



# DIGITAL FUTURE CAPITAL

Cryptocurrency Market Insights

12-05-2020

## MESSAGE FROM OUR CEO, KRIS LINDAHL:

Happy Bitcoin halving to all you beautiful early adopters, enjoy the future gains from a sound Stock to Flow ratio as the legacy system continues to battle its debt addiction. Our investors certainly will as we prepare to launch our first commercial UK fund in the next couple of months.

Bitcoin rallied to our \$10,000 price target last week ahead of the highly anticipated halving event, moving above the psychological \$10k resistance level for the first-time since February 24th this year. As also noted in our last Weekly, we anticipated traders to 'sell-the-news' of the halving event, particularly with the bearish signal of CNBC turning bullish, and Bitcoin pulled back on 8<sup>th</sup> May but found early support at \$8525 after legendary Hedge Fund Manager, Paul Tudor Jones, told CNBC yesterday that Bitcoin is "the birthing of a store of value" and that the current 'digitisation of the world greatly benefits Bitcoin'. A logical inference.

Traditional financial markets are in risk-off mode today as China-U.S. tensions appear to be worsening. Looking at the U.S. economic calendar, traders will be focused on inflation and jobs data this week. Economists are expecting CPI inflation to fall into negative territory as the effects of the coronavirus continue to damage the American economy. The Fed's response, just print more money. **Governments have now become addicted to debt**, money printing is a hard habit to kick, just like anything that isn't good for you.

Speaking of logical inferences, the absurdity of traditional financial markets defies all logic. Stock markets actually rallied amid Covid! How is that possible with US employment nearing the highs of The Great Depression? The traditional markets have decoupled entirely from reality – a classic sign of a market bubble. Since just February, a global total of \$3.9 trillion (6.6% of global GDP) has been magically created through Quantitative Easing, and the stock markets soared while flooded with the debt of future generations. We are witnessing the Great Lockdown turning into the Great Monetary Inflation, an unprecedented expansion of every form of money unlike anything the developed world has ever seen. Enter Satoshi Nakamoto, the anonymous creator of Bitcoin (see page 9) with a very simple solution:

*"Bitcoin is more typical of a precious metal. Instead of the supply changing to keep the value the same, the supply is predetermined and the value changes. As the number of users grows, the value per coin increases. It has the potential for a positive feedback loop; as users increase, the value goes up, which could attract more users to take advantage of the increasing value."* - **Satoshi Nakamoto**

Our internal Employee and Family fund, aptly called "The Ark" fund, has thus far beaten every major investment fund this year by delivering double digit growth YTD. If we have seen further, it is from standing on the Shoulder of Giants, hence we dedicate this issue to the anonymous creator[s] of Bitcoin for gifting us a way out from the biggest debt bubble in human history.

Stay safe everyone; and stay independently and objectively informed.



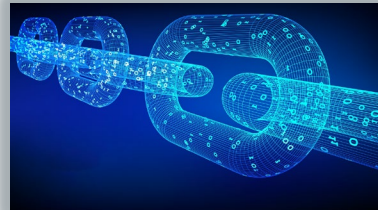
[Real Unemployment Rate in USA Soars Past 24.9%, a Loss of 33.5m Jobs](#)

Before this seven-week stretch of 33.5 million initial jobless claims, there were already 7.1 million unemployed Americans as of March 13. When those figures are combined, it equals more than 40 million unemployed, or a real unemployment rate of 24.9%. That's just under the Great Depression peak of an unemployment rate that topped 25.6%.



[How Blockchain is Addressing Key Problems in Financial Services](#)

With blockchain technologies in place, information can be distributed to the people who need it with the utmost protection of customer data. This technology also helps better detect claim duplication, reduce data error, and identify fraud. Tackling and resolving these issues allows the financial services industry to enhance the customer experience by reducing the time it takes to pay a claim



[Global Trust in Crypto Potential Grows to 48%, Edelman Survey Finds](#)

According to the 2020 Edelman Trust Barometer, a 34,000-person online survey of 26 markets with 1,150 respondents each, 48% of respondents worldwide now trust crypto. Among the 26 polled markets: 81% of Chinese market respondents indicated they trust crypto and blockchain and 62% percent believed the technologies will have a positive impact on the world.



[Bitcoin Dominance is making Investors Rich, Thanks to Crypto Hedge Funds](#)

The King of Crypto, Bitcoin, was already surging in 2019. According to the annual report released Monday by Elwood Asset Management and the consulting company PricewaterhouseCoopers (PwC), the value of assets under management at crypto hedge funds more than doubled in 2019 to reach \$2 billion.


















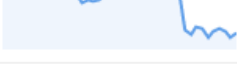

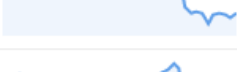

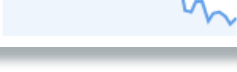
[CME Reports Strong Institutional Interest Before Halving Event](#)

The derivatives exchange said a strong "ramp up" in volumes over the past week showed institutional investors were getting exposure to bitcoin. Primarily used by institutional and professional investors, CME said 844 unique accounts have begun trading bitcoin derivatives since the start of 2020 – more than double the number of new market entrants compared to the same period last year.





## TOP 10 DIGITAL CURRENCY SUMMARY

#	NAME	PRICE	7D CHANGE		MARKET CAP ↓	24H VOLUME
1	 BTC Bitcoin	\$8,944.16	2.47%		\$164.34B	\$39.97B
2	 ETH Ethereum	\$189.10	-6.48%		\$20.97B	\$14.66B
3	 XRP XRP	\$0.197168	-8.46%		\$8.54B	\$1.37B
4	 USDT Tether	\$1.00	0.00%		\$7.52B	\$47.42B
5	 BCH Bitcoin Cash	\$234.55	-3.71%		\$4.32B	\$2.48B
6	 BSV Bitcoin SV	\$183.76	-9.11%		\$3.38B	\$884.85M
7	 LTC Litecoin	\$42.13	-9.29%		\$2.73B	\$3.12B
8	 BNB Binance Coin	\$15.15	-8.98%		\$2.36B	\$344.81M
9	 EOS EOS	\$2.45	-10.38%		\$2.26B	\$2.95B
10	 XTZ Tezos	\$2.50	-6.80%		\$1.78B	\$140.52M

Source: coindocex.com (11.05.2020)





# MARKET FORECAST: BITCOIN

BNC:BLX, 1W 8745.14 ▼ -829.29 (-8.66%) O: 8917.00 H: 10055.79 L: 8176.09 C: 8745.14



## Bitcoin Halving's and Bull Markets

On the 11<sup>th</sup> May 2020, Bitcoin underwent its third halving; meaning that the supply of new Bitcoins is further reduced until it reaches its final total of 21m coins.

Although past performance is not an indication of future results, we can see that by being a deflationary currency, Bitcoin increases in value when it becomes more digitally scarce by each Halving Event.

The timing of this halving is amidst another round of Quantitative Easing, which will depreciate the value of each and every national currency that engages in furthering the global debt bubble. This is why we are seeing all-time high institutional investments into Bitcoin.

In the next 12 months we should see the value of 1 BTC increase significantly, according to the Stock to Flow ratio of Bitcoin, but marry that with QE and we may be on the cusp of another monster Bitcoin bull market.

Proprietary Forecasts of Digital Future Capital – for educational purposes only (Data from 11.05.2020)



## CURRENT MARKET SENTIMENT: 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*.

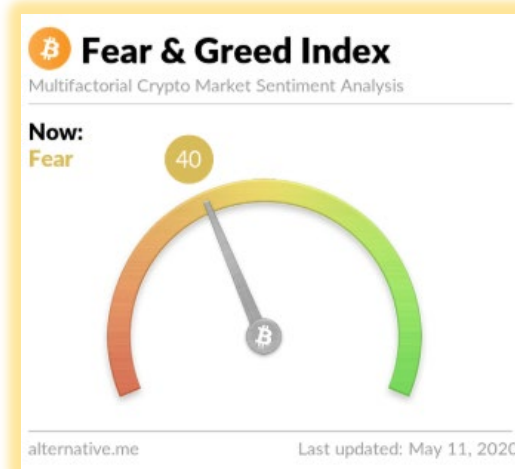
**Extreme Greed (100)**, the market is likely in *Euphoria leading to overbought conditions*.

### Analysis:

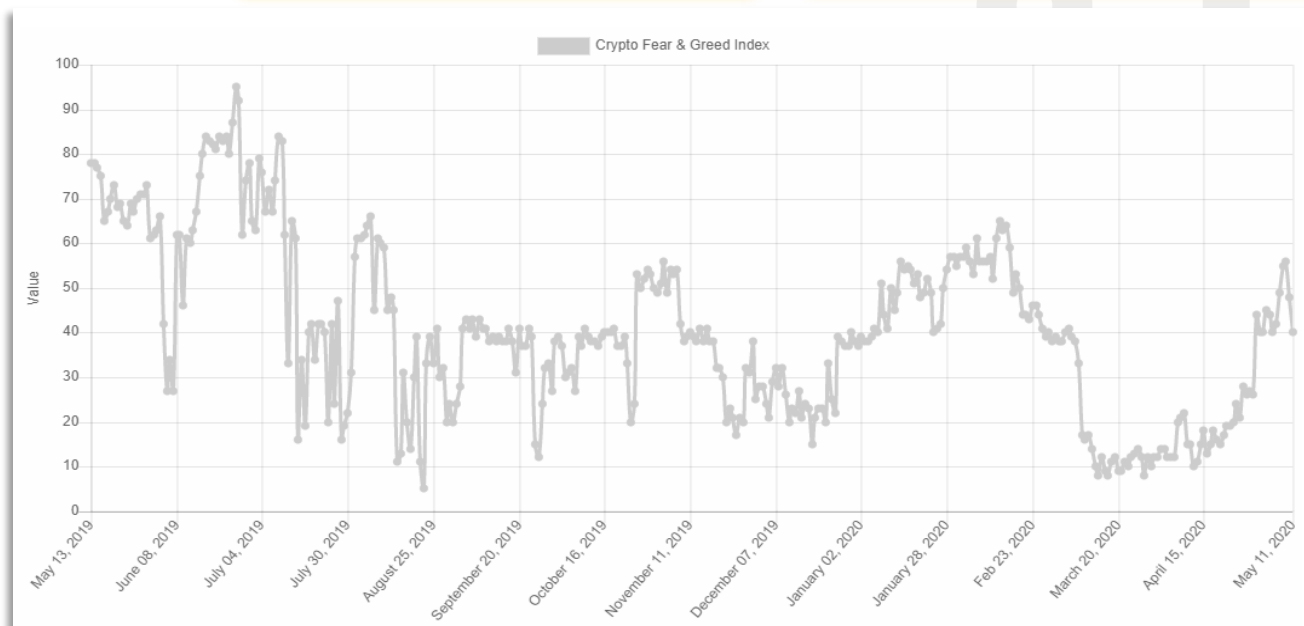
As the Bitcoin Block Reward Halving Event is due to occur approximately at 9pm (GMT) 11/05/2020, we have seen the markets rally in anticipation, as well as media feeds buzzing with news surrounding this major event in the flagship cryptocurrency.

We saw the market sentiment briefly reach Neutral before coming back down, following the market price action as traders likely 'sold-the-news'.

Source: alternative.me (Data from 11.05.2020)



Historical Values	
Now	40
Yesterday	48
Last week	40
Last month	18
<b>Extreme Fear</b>	





## BITCOIN LONGS VS. SHORTS

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

**Longs outweigh Shorts by a 4.38 : 1 ratio.**

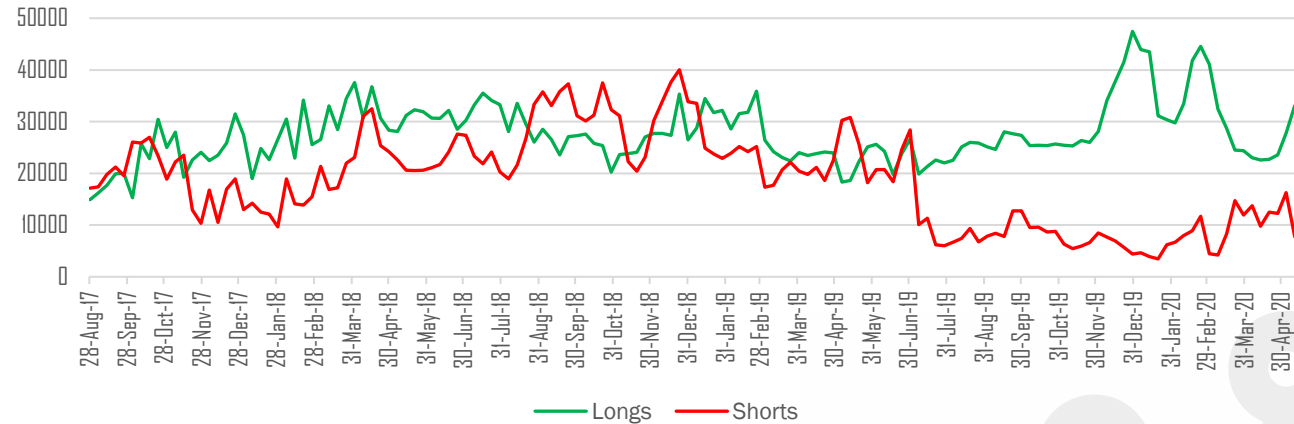
With the market correcting after a remarkable recovery from the Covid-19 market crash, Bitcoin reached \$10,000 once again, showing that it is in-fact the best performing asset in history.

Although we have observed 19% reduction in Long Positions this past week, it is largely due to the large number of stop losses hit as investors expected the market to continue climbing past \$10K. However, we are seeing a further reduction in Short Positions, which is a clear indication that investors are favouring bullish market expansion in near future.

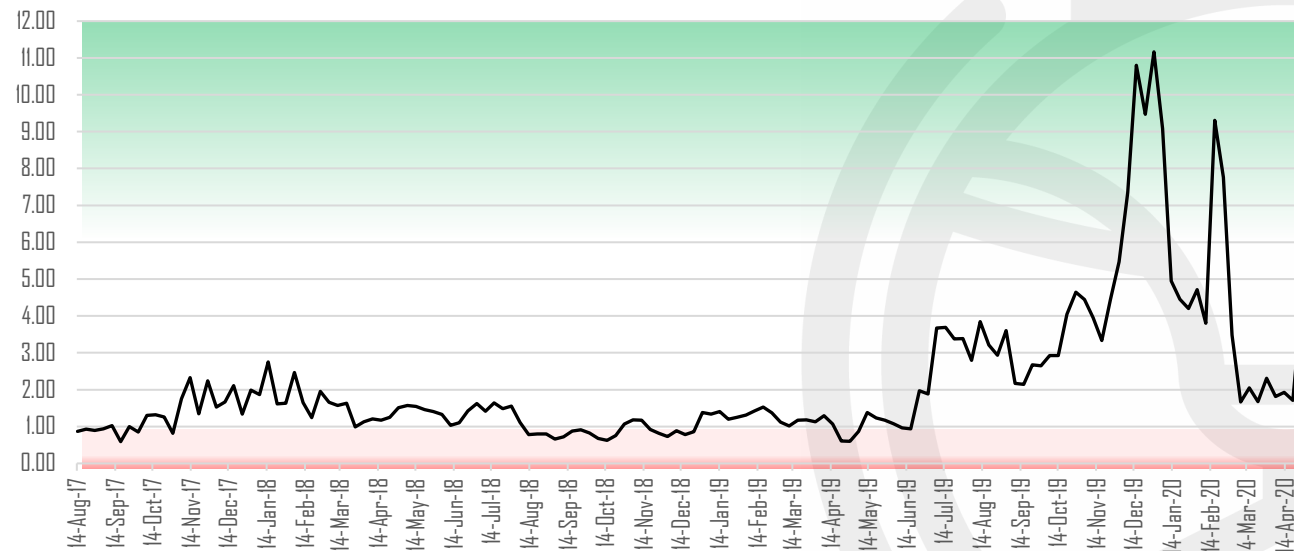
As highlighted in previous publications, we are seeing the introduction of further institutional investors being granted regulatory permission to enter the cryptocurrency markets, bolstering their portfolios as the global economy enters a recession after the recent market capitulation.

Data from TradingView symbol: BTCUSDLONGS and BTCUSDSHORTS  
(Data from 11.05.2020)

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.*

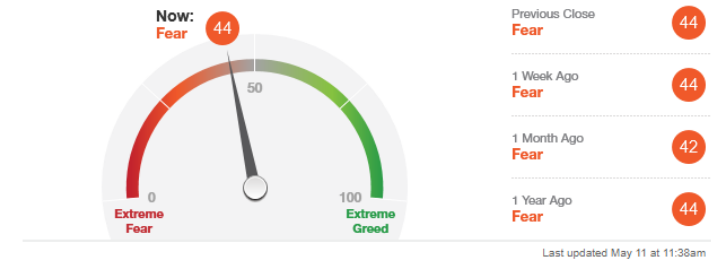
As global economies are attempting to restart, assess the true damage and rebuild following months of lockdown procedures – we are observing optimism return to the market. Although, it is becoming more and more apparent that the stock market is not an indication of economic health, as the US unemployment figures are coming close to being worse than the Great Depression, it is a reasonable question as to why the stock markets continue to climb amid such crisis?

Gold buying pressure is starting to fade, crude oil is attempting to bounce back and major markets are rising on hopes that economies can continue trading soon. This is a setup for a secondary market crash.

## 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	\$1695.76	Two weeks of posting lower highs in the market, momentum indicators are heading down – and a cluster of bearish divergence over the past few months are slowly showing signs of further downside to come as money flows from gold to the stock market once again.	Consolidation
Brent Crude/USD	\$29.98	As the oil industry is letting the dust settle from a historic Q1, WTI going to Zero, Oil Giant Shell cutting dividends for the first time since WW2, and BP reporting a 66% decline in profits it's certainly a chaotic time. On news of economies slowly starting to open for trade again, fuel demand will start to increase.	Consolidation
LSE	7956	UK markets jumped upwards on the Monday open following PM Boris Johnsons plans to reopen the country in stages. A remarkable recovery of the LSE following large cash injections from the government to prevent larger corporations from defaulting.	Consolidation
NYSE	11266.97	The stock market “not a reflection of the strength of the economy” says the NYSE President Stacey Cunningham. In what seems to be an admission that although the US markets are approaching all time highs once again, all seems to be returning to normal, with the exception of 30million unemployed US citizens. Resistance at 11421.2 and 12078.9	Bearish
SSE	2894.8	Despite the reports from China last week of a confirmed recession, the GDP falling to negative values for the first time in decades and Chinese lenders cutting interest rates, China shows its Dragon's teeth as the SEE continues to hold firm amidst the Covid-19 crash. Little change from last week.	Consolidation
JPX	20390.59	Similarly to the UK and US stock markets, Japan rallied on the optimistic news that lockdowns are to be eased as economic rebound on the horizon. Expect resistance at 21179.68	Bearish





# BLOCKCHAIN BASICS: WHO IS SATOSHI NAKAMOTO?

Satoshi Nakamoto is the presumed pseudonym for the creator of Bitcoin. **It is the name on the header of the Bitcoin [Whitepaper](#)** [link attached] when it first appeared online in October 2008.

It is generally accepted that Satoshi Nakamoto isn't a single person, instead a name given to an organisation of brilliant coders and mathematicians with an excellent understanding of economics and global financial infrastructure; revolutionising the concept of 'money' would take no less. Otherwise, the person would have to be a genius across multiple disciplines.

**It should come as little surprise that the name is also cryptic.** Japanese Kanji (characters) have multiple meanings, in this instance, Satoshi can be translated into "clever" and Nakamoto can be translated into "central cause"

Thus, **in creating Bitcoin anonymously, they removed the one potential weakness for its adoption**, making its creator a target for organisations that have no interest in it succeeding; think Julian Assange or Bernard von NotHaus.



Considering that none of the work Satoshi Nakamoto produced was in Japanese, and what few examples exist from the online message boards associated with this character are written using British colloquial terms and language – it's reasonable to suggest that this person[s] was not Japanese – or at least educated in the UK.

Although a few people have claimed to be Satoshi, there is one proof which would settle the debate once and for all – it is to move a Bitcoin from the known Satoshi wallet!

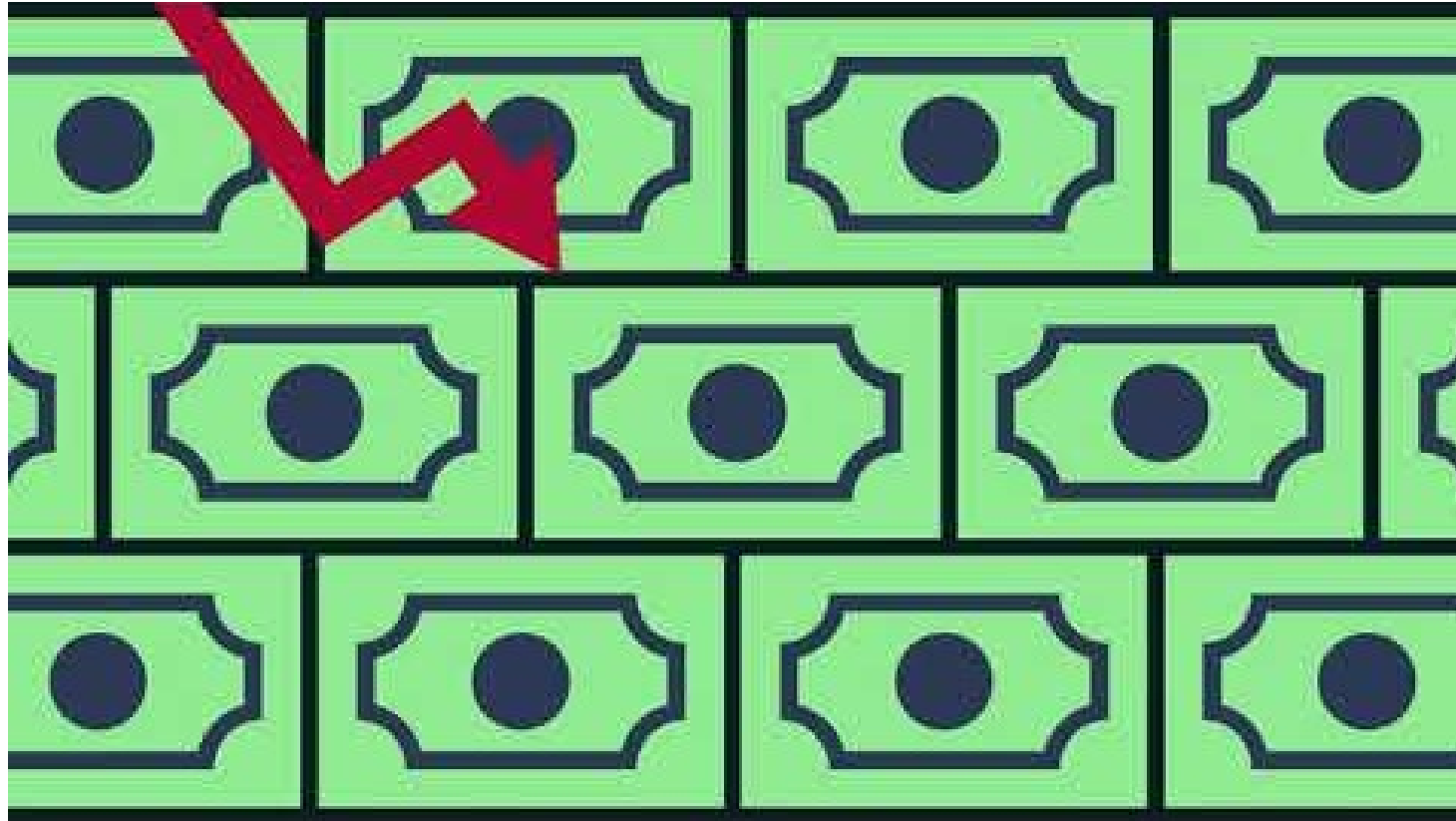
When the Bitcoin blockchain was first invented – Satoshi mined the first 1 million BTC himself, and they have been locked away in a digital wallet ever since – **never having moved despite being valued at nearly \$9 billion at the time of writing.**

The real question is, who could create something so brilliant and not claim any credit, and then having made \$9 billion from it in just 10 years without ever touching a single penny!

**Satoshi Nakamoto for President.**



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