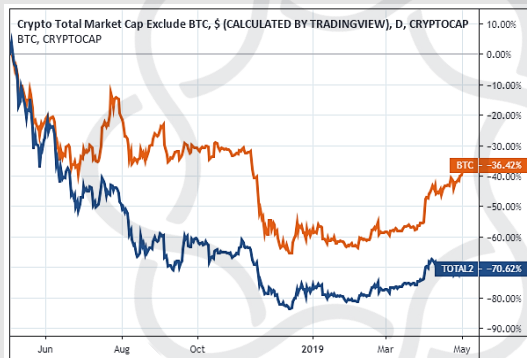
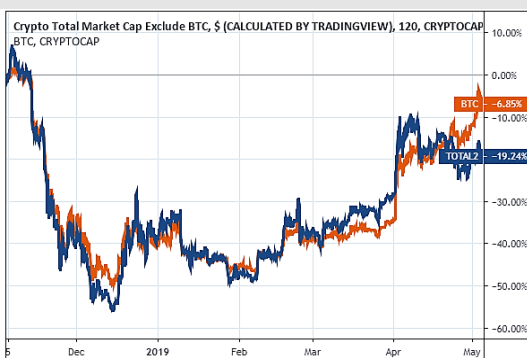
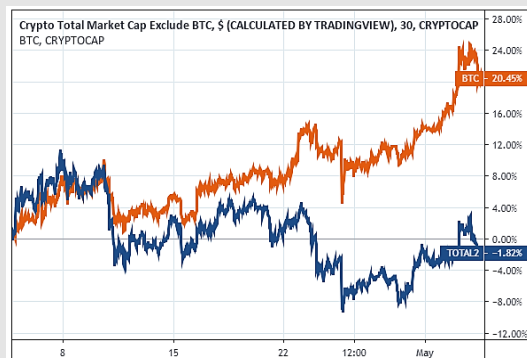
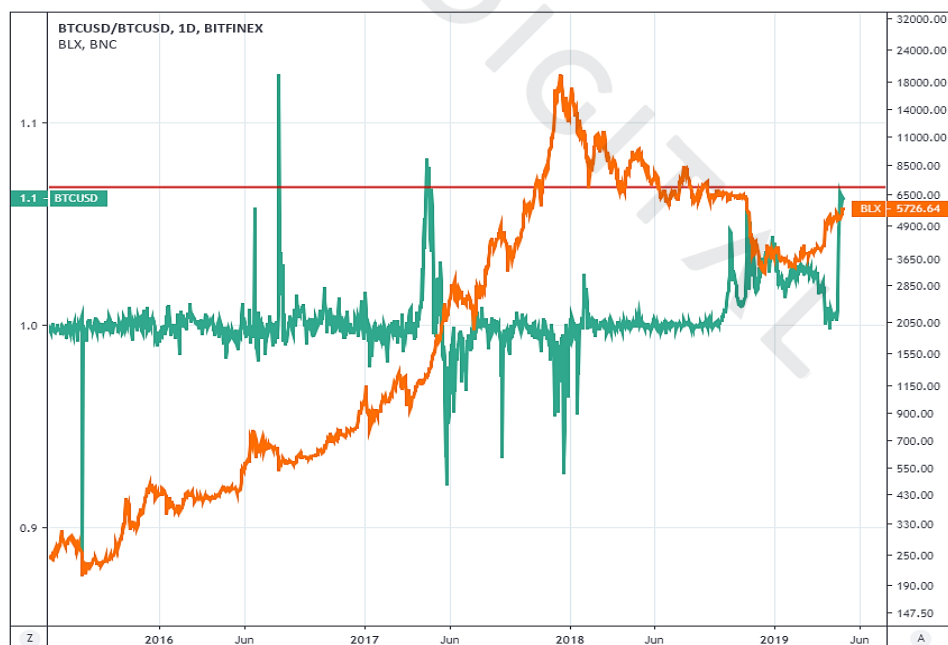
**Total Public Market Value (ex-BTC)****12-Month Performance (Normalized)****6-Month Performance (Normalized)****30-Day Performance (Normalized)****Lead Analyst**

Kevin Kelly, CFA

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**Bitcoin Shakes Off Uncertainty As It Eyes \$6,000**

- The fallout from last week's Bitfinex-Tether news was short-lived as BTC and other major crypto assets recouped most of their losses this week. However, there are still many unanswered questions surrounding the alleged cover-up, and any additional findings could trigger another rapid sell-off in the crypto market.
- Bitcoin is coming off its best month-over-month performance since July 2018 in April, marking the third consecutive month of gains, its longest streak since the final three months of 2017. "Sell in May and go away" has some merit with October and November boasting some of the best monthly returns in bitcoin's short history, but BTC has performed decently well between May and July since 2012, indicating further gains may be in store if history is any guide.
- Risk assets got another boost this week from better-than-expected economic data and the Fed's decision to keep rates unchanged until inflationary pressures come to fruition. The dovish pivot by the Fed has driven the rebound in stocks this year following one of the worst quarters for risk assets in a decade.

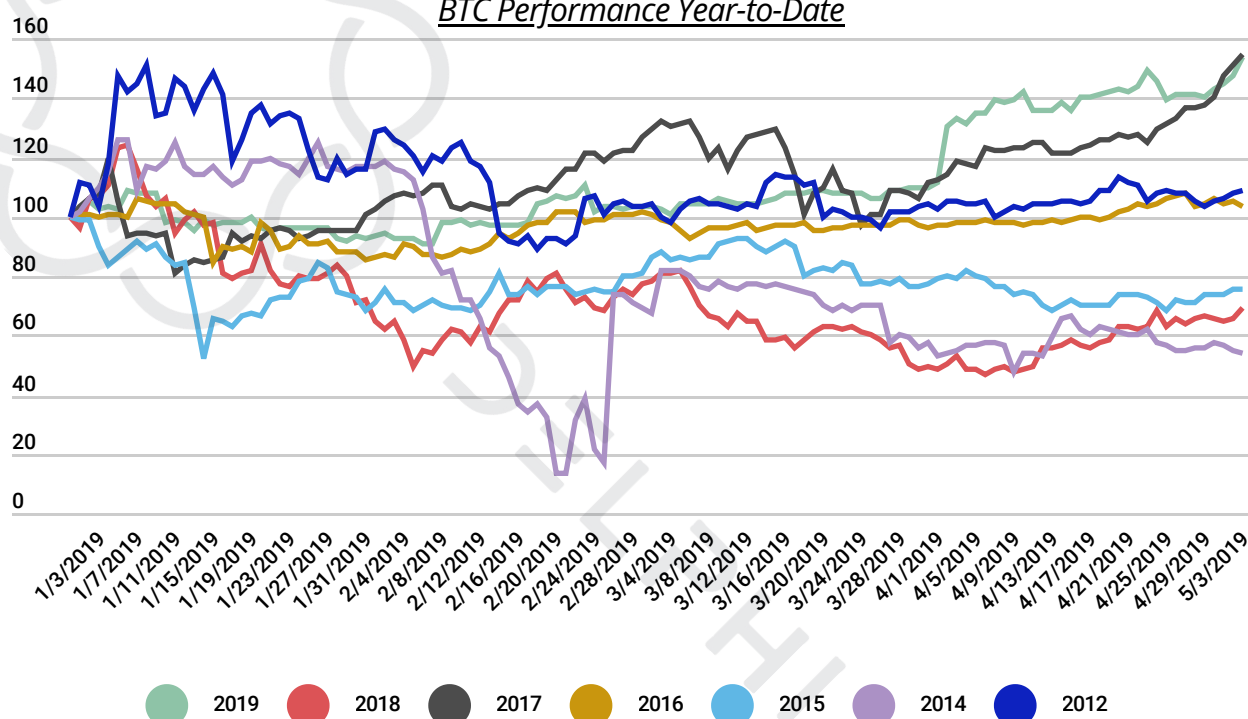
**Chart of the Week****BTC Price vs. Bitfinex BTC Premium Over Coinbase**



## Bitcoin's Strong Rebound

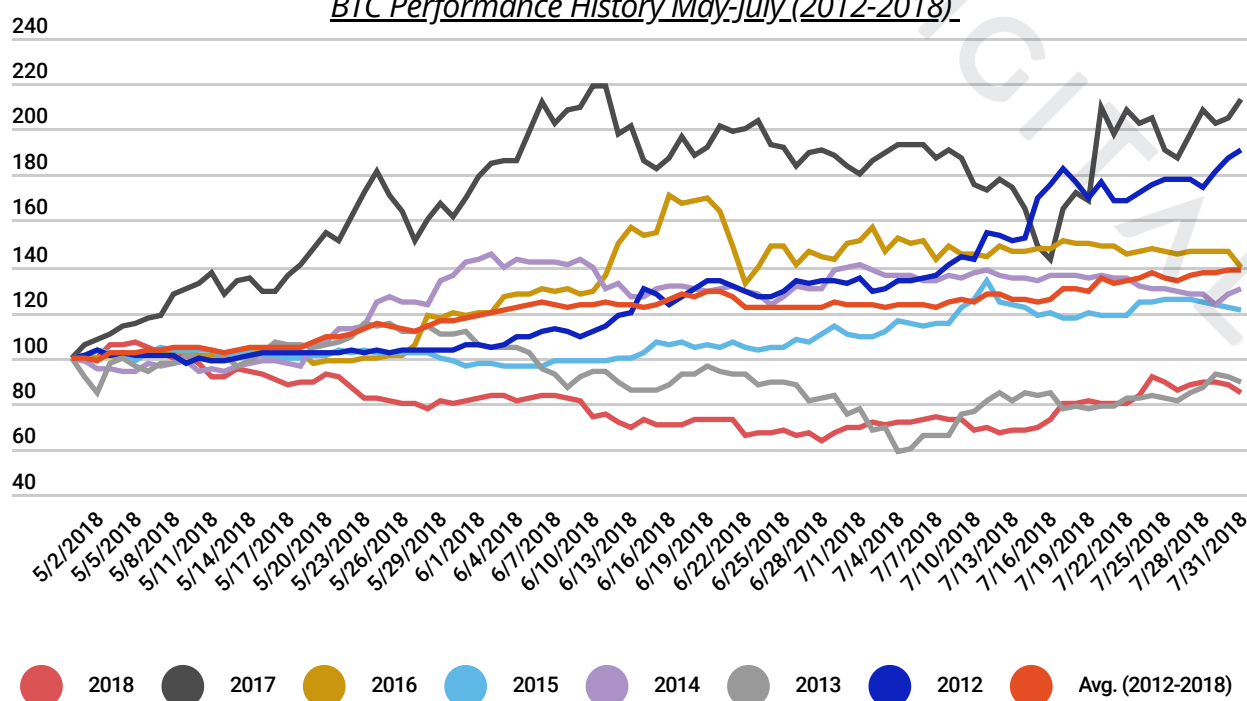
Bitcoin bounced back this week after the brief fallout from the announced legal actions taken against the operators of Bitfinex and Tether at the end of April. While many questions surrounding the extent of the cover-up still remain, the recent move higher in BTC is a bullish sign in our view as the market appears to be shrugging off the news. Bitcoin has remained resilient since breaking above \$5,000 at the start of Q2, and appears to be trending towards \$6,000 on multiple exchanges aside from Bitfinex (where BTC commands a 6% premium). BTC is up over 50% year-to-date, in line with its performance in the first half of 2017, making it one of the best starts to the year since 2013.

BTC Performance Year-to-Date



\*2013 YTD performance not included because of its immense run up to start the year (+700%)

BTC Performance History May-July (2012-2018)



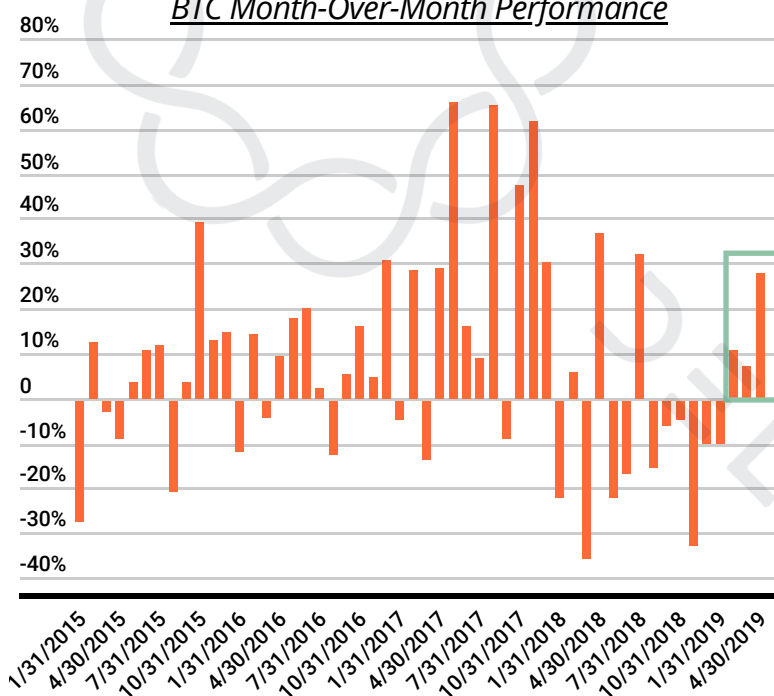


## April Strength Jumps Out

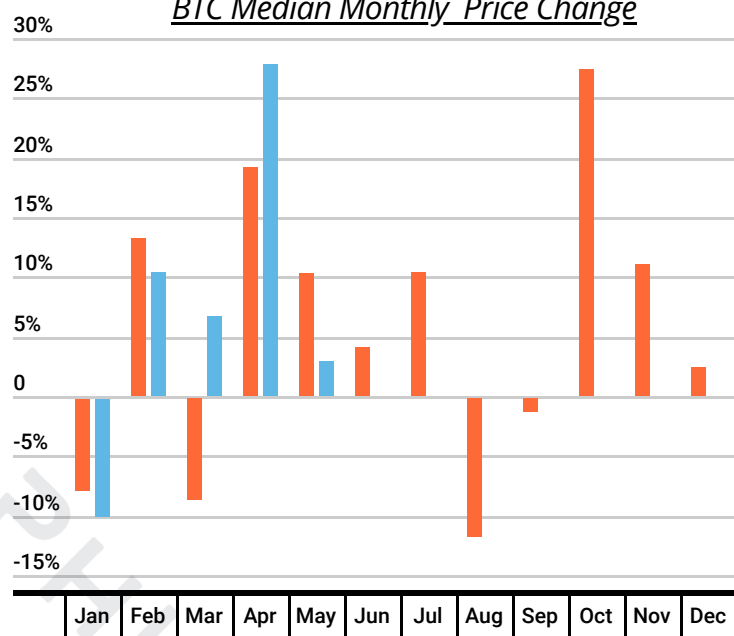
Bitcoin is coming off its best month-over-month performance since July 2018. However, unlike July's +30% gain, April marked the third consecutive month of gains for BTC, its longest streak since the final three months of 2017. July's bear rally was preceded by two months of +15% losses, making BTC ripe for a quick, yet short-lived, rebound.

"Sell in May and go away" is a common mantra among stock market participants, but in bitcoin's short history it's performed decently well in the early summer months. Since 2012, BTC has gained 38%, on average, from the start of May through the end of July.

BTC Month-Over-Month Performance



BTC Median Monthly Price Change



● Median (2013-18) ● 2019

BTC Monthly Performance (2013-Present)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	-9.9%	10.4%	6.7%	27.8%	2.9%							
2018	-21.6%	5.7%	-35.5%	36.8%	-21.4%	-16.1%	31.7%	-14.8%	-5.3%	-4.1%	-32.3%	-9.8%
2017	-4.1%	28.2%	-13.0%	28.8%	65.5%	16.1%	8.8%	64.9%	-8.5%	47.2%	61.6%	30.2%
2016	-11.2%	14.3%	-4.0%	9.6%	17.4%	19.9%	2.3%	-11.8%	4.9%	16.0%	4.8%	30.5%
2015	-27.2%	12.0%	-2.4%	-8.8%	3.3%	10.3%	11.9%	-20.4%	3.3%	38.8%	13.1%	14.7%
2014	7.6%	-29.2%	-20.3%	-3.3%	37.8%	-2.1%	-5.8%	-11.4%	-25.2%	-8.3%	8.8%	-17.2%
2013	51.1%	63.5%	178.7%	54.8%	-10.6%	-26.2%	13.6%	23.3%	3.1%	45.7%	465.2%	-32.7%
Avg. (2013-18)	-0.9%	15.8%	17.2%	19.6%	15.3%	0.3%	10.4%	5.0%	-4.6%	22.6%	86.9%	2.6%
Median (2013-18)	-7.7%	13.2%	-8.5%	19.2%	10.3%	4.1%	10.4%	-11.6%	-1.1%	27.4%	11.0%	2.4%



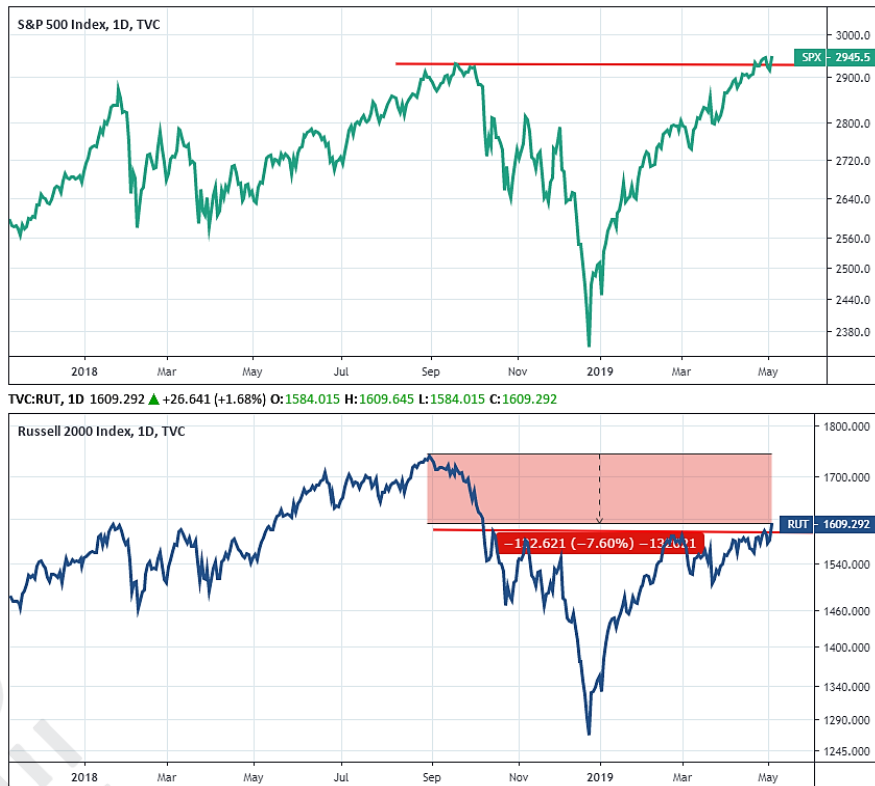
## Risk Assets Get a Little Boost

Strength in risk assets continued this week on the back of better-than-expected economic data, notably the strong headline print in Friday's U.S. jobs report, which showed the unemployment rate fell to its lowest level in 50 years in April. The S&P 500 broke to a new all-time high, closing the week in positive territory for the 5th time in 6 weeks.

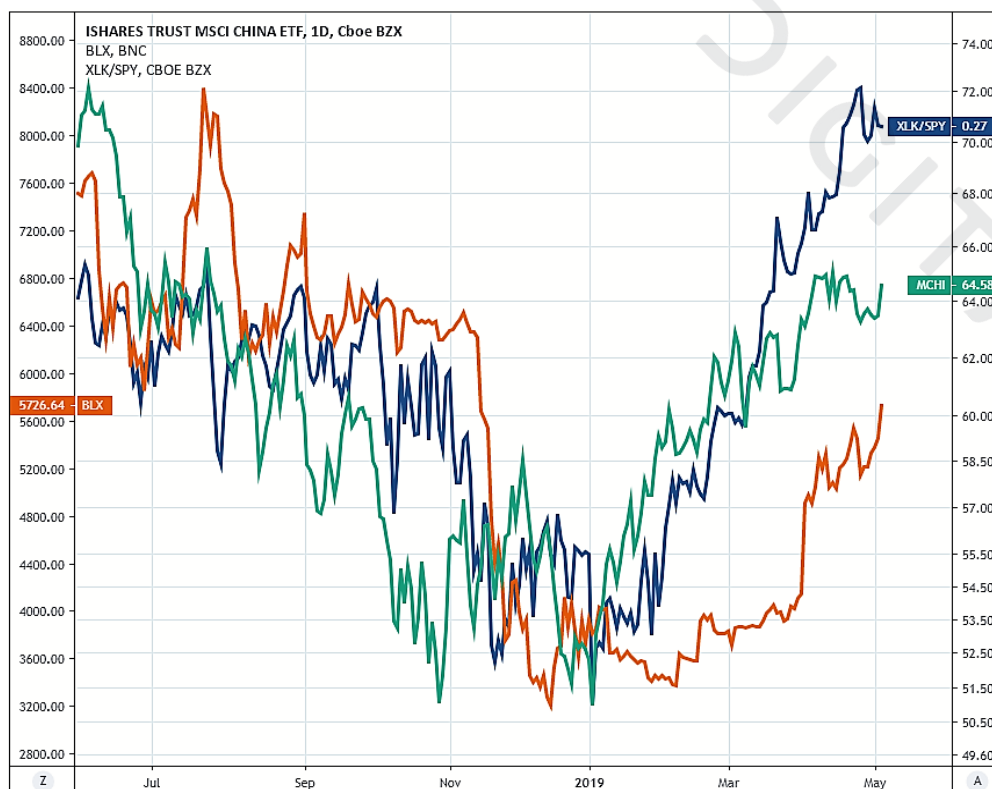
Interestingly, U.S. small-cap stocks (represented by the Russell 2000 in the bottom panel of the right-hand chart) remain well off their late 2018 all-time high. Small-caps are often used as a barometer for risk appetite, so we'd like to see further strength in the smaller market segment to confirm the recent highs in large-caps.

Bitcoin continues to trade in line with other conventional risk assets like stocks. We are monitoring the Asian equity market, in particular, as a growing wealth effect may induce a small spill-over effect into crypto.

### S&P 500 New All-Time Highs vs. Russell 2000 Price



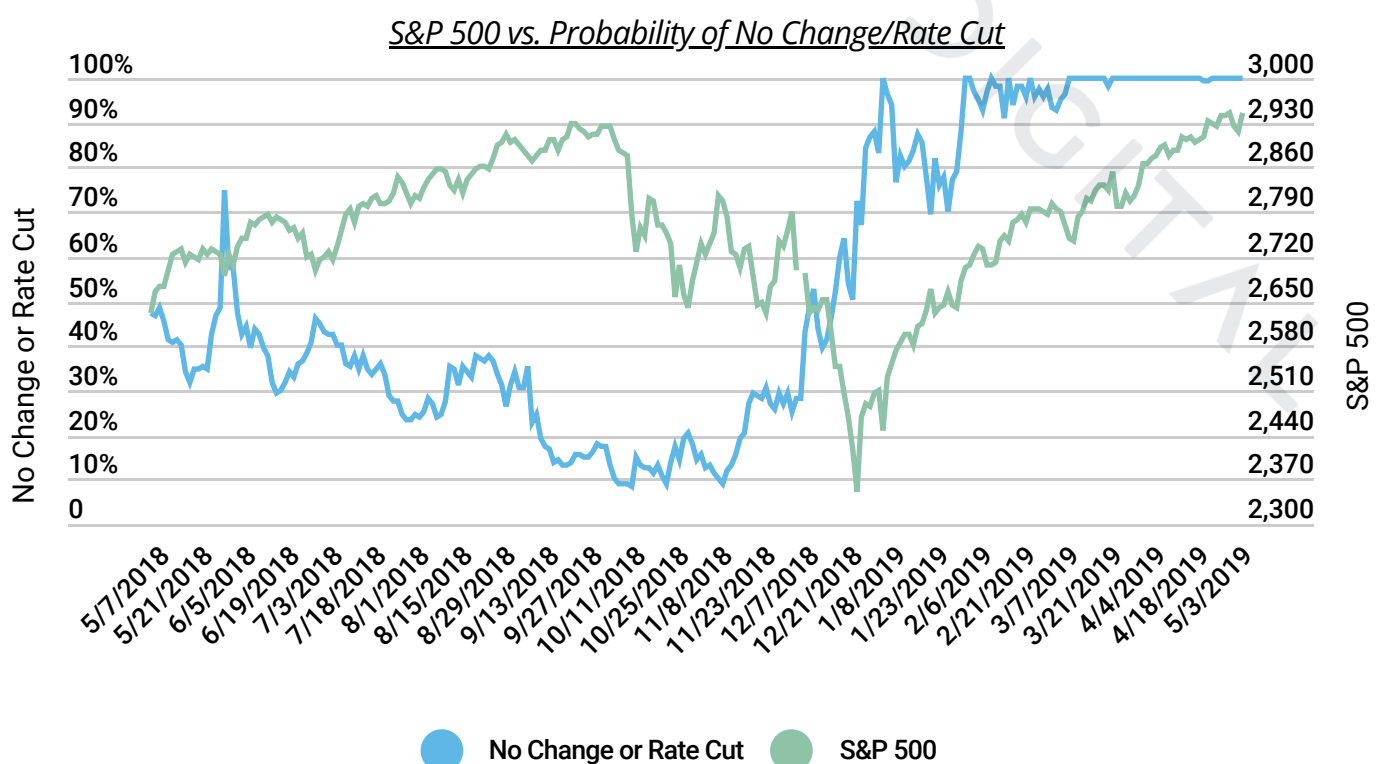
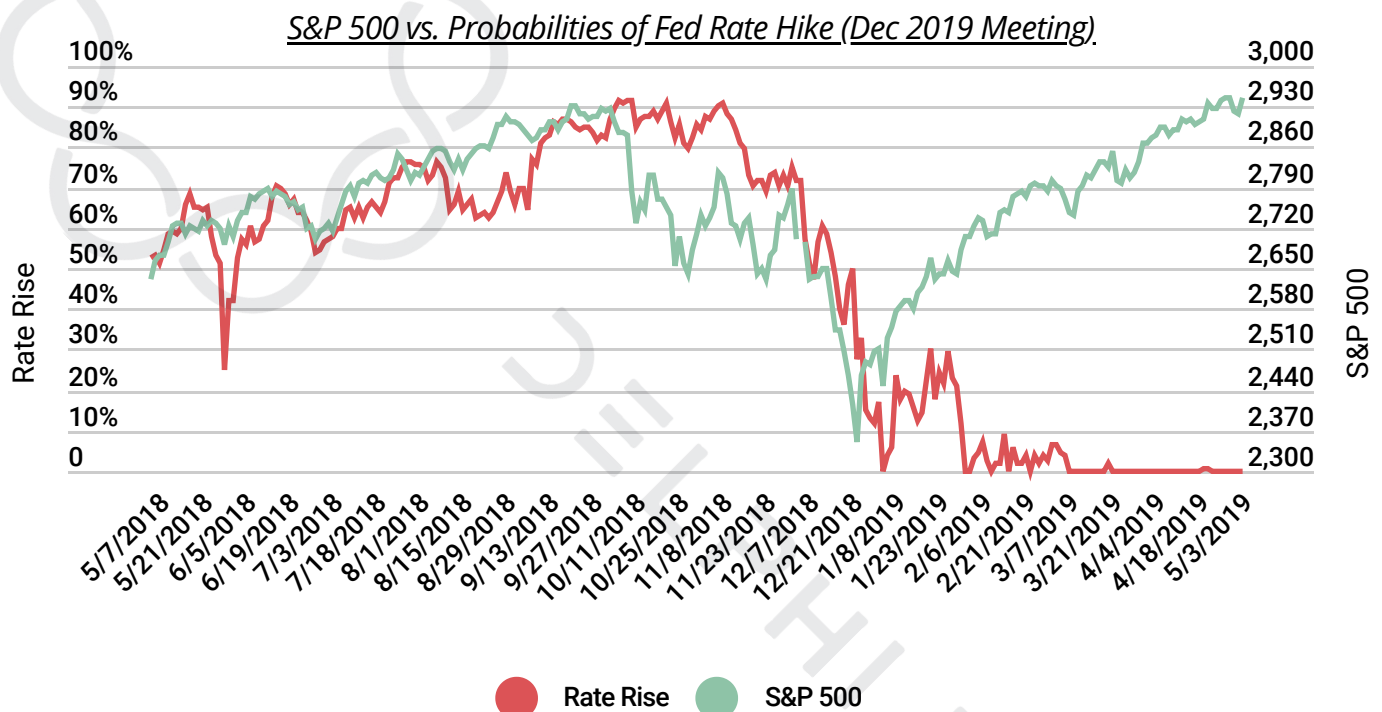
### BTC vs. Tech/S&P 500 (Blue) vs. MSCI China ETF (Green)





## Federal Reserve Stays On Hold

An instrumental piece of the rally in risk assets to start the year has been a significant pivot in the commentary coming out of the Federal Reserve. Fears of additional rate hikes coupled with falling earnings expectations caused a rapid sell-off in stocks in Q4 2018. In an attempt to stop the bleeding, the Fed stated it had no intention of raising rates further this year, alleviating a lot of the selling pressure that sent the S&P 500 to its lowest level since Q2 2017 on Christmas Eve. Since then, market expectations for a Fed rate hike this year have plummeted while **the probability of a rate cut has jumped to roughly 50%**. Further dovish commentary out of the Fed, and other global central banks, would be a boon for equities in their ascension to new highs.



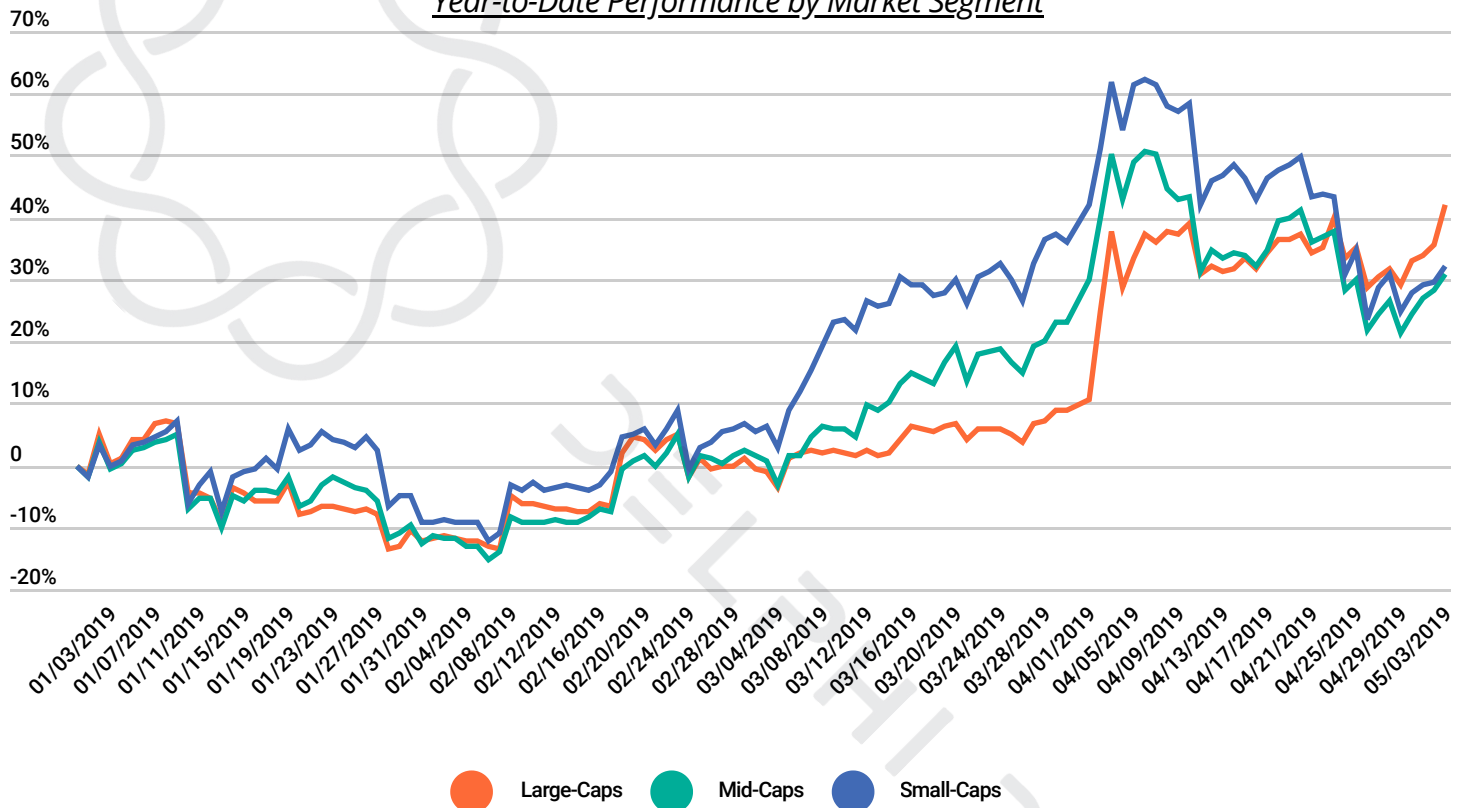




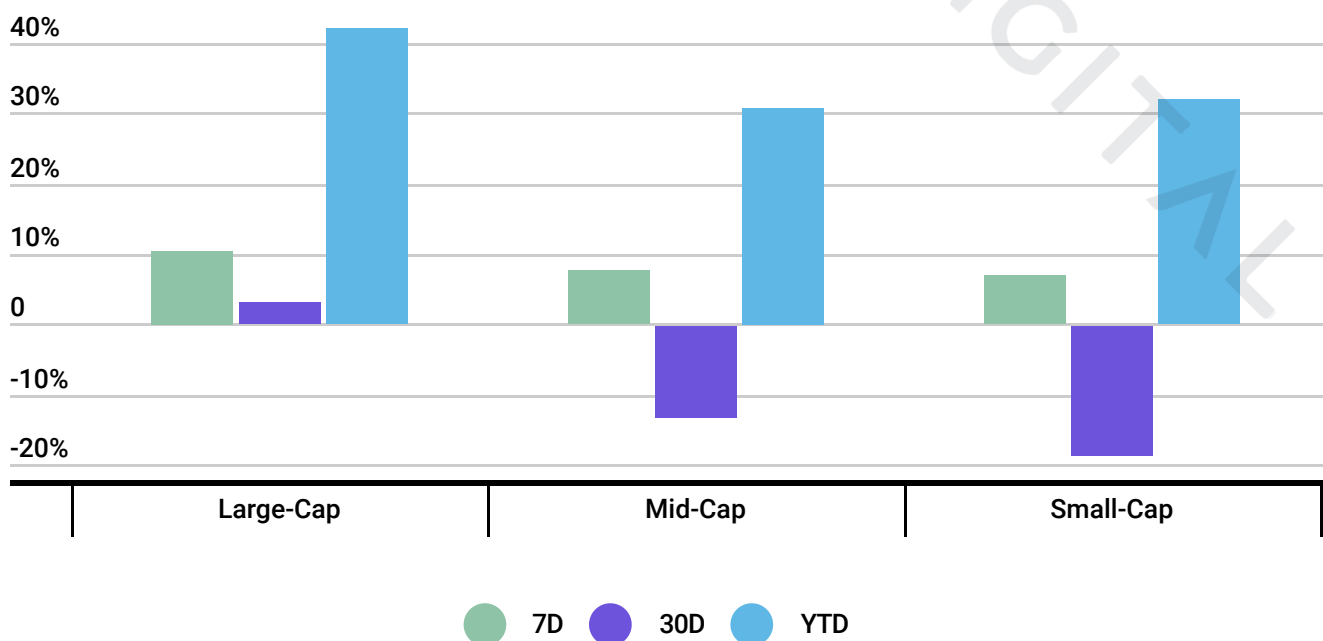
## Large-Caps Out in Front

Large-cap crypto assets continue to outperform mid and smaller-cap peers, according to the on the MVIS CryptoCompare Digital Asset 100 Index, on the back of BTC's strongest month since last summer. Every size segment of the crypto market was up this week, recouping some of last week's losses, which hit smaller valued names especially hard. Intra-market correlations are trending lower, especially between large and small-caps. Further return dispersion between the two groups is likely to emerge if uncertainty begins to weigh on this market.

Year-to-Date Performance by Market Segment



Recent Performance Comparison by Market Segment



\*See Source link below for detail on large, mid, and small-cap index constituents.



## Crypto Asset Movers & Shakers

Large cap names bounced back this week after a broad sell-off last week following the fallout of the NYAG's announced investigation into Bitfinex and Tether. Ethereum Classic (ETC) and Bitcoin Cash (BCH) led the way, with DASH and IOTA also posting double digit gains week-over-week. Bitcoin (BTC) continues to outperform smaller valued names during the Q2 rally. Most of the crypto assets with below-average gains this week also happen to be ones with the steepest losses over the last 30 days.

However, contrary to last week, almost every major crypto asset ended the week in positive territory. NEM was one of the seldom names to post a week-over-week loss, adding to its recent pain as one of the worst performers over the last month. Privacy coins like ZEC and XMR have also lagged the broader market for much of 2019.

Top Crypto Asset Returns				
Ticker	7D	30D	90D	YTD
ETC	11.6%	11.2%	51.8%	20.2%
BCH	11.0%	-1.8%	140.6%	94.0%
DASH	10.6%	-2.9%	78.2%	53.2%
IOTA	10.5%	-12.4%	15.3%	-16.5%
BTC	9.3%	16.0%	63.8%	54.1%
MKR	9.1%	-27.2%	43.3%	20.2%
LTC	8.5%	-6.6%	130.7%	160.4%
XMR	7.9%	2.0%	54.5%	45.0%
ETH	7.4%	4.0%	52.1%	25.9%
EOS	7.4%	-2.5%	109.5%	98.1%
NEO	6.2%	-17.8%	38.2%	32.7%
BNB	3.8%	26.7%	244.7%	285.6%
XRP	3.3%	-9.9%	-0.9%	-12.6%
XLM	3.2%	-15.7%	23.1%	-9.3%
ZEC	2.0%	-9.3%	26.8%	10.8%
ADA	0.9%	-23.0%	77.7%	70.1%
TRON	0.8%	-7.2%	-7.8%	27.9%
BSV	0.6%	-34.0%	-17.6%	-36.3%
NEM	-3.9%	-19.5%	37.2%	-12.1%

\*Returns in USD

Data as of 05/03/19

### BTC vs. Total Crypto Market Cap (ex-BTC) 6 Month Performance



Interestingly, Cumberland, a specialized crypto asset trading company within DRW, [tweeted](#) earlier this week that they have seen "a strong uptick in altcoin buying, comprising 64% of our total altcoin volume over the past week, with XRP being the notable exception. The desk has seen strong 2-way flow for BTC and ETH, with stronger sell side interest for the first time in a week."



## Long-Term Trends Remain Strong

Earlier this week, we released our Bitcoin Monthly Outlook, which goes into more depth on While short-term momentum began showing potential signs of weakness last week, we continue to see strength building in some longer-term indicators like BTC's weekly MACD and 14-week RSI. Bitcoin has broken above its 50-week moving average for the first time since late 2015, which has some notable similarities to BTC's recent price action. We go into much greater depth on some of the key trends and indicators we are following closely in our updated [Bitcoin Monthly Outlook](#) we released earlier this week.

### Current BTC Price vs. Weekly MACD & 14-Week RSI (Top) vs. 2015 (Bottom)

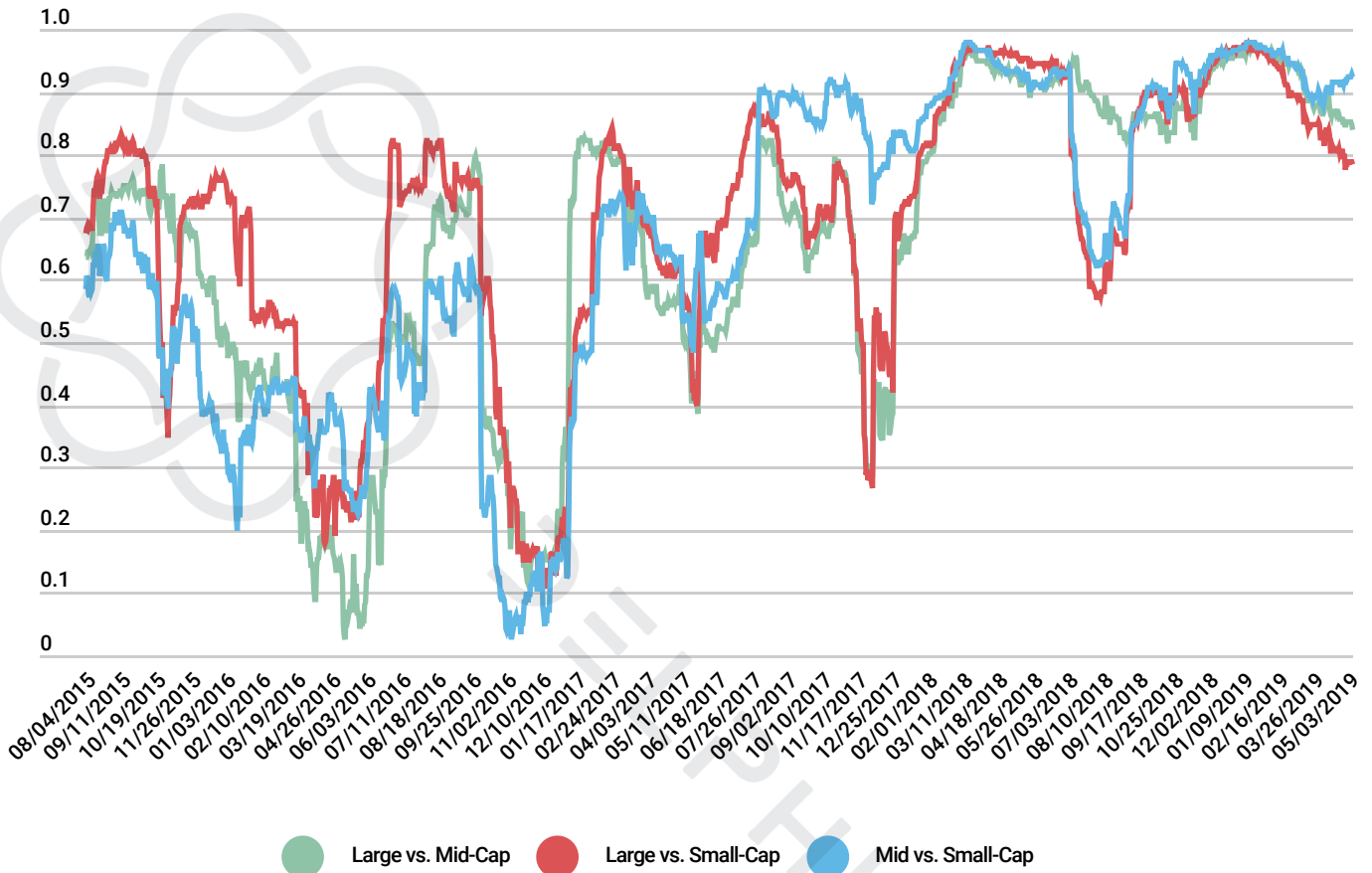




# Appendix



60-Day Correlations Between Large, Mid, & Small Caps



60-Day Correlations																				
	BTC	XRP	ETH	EOS	XLM	LTC	BCH	TRON	ADA	XMR	IOTA	BNB	DASH	NEM	ETC	NEO	ZEC	BSV	MKR	
BTC	1.00	0.81	0.89	0.80	0.64	0.81	0.79	0.68	0.64	0.81	0.53	0.35	0.62	0.79	0.58	0.72	0.70	0.77	0.58	BTC
XRP	0.81	1.00	0.86	0.78	0.74	0.71	0.60	0.77	0.66	0.81	0.59	0.36	0.69	0.78	0.62	0.72	0.75	0.69	0.68	XRP
ETH	0.89	0.86	1.00	0.85	0.68	0.81	0.67	0.80	0.67	0.84	0.59	0.49	0.72	0.81	0.67	0.75	0.76	0.78	0.69	ETH
EOS	0.80	0.78	0.85	1.00	0.62	0.85	0.72	0.72	0.67	0.70	0.45	0.46	0.66	0.70	0.54	0.72	0.68	0.71	0.61	EOS
XLM	0.64	0.74	0.68	0.62	1.00	0.54	0.52	0.67	0.53	0.68	0.47	0.22	0.63	0.64	0.55	0.56	0.57	0.57	0.49	XLM
LTC	0.81	0.71	0.81	0.85	0.54	1.00	0.84	0.63	0.70	0.63	0.40	0.48	0.62	0.70	0.52	0.79	0.66	0.81	0.53	LTC
BCH	0.79	0.60	0.67	0.72	0.52	0.84	1.00	0.52	0.70	0.50	0.27	0.23	0.46	0.64	0.48	0.66	0.56	0.62	0.41	BCH
TRON	0.68	0.77	0.80	0.72	0.67	0.63	0.52	1.00	0.61	0.71	0.51	0.29	0.67	0.74	0.66	0.64	0.68	0.64	0.52	TRON
ADA	0.64	0.66	0.67	0.67	0.53	0.70	0.70	0.61	1.00	0.55	0.40	0.22	0.50	0.70	0.45	0.73	0.66	0.65	0.55	ADA
XMR	0.81	0.81	0.84	0.70	0.68	0.63	0.50	0.71	0.55	1.00	0.61	0.40	0.78	0.73	0.54	0.64	0.83	0.65	0.60	XMR
IOTA	0.53	0.59	0.59	0.45	0.47	0.40	0.27	0.51	0.40	0.61	1.00	0.18	0.51	0.52	0.56	0.57	0.56	0.52	0.55	IOTA
BNB	0.35	0.36	0.49	0.46	0.22	0.48	0.23	0.29	0.22	0.40	0.18	1.00	0.46	0.31	0.23	0.39	0.39	0.44	0.46	BNB
DASH	0.62	0.69	0.72	0.66	0.63	0.62	0.46	0.67	0.50	0.78	0.51	0.46	1.00	0.70	0.50	0.63	0.80	0.63	0.54	DASH
NEM	0.79	0.78	0.81	0.70	0.64	0.70	0.64	0.74	0.70	0.73	0.52	0.31	0.70	1.00	0.53	0.72	0.73	0.71	0.54	NEM
ETC	0.58	0.62	0.67	0.54	0.55	0.52	0.48	0.66	0.45	0.54	0.56	0.23	0.50	0.53	1.00	0.48	0.61	0.57	0.51	ETC
NEO	0.72	0.72	0.75	0.72	0.56	0.79	0.66	0.64	0.73	0.64	0.57	0.39	0.63	0.72	0.48	1.00	0.65	0.77	0.63	NEO
ZEC	0.70	0.75	0.76	0.68	0.57	0.66	0.56	0.68	0.66	0.83	0.56	0.39	0.80	0.73	0.61	0.65	1.00	0.63	0.54	ZEC
BSV	0.77	0.69	0.78	0.71	0.57	0.81	0.62	0.64	0.65	0.65	0.52	0.44	0.63	0.71	0.57	0.77	0.63	1.00	0.56	BSV
MKR	0.58	0.68	0.69	0.61	0.49	0.53	0.41	0.52	0.55	0.60	0.55	0.46	0.54	0.54	0.51	0.63	0.54	0.56	1.00	MKR

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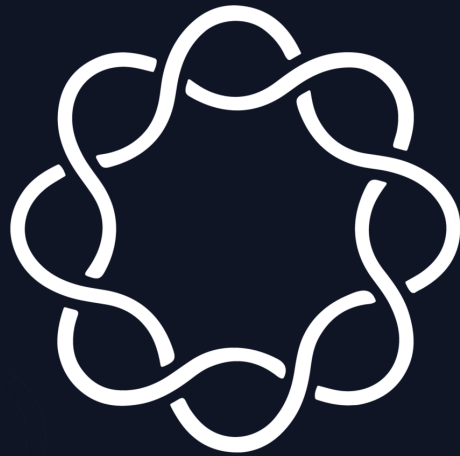
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