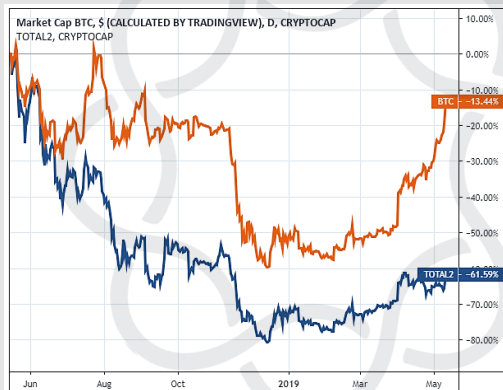
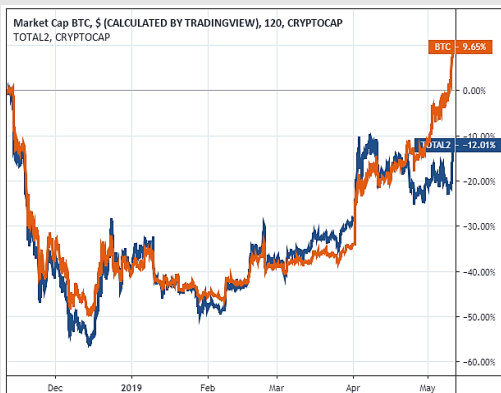


## Total Public Market Value (ex-BTC)

### 12-Month Performance (Normalized)



### 6-Month Performance (Normalized)



### 30-Day Performance (Normalized)



## Lead Analyst



Kevin Kelly, CFA

kevin@delphidigital.io

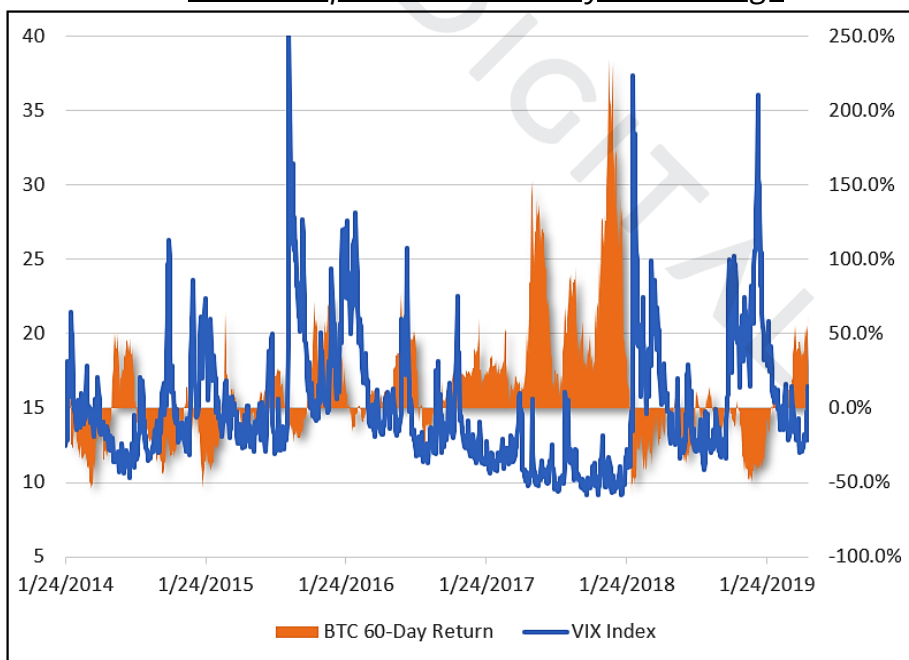


## Crypto Markets Rejoice Return of King Bitcoin

- Market participants welcomed bitcoin's surge this week with open arms as it cruised passed key resistance levels without breaking a sweat, pushing its total market value above \$120 billion for the first time since September.
- Short-term momentum indicators are hitting extreme overbought levels, but history has not been kind to those who fight strengthening price trends in the crypto market.
- Many crypto assets outside BTC have struggled to keep pace with their largest peer in Q2, a trend that may shift in coming weeks if momentum for bitcoin weakens following its major run up.
- Market takes Bitfinex-Tether, and now Binance hack, bad news in stride as bullish sentiment continues to offset bearish news.

## Chart of the Week

### VIX Index Spikes vs. BTC 60-Day Price Change





## The Return of the King

Our weekly market commentary is our chance to discuss key trends occurring across the crypto asset landscape. Typically, I begin writing a rough outline for each week's report almost immediately after the prior week's edition is released. Obviously, there's no way to know where we'll end up, so most of it really comes together in the final 24-48 hours before we plan to hit publish. Every now and then, something happens within those final hours that causes us to revamp our focus. This week is a prime example of one of those times.

In case you haven't checked #cryptotwitter in 48 minutes, bitcoin is having itself a good old-fashioned time. It's breaking through key resistance levels without breaking a sweat, fueling a mild return of that giddy euphoric sentiment we all remember so well from the last bull run. Bitcoin can't be stopped. The bottom is in. Get in now or forever drift through life regretting the moment when you could've bought the world's most underappreciated asset for just two easy payments of \$3,500...

Let me be clear: we are cheering for bitcoin to succeed as much as the next guy. The reemergence of interest in crypto has come roaring back given the gains we've seen over the last six weeks, but it's important to take a step back and put its recent mini-parabolic move in perspective.

### BTC Price Strength Accelerating





## The Run Back to \$7,000

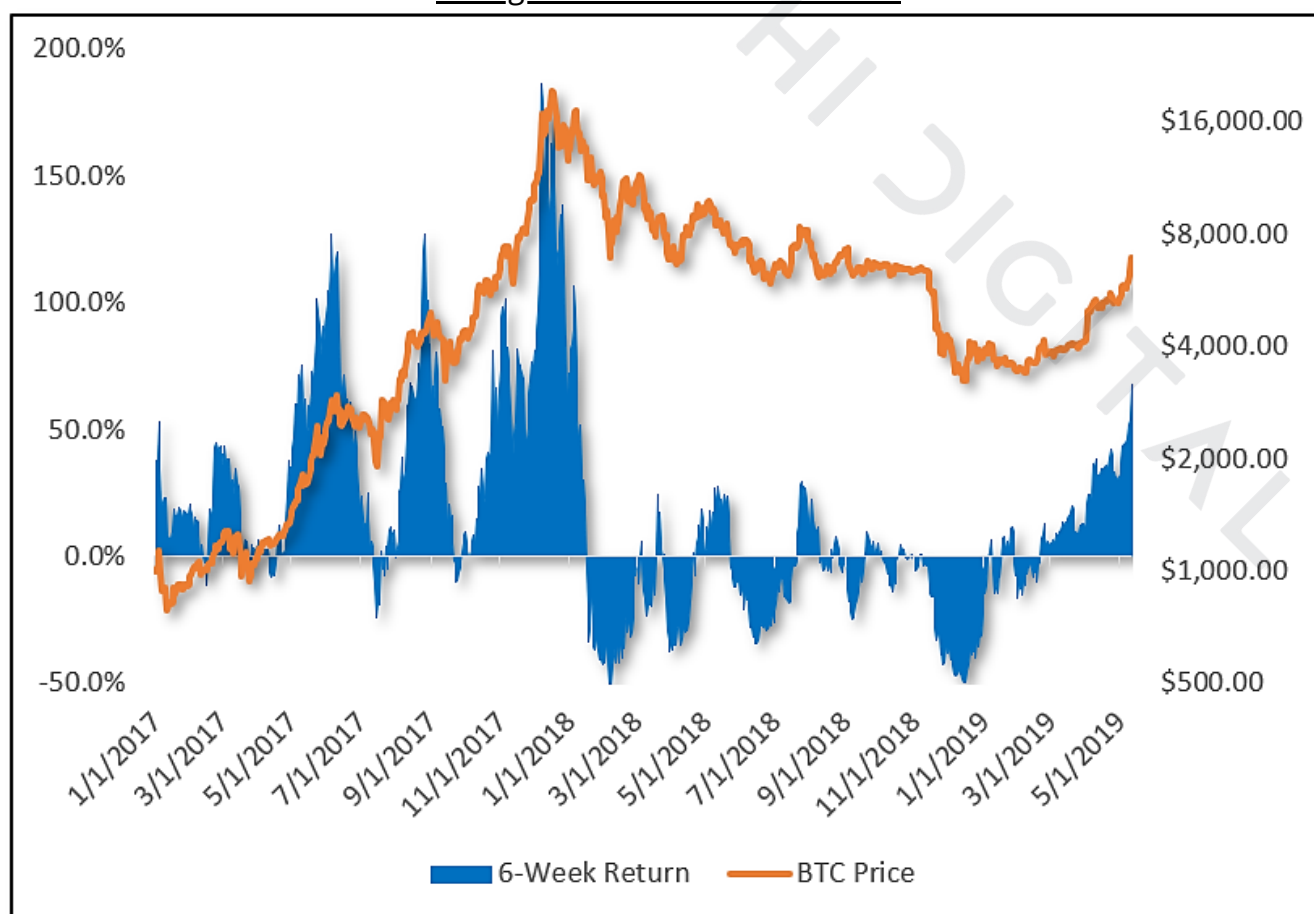
As many of you know, there are several reasons supporting our firm belief that the bottom for bitcoin is in. The growing trend of accumulation coupled with signs of selling exhaustion from long-term holders after the last major sell-off in Q4 are just a couple examples. With that in mind, we do not expect BTC to exhibit a similar parabolic rise like we saw in late 2017. The road to new highs is likely to be littered with short-term run ups followed by substantial, yet healthy, pullbacks. We may be in the presence of one as we speak.

### BTC Back Above Pre-Q4 Sell-Off Level



Bitcoin has recouped all of its losses since the November 2018 sell-off, which saw BTC fall over 50% in a few short weeks. The recent reversal has been the strongest rally for BTC over a six-week period since the run up of 2017, which is currently up roughly 120% since its December low and almost 90% year-to-date.

### Rolling 6-Week BTC Return vs. Price





## Taking Bad News In Stride

The biggest headline this week was the Binance hack, which resulted in the loss of approximately \$41 million of bitcoin at the time. Binance's CEO Changpeng Zhao, known in the community simply as "CZ", discussed high-level details of the security breach in a [post](#) on the company's website almost immediately after it was discovered. He reassured user funds would not be affected as the incident would be covered entirely by the Secure Asset Fund for Users ([SAFU](#)), an insurance fund Binance maintains for special situations like this.

Bitcoin barely skipped a beat on its march to \$6,000, which it broke above less than two days later. The market's resilience to this week's news coupled with the shake-off of the Bitfinex-Tether legal controversy is a bullish sign in our view. Obviously a lot of uncertainty still surrounds both of these events, but the Tether news almost seemed more like a buy the rumor sell the news event (or sell the rumor buy the news in this case) because many market participants have suspected some serious foul play going on behind closed doors with Bitfinex for a while. The fact that we got confirmation on the validity of those suspicions and that Bitfinex has a plan (albeit an unorthodox one) to try and mitigate the fall out from all of this has almost provided a sense of relief for the crypto market.

With that in mind, bitcoin and other more volatile crypto assets could very well experience a violent reversal to the downside if more allegations or details around the legal situation surface. However, given how hammered the whole crypto market has gotten over the last 15 months, we may look back on this as a key inflection point where bad news no longer caused a subsequent rise in serious selling pressure. This is typically an indicator that a price bottom for an asset may be in.

### BTCUSD vs. BNBUSD Post-Breach



*"To protect the future interests of all users, Binance will create a Secure Asset Fund for Users (SAFU). Starting from 2018/07/14, we will allocate 10% of all trading fees received into SAFU to offer protection to our users and their funds in extreme cases. This fund will be stored in a separate cold wallet." - Binance describing the SAFU*



## Momentum, Momentum, Momentum

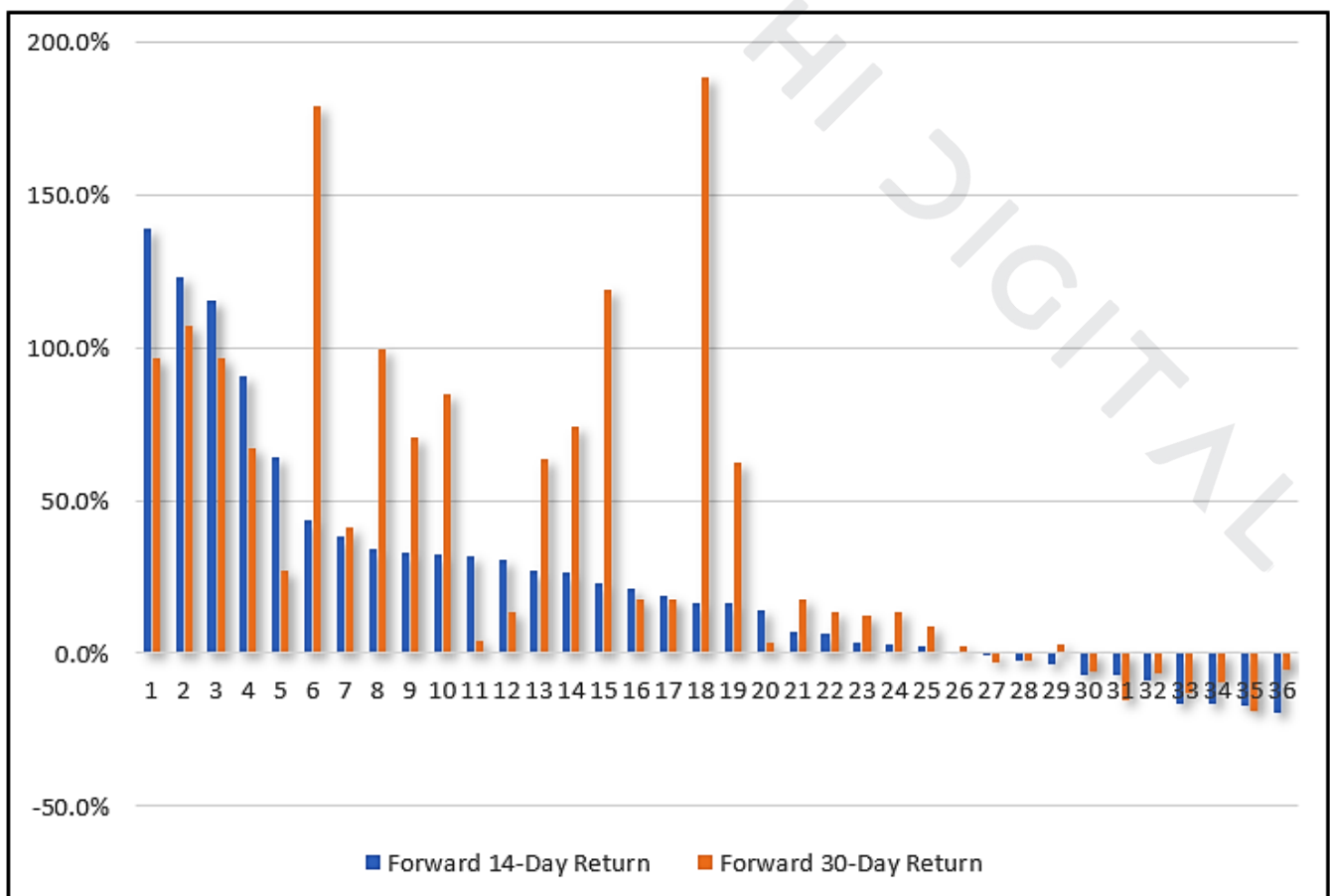
Bitcoin's rapid ascent the last few days has pushed short-term momentum indicators into extreme overbought territory as its 14-day RSI broke above 85. While this is often regarded as a bearish short-term indicator, it's important to note how difficult it can be to fight momentum in the crypto market.

In the 36 instances where BTC's 14-day RSI broke above 85 since 2013, its median return in the following 14 days is roughly 16%. Interestingly, BTC has seen positive returns over 70% of the time in the subsequent two weeks following such an occurrence.

BTC Price vs. 14-Day RSI



BTC Returns After 14-Day RSI Break Above 85 (Since 2013)







## Momentum, Momentum, Momentum

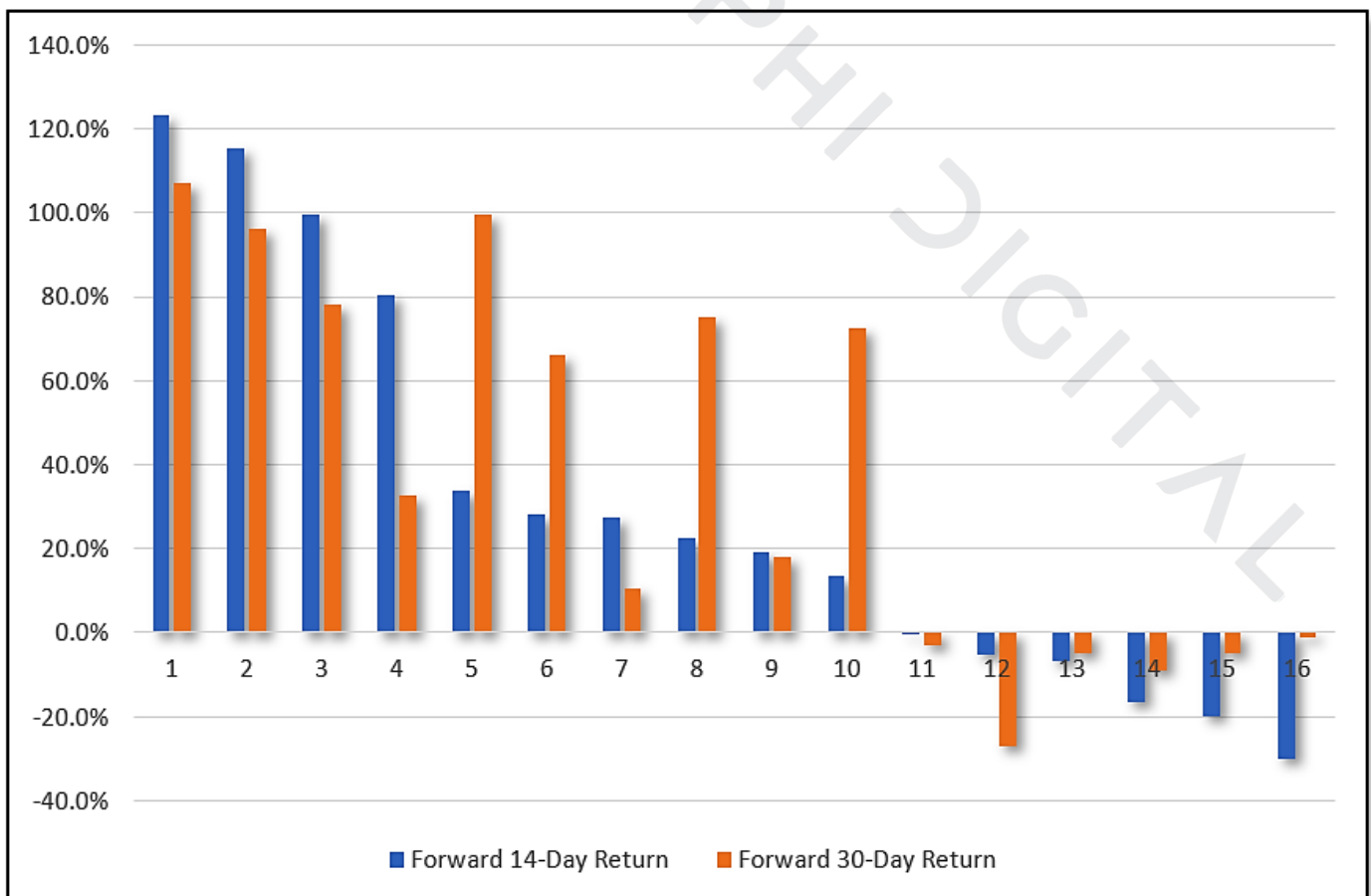
Similarly, bitcoin's 30-day RSI is also pushing extreme overbought levels, sitting just shy of 80. This event has occurred far less frequently given it uses a longer time horizon for its calculation.

In the 16 instances where BTC's 30-day RSI broke above 80 since 2013, its median return in the following 14 and 30 days is roughly 21% and 25%, respectively. However, the frequency of positive returns is less consistent, gaining a little more than 60% of the time in the month following such an occurrence.

BTC Price vs. 30-Day RSI



BTC Returns After 30-Day RSI Break Above 80 (Since 2013)





## Technical Outlook Favorable

The recent strength in BTC has also pushed its 100-day moving average to break above its 200-day equivalent, less than three weeks after its "golden cross" we previously discussed. A 100-day crossover has only happened four times prior to this, the last of which occurred in July 2015, roughly six months after bitcoin bottomed in the last cycle. Bitcoin declined 23% and 9% in the following 30 days the last two times this occurred, though the sample size is obviously very limited.

BTC Price vs. 50, 100, 200-Day Moving Averages



Trader positioning also seems to favor a higher bitcoin price as margin short positions on Bitfinex remain relatively high compared to prior BTC near-term price tops. Further strength in bitcoin above \$7,000 could trigger another wave of short covering, putting a bid under BTC. Meanwhile, margin longs are coming off their lowest level in over 15 months, which also lends support for a potential squeeze higher for BTC.

BTC Price vs. Margin Shorts on Bitfinex (Inverted)

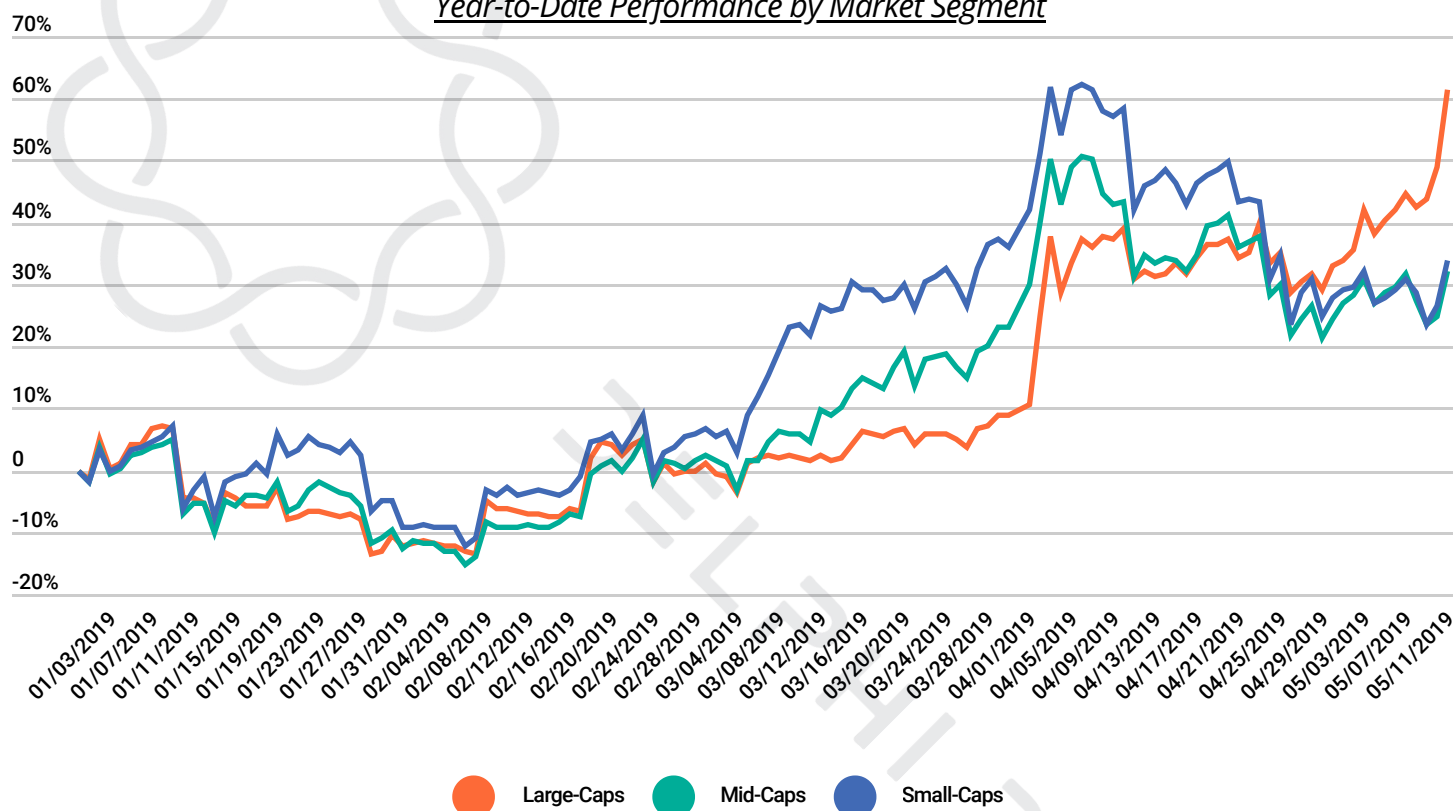




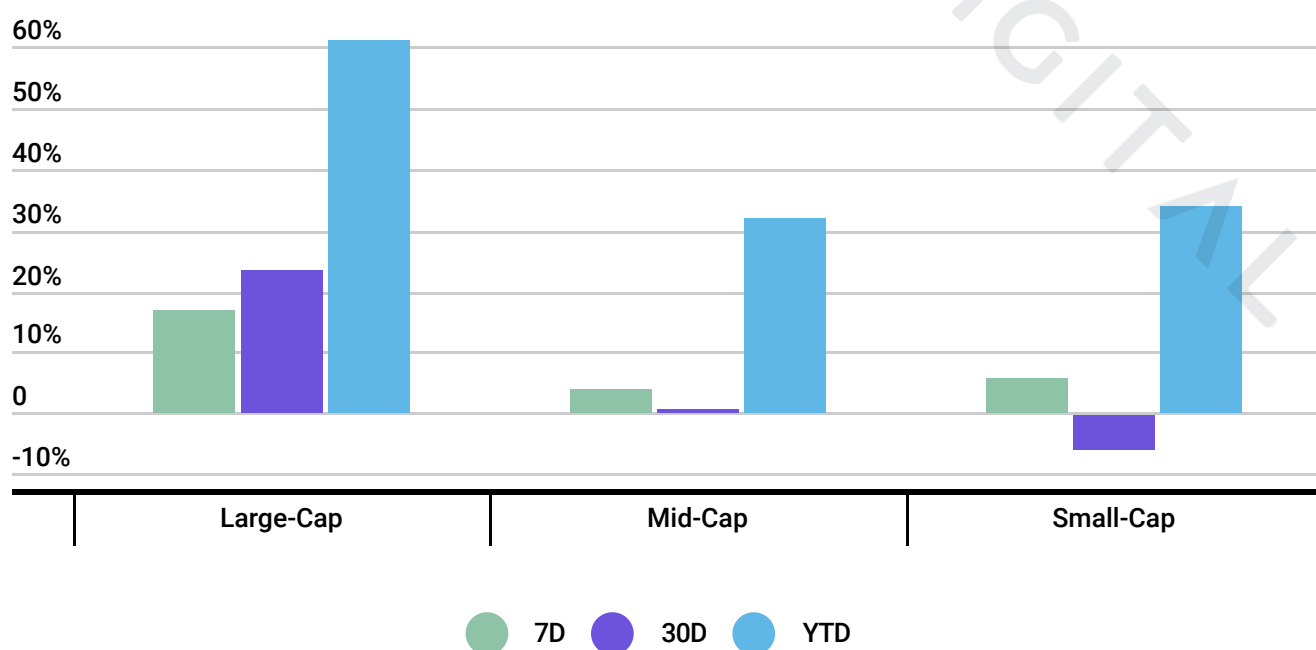
## Large-Cap Domination

Large-cap crypto assets continue to dominate mid and smaller-cap peers, according to the on the MVIS CryptoCompare Digital Asset 100 Index. Bitcoin, one of the top performing crypto assets in Q2 thus far, has shown strong leadership since the beginning of April, sucking much of the air out of the room for other smaller crypto assets that have failed to keep up. Many large cap peers have actually dragged on the size segment's performance in recent weeks, pushing intra-market correlations between crypto assets lower.

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

Bitcoin's dominance continued this week as the world's largest crypto asset rose more than 10% through yesterday, the strongest performance among large peers. As of today, BTC has tacked on another 9%, bringing its total market value to roughly \$123 billion, its highest level in eight months. ETH has also jumped another 15% over the last 24 hours, pushing its week-over-week gain to nearly 20%.

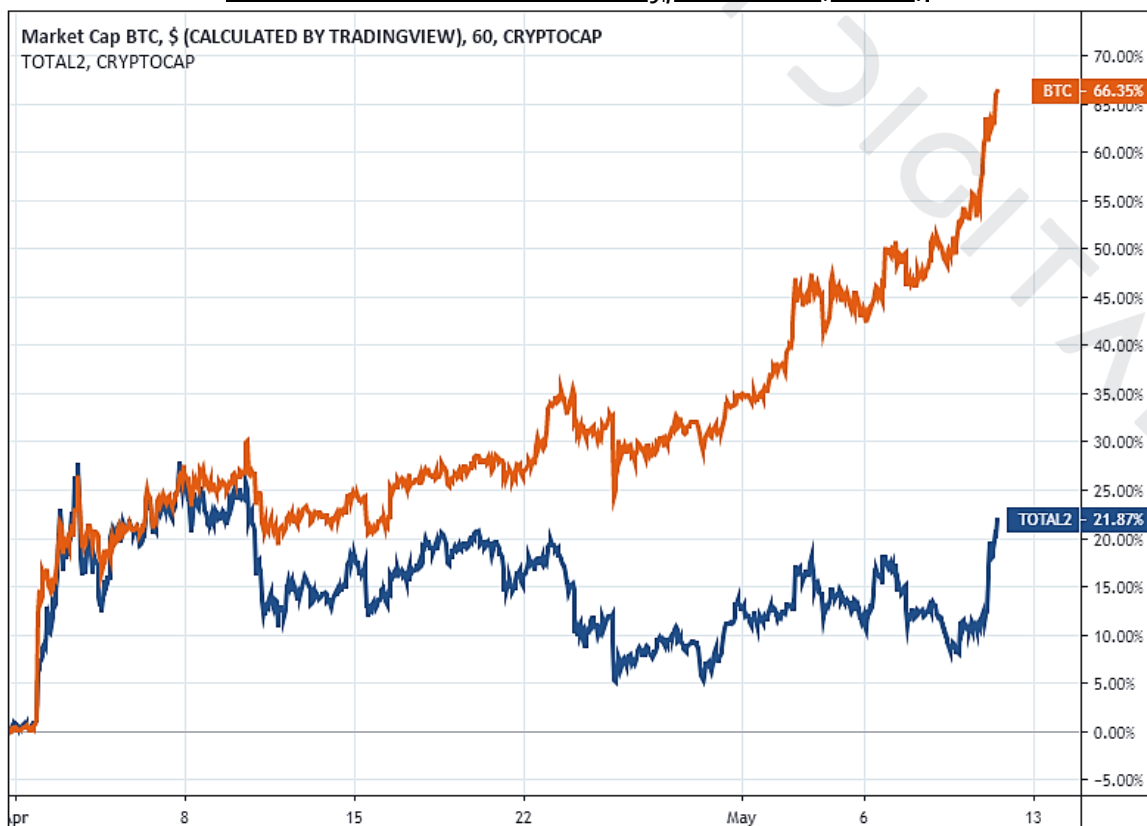
While the appreciation in bitcoin's price continues to accelerate, the rest of the crypto market has failed to keep pace. Most of the increase in total value of the crypto market since the beginning of April has been driven by BTC's +65% surge. There are a few other notable names that have outperformed the broader market (BCH, ETH) over the same period, but bitcoin has been one of the top large cap performers in Q2.

Top Crypto Asset Returns				
Ticker	7D	30D	90D	YTD
BTC	10.6%	19.8%	73.8%	70.4%
BSV	6.9%	-27.7%	-12.4%	-31.9%
ETH	3.1%	-2.4%	45.0%	29.8%
XMR	1.6%	-4.1%	40.2%	47.2%
IOTA	-1.7%	-16.1%	5.8%	-17.9%
BCH	-1.8%	-5.7%	123.7%	90.5%
TRON	-1.9%	-21.6%	-10.1%	25.4%
XRP	-2.5%	-15.3%	-3.5%	-14.8%
LTC	-2.7%	-12.7%	72.3%	153.3%
MKR	-3.9%	-26.1%	16.7%	15.6%
EOS	-5.1%	-17.3%	73.7%	87.9%
DASH	-6.8%	-13.2%	52.0%	42.7%
ETC	-7.1%	-20.0%	37.9%	11.7%
ZEC	-8.1%	-20.0%	14.3%	1.8%
NEM	-9.0%	-29.3%	28.2%	-20.1%
ADA	-9.2%	-29.5%	54.5%	54.5%
XLM	-9.6%	-26.3%	14.4%	-18.0%
NEO	-12.2%	-29.7%	14.5%	16.5%
BNB	-17.5%	7.4%	121.0%	218.2%

\*Returns in USD

Data as of 05/10/19

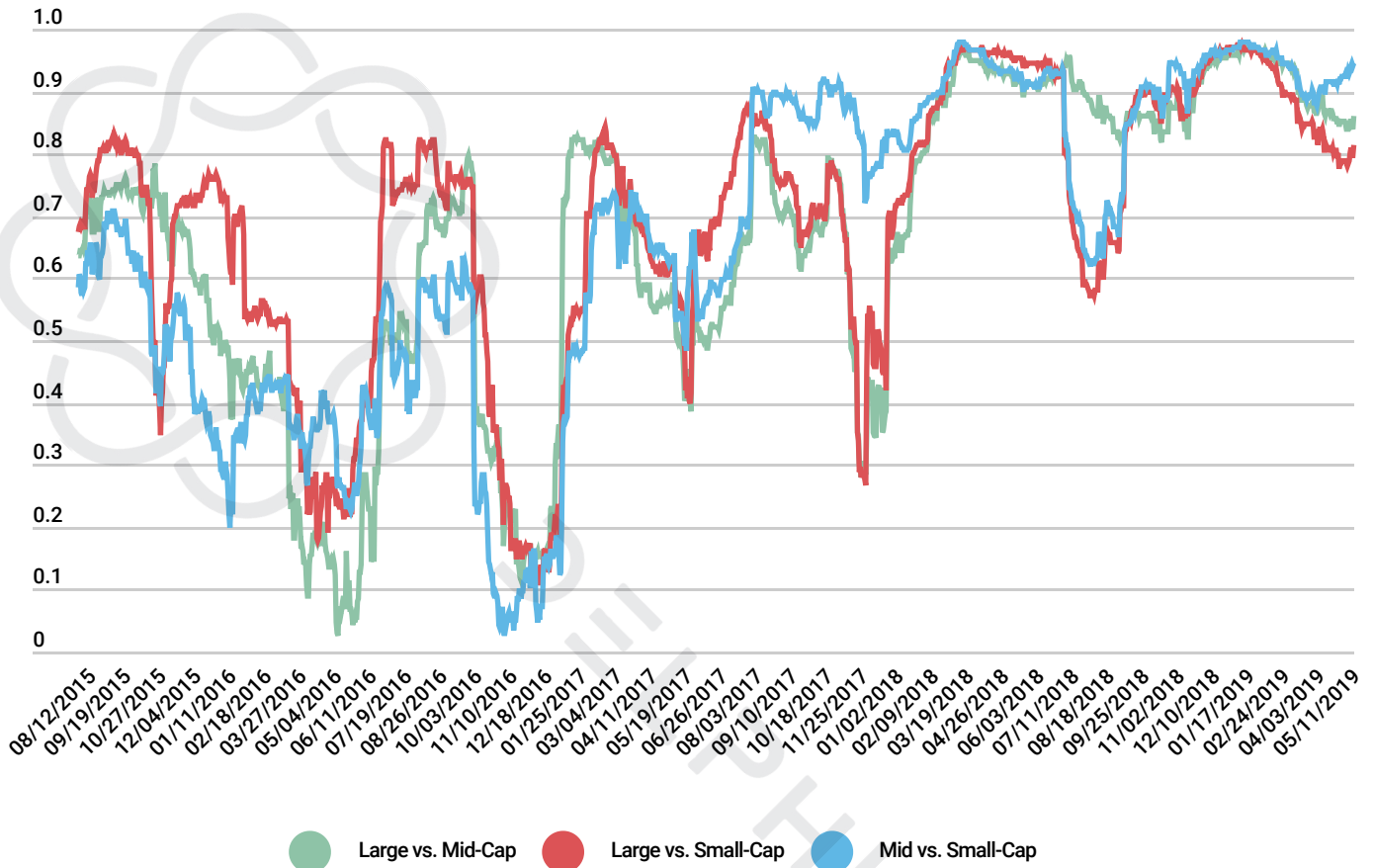
## Bitcoin Market Value vs. Total Crypto Market (ex-BTC)



# 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	0.78	0.84	0.80	0.70	0.81	0.76	0.61	0.61	0.77	0.46	0.27	0.55	0.74	0.55	0.67	0.65	0.72	0.51	BTC
XRP	0.78	1.00	0.85	0.79	0.84	0.71	0.59	0.76	0.67	0.80	0.55	0.33	0.67	0.78	0.62	0.72	0.74	0.65	0.65	XRP
ETH	0.84	0.85	1.00	0.82	0.79	0.77	0.64	0.78	0.68	0.80	0.50	0.38	0.68	0.80	0.66	0.72	0.74	0.70	0.68	ETH
EOS	0.80	0.79	0.82	1.00	0.75	0.84	0.75	0.71	0.72	0.69	0.41	0.34	0.66	0.74	0.57	0.72	0.70	0.67	0.53	EOS
XLM	0.70	0.84	0.79	0.75	1.00	0.66	0.61	0.75	0.64	0.77	0.55	0.33	0.75	0.77	0.63	0.71	0.70	0.58	0.53	XLM
LTC	0.81	0.71	0.77	0.84	0.66	1.00	0.88	0.61	0.73	0.63	0.38	0.37	0.60	0.72	0.53	0.78	0.66	0.76	0.46	LTC
BCH	0.76	0.59	0.64	0.75	0.61	0.88	1.00	0.50	0.71	0.48	0.24	0.23	0.44	0.62	0.48	0.66	0.54	0.57	0.38	BCH
TRON	0.61	0.76	0.78	0.71	0.75	0.61	0.50	1.00	0.64	0.69	0.50	0.28	0.66	0.75	0.65	0.65	0.67	0.63	0.51	TRON
ADA	0.61	0.67	0.68	0.72	0.64	0.73	0.71	0.64	1.00	0.57	0.39	0.25	0.51	0.69	0.48	0.77	0.68	0.62	0.53	ADA
XMR	0.77	0.80	0.80	0.69	0.77	0.63	0.48	0.69	0.57	1.00	0.61	0.40	0.77	0.76	0.52	0.63	0.82	0.62	0.58	XMR
IOTA	0.46	0.55	0.50	0.41	0.55	0.38	0.24	0.50	0.39	0.61	1.00	0.26	0.49	0.52	0.52	0.56	0.53	0.51	0.46	IOTA
BNB	0.27	0.33	0.38	0.34	0.33	0.37	0.23	0.28	0.25	0.40	0.26	1.00	0.47	0.38	0.23	0.37	0.43	0.38	0.31	BNB
DASH	0.55	0.67	0.68	0.66	0.75	0.60	0.44	0.66	0.51	0.77	0.49	0.47	1.00	0.70	0.50	0.64	0.80	0.57	0.51	DASH
NEM	0.74	0.78	0.80	0.74	0.77	0.72	0.62	0.75	0.69	0.76	0.52	0.38	0.70	1.00	0.54	0.74	0.73	0.65	0.57	NEM
ETC	0.55	0.62	0.66	0.57	0.63	0.53	0.48	0.65	0.48	0.52	0.52	0.23	0.50	0.54	1.00	0.49	0.61	0.53	0.49	ETC
NEO	0.67	0.72	0.72	0.72	0.71	0.78	0.66	0.65	0.77	0.63	0.56	0.37	0.64	0.74	0.49	1.00	0.67	0.72	0.56	NEO
ZEC	0.65	0.74	0.74	0.70	0.70	0.66	0.54	0.67	0.68	0.82	0.53	0.43	0.80	0.73	0.61	0.67	1.00	0.58	0.52	ZEC
BSV	0.72	0.65	0.70	0.67	0.58	0.76	0.57	0.63	0.62	0.62	0.51	0.38	0.57	0.65	0.53	0.72	0.58	1.00	0.46	BSV
MKR	0.51	0.65	0.68	0.53	0.53	0.46	0.38	0.51	0.53	0.58	0.46	0.31	0.51	0.57	0.49	0.56	0.52	0.46	1.00	MKR

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