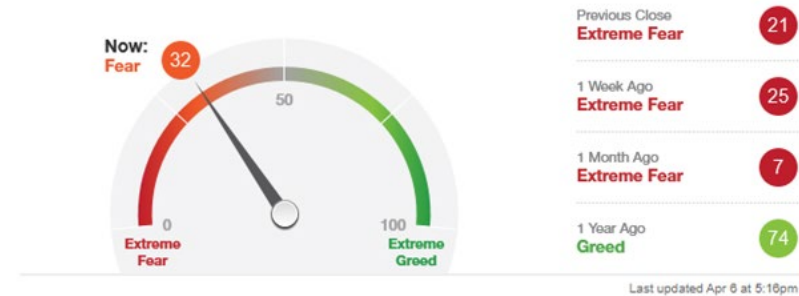
As the impact of financial stimulus efforts by major economies are being digested by the markets, we are observing more volatility as countries are battling the devastating effects of Covid-19.

The USA saw a 100% increase in citizens seeking unemployment benefits last week, from 3.3mil to 6.6mil. Analysts at Bank of America warned that the US could see the “deepest recession on record”.

A brief overview of the selected markets:

- **Gold (XAUUSD):** a historical “safe heaven” 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	\$1616.4	Failing to close into a higher high from last weeks optimistic push, Gold is still showing signs of correction from a 7 year high (\$1703). Momentum indicators show that Gold should continue in a downtrend.	Consolidation
Brent Crude/USD	\$34.89	Some respite for Brent Crude this week, up 39.39% as Saudi Arabia and Russia are in negotiations to cut production output to slow the world oil glut. However, pressure from OPEC to have the USA included in the global production cut is being met with resistance from the White House. If negotiations fail, this oil rally would likely reverse into new lows.	Bearish
LSE	7200p	A strong bounce off the 5348p support and a sustained rally this past week. Yet it is too early to tell if a positive momentum can be maintained as the UK has entered deep lockdown procedures which is having heavy impact on trade.	Bearish
NYSE	9880.629	The optimism fuelled by the QE / Economic Stimulus package has been dampened as further unemployment figures are being digested by the US markets. Down 3% this week, and likely to see some further volatility as the Covid19 virus progresses into it's peak weeks globally.	Bearish
SSE	2763.987	As China is preparing to continue production following a “reported” decline in Covid19 cases within the nation, likely to see investment flowing back into the Chinese markets as demand for fuel and raw materials returns.	Consolidation
JPX	17820.12	Similar to NYSE, gains made on the news of Economic Stimulus have been eroded as Covid19 continues to worsen across western nations and trading partners to Japan. Likely to endure further downside volatility over the coming months as Global Recession warnings are gaining traction.	Bearish



BLOCKCHAIN BASICS: WHAT ARE HARDFORKS?

As with all things in life, everything is in a constant state of change and evolving at different paces, to adapt to their environment – and blockchains are no different.

As a software, a blockchain protocol is frequently updated to improve security, data transfer speed, scalability etc. However, on occasion a software update is so radical, that a hardfork is required for the next evolution of the blockchain. **Simply put, the blockchain is split into two copies, like a fork, with one version implementing the new updates.**

Cryptocurrency, at its core, is governed by its users – from the nodes that mine the coins, to the merchants which accept them and the developers which create them. Hardforks occur when some users still wish to use the original blockchain protocols rather than the proposed updates.

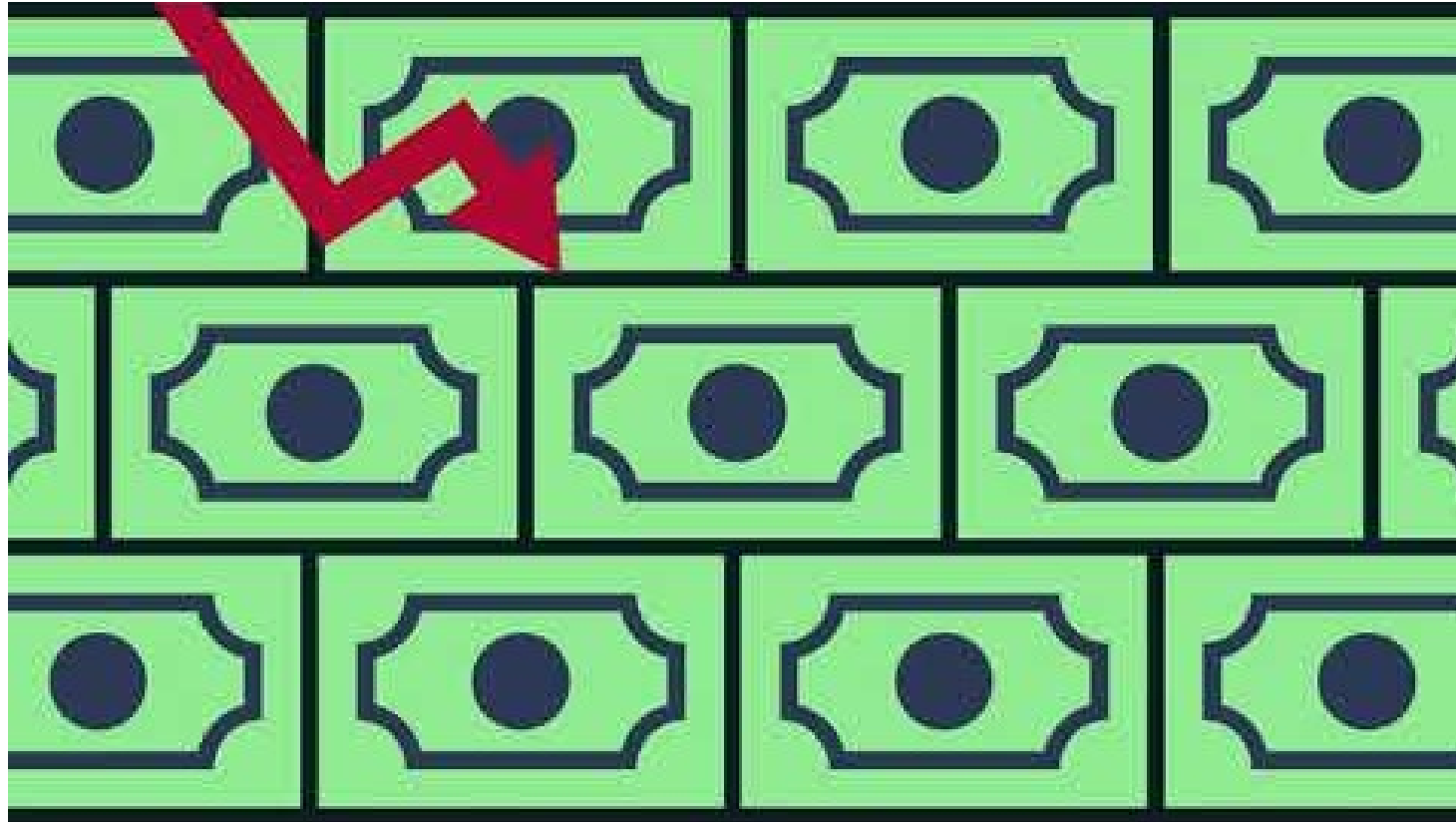
Bitcoin Cash is a popular example of the core Bitcoin hardfork. They have the same principal protocol, but Bitcoin Cash separated off to create a new blockchain to handle transactions faster than Bitcoin; seeing itself as the Cash solution to Bitcoin's Digital Gold.

Hardforks are generally required to implement radical new solutions, to help it adapt to its changing environment and continue the evolution of the chain, while letting its **users decide between the two versions as to 'the survival of the fittest'**.





ABOUT DIGITAL FUTURE CAPITAL



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