



THE WEEKLY UPDATE

WEEK 1



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Market Update

- Most large caps outperformed bitcoin this week
- All indexes ended down last month of 2019
- Market sentiment stable – investors turning bullish?
- Bitcoin volume to new lows, are traders on holiday?

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Valuation

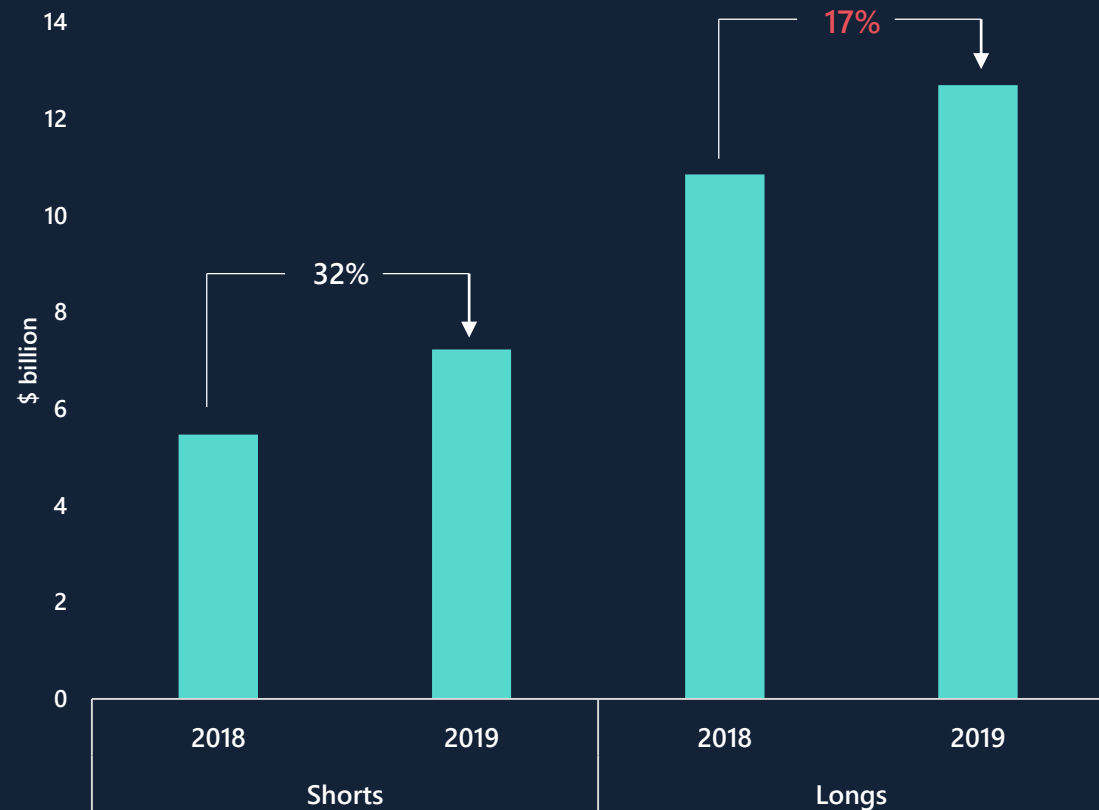
- Sideways price action for over a month – will the BTC price jump to \$8,000 or dump to \$6,000?
- Bitcoin long liquidations increased in 2019, while price almost doubled. What is going on?
- Mixed among traders as futures premium rates for BTC move in opposite directions

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Blockchain Activity

- Bitcoin blockchain activity ends the year flat, while miner fees saw great improvements in 2019
- Bitcoin's network hash rate kicks off 2020 with new all-time high

BitMEX BTC Liquidations



THE NEWSROOM



China May Soon Have Its First Blockchain Exchange-Traded Fund

China Securities Regulatory Commission (CSRC), the country's financial watchdog, has recently received an application for listing an exchange-traded fund (ETF) that will track blockchain-related stocks as underlying assets.



Swiss president: The current form of Facebook's Libra has 'failed'

In an interview with Swiss broadcaster SRF, Maurer stated that Libra does not have a chance of being successful "because the basket of currencies that is deposited in this currency is not accepted by the national [central] banks."



Ethereum Hard Forks for Second Time in One Month

With the mining of block 9,200,000, the Muir Glacier upgrade has been implemented on the network. Muir Glacier delays the "difficulty bomb" by 4 million blocks

Most large caps outperformed bitcoin this week

Top ten by market capitalization	Last	Last week	Last month	YTD
Bitcoin	7136.56	-1.03%	-2.81%	-1%
Ethereum	129.49	3.06%	-12.59%	-1%
XRP	0.19	1.45%	-13.49%	-1%
Bitcoin Cash	202.07	8.77%	-5.13%	-2%
Litecoin	41.27	3.71%	-9.59%	-1%
EOS	2.59	3.61%	-5.14%	-1%
Binance Coin	13.45	2.02%	-12.51%	-2%
Bitcoin SV	95.67	7.70%	-1.92%	-1%
Tezos	1.34	-1.11%	3.92%	-2%
Stellar	0.05	0.93%	-19.78%	0%

Best performing	Last	Last week	Last month	YTD
Waves	1.02	16.99%	73.01%	-1%
Basic Attention Token	0.19	14.47%	-1.55%	-2%
Seele	0.15	11.29%	-7.11%	-3%
Bitcoin Cash	202.07	8.77%	-5.13%	-2%
Bitcoin SV	95.67	7.70%	-1.92%	-1%

Worst performing	Last	Last week	Last month	YTD
Centrality	0.09	-12.53%	-35.15%	-5%
VeChain	0.01	-9.27%	-20.29%	1%
Maker	430.13	-8.49%	-20.73%	0%
Algorand	0.22	-6.74%	-25.05%	-1%
Augur	8.75	-5.23%	-13.53%	2%

Last week of top 50 by market capitalization

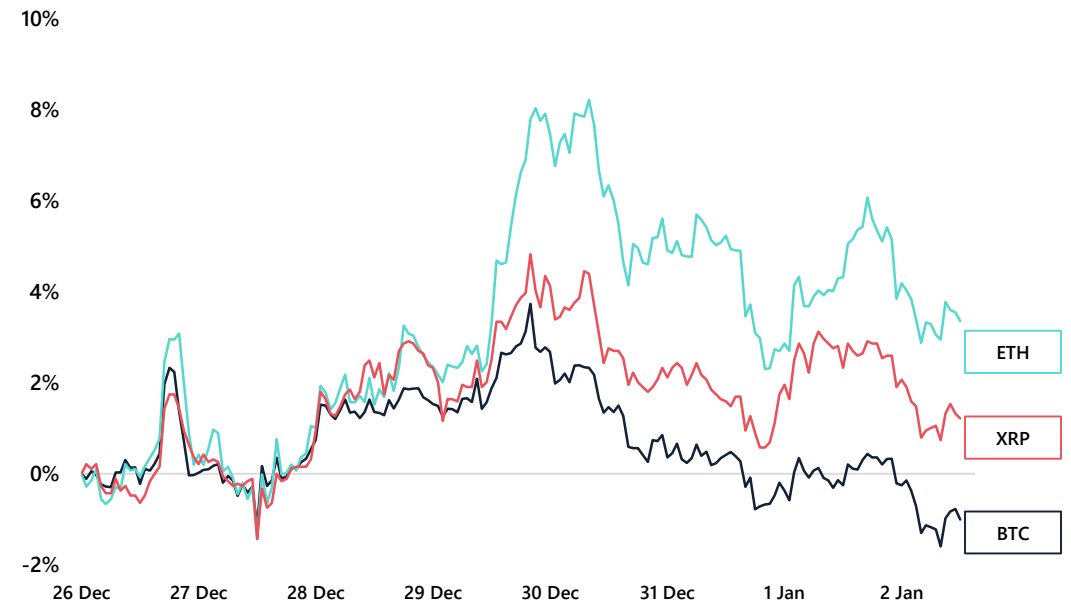
Source: cryptowat.ch

Bitcoin Correlation:

90-day correlation (weekly change included)	ETH		XRP		GOLD		S&P500	
BTC	0.874	-0.002	0.710	0.007	0.198	-0.008	0.049	0.019

Source: coinmetrics.io

Top 3: Percentage Change in Price Over the Last Week



Source: cryptowat.ch

All indexes registered **negative returns** in December

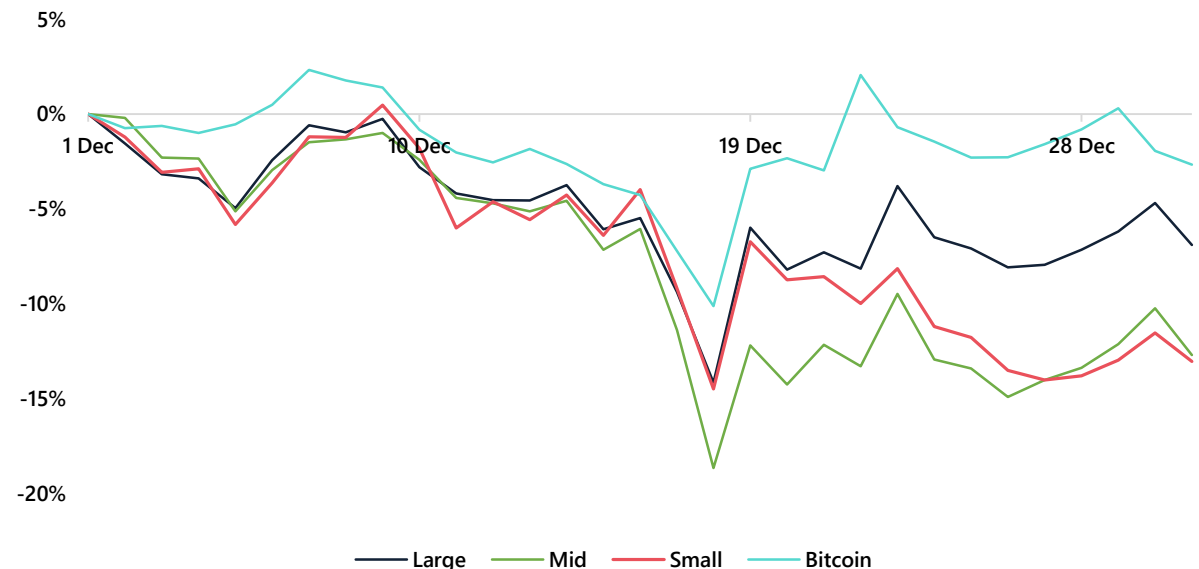
- **All indexes ended up with negative returns in 2019's last month.**
- Even though bitcoin was 2.5% in December, it outperformed all other indexes.
- Large Caps had a negative return of -7%, while Mid and Small Caps were down approx. 13%.
- However, BTC has lost almost 1% market share over the last week, while most large cryptocurrencies have gained shares.

Percentage of Total Market Capitalization

	BTC	ETH	BCH	LTC	XRP	DASH	NEM	XMR	IOTA	NEO
Market Share	67.35%	7.36%	1.92%	1.37%	4.31%	0.20%	0.15%	0.41%	0.23%	0.32%
Weekly Change	-0.9%	2.8%	9.7%	3.8%	1.7%	5.3%	0.0%	-2.4%	0.0%	0.0%

Source: Coinpaprika.com

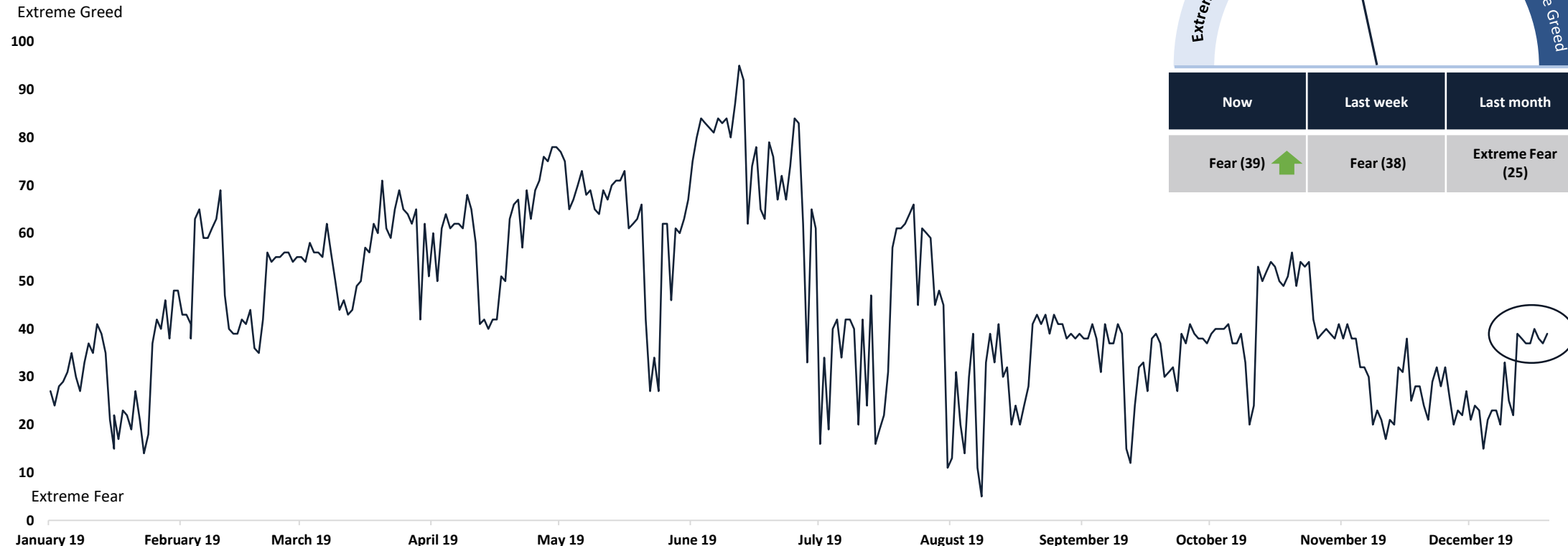
Monthly Performance of Market Capitalization Weighted Indexes



Source: Bletchleyindexes.com

Market sentiment stable – are investors turning bullish?

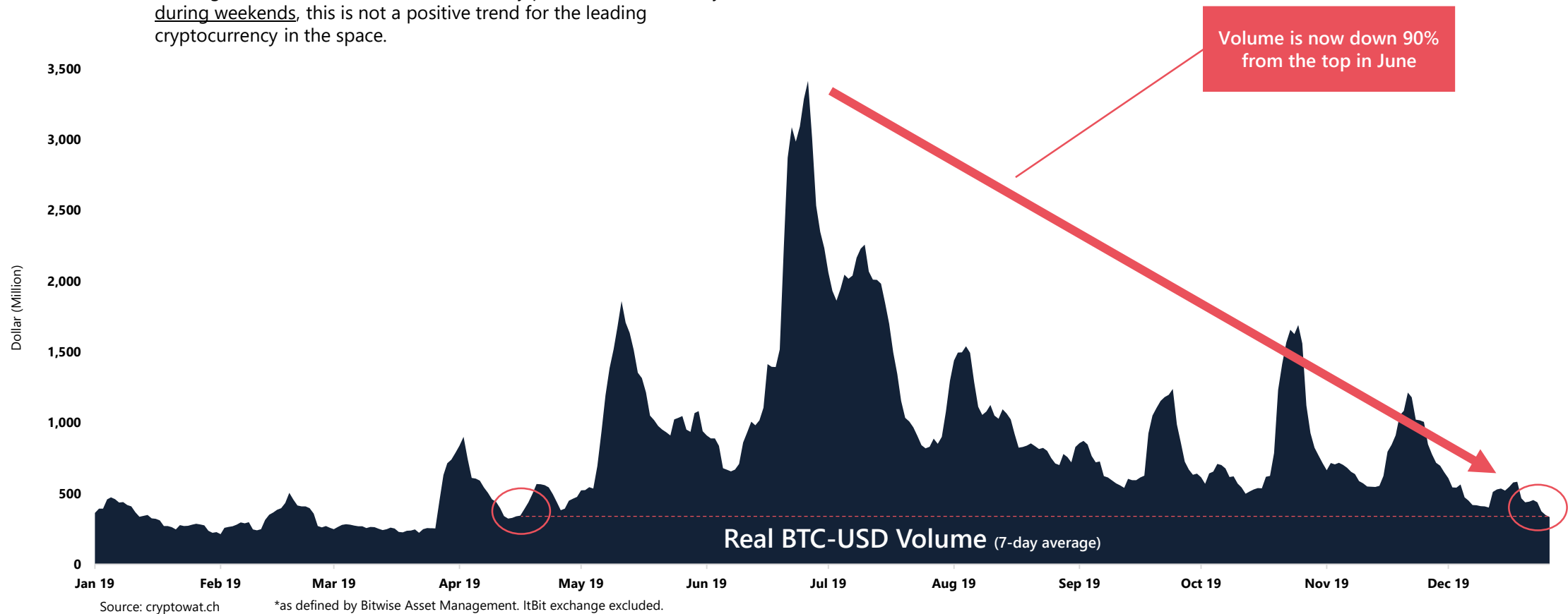
The Fear & Greed Index has been holding stable over the last week, after a strong recovery from the lows in December. As BTC has been moving mostly sideways over the last month, the market sentiment has been climbing.



Source: alternative.me

Are traders on holiday? Bitcoin volume to new lows

The 7-day average real trading volume* continued downwards this week. The first day of the year, Jan 1, registered as little as \$192 million in volume. **These levels have not been seen since April 2019.** Although this could be related to the holiday period and less activity during weekends, this is not a positive trend for the leading cryptocurrency in the space.



Bitcoin volatility falls again over the festive period

- The 30-day bitcoin volatility has been moving downwards over the last week, and is now getting close to 2.5% level that was seen throughout the first half of December.
- With investors returning after the Christmas period, BTC will hopefully pick up some pace going into the first month of 2020.



BTC-USD Volatility (30-day average)

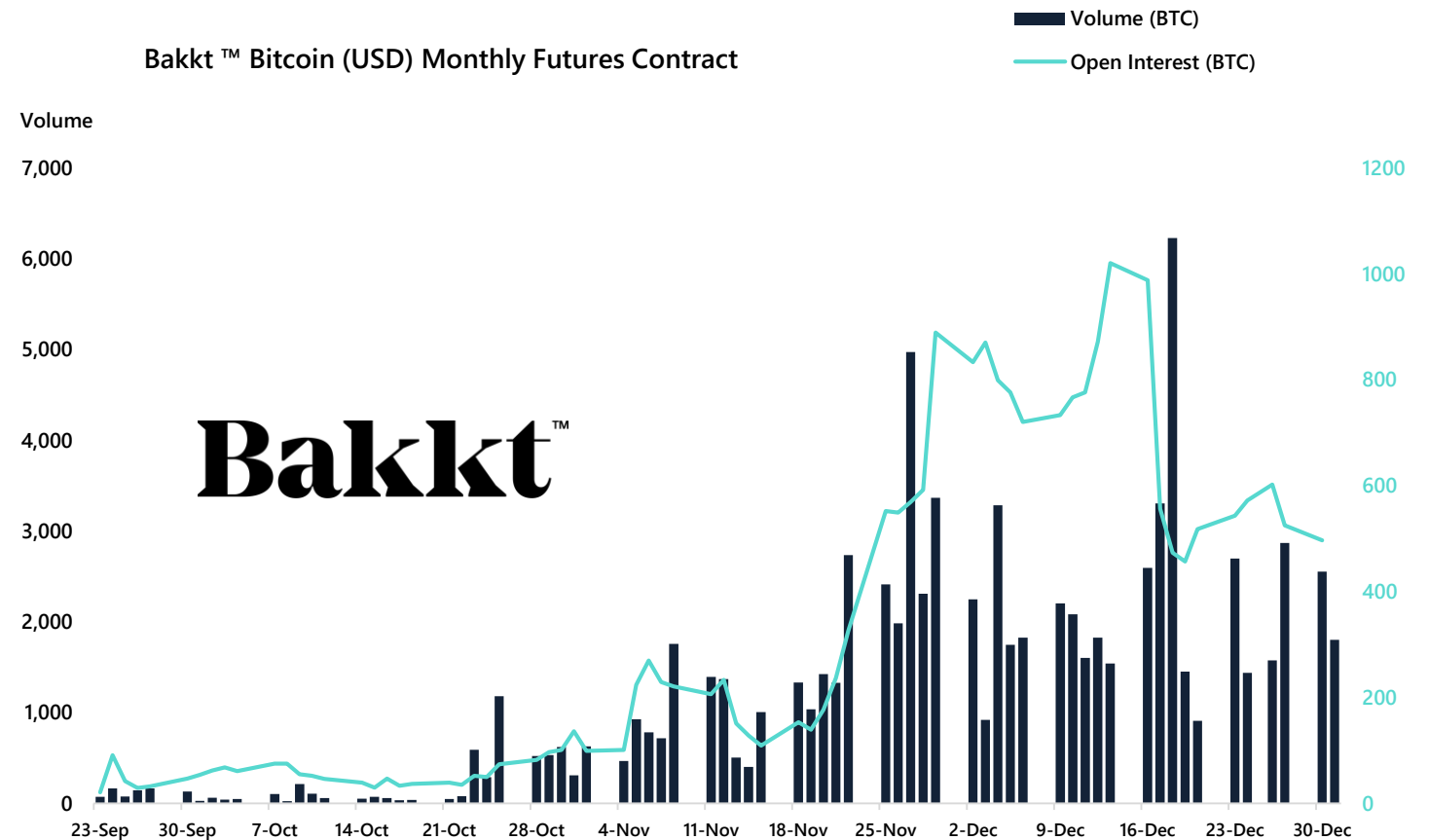
Source: cryptowat.ch

Stable activity on Bakkt over the last week

After a new volume record just before Christmas, the activity on Bakkt stayed stable over the holiday period.

- The average daily volume has been 2,155 BTC over the holiday period.
- Open interest has been stable around 500-600 BTC over the last week.

No trades have been done for the daily BTC futures contracts over the last three months.



Source: Intercontinental Exchange



VALUATION

Sideways price action continues – can BTC hold the \$7,000 support level?

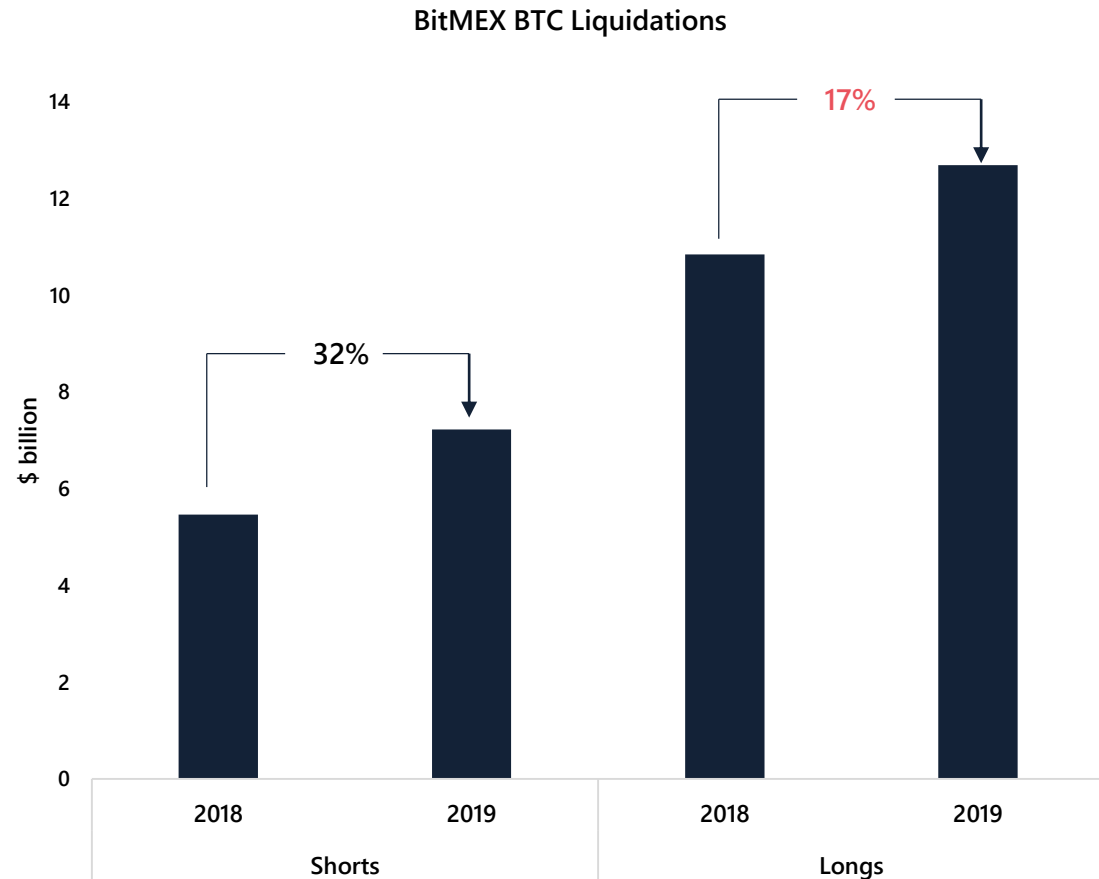
- As discussed last week, BTC is currently in a descending channel, and a move up below \$8,000 or down the \$6,000 area could be near.
- Zooming in on the last month, BTC has been moving sideways and finding support in the \$7,000 area several times.
- At the same time, we have seen lower highs, as the price is struggling to push above the \$7,600 area.
- With lower trading volume over the past weeks and several failed attempts to push up, a new dump below \$7,000 is not unlikely.

Source: Tradingview



Bitcoin **long liquidations increased** in 2019, while price almost doubled. Why is this happening?

- Although BTC increased 90% in 2019, the value of liquidated longs increased on the trading platform BitMEX.
- **While approx. \$10.85 billion of longs were liquidated in 2018, this number increased by 17% in 2019 to \$12.70 billion.**
- Some may ask how this can happen, when BTC almost doubled in price in 2019, but fell over 70% in 2018.
- As platforms like BitMEX and Deribit only let customers post BTC as collateral, **it is easier for longs to get liquidated than shorts.**
- The collateral will be worth less in a long position when the price goes down. Contrary, the collateral will be worth more in a short position of the price goes up.
- This illustrates how important it is to understand and read the contract specifications when trading derivatives.



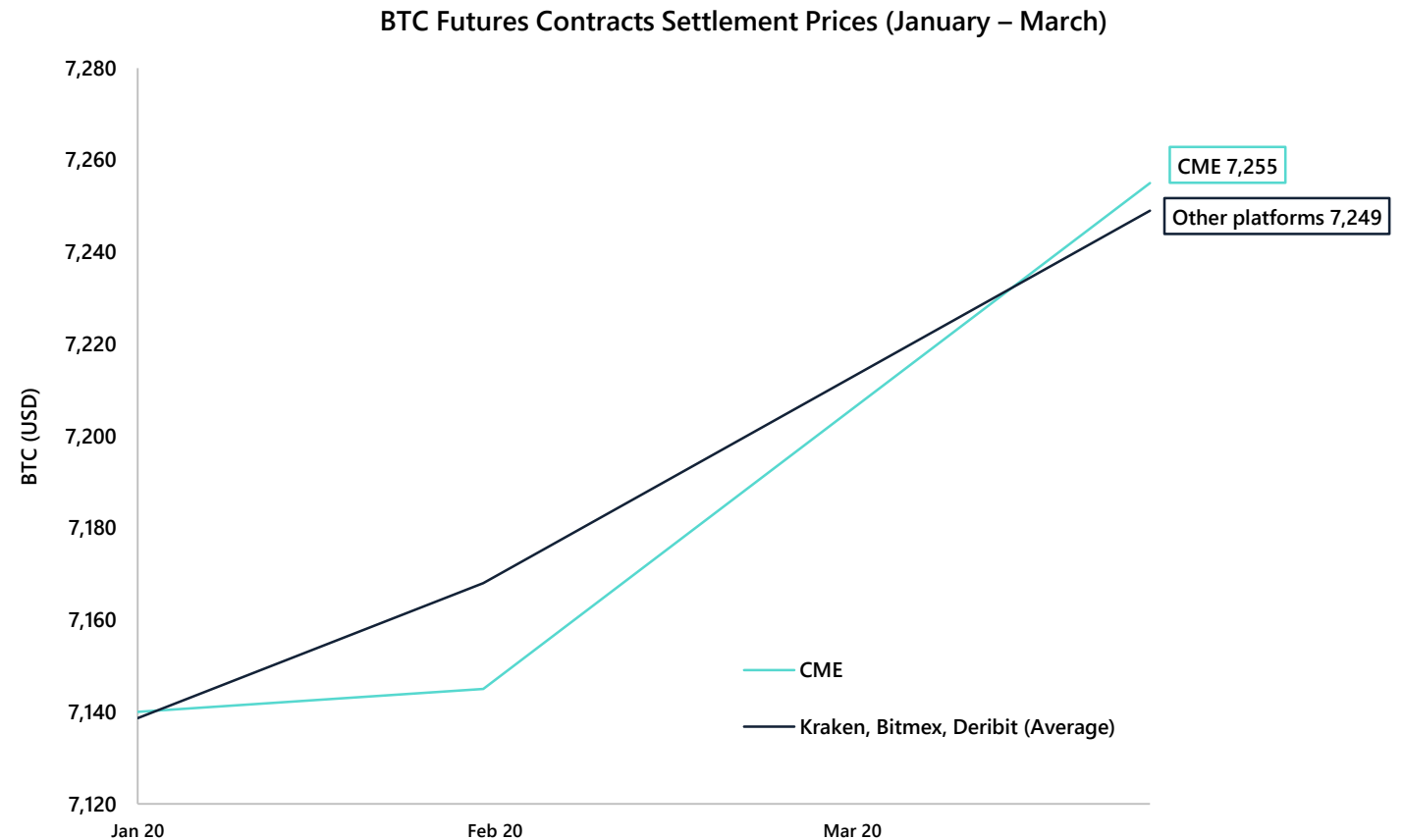
Source: Datamish.com

Mixed among traders – futures premium rates in opposite directions

- With BTC December futures contracts settled, the focus has now changed to January and March 2020 BTC futures contracts.
- This week, the premium rate on CME for March contracts falls to 1.61%, after being close to 2.3% last week.
- However, the other platforms has seen an increase in the premium rate for March contracts, up to 1.55% this week.

Premium rates for BTC contracts

	January 2020	March 2020
CME	0.07% 	1.61% 
Other platforms	0.38% 	1.55% 



Source: Kraken, CME, Bitmex, Deribit



BLOCKCHAIN ACTIVITY

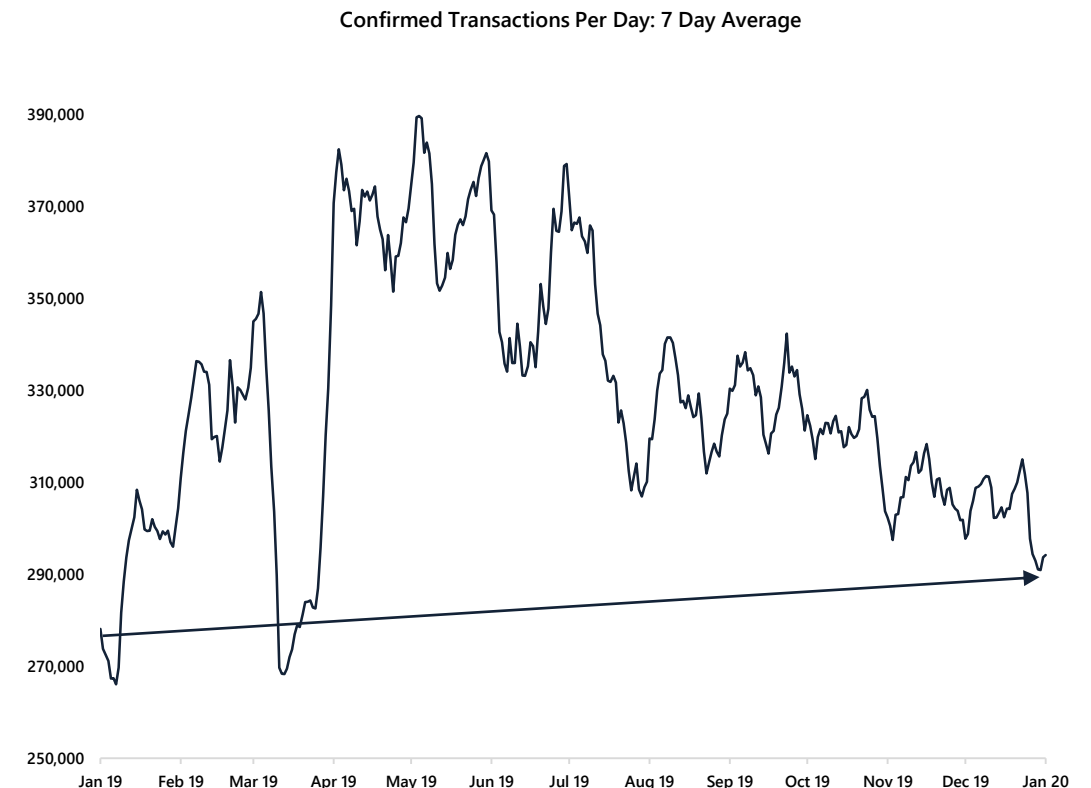
2019: Bitcoin on-chain activity overall flat – Miner fees saw great improvements

- Looking back at 2019 in terms of activity on the Bitcoin blockchain, it's has been following the bitcoin price.
- Number of transactions saw a significant rise during the first half of 2019, but fell back after the summer – ending the year close to 8% up.
- The number of active addresses has been following the same trend, ending the year 16% higher than the beginning of the year.
- Although miner fees (in USD) spiked during busy times in 2019, the overall trend since the top in late 2017 has been downwards. **Lower transaction demand, improved fee estimation algorithms, adoption of segregated witness, transaction batching, and lightning network have resulted in more efficient use of block space.**

On-chain Bitcoin activity (7-day average)

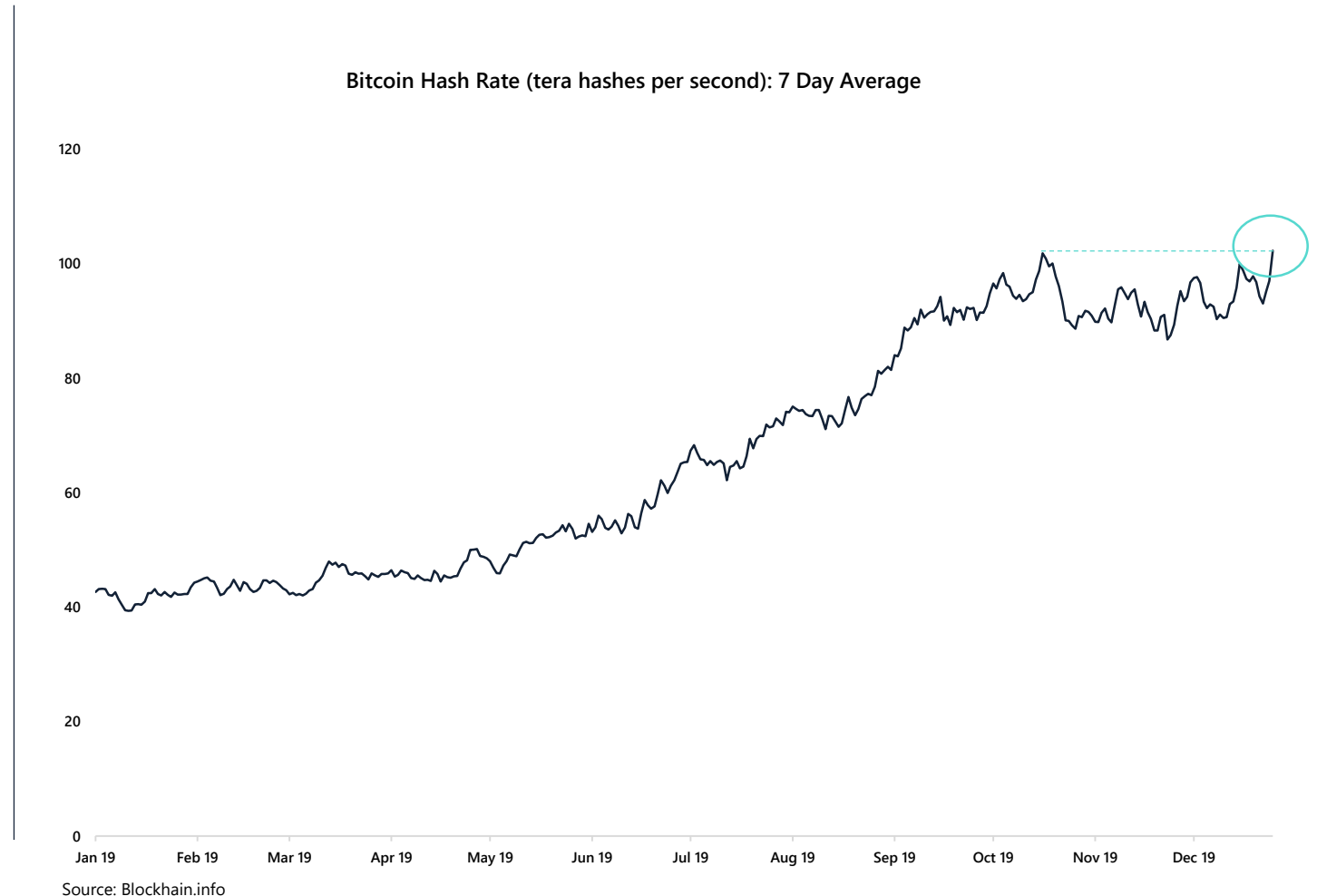
	Last	Last week	Last month	2019
Transactions value, transfers (bUSD)	\$3.190	-8.40%	-30.60%	42.75%
Transaction Count	295,609	0.39%	-0.97%	7.85%
Miner Fees (USD)	\$106,830	-16.21%	-52.88%	84.81%
Active Addresses	641,923	0.41%	-10.12%	15.72%

Source: Blockchain.info, Coin Metrics



Bitcoin's network hash rate kicks off 2020 with new **all-time high**

- Although activity on the Bitcoin blockchain ended 2019 fairly flat, there are some healthy signals coming from the network's hash rate.
- The 7-day average hash rate went to a new all time high on Jan 1, just above the highs seen in late October 2019.
- **Bitcoin's hash rate is critical for the security of the network, and a rising hash rate effectively means the network is more secure from 51-percent attacks.**
- Continued improvements in mining hardware have been important to increase miners' electrical efficiency – lowering the electricity required to achieve a given hash rate.



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