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Total Public Market Value (ex-BTC)

12-Month Performance (Normalized)



6-Month Performance (Normalized)



30-Day Performance (Normalized)



Lead Analyst



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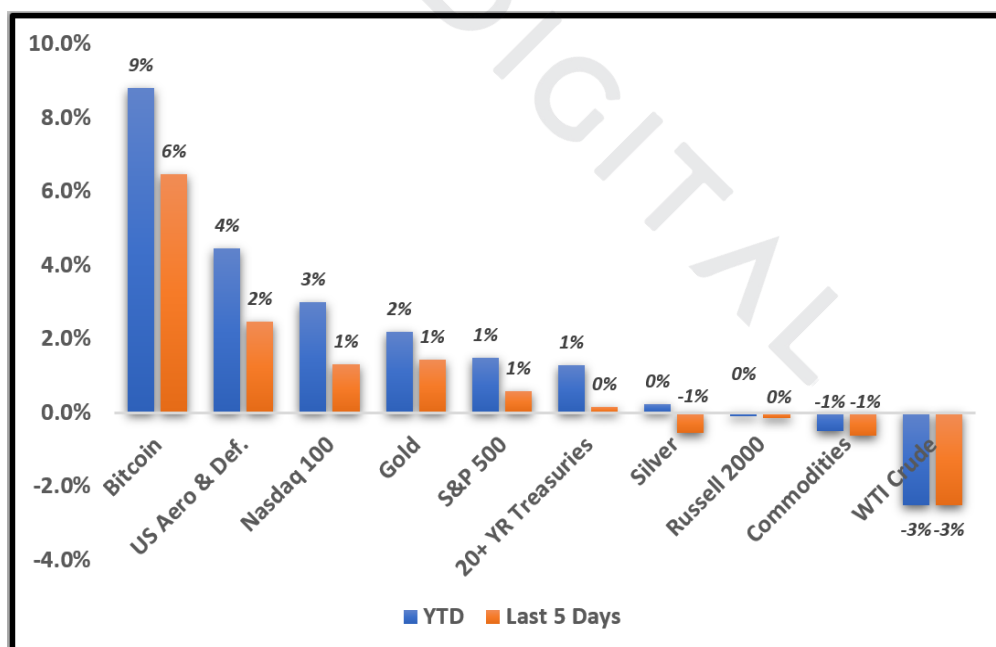


Digital & Physical Gold Gain Amid Geopolitical Unrest

- Bitcoin found itself back in the limelight this week as its latest price jump coincided with a run up in gold amid escalating tensions between the U.S. and Iran. Heightened geopolitical tension is likely to remain a key risk for the foreseeable future and bitcoin, in its rawest form, is the ultimate hedge against the shortcomings of the current world order.
- Several of BTC's largest percentage gains the last several days occurred outside of normal U.S. trading hours, exemplifying the benefits of 24/7/365 liquidity for investors when turmoil strikes. Bitcoin's breakout this week also breached its 50 and 100-day moving averages with little resistance. However, short-term momentum indicators have begun to rollover, which is one reason we're still cautiously optimistic on the sustainability of this latest rally.
- The run up in gold prices accelerated this week, setting up a near term pullback for the precious metal; its 14-day RSI broke above 85 for the first time since late June. The longer-term outlook for gold, however, remains favorable.

Chart of the Week

YTD % Change of Notable Asset Classes





Bitcoin Responds to Rising Geopolitical Risk

It's no surprise this week's hot topic is the rebound in crypto assets, most notably bitcoin, though the circumstances surrounding the price pop are less than ideal. Less than two weeks into the new year and it's clear 2020 is picking up where 2019 left off. **Elevated geopolitical tension is likely to remain a key risk for the foreseeable future, which is why we believe non-sovereign, censorship-resistant digital assets serve as critical alternatives for those exposed to the fallout of these conflicts.**

While the threat of further military retaliation appears to be waning (at least from the U.S.), there's no certainty in how the next few days, weeks, or months will play out, especially if fresh sanctions are brought against the Islamic Republic. **Bitcoin, in its rawest form, is the ultimate hedge against the shortcomings of the current world order.**

Many were quick to note bitcoin's jump this week as confirmation of its role as a macro hedge in the face of heightened concerns over U.S.-Iranian relations. Importantly, bitcoin's move does not appear to be driven by a major short squeeze (as we've seen in some of its recent price spikes) and appears to be driven by organic demand for the world's largest crypto asset. Arguably more interesting is that **several of BTC's largest gains the last several days occurred outside of normal U.S. trading hours, exemplifying the benefits of 24/7/365 liquidity when turmoil strikes.**

BTCUSD 1-Hour Price Data Since Last Week





Bitcoin Finally Breaks Out

Over the last couple weeks, we've discussed some of the price levels and charts we're monitoring to confirm the sustainability of the most recent rally. Almost right on cue, **bitcoin surged more than 20%** between late last week and Tuesday night, finally breaking above its descending trendline that's served as key resistance for much of the last six months. During its run up, BTC also **cruised through its 50 and 100-day moving averages** with little resistance. Ask and you shall receive, I guess (or at least that's how I felt watching BTC run up this week).

BTC vs. 14-Day RSI



Bitcoin's price breakout is significant, potentially signaling better times ahead for hodlers if it can maintain its recent momentum. Speaking of which, although it's not the be-all and end-all of momentum indicators, BTC's **14-day RSI failed to rise above 70 despite this week's price swell** (a break above this level tends to provide confirmation of an uptrend's strength), which does give us some pause about the sustainability of the move so far.

BTC Price vs. 50 (Blue) & 100-Day MAs (Green).





Digital & Physical Gold Catch a Bid

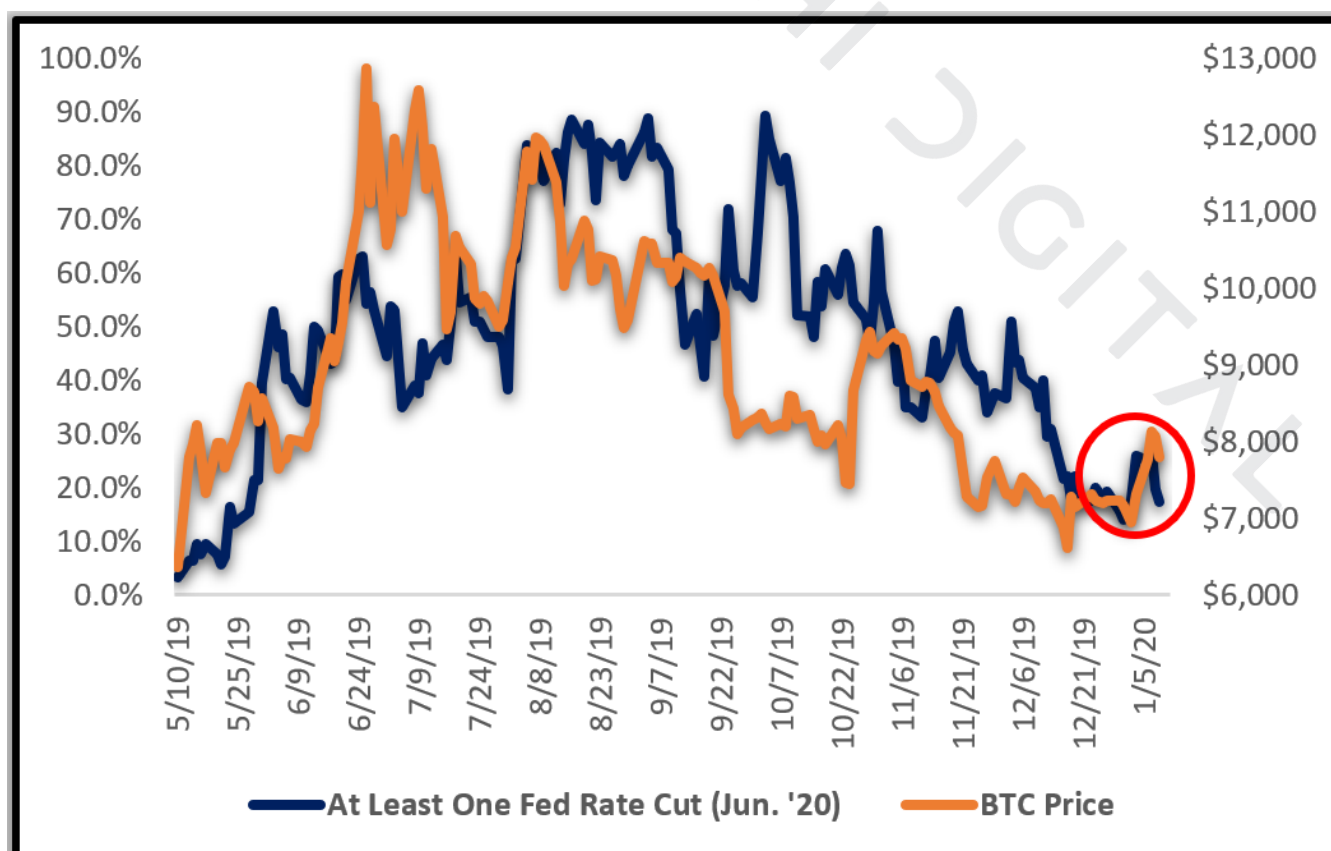
Bitcoin and gold spent the first half of last year largely trending in the same direction, capped off by their grandiose ascent in Q2 2019. However, their paths began to diverge quite a bit as Q3 got underway and continued to do so through year-end; BTC fell nearly 50% while gold gained another 8%, **capping off its best annual gain since 2010.**

BTC vs. Gold - Hourly Trading YTD



Last week's events, however, brought both back into the limelight as rising uncertainty caused a modest flight-to-safety among market participants. Although the change has been small so far, **market expectations for more rate cuts by the Federal Reserve ticked higher** between last week and early this week, supporting the latest bump in hard asset prices like gold.

BTC Price vs. Probability of Fed Rate Cut in June





Gold Due for a Healthy Pullback

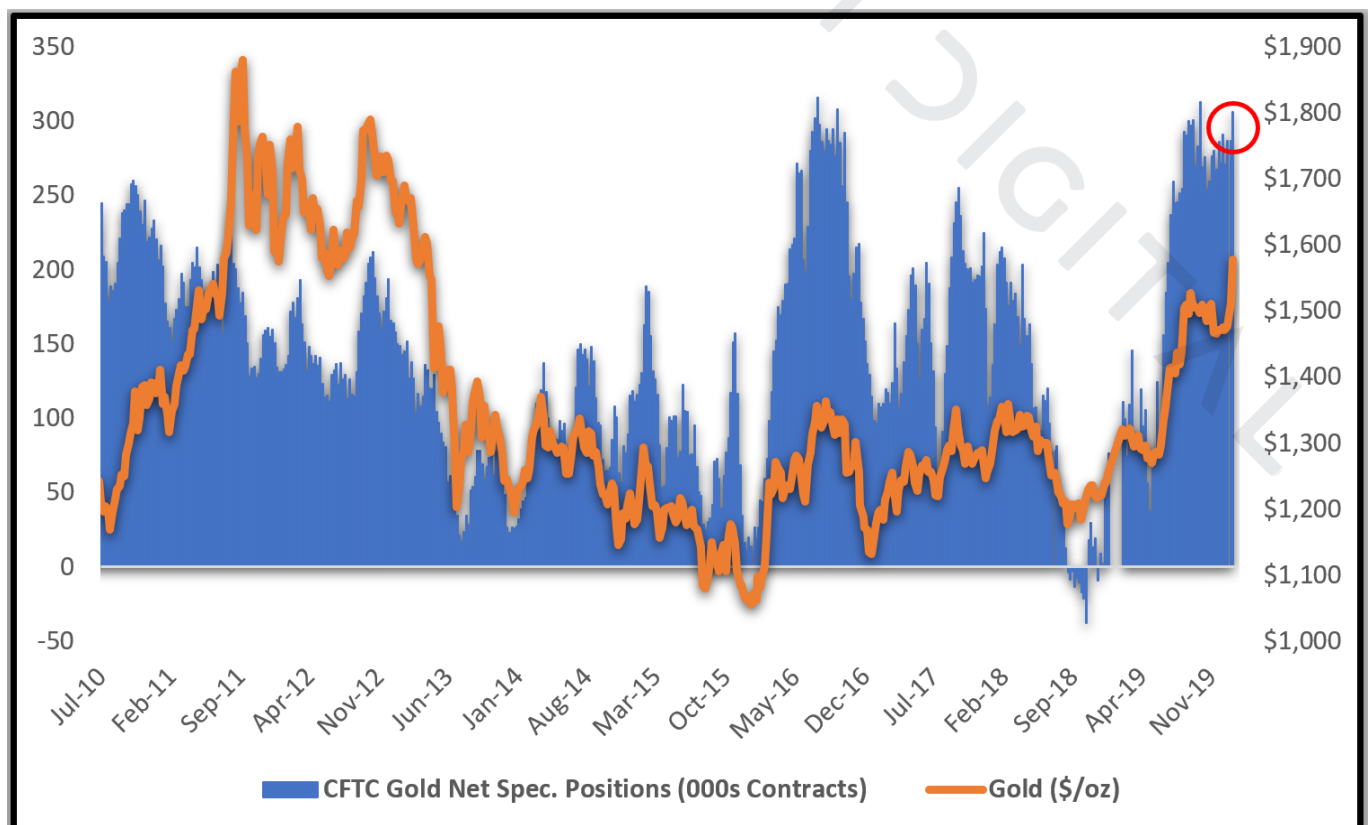
Gold's late December run up accelerated the last couple weeks, briefly pushing the price of the yellow metal **above \$1,600 for the first time since April 2013** earlier this week. However, its latest mini-parabolic move has set the precious metal up for a short-term pullback as its **14-day RSI broke 85 for the first time since late June**, after which gold prices consolidated for a couple weeks before trending higher to close out the summer months. Speculative futures positioning also appears to be quite stretched.

Gold Price vs. 14-Day RSI



Notably, the longer-term outlook for gold looks favorable. Since 1980, **the median return for the precious metal is more than 8% in the 12 months following an RSI break above 85**; gold's price is higher almost 65% of the time over the same time period.

Gold Price vs. CFTC Net Speculative Futures Positioning

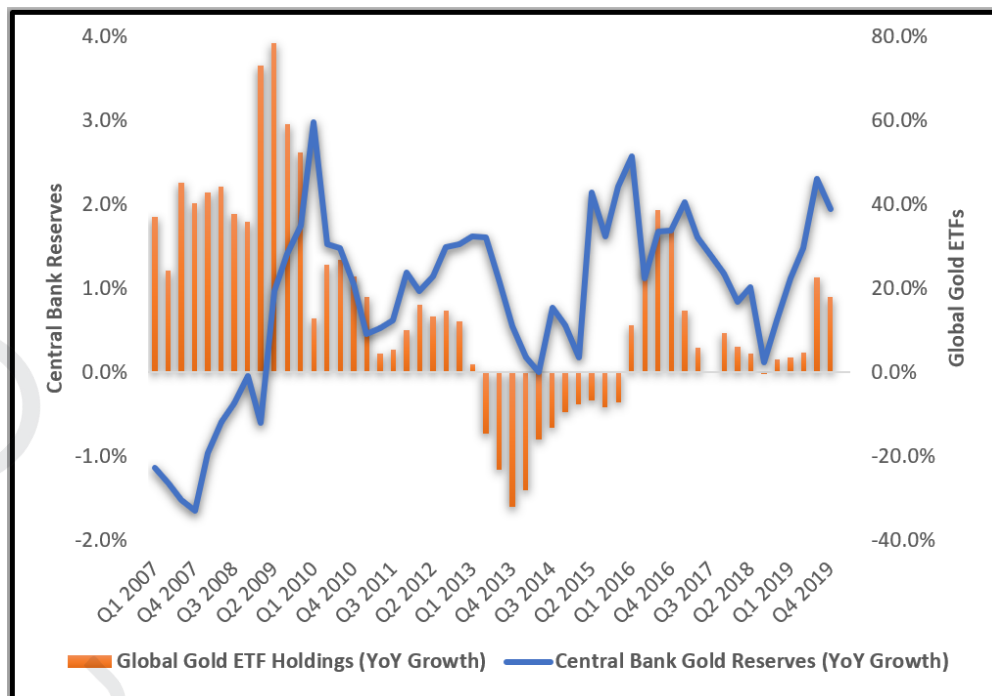




Gold Demand Remains Strong

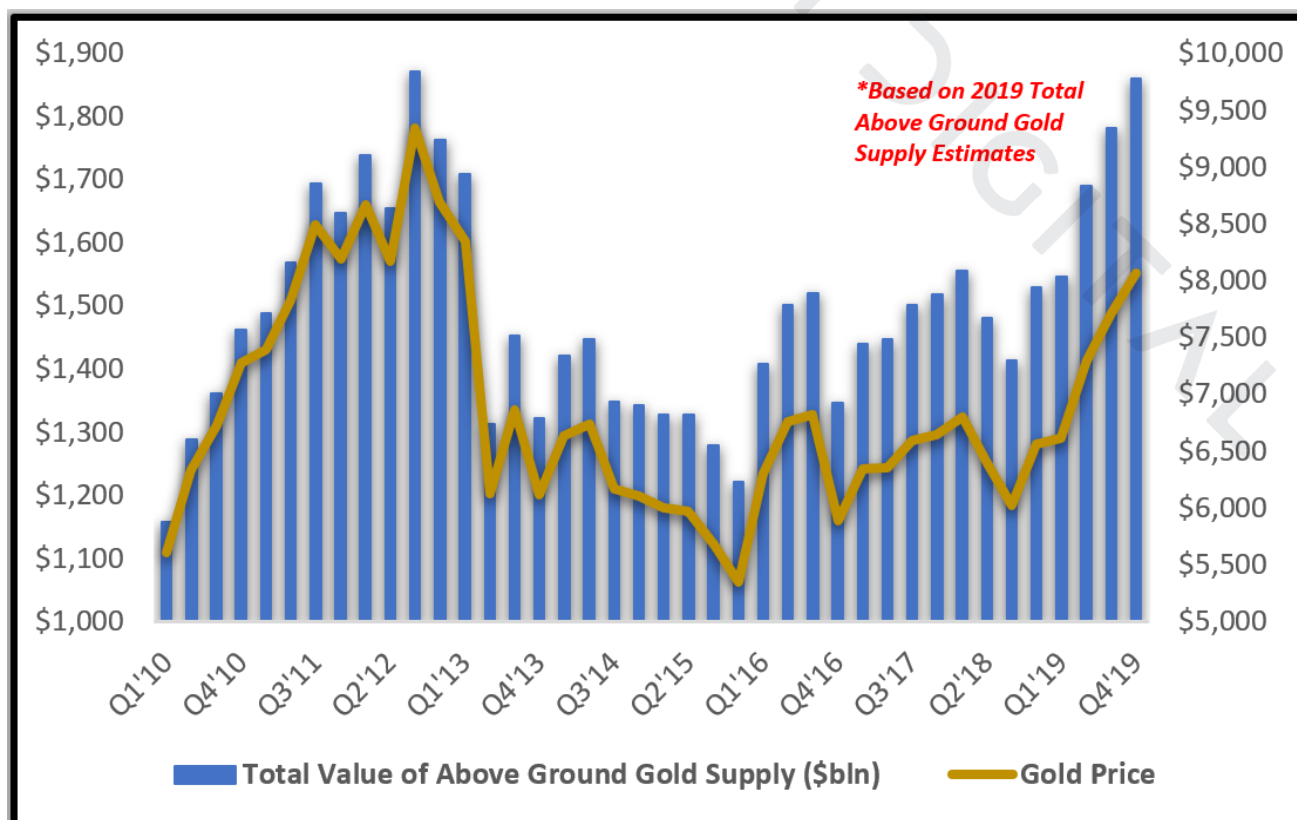
Two of the biggest demand factors for gold over the last several quarters have been **global central banks and exchange-traded funds** (and similar products). The latter group (global gold-backed ETFs) **added 400 tonnes of the precious metal to their holdings in 2019**, which, coupled with an 18% rise in gold prices, **increased total AUM for the group by 37%** (in USD terms), according to data from the World Gold Council.

Global Central Bank Gold Reserves YoY Growth



Central banks have long held gold reserves as both a hedging instrument and highly liquid asset in case trouble should arise. The pace of gold purchases by these institutions picked up considerably last year, in part because of **souring sentiment towards the U.S. dollar as the world's global reserve currency**, a trend we don't expect to reverse anytime soon.

Gold Price vs. Total Value of Above Ground Supply (\$).





Crypto Asset Movers & Shakers

Finally, the crypto market gave us something to be excited as **just about every large-cap crypto asset ended the week in positive territory**. Some of last year's biggest laggards like XMR found themselves atop the leaderboard this week. Notably, BTC was also out in front, likely driven by the latest escalation in geopolitical risk between the U.S. and Iran. **Large-caps in general have continued the 2019 trend of outperformance over smaller peers.**

Optimism has also started to return, albeit slowly, with the crypto **Fear & Greed Index breaching 50 for the first time in roughly two months yesterday**. However, sentiment could sour quickly if the crypto market fails to maintain momentum and begins to roll back over.

Top Crypto Asset Returns

	7D	30D	90D	YTD
XMR	31.32%	9.04%	7.71%	26.79%
DASH	26.39%	2.41%	-27.29%	-34.00%
BCH	18.05%	14.85%	4.48%	49.53%
MIOTA	13.73%	-10.76%	-34.03%	-47.65%
BTC	11.98%	9.43%	-6.34%	111.08%
ZEC	10.99%	-0.43%	-17.17%	-46.98%
ETC	10.45%	30.05%	2.55%	-4.61%
LTC	9.49%	1.78%	-21.08%	44.62%
ADA	9.19%	-2.67%	-12.48%	-14.20%
ETH	8.22%	-4.75%	-26.34%	2.31%
XRP	8.20%	-7.62%	-22.99%	-42.77%
NEO	7.69%	8.35%	27.06%	19.76%
EOS	7.05%	4.11%	-10.66%	5.74%
BNB	6.74%	-5.55%	-16.81%	148.35%
TRX	6.45%	-2.75%	-13.76%	-28.24%
XLM	5.96%	-12.88%	-22.23%	-58.47%
MKR	5.95%	-6.89%	-8.78%	2.28%
XEM	2.73%	-5.46%	-16.68%	-49.74%

Data as of 01/08/20

The above table is powered by Digital Assets Data, a fintech company building a knowledge platform to manage data and deploy investment models.

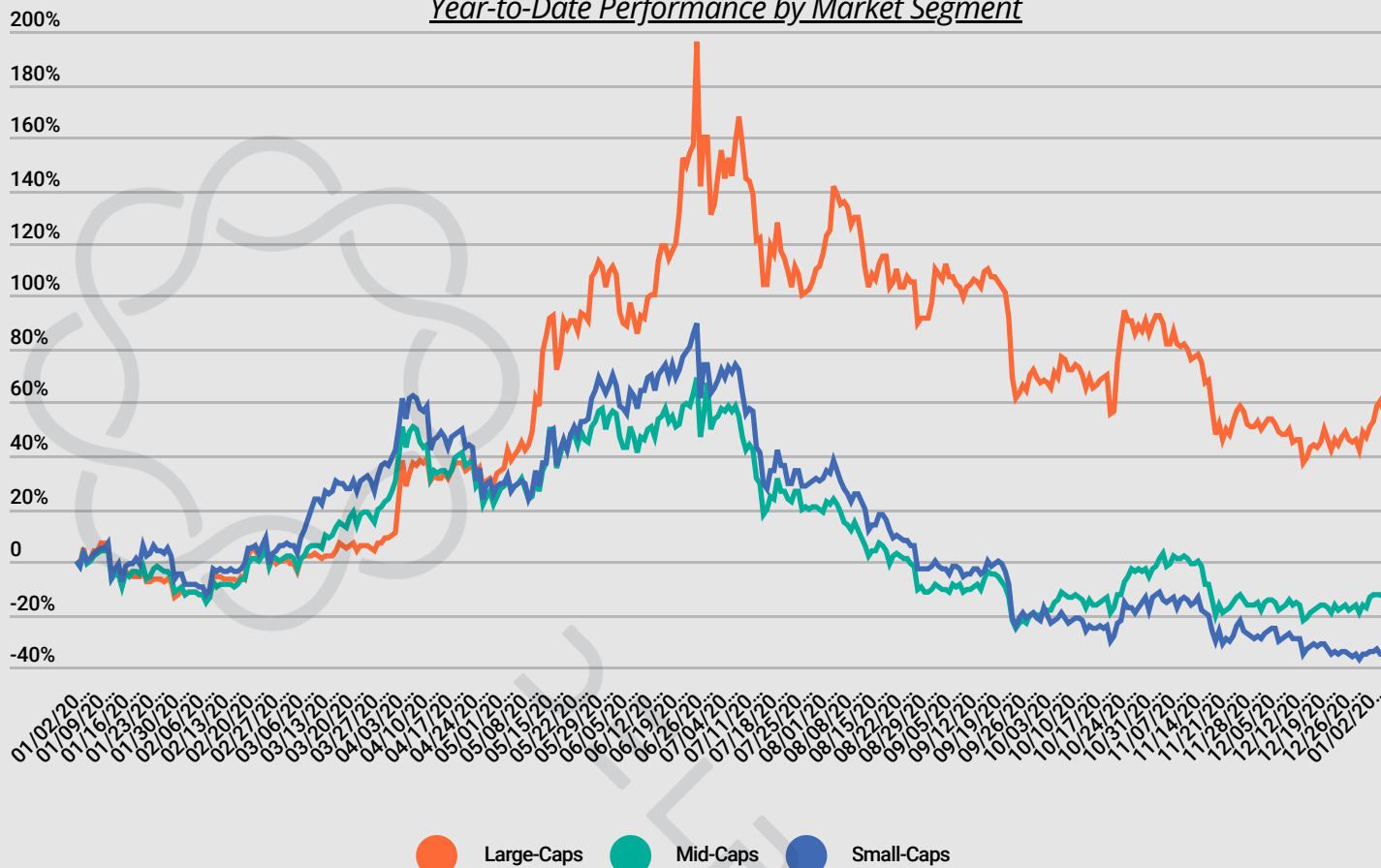


Digital Assets Data

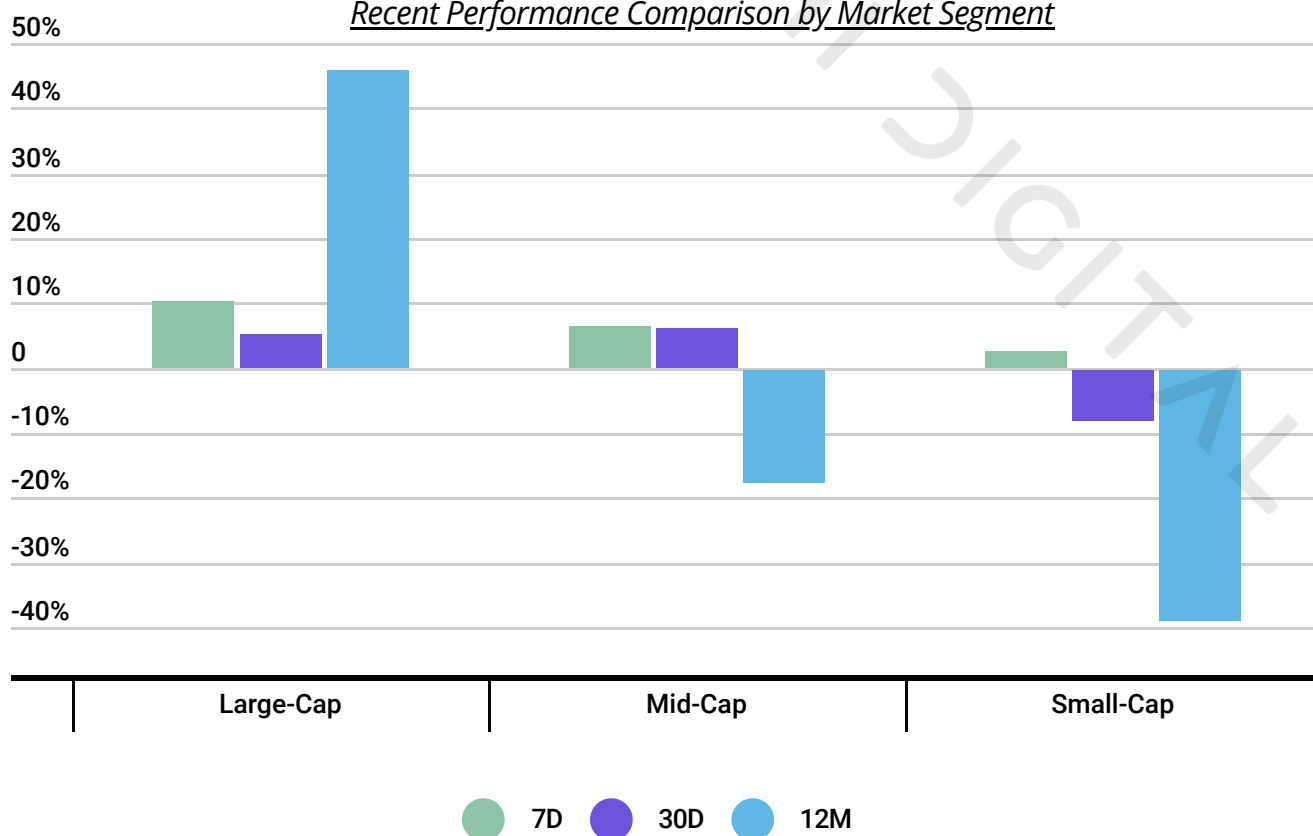


Large-Caps Lead Crypto Rally

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.

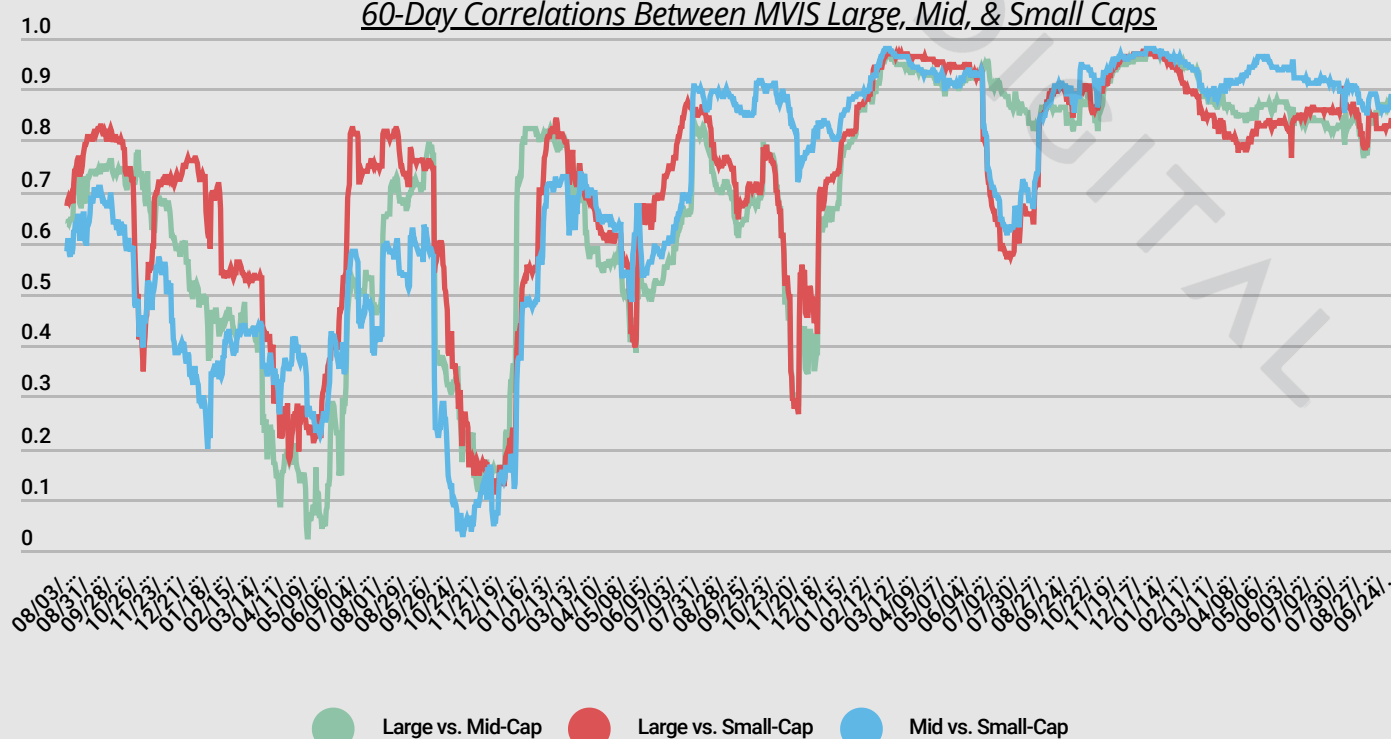


Intra-Market Correlations

30-Day Correlations Between Top Crypto Assets

	ADA	BCH	BNB	BTC	DASH	EOS	ETC	ETH	LTC	MIOTA	MKR	NEO	TRX	XEM	XLM	XMR	XRP	ZEC
ADA	1.00	0.70	0.58	0.70	0.70	0.79	0.67	0.83	0.80	0.76	0.59	0.77	0.77	0.66	0.79	0.71	0.76	0.72
BCH	0.70	1.00	0.45	0.71	0.63	0.69	0.58	0.73	0.72	0.60	0.50	0.62	0.56	0.50	0.57	0.60	0.60	0.55
BNB	0.58	0.45	1.00	0.52	0.55	0.55	0.50	0.61	0.59	0.54	0.47	0.56	0.53	0.43	0.51	0.56	0.48	0.55
BTC	0.70	0.71	0.52	1.00	0.61	0.71	0.62	0.81	0.76	0.62	0.62	0.70	0.59	0.48	0.60	0.66	0.59	0.62
DASH	0.70	0.63	0.55	0.61	1.00	0.65	0.58	0.70	0.65	0.68	0.48	0.67	0.60	0.58	0.62	0.73	0.60	0.70
EOS	0.79	0.69	0.55	0.71	0.65	1.00	0.65	0.81	0.80	0.72	0.57	0.74	0.68	0.58	0.67	0.66	0.71	0.62
ETC	0.67	0.58	0.50	0.62	0.58	0.65	1.00	0.72	0.65	0.63	0.52	0.60	0.58	0.54	0.59	0.60	0.59	0.59
ETH	0.83	0.73	0.61	0.81	0.70	0.81	0.72	1.00	0.83	0.75	0.68	0.77	0.72	0.61	0.70	0.71	0.75	0.70
LTC	0.80	0.72	0.59	0.76	0.65	0.80	0.65	0.83	1.00	0.68	0.59	0.72	0.64	0.55	0.67	0.68	0.67	0.65
MIOTA	0.76	0.60	0.54	0.62	0.68	0.72	0.63	0.75	0.68	1.00	0.54	0.73	0.65	0.59	0.67	0.64	0.70	0.64
MKR	0.59	0.50	0.47	0.62	0.48	0.57	0.52	0.68	0.59	0.54	1.00	0.58	0.50	0.41	0.48	0.51	0.50	0.48
NEO	0.77	0.62	0.56	0.70	0.67	0.74	0.60	0.77	0.72	0.73	0.58	1.00	0.72	0.59	0.66	0.66	0.68	0.63
TRX	0.77	0.56	0.53	0.59	0.60	0.68	0.58	0.72	0.64	0.65	0.50	0.72	1.00	0.55	0.64	0.61	0.65	0.62
XEM	0.66	0.50	0.43	0.48	0.58	0.58	0.54	0.61	0.55	0.59	0.41	0.59	0.55	1.00	0.63	0.59	0.59	0.58
XLM	0.79	0.57	0.51	0.60	0.62	0.67	0.59	0.70	0.67	0.67	0.48	0.66	0.64	0.63	1.00	0.66	0.72	0.65
XMR	0.71	0.60	0.56	0.66	0.73	0.66	0.60	0.71	0.68	0.64	0.51	0.66	0.61	0.59	0.66	1.00	0.63	0.68
XRP	0.76	0.60	0.48	0.59	0.60	0.71	0.59	0.75	0.67	0.70	0.50	0.68	0.65	0.59	0.72	0.63	1.00	0.59
ZEC	0.72	0.55	0.55	0.62	0.70	0.62	0.59	0.70	0.65	0.64	0.48	0.63	0.62	0.58	0.65	0.68	0.59	1.00

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



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