

## Total Public Market Value (ex-BTC)

### 12-Month Performance (Normalized)



### 6-Month Performance (Normalized)



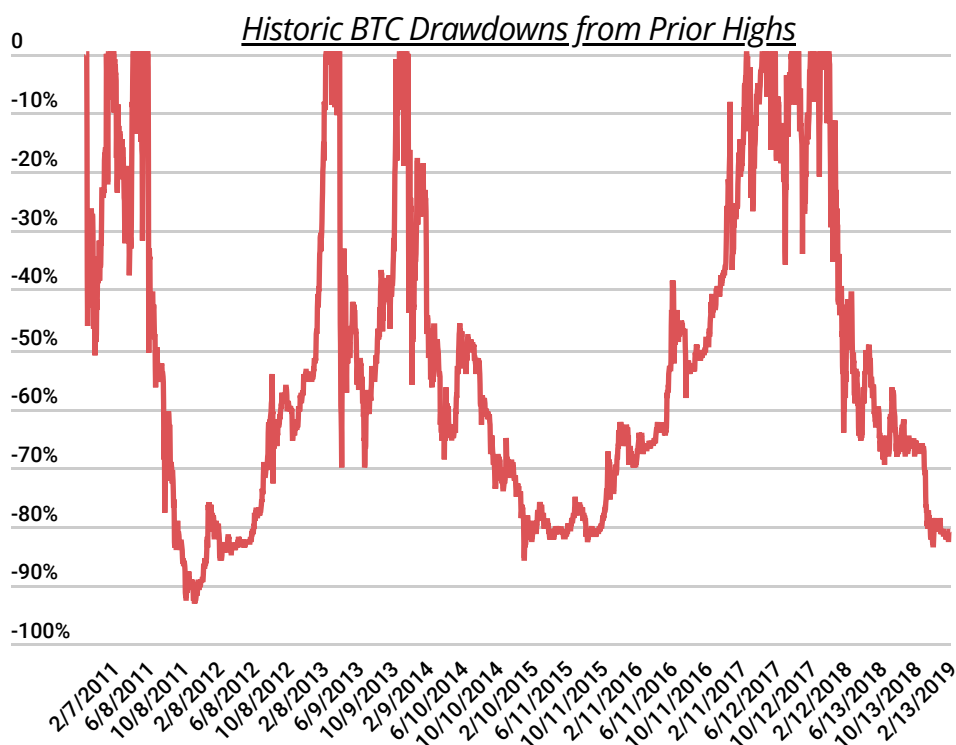
### 30-Day Performance (Normalized)



## Drawdown Déjà Vu Strikes Crypto Market

- Bitcoin is currently down ~81% since its December 2017 peak, roughly 14 months later. It touched ~83% at the tail end of 2018. BTC fell over 85% from its late-2013 all-time high over the subsequent ~14 months before a price bottom began to form.
- Notable similarities in prior boom-bust cycles for BTC provide fodder for framing the current state of the crypto market.
- Crypto assets received some much needed relief this week on the back of names like Binance Coin, which continues to surge higher amid the struggles of the broader market.
- We still see significant upside risk over the next 12 months given the number of catalysts (ETF approval, etc.) that could propel BTC and, as a corollary, the rest of the crypto market.

## Chart of the Week





## We've Been Here Before

Bear markets are painful. Plain and simple. Looking back, there were numerous signs in mid-to-late 2017 a price bubble was forming. But then again, hindsight is always 20/20. It's important (and if nothing else reassuring) to remember: we've been here before.

Bitcoin surged more than 10x in the second half of 2013, peaking over \$1,000 after spending much of the year trading in the \$90-\$150 range. The crash that ensued following this parabolic price move was just as extreme as the one we're experiencing today. BTC fell over 85% from its all-time high over the subsequent ~14 months and did not break to new highs for a little over three years.

While that sounds like a scary scenario, we're nearing the point where we can confidently state "the worst days are behind us" if history proves to be a reliable guide. Bitcoin is currently down ~81% since its December 2017 peak, roughly 14 months to the day, after touching ~83% at the tail end of 2018.

While we find solace in the similarities between historical BTC price cycles, we remain cautious in the near-term. According to our updated Bitcoin UTXO analysis (published late last week), we still foresee prices bottoming in the next few months. Another leg down for crypto asset prices certainly wouldn't tickle, but it may be necessary as the final signs of true capitulation in this market emerge. We still see significant upside risk over the next 12 months given the number of catalysts (ETF approval, etc.) that could propel BTC prices higher.

### Current BTC Drawdown from Dec 2017 Peak vs. 2013 Cycle



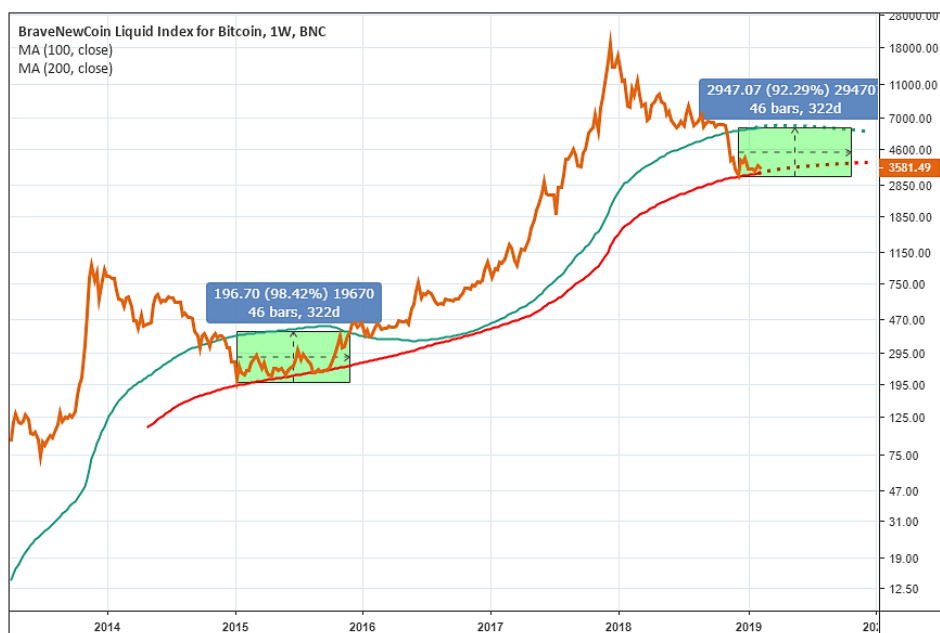


## Framing the Current Cycle

History doesn't repeat itself, but it often rhymes. While the market conditions and general awareness of crypto is certainly different compared to just a few years ago, there are some interesting historical parallels we can make to help frame the current BTC cycle.

One near-term trend we are watching is the potential break below BTC's 200-week moving average (MA), which is currently around \$3,320. Bitcoin flirted with its 200-week MA in early December before rebounding back to above \$4,000, but has since slid back below \$3,600. We are monitoring any potential retest of its 200-week MA as a break to the downside could serve as a near-term catalyst for further selling.

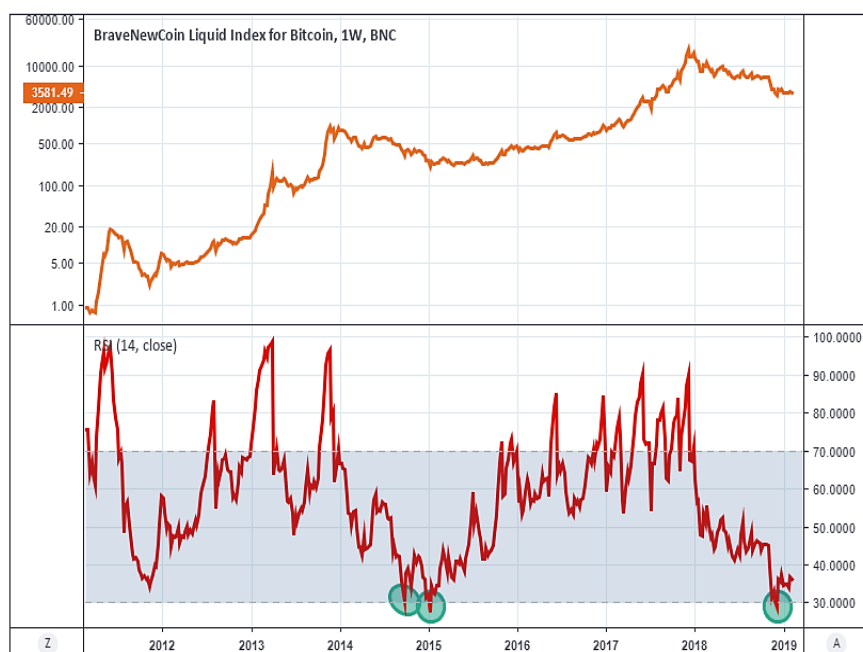
### BTC vs. 200-Week Moving Average



Bitcoin bounced off similar levels a few times during the prior cycle, but the 200-week MA proved to be a pretty tough support to break for any extended period of time. Although technical analysis in this market certainly has its drawbacks, this is a level we know many people are watching as well.

### BTC Price vs. 14-Week RSI

Momentum can also be a powerful driver of performance, especially in a market like crypto where sentiment often plays an outsized role in near-term price fluctuations. A longer-term momentum indicator we've been tracking is the 14-week relative strength index (RSI) for BTC, which dipped below 30 for the first time in approximately four years (this level is often used to indicate a particular asset or market is oversold). The last time this indicator dropped to these levels was in January 2015, which roughly coincided with the bottom of the last bear market.

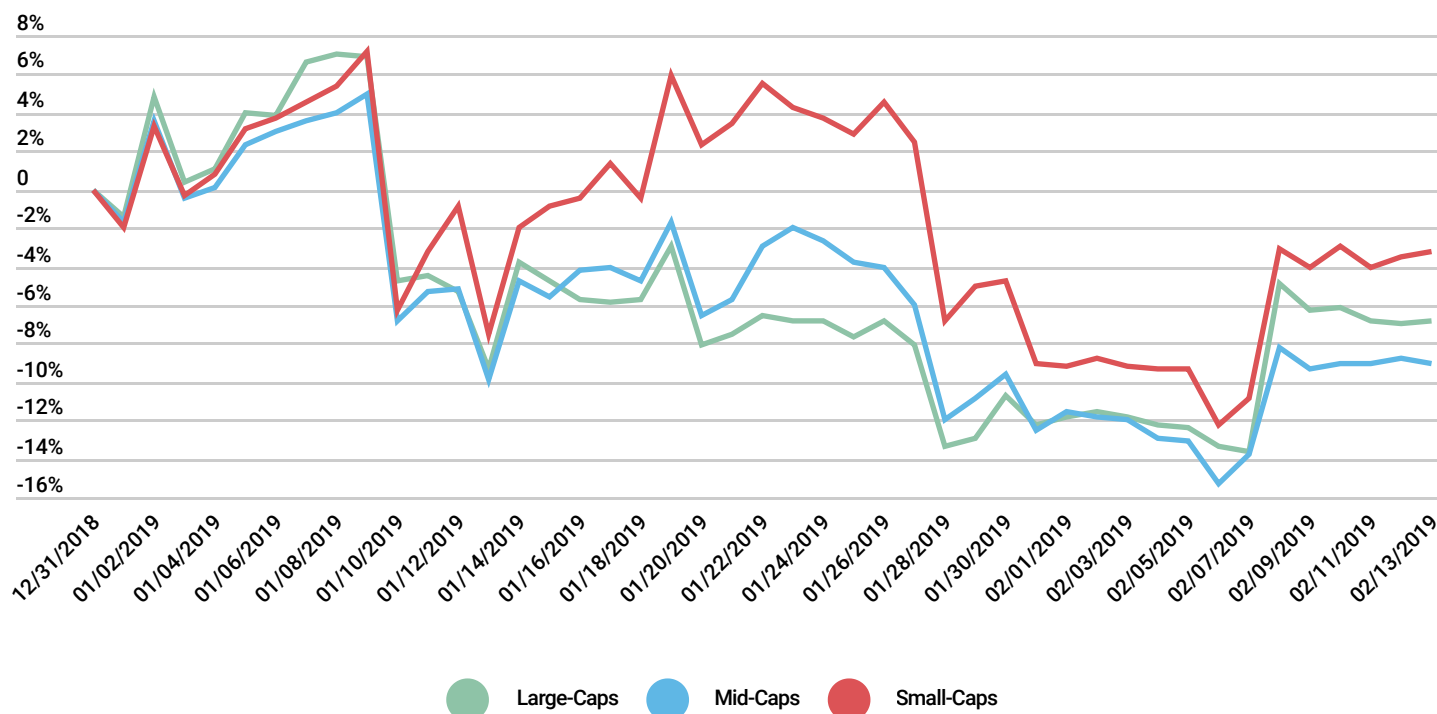




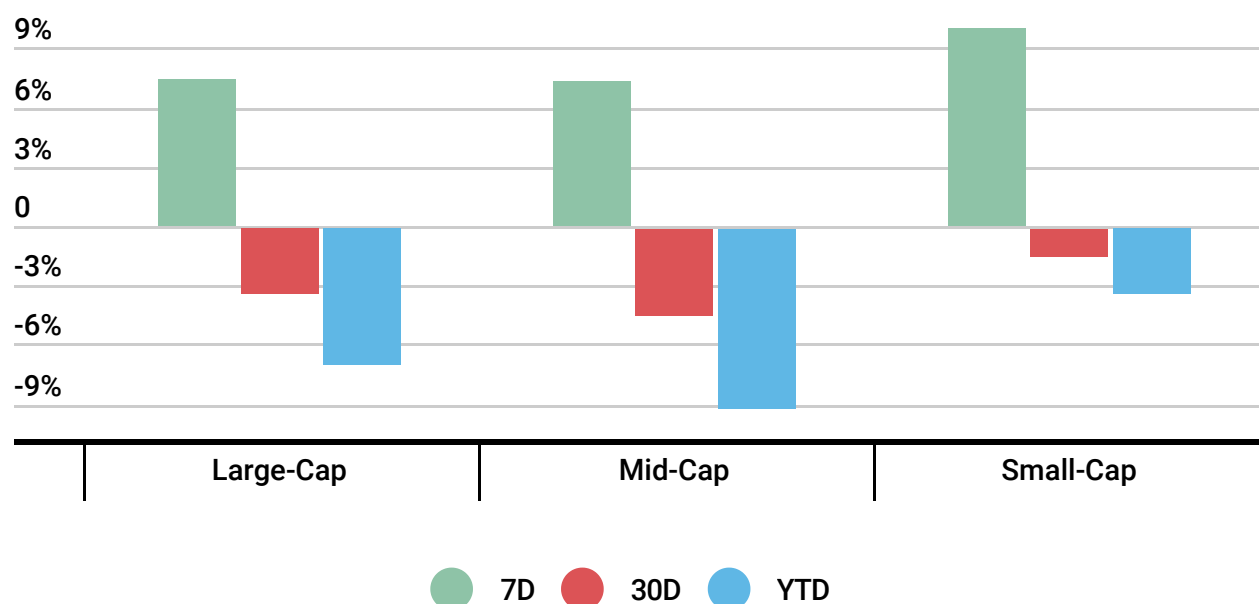
## Smaller Names Outperform Behemoths

Crypto assets saw a lot of green on the screen this week as small-caps continued to outperform their large- and mid-cap peers. Smaller names tend to lead the broader crypto market when intra-market correlations fall. If correlations between crypto assets remain at extreme levels (see Appendix) and the broad market does take another leg down, we expect the larger, more liquid segment to outperform. Despite this week's rebound, all size segments are still down year-to-date.

### Year-to-Date Performance by Market Segment



### Recent Performance Comparison by Market Segment





## Crypto Asset Movers & Shakers

There was green across the screen for most of the major crypto assets this week, led by a significant jump from ~\$33 to over \$42 for LTC. Double digit gains were commonplace week-over-week, but the longer 90-day trend is still pretty ugly.

Aside from LTC, BNB and TRX are among the top performing crypto assets year-to-date, bucking the broader market trend, in part because of the BitTorrent (BTT) token sale at the end of January. Last week we noted the growing momentum divergence between the two as TRX appeared to be losing steam while BNB continued to grind higher as additional catalysts for the latter sit on the near-term horizon (Binance DEX testnet release expected Feb. 20th). TRX has since fallen ~8% while BNB is on pace for another week of double digit gains.

Top Crypto Asset Returns				
Ticker	7D	30D	90D	YTD
LTC	25.3%	32.1%	-1.9%	36.7%
EOS	17.0%	14.6%	-39.6%	7.0%
DASH	16.8%	11.0%	-42.7%	-0.7%
ETH	16.1%	-0.5%	-30.7%	-9.0%
NEO	14.9%	4.3%	-37.4%	5.6%
BNB	13.6%	48.3%	11.4%	42.5%
NEM	13.0%	-24.5%	-55.0%	-33.8%
ADA	11.4%	-5.3%	-33.7%	-1.3%
ZEC	10.6%	-4.1%	-52.8%	-8.4%
XMR	8.4%	4.2%	-46.2%	1.4%
ETC	7.0%	-1.9%	-44.6%	-18.2%
BTC	6.4%	-0.4%	-35.1%	-3.4%
IOTA	5.7%	-11.7%	-34.9%	-24.6%
BCH	5.6%	-5.3%	-68.7%	-19.5%
XRP	3.5%	-7.7%	-36.0%	-14.4%
XLM	2.6%	-27.5%	-67.9%	-32.1%
BSV	0.3%	-19.0%	-49.0%	-26.2%
TRON	-7.7%	-3.4%	25.6%	26.0%

\*Returns in USD

Data as of 02/14/19

### Binance Coin (BNB) & TRON (TRX) Price Momentum Divergence





J.P. Morgan made headlines yesterday announcing the bank's plans to launch its own stablecoin targeting wholesale payments between larger financial institutions. If this sounds familiar, it should. This is essentially the market Ripple is aiming to disrupt with RippleNet and xRapid (which uses XRP to facilitate cross-border transactions between its users). While it is still too early to know exactly what the long-term dampening effects could be on Ripple (and more importantly XRP), we do see this trend towards private ledger transactions continuing given the clout J.P. Morgan holds. We view the announcement as a long-term net positive for the crypto market as it adds further credibility and attention to the space.

### XRP Reaction to JPM Coin Muted

Interestingly, there wasn't much of a price reaction in XRP after the news broke. Some have speculated it is because JPM coin and XRP are drastically different. We attribute it largely to the inefficiency of this nascent market given the lack of standardized methods for valuing crypto assets.



### LTC vs. BTC Returns Year-to-Date

Litecoin surged this week on news it is working with Beam to integrate Mimblewimble's prized privacy technology, opening the door for private LTC transactions. This move landed LTC among the top performers this week and one of the best performers so far this year. Since the new year LTC has gained 38% compared to BTC's 4% decline. We believe the recent move higher is a bit overdone, however.

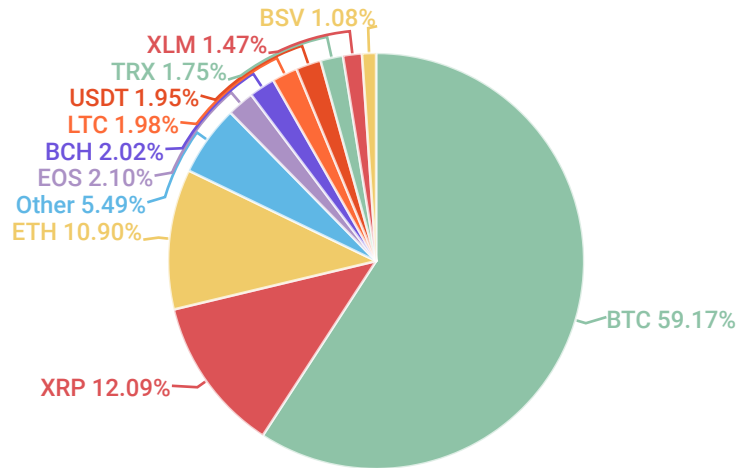




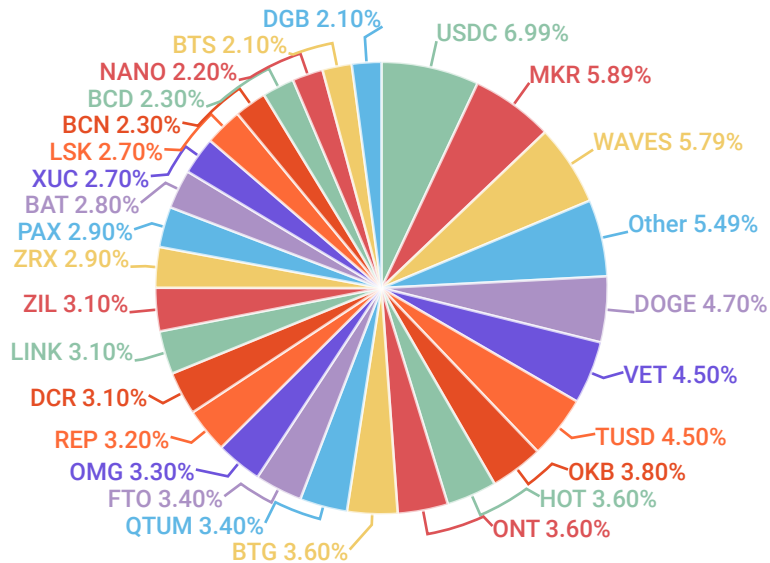
# Appendix



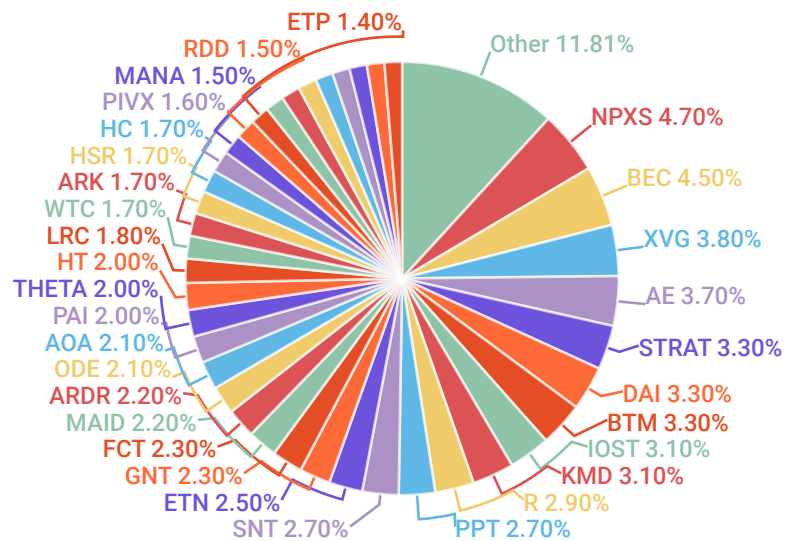
MVIS CryptoCompare Digital Assets 100 Large-Cap Index



MVIS CryptoCompare Digital Assets 100 Mid-Cap Index



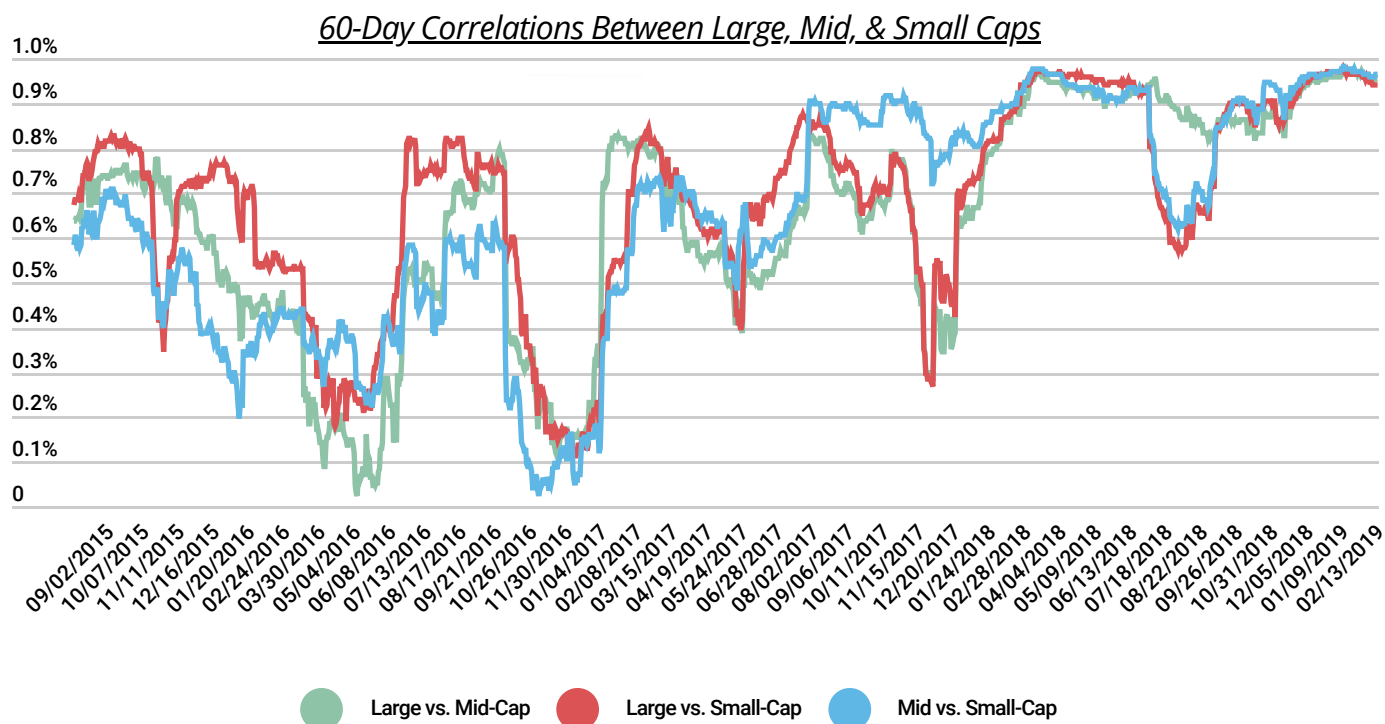
MVIS CryptoCompare Digital Assets 100 Small-Cap Index





## Correlations Remain Near All-Time Highs

Intra-market correlations between crypto assets are currently near all-time highs. Periods characterized by extremely strong positive correlations tend to occur when prices are falling as most crypto assets sell off considerably at the same time.



This trend is evident in the 60-day correlations between many of the largest crypto assets. Aside from a few notable pairs, an overwhelming majority of these names have a very strong correlation with each other.

	BTC	XRP	ETH	EOS	XLM	LTC	BCH	TRON	ADA	XMR	IOTA	BNB	DASH	NEM	ETC	NEO	ZEC	BSV	
BTC	1.00	0.88	0.89	0.88	0.93	0.85	0.78	0.57	0.89	0.94	0.90	0.76	0.89	0.79	0.80	0.87	0.94	0.81	BTC
XRP	0.88	1.00	0.86	0.84	0.91	0.74	0.64	0.55	0.85	0.85	0.81	0.66	0.74	0.77	0.76	0.87	0.87	0.67	XRP
ETH	0.89	0.86	1.00	0.87	0.90	0.82	0.70	0.60	0.90	0.88	0.87	0.73	0.79	0.76	0.80	0.88	0.89	0.74	ETH
EOS	0.88	0.84	0.87	1.00	0.88	0.84	0.62	0.57	0.89	0.85	0.87	0.75	0.75	0.70	0.77	0.87	0.85	0.68	EOS
XLM	0.93	0.91	0.90	0.88	1.00	0.81	0.71	0.62	0.90	0.89	0.88	0.71	0.81	0.82	0.76	0.88	0.91	0.76	XLM
LTC	0.85	0.74	0.82	0.84	0.81	1.00	0.60	0.52	0.83	0.80	0.75	0.69	0.68	0.65	0.68	0.80	0.78	0.65	LTC
BCH	0.78	0.64	0.70	0.62	0.71	0.60	1.00	0.56	0.71	0.75	0.80	0.49	0.82	0.67	0.64	0.57	0.74	0.90	BCH
TRON	0.57	0.55	0.60	0.57	0.62	0.52	0.56	1.00	0.71	0.57	0.54	0.57	0.44	0.63	0.50	0.64	0.56	0.52	TRON
ADA	0.89	0.85	0.90	0.89	0.90	0.83	0.71	0.71	1.00	0.89	0.85	0.74	0.78	0.79	0.76	0.89	0.86	0.75	ADA
XMR	0.94	0.85	0.88	0.85	0.89	0.80	0.75	0.57	0.89	1.00	0.87	0.71	0.87	0.76	0.75	0.86	0.91	0.80	XMR
IOTA	0.90	0.81	0.87	0.87	0.88	0.75	0.80	0.54	0.85	0.87	1.00	0.68	0.87	0.75	0.72	0.76	0.88	0.82	IOTA
BNB	0.76	0.66	0.73	0.75	0.71	0.69	0.49	0.57	0.74	0.71	0.68	1.00	0.60	0.53	0.66	0.75	0.71	0.56	BNB
DASH	0.89	0.74	0.79	0.75	0.81	0.68	0.82	0.44	0.78	0.87	0.87	0.60	1.00	0.70	0.68	0.74	0.89	0.84	DASH
NEM	0.79	0.77	0.76	0.70	0.82	0.65	0.67	0.63	0.79	0.76	0.75	0.53	0.70	1.00	0.74	0.76	0.78	0.70	NEM
ETC	0.80	0.76	0.80	0.77	0.76	0.68	0.64	0.50	0.76	0.75	0.72	0.66	0.68	0.74	1.00	0.79	0.78	0.66	ETC
NEO	0.87	0.87	0.88	0.87	0.88	0.80	0.57	0.64	0.89	0.86	0.76	0.75	0.74	0.76	0.79	1.00	0.89	0.63	NEO
ZEC	0.94	0.87	0.89	0.85	0.91	0.78	0.74	0.56	0.86	0.91	0.88	0.71	0.89	0.78	0.78	0.89	1.00	0.80	ZEC
BSV	0.81	0.67	0.74	0.68	0.76	0.65	0.90	0.52	0.75	0.80	0.82	0.56	0.84	0.70	0.66	0.63	0.80	1.00	BSV





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