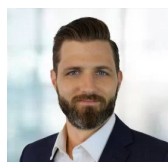


Market Update

August 19, 2024

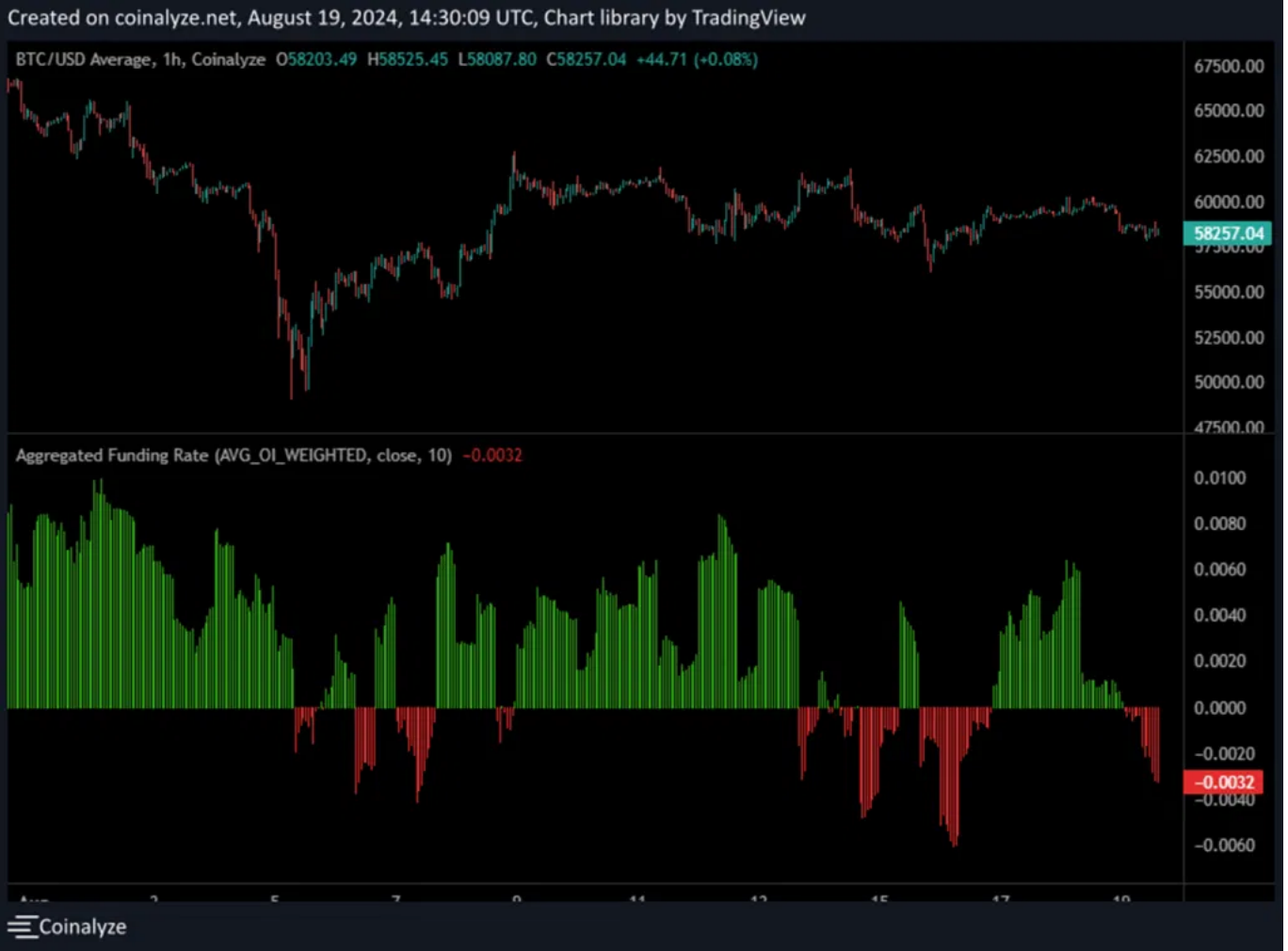
Funding Rates Negative Ahead of Jackson Hole, BitVM2 Whitepaper Released

**Sean Farrell** ^{AC}

HEAD OF CRYPTO STRATEGY

Crypto Market Update

#BTC continues to trade in a tight range, hovering just above \$58K after retesting \$60K over the weekend. Similarly, #ETH is moving sideways, currently just under \$2,600, while #SOL is trading just over \$142 after revisiting the mid-\$130s late last week. Using perpetual futures funding rates as a gauge for market sentiment, it seems market participants remain cautious, with BTC's open interest-weighted funding rate flipping negative again early this morning (chart below). Meanwhile, in traditional markets, the soft-landing trade continues to outperform, with \$IWM and \$RSP outperforming \$SPX and \$QQQ. On the macro front, the \$DXY has moved to below 102 for the first time since January. It's a big week for Fed policy, with FOMC minutes set to be released on Wednesday and numerous Fed speeches on deck. However, all eyes will be on Fed Chair Powell's keynote speech at Jackson Hole on Friday, where the market hopes to gain clarity on the path of future rate cuts.



BitVM2 Whitepaper Released



The new “BitVM2” [paper](#) from Robin Linus and his team, an update from their previous BitVM paper, represents a potentially significant advancement in making Bitcoin more programmable. A BitVM Bridge allows users to safely transfer their Bitcoin to a rollup and withdraw it, with shorter lock-up periods and smaller upfront capital requirements. A key feature in the BitVM2 update is “permissionless challenging,” which allows anyone to question suspicious transactions, as opposed to a fixed set of operators. Most BTC bridges are controlled by multisigs that require a t-of-n honest majority, whereas the BitVM architecture has a 1-of-n security model, because anyone can challenge a malicious action and prevent theft. BitVM2 also reduces the amount of collateral operators need to lock up and shortens the time it must be held, with the verification process falling from 70 to just 3 on-chain transactions.

Bitwise Expands into Europe

Bitwise has [expanded](#) its presence into Europe with the acquisition of London-based crypto ETP issuer ETC Group, which manages over \$1 billion in assets. This move adds nine European-listed crypto ETPs to Bitwise’s portfolio, including the largest physically backed Bitcoin ETP, as well as products for #ETH, #SOL, and #XRP. With this acquisition, Bitwise’s total assets under management surpass \$4.5 billion, building on a successful year marked by the launch of two major spot Bitcoin and Ethereum ETPs. Bitwise plans to strategically grow ETC Group’s platform in Europe, further cementing its role as a leading global crypto asset manager.

Technical Strategy

As Mark Newton is on break, there will be no Technical Strategy section for today. Mark will be returning on Tuesday, August 20th.

Daily Important Metrics



Crypto Size

Bullish signal is tied to the crypto market growing

Market cap **2.07T** \$-31.5B (-1.50%)
BTC Dominance 55.88 % (-0.52%)

Stablecoins

Increase in circulating stablecoins is a Bullish signal

In Circulation **+\$117B** (0.00%)
In Exchanges **+\$20B** (-0.18%)

BTC Metrics

A decrease in Bitcoin on exchanges is bullish, indicates investors are moving coins to cold storage

BTC Exchanges **+\$3.0M** (0.02%)

Funding Rates

Positive funding rates indicate traders are Bullish

Aggregate	+0.0657	(-0.5089)
Binance	+0.7310	(-0.2634)
Bitfinex	+0.4494	(0.4494)
Bitmex	-0.3449	(-0.8440)
ByBit	+0.2460	(-0.4740)
Deribit	+0.5805	(-0.0566)
Huobi	+0.4984	(0.4984)
Kraken	+0.1762	(-0.1257)
Mean	+0.0657	(-0.5089)
OKex	+0.4564	(-0.2943)

All metrics as of 2024-08-19 15:50:58
All Funding rates are in bps

Sentiment



BMI : 46 (100.00%)

Futures

A positive spread between Futures Prices and Spot Prices is Bullish

CME Price \$58,910 (-1.80%)
Spot Basis **+\$198** (0.34%)
Volume 354,294 (93.09%)
Open Interest 287,566 (0.53%)

Options all exchanges

Higher open interest change in a bull market is bullish for the sector

Volume 6,818 (-2.83%)
Open Interest 278,942 (0.95%)
Vol. Put/Call Ratio 0.6457 (-24.32%)
OOI Put/Call Ratio 0.4867 (-1.86%)

Crypto Prices

Symbol	Market Cap	Last Price	Daily Change	Year to Date	Relative to BTC YTD
BTC	\$1.16T	\$58,545	-2.22%	38.62%	



ETH	\$311B	\$2,583	-3.36%	13.53%	-18.10%
SOL	\$67B	\$144	-1.26%	41.55%	2.11%
HNT	\$1.2B	\$7.44	-1.73%	-80.28%	-85.77%
DOGE	\$182,677	\$0.0002	-5.44%	-99.79%	-99.85%

All prices as of 2024-08-19 12:03:36

Exchange Traded Products (ETPs)

Symbol	Prem. to Nav	Last Price	Daily Change	Year to Date	Relative to BTC YTD
BITW	-23.85%	\$33	-2.23%	41.16%	1.83%
ETHE	1.03%	\$22	-1.44%	12.69%	-18.71%

News

Quick Bits

The Block

Bernstein notes growing investor interest in bitcoin miners pivoting to AI

Bernstein analysts noted that there is strong investor interest in bitcoin miners to consider a shift to AI.

Market Data

The Block

Pump.Fun nears \$100 million cumulative revenue within eight months of launch

The memecoin generator on Solana is poised to surpass \$100 million in cumulative revenue in the next few days.

Regulation

CoinDesk

Coin Center Wins Right to Sue U.S. Treasury, IRS Again Over Controversial Tax Reporting Rule

Crypto think tank Coin Center will get another shot at suing the U.S. Treasury Department over what it says is an “unconstitutional” amendment to the tax code that would require Americans to disclose the details of certain crypto transactions to the Internal Revenue Service (IRS).

Fundraising and M&A

CoinDesk

Bitwise Acquires London-Based ETP Provider ETC Group to Enter Europe

The acquisition of ETC Group's \$1 billion in assets under management takes Bitwise's AUM above \$4.5 billion.

CoinDesk

Fabric, Startup Building 'VPU' Chips for Cryptography, Raises \$33M

Web 3.0

CoinDesk

Crypto's Bet on Election Betting Expands to Solana



Perpetuals trading hub Drift protocol is adding a Polymarket-style prediction market – with some DeFi twists.

The Block

HashKey partners with Telegram game Catizen to extend GameFi reach

HashKey said that potential collaborations with Telegram mini game Catizen include a joint HSK airdrop campaign.

The Block

Tether expands USDT stablecoin to Aptos blockchain

Stablecoin issuer Tether said that it is bringing the USDT stablecoin to the Aptos blockchain, providing wider ecosystem support.



Disclosures

This research is for the clients of FS Insight only. FSI Subscription entitles the subscriber to 1 user, research cannot be shared or redistributed. For additional information, please contact your sales representative or FS Insight at fsinsight.com.

Analyst Certification (Reg AC)

Sean Farrell, the research analyst denoted by an “AC” on the cover of this report, hereby certifies that all of the views expressed in this report accurately reflect his personal views, which have not been influenced by considerations of the firm’s business or client relationships. Neither I, nor a member of my household is an officer, director, or advisory board member of the issuer(s) or has another significant affiliation with the issuer(s) that is/are the subject of this research report. There is a possibility that we will from time to time have long or short positions in, and buy or sell, the securities or derivatives, if any, referred to in this research.

Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities’ Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities’ Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, and (2) does not manage any



investment funds.

This communication is issued by FS Insight and/or affiliates of FS Insight. This is not a personal recommendation, nor an offer to buy or sell nor a solicitation to buy or sell any securities, investment products or other financial instruments or services. This material is distributed for general informational and educational purposes only and is not intended to constitute legal, tax, accounting or investment advice. The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject to any prohibition on dealing ahead of the dissemination or publication of investment research. Intended for recipient only and not for further distribution without the consent of FS Insight.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fsinsight.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright © 2024 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.