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Cryptocurrency Market Insights
June 2021

MESSAGE FROM OUR CEO

Mark Twain once famously said that if you don't read the news, you are uninformed, if you do read the news, you are misinformed.

Countless media sources stated that Bitcoin "crashed" 55% last month. This is a financial asset that at the time of writing is up 800% in the past 12 months, over 1,000% in the past 30 months, over 21,000% in the past 77 months, and more than 300,000,000% since it was first publicly available a mere decade ago. During its brief financial history, it has only "crashed" 3-4 times, at an average price correction of only 83%. Entirely negligible in comparison to its growth. At Digital Future Capital, we call these brief minor discounts Christmas. I am not quite sure how financially literate these reporters are, unless the centralised conglomerate of media companies are intentionally misleading the public from investing in the most successful financial asset in recorded human history? After all, if knowledge is power, then power will limit knowledge.

The swift sell-off was erroneously attributed to a somewhat Icarian Elon tweeting that Tesla would no longer accept Bitcoin as a payment method due to supposed environmental concerns. Fake news. This from a CEO that made more money from his company investing in BTC in 2 months this year than their last 2 years of actual car sales – and still HODL'ing Tesla's \$1.5 billion BTC hedge from USD inflation. He is happy to use fossil fuelled national electrical grids for his own Tesla Superchargers, but if it is used for BTC mining then somehow, it's dirty? I call BS! It is more likely that his public BTC support compromised the very government subsidies Tesla rely on for the bulk of their revenues - apart from their BTC profits of course. Must be tough selling your moral integrity when you don't really need the money. Either that, or his success has clouded his mental faculties, which judging by his DOGE coin support may be the case. Let's just say if you want a Tesla Model S P100D that was custom-designed by Elon himself, I'll sell you mine for your BTC right now!

From a more professional perspective, Crypto and Bitcoin was clearly technically overheated and needed to cool-off since the last "crash", delivering 1,574% growth from its \$3,909 Covid low in March last year to nearly \$65,000 in the following year, while the rest of the world had an economic meltdown from an over-centralised global economy. Even Olympic gold medallists need a rest. When your friends who don't like crypto start asking you how to invest, you know it is time to sell them your positions, and when they start saying that crypto is a scam, it is time to buy their BTCs back. It is very hard to lose money on an asset that is up 300m% in a decade, unless you are misinformed.

Has this "crash" changed the hyper bullish fundamentals of BTC and Crypto – not even in the slightest! The US is preparing to add another \$6,000,000,000,000 in freshly printed monopoly money to its existing \$26,700,000,000,000 in national debt as we speak, which will cripple the very future generations that has to pay that bill – being our children – and given the fact that my angelic wife has just blessed me with a second child on the way, I'm not happy about the world my children are about to inherit. Much like the US and UK working class has been crippled by "austerity" since the money printing spree of the 2008 banking fiasco. The USD, the cornerstone of our aging financial system, is no longer fit to be called money, it is rather the global reserve currency for generational debt slavery.

Meanwhile, Bitcoin has created global equality for all investors, regardless of background or financial means, even in under-privileged emerging markets. Every human being now has unfettered access to the highest-performing asset in history, that is deflationary and anti-monopoly money by design. This is the real reason why crypto is volatile and actively defamed, it is a seed growing in a very hostile elitist environment. You see my dear reader, Bitcoin is not money, or an asset, it is a public and technologically uncensorable vote for financial freedom from the tyranny of a legacy monetary system that can best be described as the biggest Ponzi scheme in history! The next time the media throws dirt at Bitcoin and its financial freedom seedlings, remember that any seed will only grow when someone tries to bury it, of that I'm 300,000,000% certain.



CRYPTO NEWS HIGHLIGHTS (ARTICLE LINKS IN HEADER)

[Bitcoin ETP to launch on London exchange in UK first](#)

The ETP will be the first time a crypto-connected asset will be traded on any UK market, with transactions to take place in sterling, Swiss francs, Euros and US dollars while clearing will be carried out by The Swiss Stock Exchange. The product is also the top Bitcoin ETP performer in Europe so far this year, with inflows hitting US\$459.7mln in the first quarter.



[China Bans Financial Institutions From Participating in Crypto Services](#)

Under this ban, no banks or online payments channels are permitted to offer clients any services involving cryptocurrency. This represents a deviation from last month's announcement by the People's Bank of China (PBoC) that bitcoin (BTC) was an "investment alternative."



[Bitcoin tackles \\$40,000 as Biden unveils new \\$6 trillion federal spending budget](#)

On May 28, the United States president will announce the massive fiscal policy, the largest since the Second World War, to ensure investments in major infrastructure, education and healthcare projects, reported The New York Times.

Money Printers Go "Brrrrrrrr"



[EIB sees up to 10bln euro investment shortfall in AI and blockchain](#)

The European Union's attempts to catch China and the United States in artificial intelligence and blockchain technologies are set to be hobbled by an investment shortfall of as much as 10 billion euros (\$12 billion) annually, the European Investment Bank (EIB) said on Tuesday.























[Ethereum Goes to Space](#)

Can Ethereum, also known as the "World Computer," function outside this world — in space? Singapore-based SpaceChain plans to put the idea to the test with the launch of a SpaceX Falcon 9 rocket that will carry an Ethereum node to the International Space Station. This will futureproof and fully decentralise Blockchain mining from centralisation and terrestrial disasters.





TOP 10 DIGITAL CURRENCY SUMMARY APRIL

#	NAME	PRICE	1M CHANGE		MARKET CAP ↓
1	 BTC Bitcoin	\$36,961	-34.70%		\$692.01B
2	 ETH Ethereum	\$2,639.17	-7.60%		\$306.41B
3	 USDT Tether	\$1.00	0.02%		\$60.89B
4	 BNB Binance Coin	\$346.77	-43.90%		\$53.21B
5	 ADA Cardano	\$1.66	23.94%		\$52.23B
6	 XRP XRP	\$1.02	-35.56%		\$47.06B
7	 DOGE Dogecoin	\$0.312484	-12.45%		\$40.57B
8	 USDC USD Coin	\$1.00	0.01%		\$21.10B
9	 DOT Polkadot	\$21.75	-40.48%		\$19.52B
10	 UNI Uniswap	\$27.33	-32.74%		\$15.46B

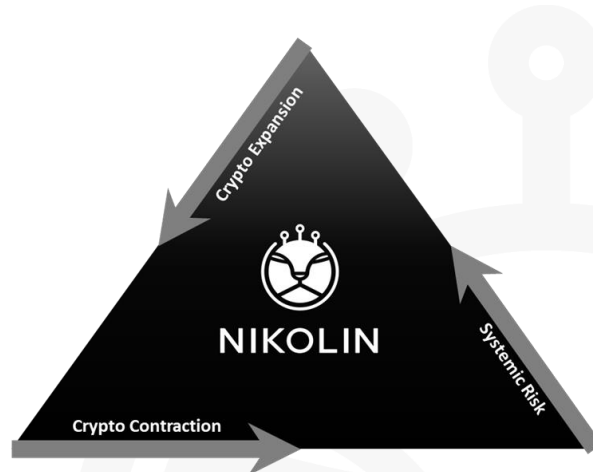
Source: coincodex.com Data from Monday 31st May 2021



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 – it is not financial guidance or advice.**

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

Review of Past Monthly Insight (April) – **Interim Market Top**

The May Insights forecast an attempt at \$58-61k within the first week of the month, with BTC moving as high as \$65k, alas the following consolidation period failed to sustain immediate support. Extreme Fear soon entered the market and a capitulation event of Short Term Buyers (new participants with only 1-3 months in the market) panic selling caused the price action to swiftly move to the downside.

Short-term (1-4 weeks) – **Bearish Relief Rally**

Following a steep correction, the market has formed a current price floor at \$30k. Probabilities now favour an upside relief rally to occur, concluding in the final 7-10 days of June. We can anticipate resumed selling pressure thereafter. Likely resistance should occur between the \$40-43k range, and again in the \$49k-52k range.

Medium-term (1-3 Months) – **Bullish Consolidation**

The recent price correction will likely create an extended correction and consolidation period over summer. Probabilities favour a minor bullish June monthly close, followed by resumed selling pressure into July and August, where \$30k and \$20k will provide significant support levels; pending confirmation of June monthly close.

Long-term (3-12 months) – **Bullish**

The fundamentals surrounding Bitcoin are exceptionally strong at the moment, and we anticipate a major bull run towards \$90k+ in the next 12 months.



CRYPTO 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*.

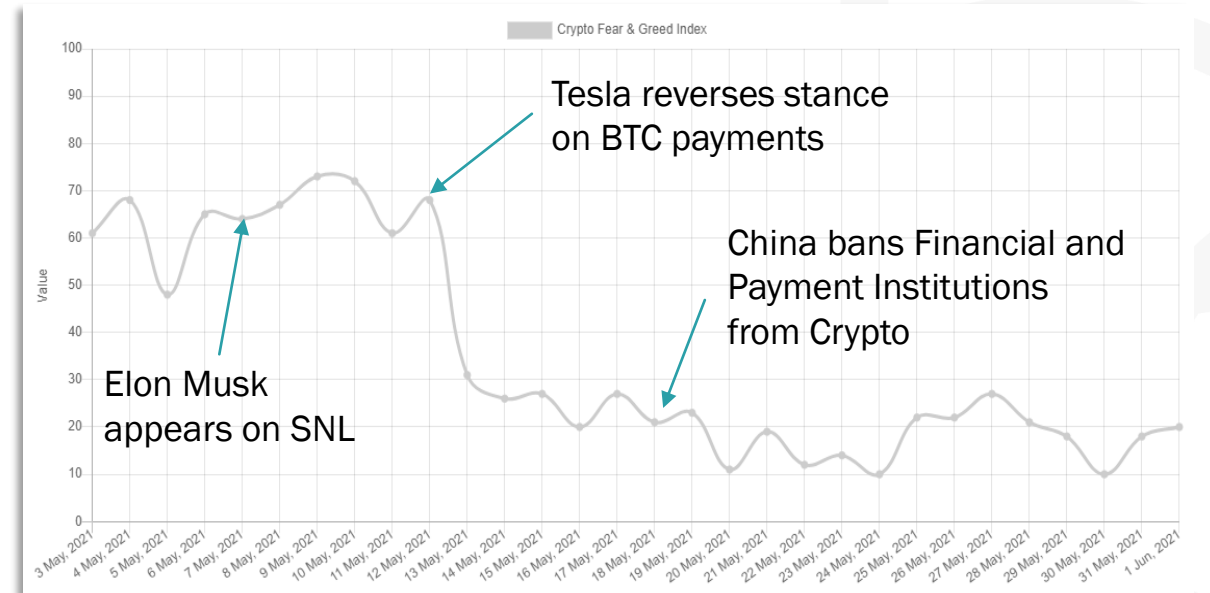
Extreme Greed (100) the market may be in *Euphoria*, leading to *overbought conditions*.

Analysis:

It's been a volatile month, but not by Crypto standards. The late comers to the market typically capitulated to panic selling, whilst long term holders remained undeterred, accumulating more crypto during the dip.

When the markets recover and attempt new all time highs by Q4, this period of FUD (Fear, Uncertainty and Doubt) will serve as a reminder that Bitcoin and Cryptocurrency is here to stay, and those that buy fear and sell greed in crypto have made incomparable fortunes in record-times in the past decade.

To quote our CEO, Kris Lindahl: "Getting a lot of queries about the current 55% Bitcoin "crash". BTC is still up more than 800% since the last [Covid 2020] "crash", and more than 1,000% up since the 2018 "crash" - when the supposed cryptocurrency "bubble" burst... Does that sound like a "crash" to you, or like discount shopping?"





BITCOIN LONGS VS. SHORTS

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

Massive BTC Accumulation ongoing

BTC Longs outweigh Shorts: 1 : 55.7

On the 12th May, when Tesla announced that they would suspend Bitcoin payments, we can observe an increase of 829 short positions added to Bitcoin on Bitfinex, an 81% increase from the previous day. In the days that followed, nearly 10,000 more short positions would enter the market – driving the prices lower as FUD (Fear, Uncertainty and Doubt) gripped the crypto-ecosystem.

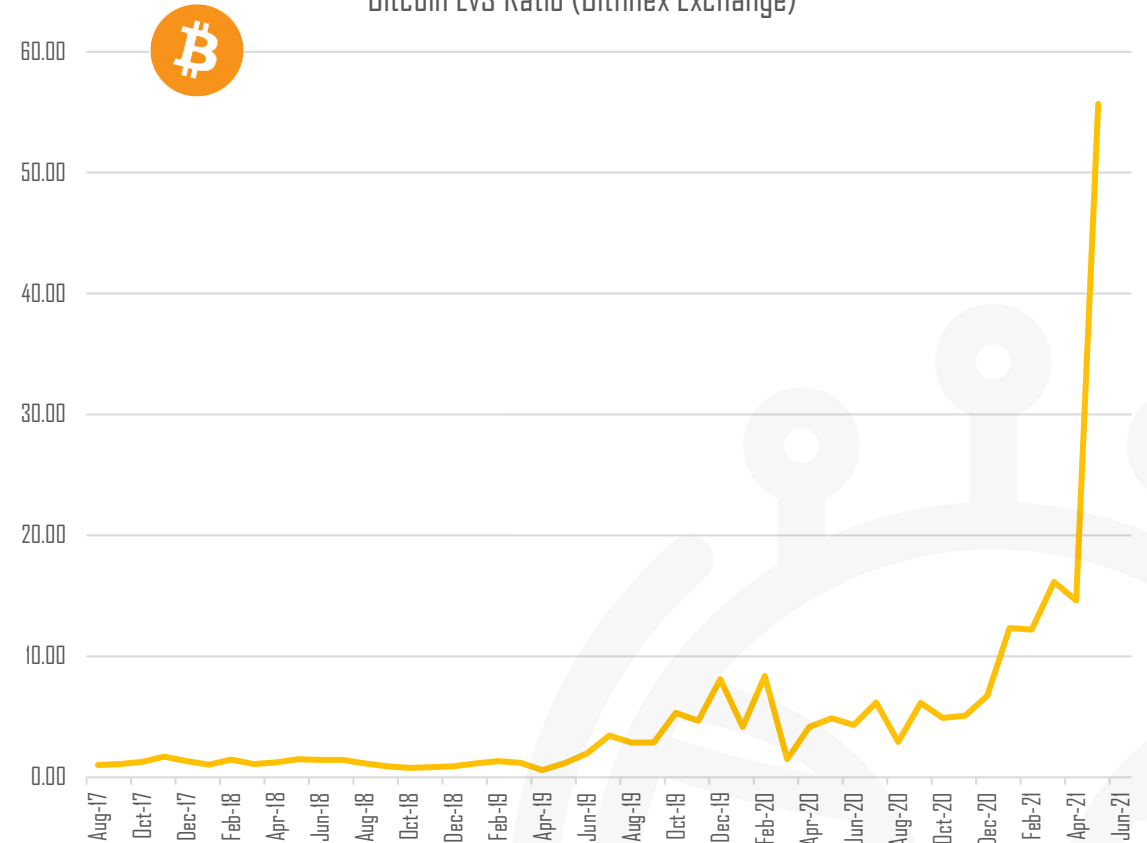
At 0200hrs, on the 19th May we can observe the first wave of short positions being closed as price action met \$40K; 11 hours later, we can then observe the majority of the remaining short positions being closed out as price action fell further to \$30K.

Meanwhile, over the same period of time – as the market was correcting heavily, nearly 14,000 long positions were added to Bitcoin – and have sustained (even adding 8000 more Longs since the 19th May.)

Albeit a small snapshot of the overall market sentiment, this data suggests that a massive accumulation period is on-going as the new comers to the market are selling their Bitcoins to whales who are heavily accumulating.

Data from Monday 31st May 2021
TradingView symbol: BTCUSDLONGS, BTCUSDSHORTS,

Bitcoin LvS Ratio (Bitfinex Exchange)



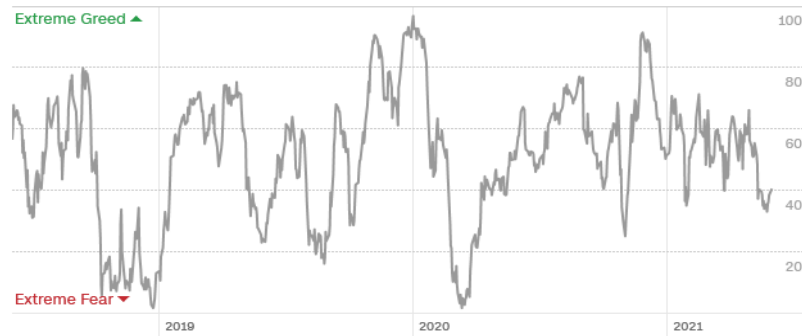
Note: Ethereum Longs vs Shorts has been removed from our monthly insight as the introduction of ETH2.0 staking and the increased Total Value Locked (TVL) of De-fi Smart Contracts has changed the relevance of the data to this metric.



TRADITIONAL STOCK MARKET OVERVIEW: NEUTRAL

Analysis of the Traditional Stock Markets provide an indication of the state of the world economy and any correlations to crypto market price action.

Fear & Greed Over Time



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 Monday 31st May 2021

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

Market ID	Price	Comments	Month Ahead
Gold/USD	1908.2	Gold has closed May with an impressive 7.8% bullish advancement (revisiting the 2011 ATH) as the commodity market as whole catches up to the immensely overbought equities market. Overall, Gold looks poised for a long term bullish continuation – however this month ahead will prove to be critical to establish support. We may see some downside in the Gold market this month, looking for support at \$1776	Corrective
Brent Crude	69.44	Crude oil has staged a bullish advance this past month, invalidating a corrective forecast. Price inflation has been fairly consistent with the greater commodity market reacting to inflationary woes. Moving forward, the Crude Oil Market is pending news from OPEC production rates. We can expect a volatile market this month as Price Action meets a multi year downtrend at \$72-75 range.	Cautiously Bullish
UKX	7022.1	May successfully closed into a bullish advancement on the FTSE100, however the market appears to be running of steam on this rally. It's too early to call a bearish swing (which could potentially last until Q4), but we can anticipate a corrective range between 7150 and 7000.	Corrective
SPX	4204.7	As the US economy begins to open following a mass vaccination programme, the US Fed Reserve will taper down Equity buying and bailout programmes. Although beneficial in the long term, this handover between an open economy and cash injections is likely going to be very volatile. S&P500 to remain cautiously bullish until the Fed announces a cut back in cash printing.	Cautiously Bullish
SSE	3615.4	The Chinese markets have advanced well, current with macro forecasts, we can expect further advancements as the Chinese economy continues it's quest for global domination. Once clear of the 3750 range, we can expect the SSE to surge forward into the 4450 range.	Bullish
JPX	28860.	Current with last months corrective forecast, the Japanese market has been in a stasis – as Tokyo and Osaka navigate a 4 th wave of Coronavirus related lockdowns; the market, and Japanese economy has been on hold. We can expect at least one more bullish monthly close before an extended corrective sequence later in the year.	Cautiously Bullish



BEHIND THE BLOCKCHAIN: WHAT IS BITCOIN TAPROOT?

Those familiar with the cryptocurrency community know that **privacy**, **scalability**, and **security** are a **trifecta of keys** which determine if a crypto project is destined for **success**. While Bitcoin is the largest and most popular cryptocurrency in the world, these issues still need to be addressed for Bitcoin to remain dominant.

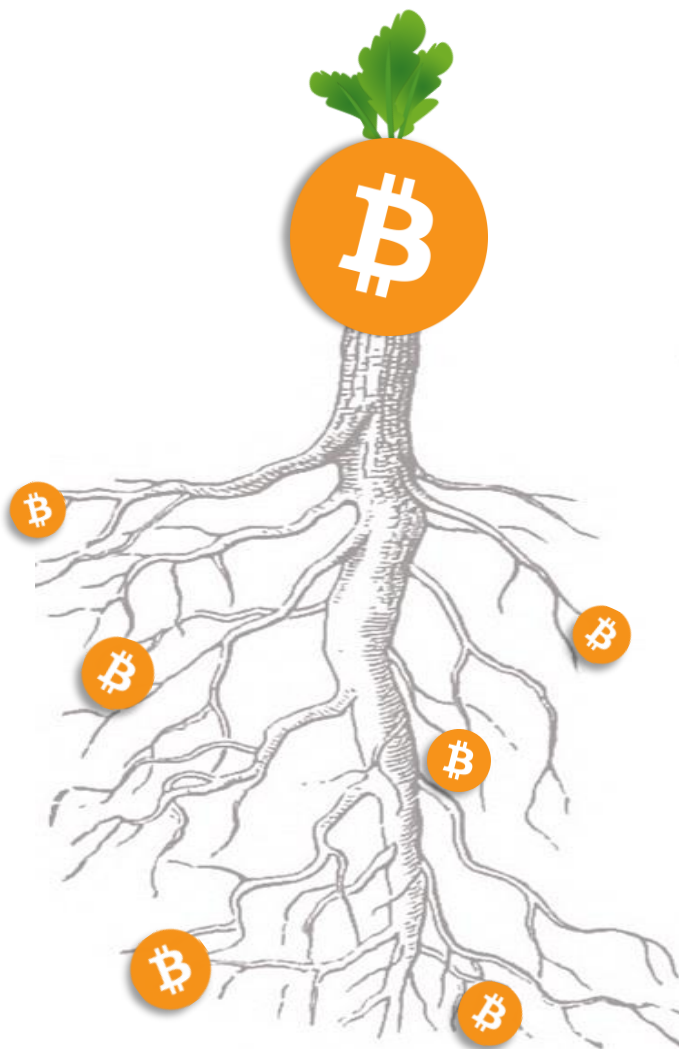
Taproot aims to do just that.

The Taproot upgrade has been widely anticipated as a major **development toward solving Bitcoin's lack of privacy** and other related concerns.

But what is Taproot?

Taproot is a **soft fork** that improves Bitcoin's scripts to increase privacy and improve factors related to complex transactions such as time-lock releases and multi-signature requirements.

The Taproot upgrade will make it possible to **"cloak" all the moving parts of a Bitcoin transaction** that includes these features. So even if the transactions adopt those complex features, they will look like a single transaction. This is a big win for Bitcoin privacy advocates.



How will Taproot benefit Bitcoin?

Besides enhanced privacy, other potential benefits include:

- **Reduced amount of data to be transferred and stored on the blockchain.**
- **More transactions per block (higher TPS rate).**
- **Lower transaction fees.**

Another benefit to Taproot is the fact that signatures will no longer be **malleable**, which is a known security risk in the Bitcoin network. Simply put, signature malleability means that it's technically possible to alter the signature of a transaction before it gets confirmed. By doing this, the attack would make it appear as if the transaction never happened. This leaves Bitcoin exposed to the infamous double-spending problem, which could ruin the integrity of the distributed ledger.

Although this known security risk has not been exploited since the creation of Bitcoin, the removal of a weak link in the Blockchain will ultimately further secure the cryptocurrency ecosystem, and may further accelerate global adoption.



BLOCKCHAIN BASICS: THE "MVRV" SCORE

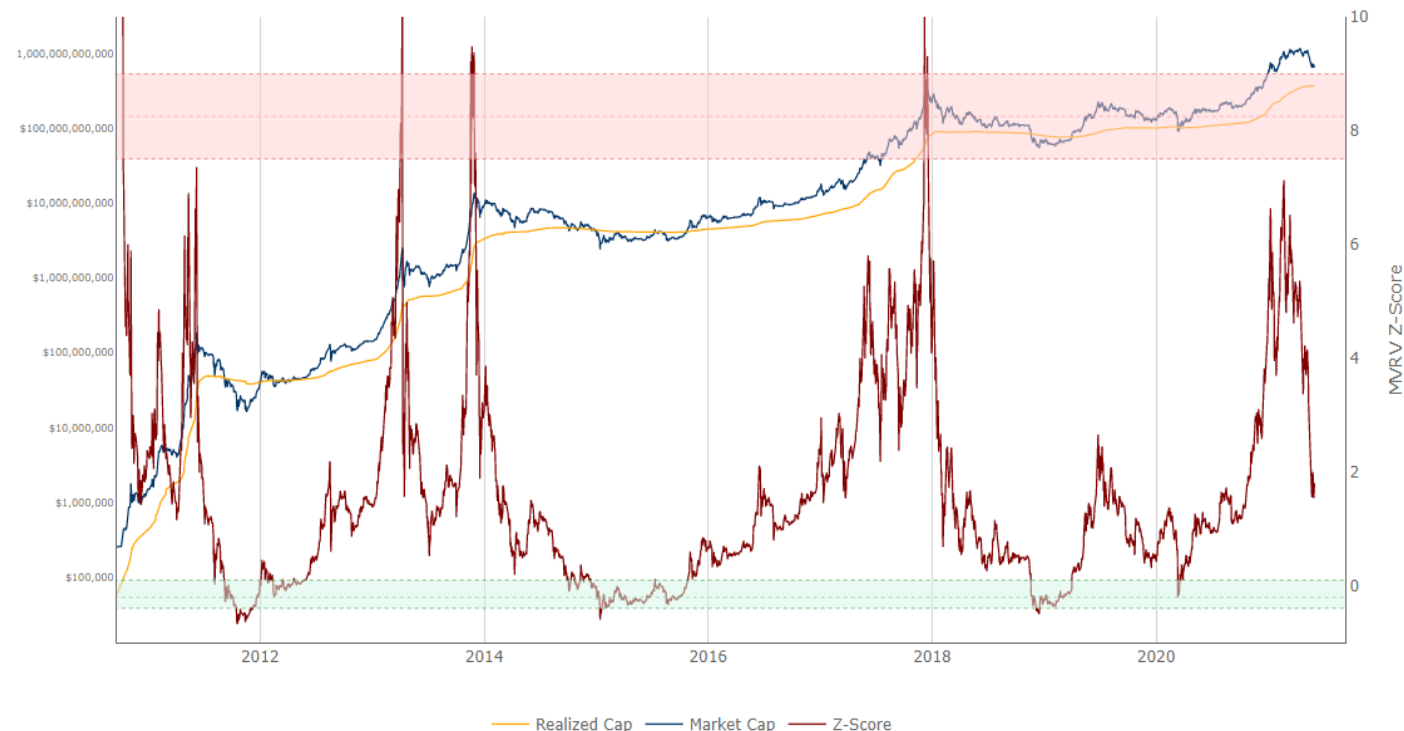
The MVRV Score is an adapted version of the MVRV Ratio created by Murad Mahmudov & David Puell and uses blockchain analysis to identify periods where Bitcoin is extremely over or undervalued relative to its 'fair value'. It uses three metrics:

- 1. Market Value (blue line):** The current price of Bitcoin multiplied by the number of coins in circulation. This is like market cap in traditional markets i.e. share price multiplied by number of shares.
- 2. Realised Value (orange line):** Rather than taking the current price of Bitcoin, Realised Value takes the price of each Bitcoin when it was last moved i.e. the last time it was sent from one wallet to another. It then adds up all those individual prices and takes an average of them. This average price is then multiplied by the total number of coins in circulation.

In doing so, it filters out the shorter term market sentiment that we have within the Market Value metric. It can therefore be seen as a more 'true' long term measure of Bitcoin value which Market Value moves above and below depending on the market sentiment at the time.

- 3. Z-score (red line):** A standard deviation test that pulls out the extremes in the data between market value and realised value

$$MVRV\ Z-Score = \frac{Market\ Cap_{USD} - Realized\ Cap_{USD}}{StdDev(Market\ Cap_{USD})}$$

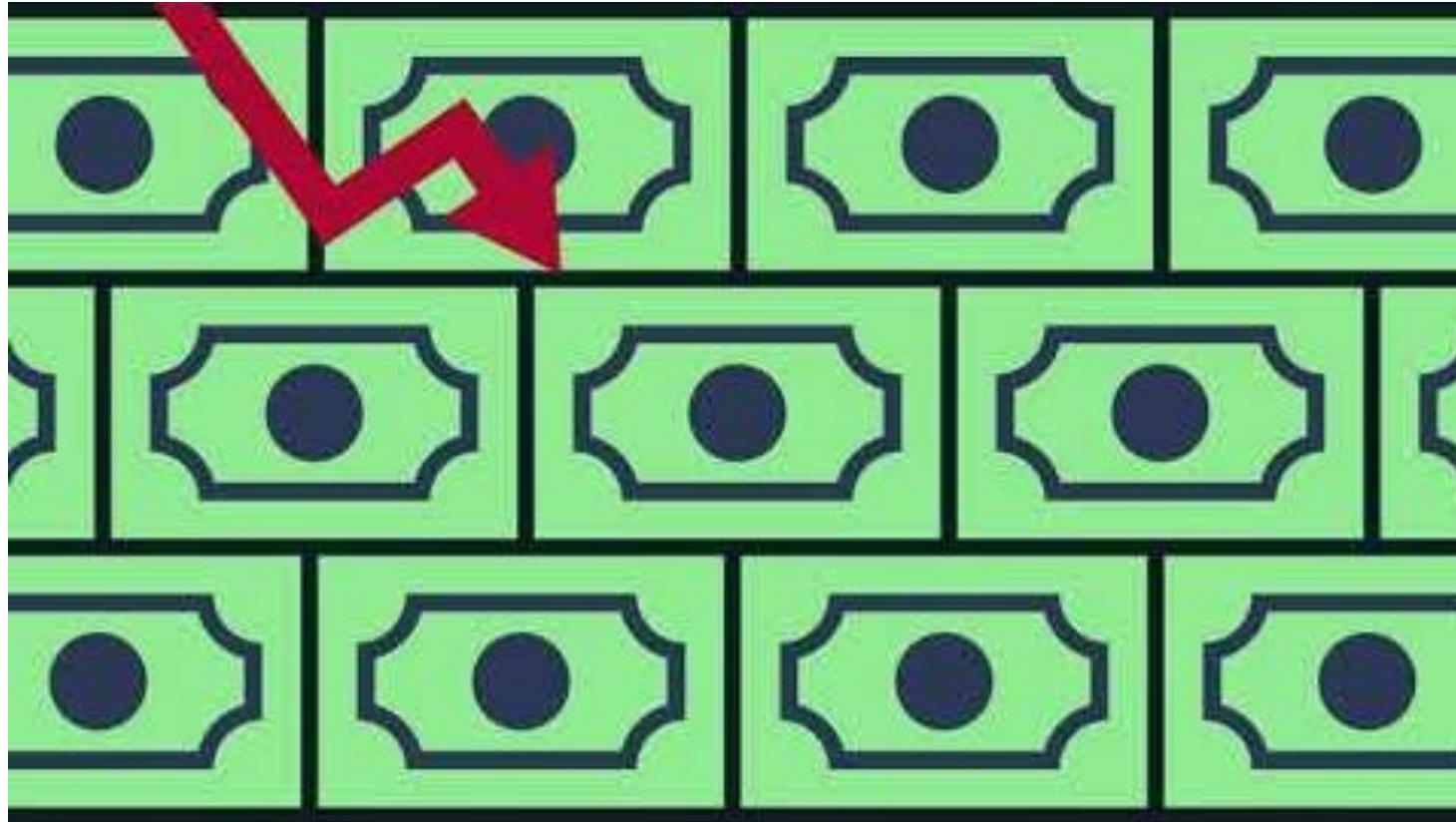


Key Takeaway: The MVRV Score historically identifies macro cycle peaks or troughs of the Bitcoin market. Congruent with further on-chain and market analysis, we have additional confluence that the Bitcoin Bull Market is far from reaching its next apex.

Instead, these metrics suggest that this recent downside is in fact the necessary correction to support a sustained future rally, and a likely significant discount to those who have purchased the market fear.



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