



# DIGITAL FUTURE CAPITAL

Cryptocurrency Market Insights

14-04-2020



## MESSAGE FROM OUR CEO, KRIS LINDAHL:

As we celebrate the ancient pagan spring festival of “Eostre” in isolation, we find comfort in that at least the end to the cold days of winter has come. On the other hand, to paraphrase Game of Thrones, “inflation is coming”.

The threat has been eradicated from our collective memories as it has been stable for decades, progressively breeding the current complacency. We can’t predict the how and when, but it will be more than an economic shock, it will be a cultural shock. When our isolation comes to an end, we will not only come face-to-face with an organic pandemic, but also a debt pandemic.

Countries are resorting to large fiscal deficits as a strategy to stimulate the economy, driven by a lack of monetary firepower. Because all the growth since 2008 is a debt bubble, funded by money printing, so there is no real value to support and mitigate this crisis apart from creating more debt. The dollar will weaken on the back of massive budget deficits and escalating debt-to-GDP ratios, and a weaker dollar will be inflationary.

Bitcoin finally cooled off last week, after its impressive 52% gain in the 24 days following the initial Covid-19 market crash, now we will likely see supply pressure build as traditional markets attempt to stabilise. As of last week, the S&P 500 had risen over 20% from its mid-March low, but I’d wager that rally will soon be over, unless there are new triggers to the upside. Goldman Sachs warned that the US GDP would shrink 29% by the end of the 2nd quarter of 2020, and that unemployment could skyrocket to at least 9%. Central Banks are running out of moves; interest rates are at near 0%, any lower and it will just incentivise cash hoarding in a time where wealth must be shared.

What we truly need now is exemplary leadership. The world’s tech-billionaires are starting to give back to the societies that made them wealthy. Leading the charge is Twitter founder Jack Dorsey, who donated \$1 billion to the fight against coronavirus, totalling a staggering 28% of his wealth. In comparison Bill Gates, who has been very vocal about people donating towards Covid-19, donated \$100m, being 0.1% of his personal wealth. The wealthiest man in the world, Amazon founder Jeff Bezos, pledged \$100m, 0.08% of his \$123bn. History is taking notes...

Is Bitcoin’s technology a potential solution to the flaws in Modern Monetary Theory? Time will tell. It is the best performing financial asset in the past decade, up approx. 9,000,000%. Yes, as a young FinTech its very volatile, yet so was the open seas once upon a time. But if we had never dared to boldly set sail into the uncertainty using new technologies, we would never have discovered the endless beauty across the oceans of our own faith.





## [Bitcoin Fund Gets Listed on Toronto Stock Exchange](#)

Canadian investment manager 3iQ said The Bitcoin Fund, for which it originally filed a prospectus back in October, began trading on the TSX on Thursday.

The fund works along the same lines as an exchange-traded product (ETP): investors purchase shares in the fund and receive exposure to changes in the underlying assets price over time.



## [HTC is bringing Crypto Mining to your mobile phone](#)

As reported by Forbes on Friday, the firm has partnered with Mida Labs to use its DeMiner app on the Exodus 1S model.

HTC says the effort is aimed at bringing further decentralization to crypto mining, a process that sees computers used to secure the blockchain and process transactions in return for block rewards.



## [The Bitcoin Price Has Outperformed All Other Major Asset Classes Over The Past Year](#)

Much like basically every other asset in the world, the Bitcoin price fell sharply around the time COVID-19 was officially declared a pandemic, however a new report from digital asset research firm Delphi Digital has shown that Bitcoin has performed better than just about everything else over the past year.



## [European Committee Calls for Crypto Rules with International Standards](#)

A committee of the European Parliament calls for the end of crypto-related regulatory arbitrage - a way to use loopholes in regulatory systems to avoid unfavourable regulations - proposing that crypto regulation should be made at the international level.



## [New York Power Plant Sell 30% of BTC Mining Hashrate to Institutional Buyers](#)





















Greenidge Generation, an upstate New York power plant that's using proprietary facilities to mine bitcoin (BTC). The firm said in an announcement on Friday that the deal, brokered by BitOoda Digital, proceeded the sale of 106,000 terahashes per second (TH/s) of bitcoin mining power to undisclosed buyers.







## TOP 10 DIGITAL CURRENCY SUMMARY

#	NAME	PRICE	7D CHANGE		MARKET CAP ↓	24H VOLUME
1	 <b>BTC</b> Bitcoin	\$6,838.49	-7.63%		\$125.31B	\$29.30B
2	 <b>ETH</b> Ethereum	\$156.81	-9.55%		\$17.33B	\$10.97B
3	 <b>XRP</b> XRP	\$0.186173	-8.19%		\$8.06B	\$1.34B
4	 <b>USDT</b> Tether	\$1.00	0.05%		\$6.57B	\$37.75B
5	 <b>BCH</b> Bitcoin Cash	\$223.41	-14.24%		\$4.11B	\$2.17B
6	 <b>BSV</b> Bitcoin SV	\$188.97	-1.78%		\$3.47B	\$1.13B
7	 <b>LTC</b> Litecoin	\$41.02	-12.37%		\$2.65B	\$2.68B
8	 <b>BNB</b> Binance Coin	\$15.49	1.46%		\$2.41B	\$454.23M
9	 <b>EOS</b> EOS	\$2.44	-12.01%		\$2.25B	\$1.78B
10	 <b>XTZ</b> Tezos	\$1.93	-6.23%		\$1.36B	\$112.09M

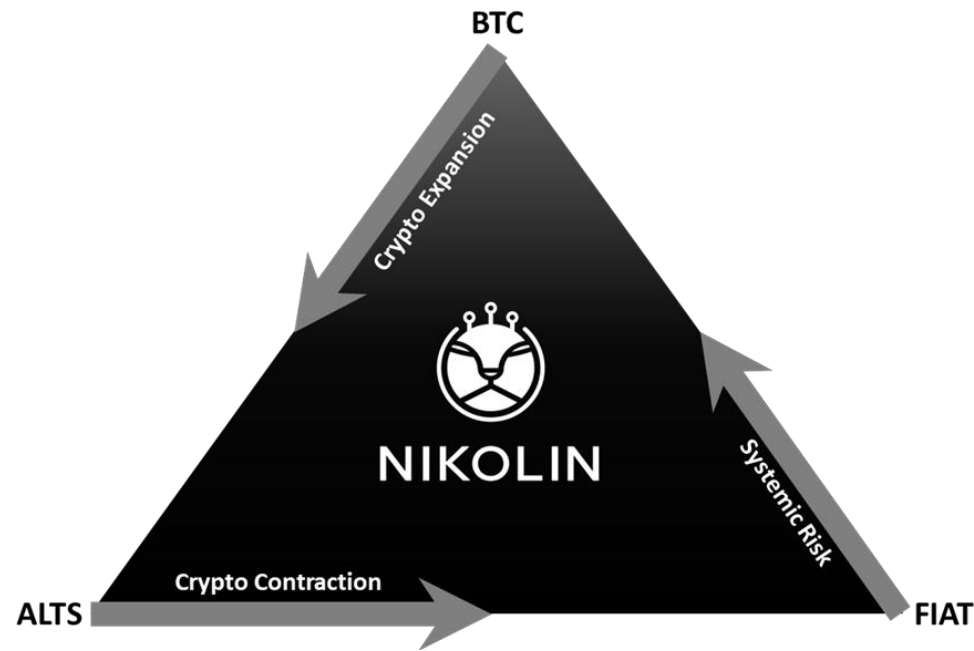
Source: coincodex.com (14.04.2020)



## 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 6855.7 ▼ -5.9 (-0.09%) O:6862.1 H:6934.0 L:6772.7 C:6855.7



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™ exit target, for 8-14 April at \$7,700 - 8,000, hit on 9<sup>th</sup> April but fell \$220 short of its exit price, indicating weakness in demand. This favours a bearish market structure and opens the possibility of new lows yet to come.

We are monitoring 2 possible areas of support in price and time (shown in chart), if neither holds then price may push back down towards \$4,800-5,000 level, and possibly lower. Presenting an excellent mid-term investment opportunity.

## 30 Day Forecast:

Nikolin™ maintains a neutral position until 3 targets have hit in a row, indicating high-probability market conditions.

## 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 paramount hedge against fiat inflation.

Proprietary Forecasts of Digital Future Capital – for educational purposes only (Data from 13.04.2020)

DIGITAL FUTURE CAPITAL CRYPTOCURRENCY MARKET INSIGHTS: PLEASE VISIT [WWW.DIGITALFUTURECAPITAL.COM/](http://WWW.DIGITALFUTURECAPITAL.COM/) FOR MORE DETAILS



## 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:

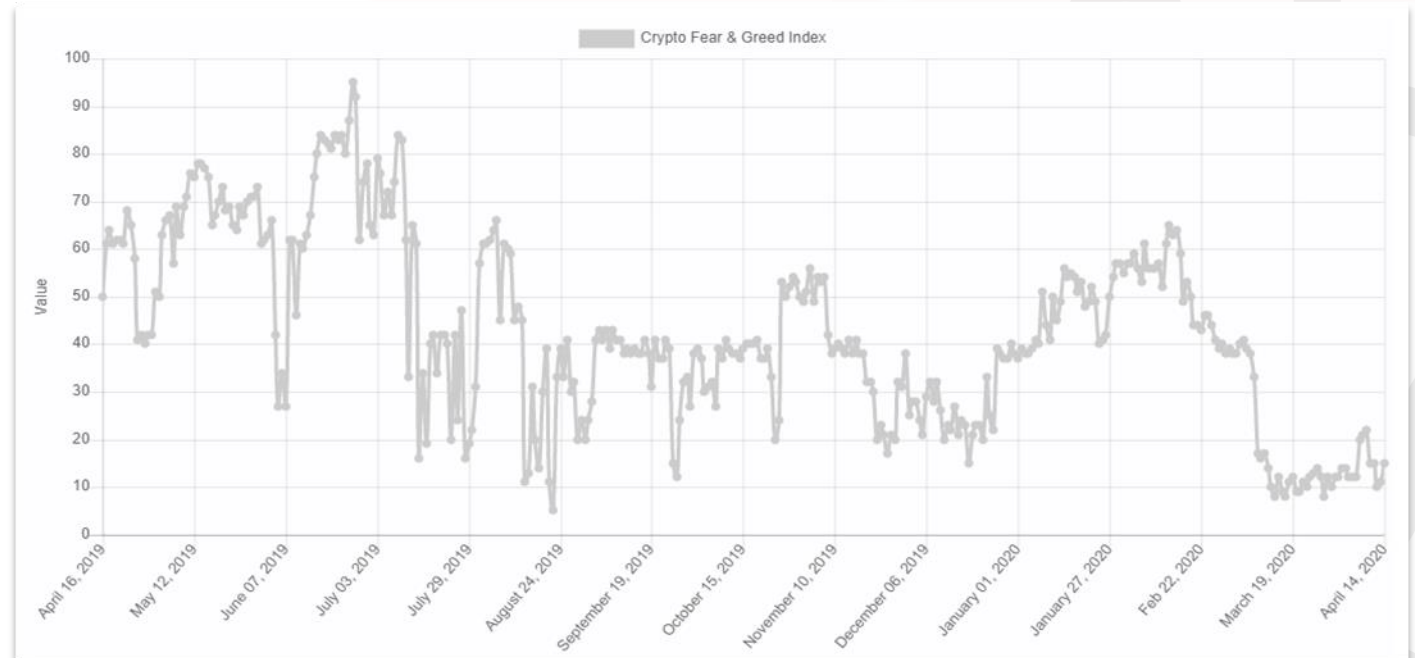
**Extreme fear (0)**, could indicate that investors are in a state of *panic leading to oversold price conditions*.

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

### Analysis:

Since the World Health Organisation's ("WHO") announcement of the Covid-19 pandemic in Mid March, the world economy, including crypto, have been in a state of Extreme Fear.

Although investor sentiment is slowly returning, we are seeing a persistent fearful emotion remaining in the markets.



Source: [alternative.me](https://alternative.me) (Data from 14.04.2020)



## BITCOIN LONGS VS. SHORTS

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

The initial volatility of the Covid-19 market crash is starting to subside, however, as investors globally are fearful of entering the markets, there has been a decline in both long and short positions.

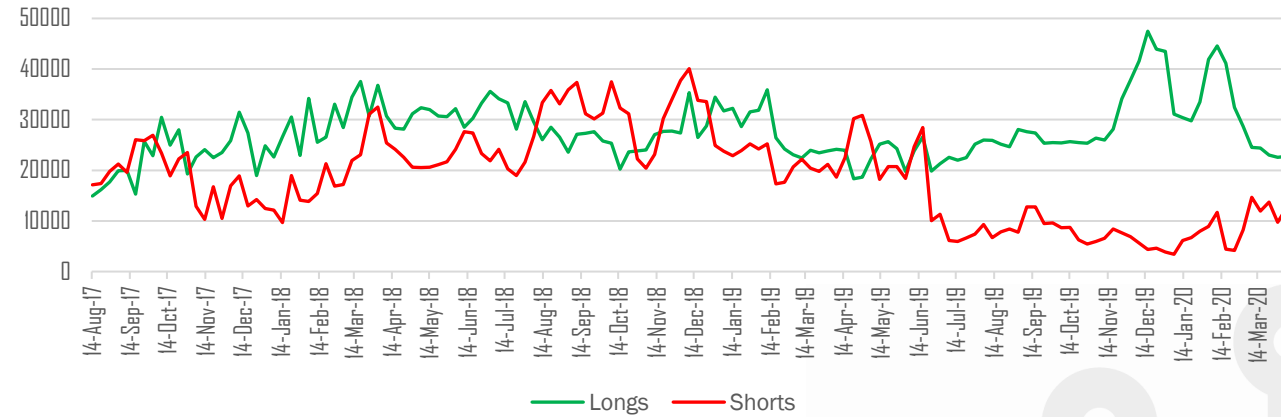
**Longs outweigh Shorts by a 1.82 : 1 ratio.**

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

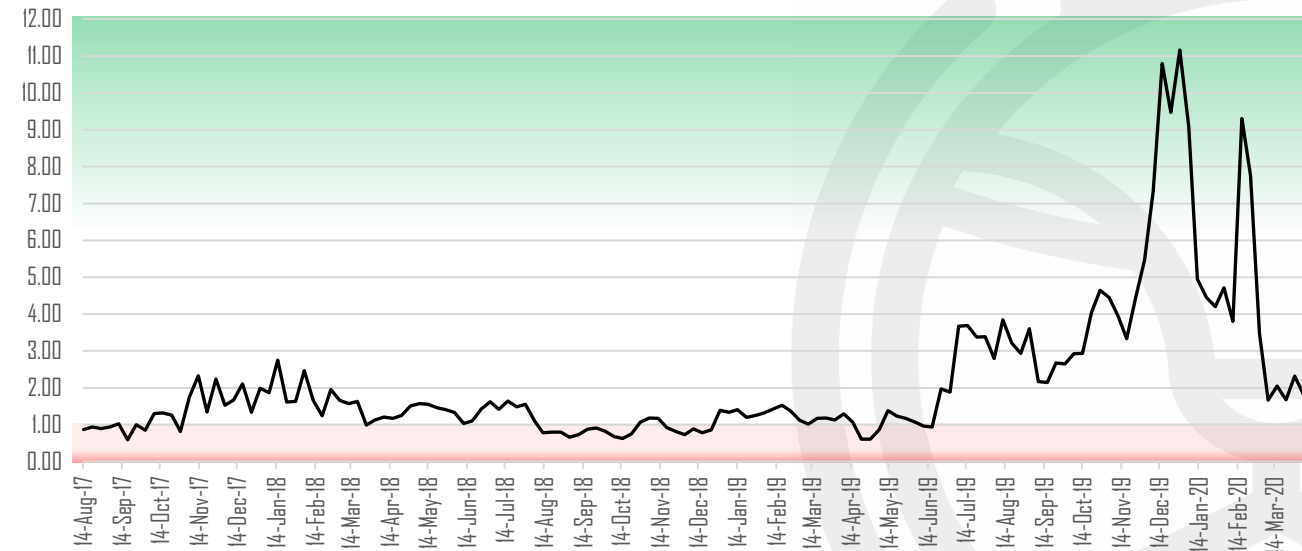
Although it is still too early to determine if the market is in a bullish continuation, the persistent dominance of Long Positions throughout this volatile period in the market, is an indication of a potential upside recovery.

Data from TradingView symbol: BTCUSDLONGS and BTCUSDSHORTS  
More Info: [Long and Short Positions in the Market](#)  
(Data from 13.04.2020)

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.

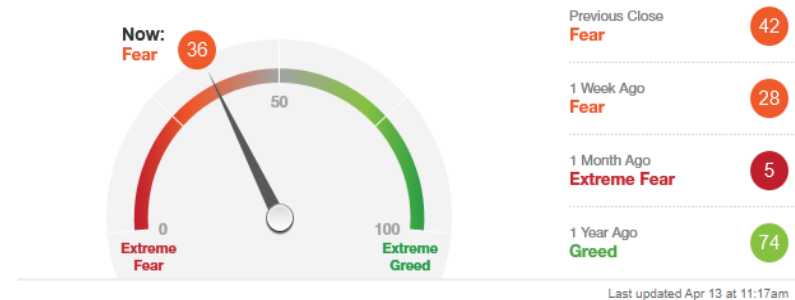
As the impact of financial stimulus efforts by major economies are being digested by the markets, we are observing more volatility as countries are battling the devastating effects of Covid-19.

Observing continued volatility across all major markets. However, as the initial shock of the crash is beginning to subside, investor sentiment is slowly improving.

## 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	\$1707	Gold has managed to close into a new 8 year high, suggesting that investors are continuing to invest in “safe heaven” assets to mitigate the losses suffered during the Covid19 driven economic crisis. Momentum indicates that this rally should reverse to the downside shortly.	Bullish
Brent Crude/USD	\$31.99	OPEC+ nations, including Russia, have agreed to cut production outputs by approximately 10% in a historic effort to curb falling prices amid the lack of demand due to the Covid-19 lockdowns globally. Further volatility to be expected.	Bearish
LSE	7232p	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 negative impact on trade.	Bearish
NYSE	10963.13	A strong rally last week has come to rest underneath the 200 Week moving average as the market braces for a Coronavirus damaged quarterly earnings report. Further volatility to be expected as the US continues to battle Covid-19 crisis management.	Bearish
SSE	2783.046	Chinese markets were down slightly last week, as news of new Covid-19 cases were reported in the country. However, as the country starts to reduce the strict lockdowns and begin production once again – we expect to see more investment flowing into the market.	Consolidation
JPX	19043.12	A similar movement to the US markets, as the economic stimulus packages have been processed by the markets – it remains to be seen if the efforts by global economies to stop the bleeding is enough.	Bearish



## BLOCKCHAIN BASICS: PROOF OF WORK (PoW) VS PROOF OF STAKE (PoS)

Most blockchain protocols are based on Proof of Work (“PoW”), so-called “miners” **process transactions** by using computing power to solve **complicated cryptographic mathematical puzzles**.

The “proof” that they did this computational work, is by finding solutions to those cryptographic puzzles.

By doing this, they help validate and process transactions and in turn are paid for their work with transactions fees and with newly created coins.



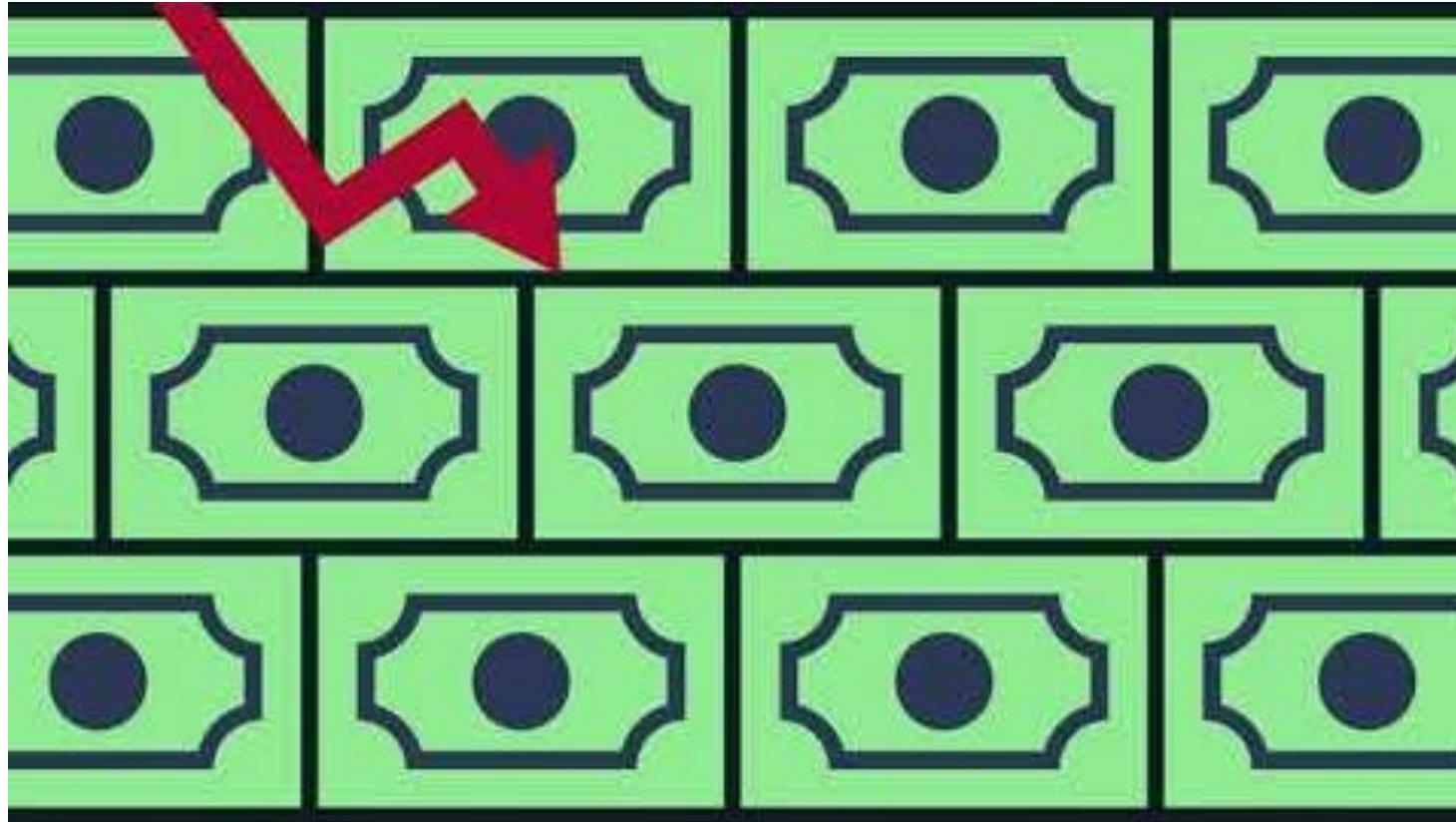
For Proof of Stake (“PoS”), miners still process and validate transactions, but do so by **proving that they have ownership** of a certain amount of the asset, rather than by performing energy-intensive computations.

For PoS, miners ‘lock up’ their assets (their “stake”) and then promise to fairly process transactions; If they do an honest job, they get rewarded with transaction fee payments, but if they try to cheat, they get penalized and lose some or all of their locked assets.

In short, this system financially incentivises honest behaviour. **PoS is designed to be less energy intensive than PoW.**



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