

Total Public Market Value (ex-BTC)

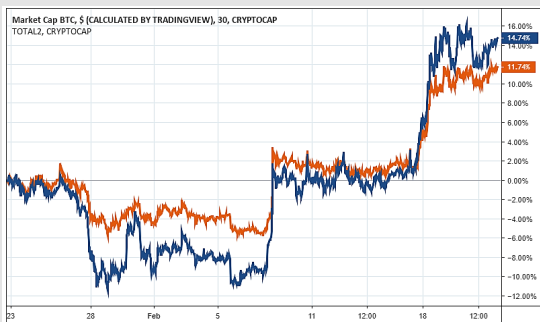
12-Month Performance (Normalized)



6-Month Performance (Normalized)



30-Day Performance (Normalized)

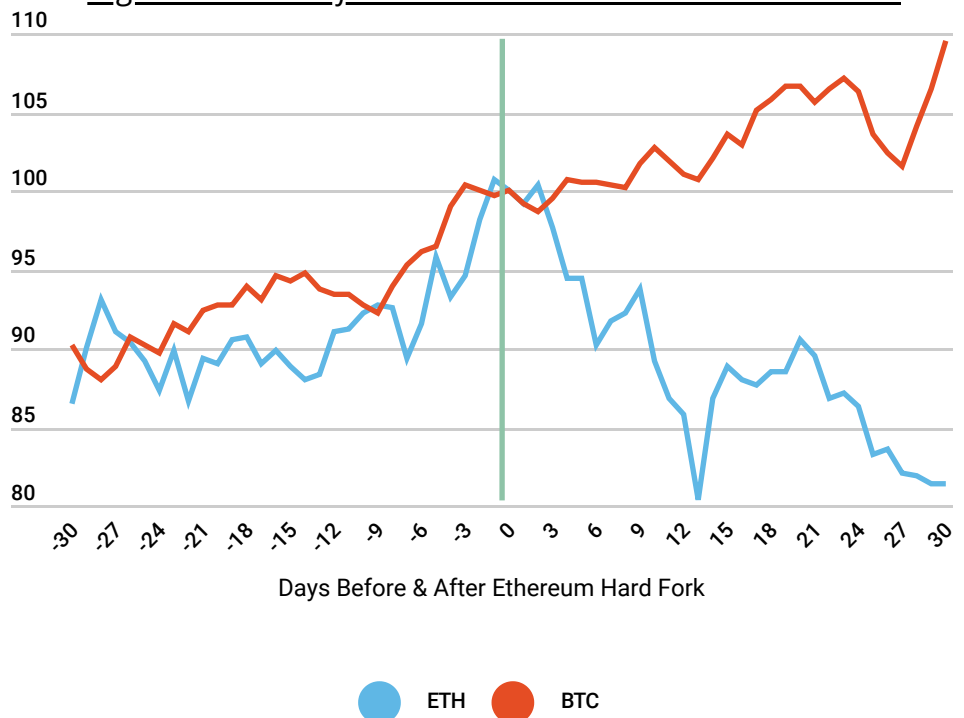


Ethereum Fork in Focus as Crypto Market Rallies

- The price of ETH jumped back above \$150 for the first time since early January as the Constantinople hard fork creeps closer. A similar trend has occurred leading up to prior forks, though the subsequent decline in ETH following each event is notably consistent. Bitcoin tends to outperform in the immediate weeks following Ethereum hard forks.
- Bitcoin jumped back above \$4,000 on the back of a broad market rally this week, breaking above its 100-day moving average for the first time in several months. It's still too early to tell if the recent move higher has any legs to it, but history would suggest a cooling-off period may be in store in the near-term.
- Momentum indicators are flashing overbought signals in the short run, but that does not necessarily imply the party is over quite yet. Early signs of crypto asset dispersion are starting to emerge, but intra-market correlations still remain near extreme levels.

Chart of the Week

Avg. ETH & BTC Performance Pre- & Post-Ethereum Hard Fork

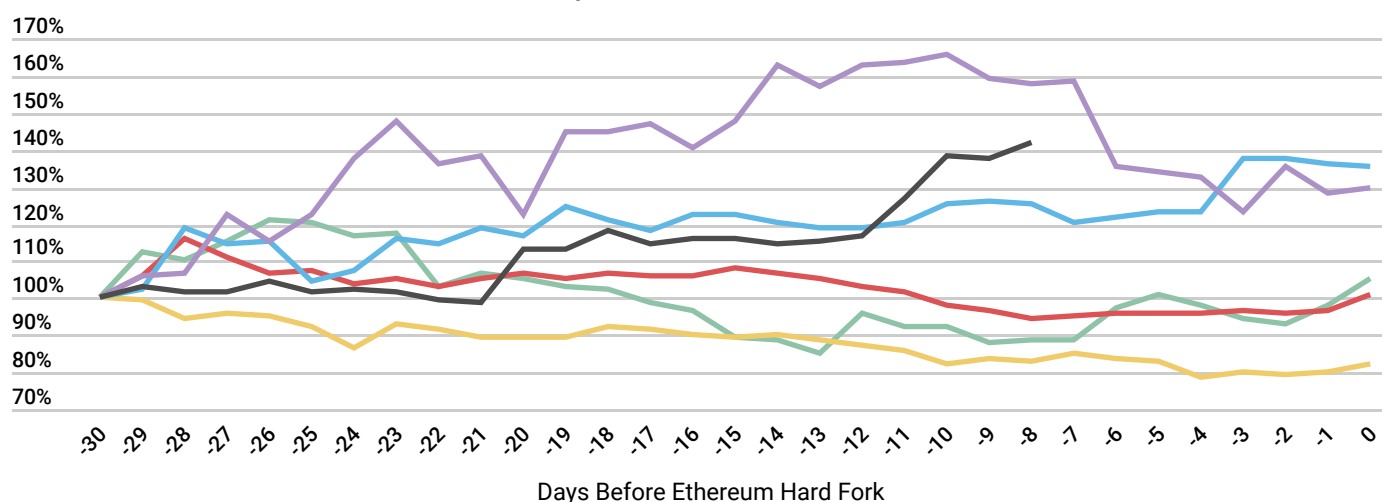




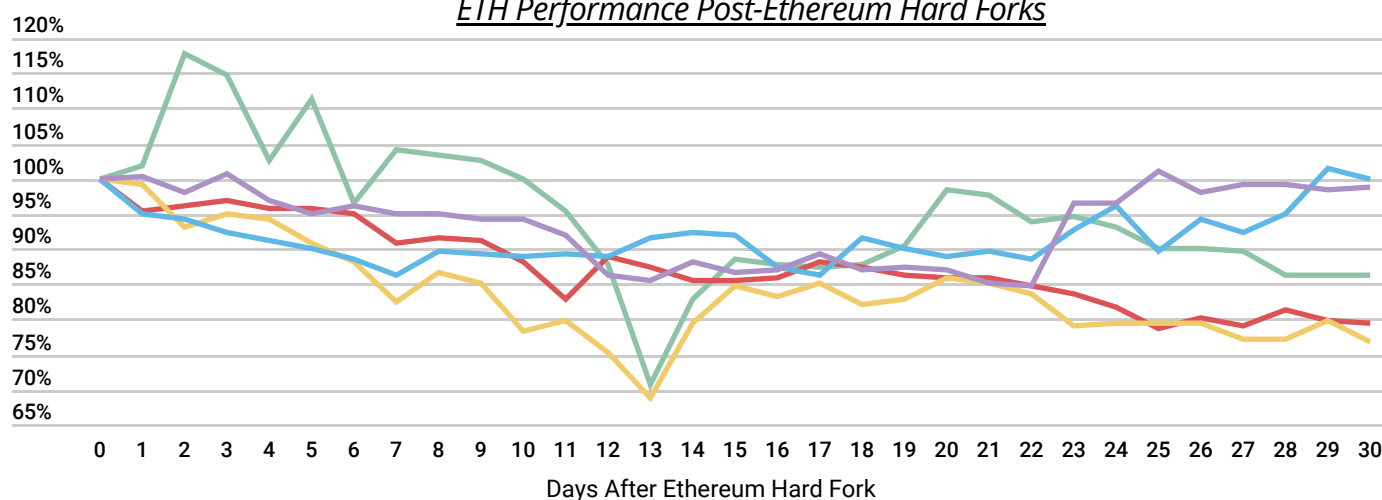
Beware the Post-Fork Hangover: Part II

A little less than a week from now Ethereum is expected to undergo a hard fork, Constantinople, addressing several protocol changes, notably a reduction in the block reward (3 ETH to 2 ETH) and delaying the difficulty bomb intended to help transition the network to proof-of-stake. "Buy the rumor, sell the news" (or in this case "the fork") appears to be an appropriate mantra for these events historically. The price of ETH tends to appreciate in the weeks leading up to the anticipated fork date only to fall just after the fork occurs.

ETH Performance Pre-Ethereum Hard Forks



ETH Performance Post-Ethereum Hard Forks



*Excludes Homestead when ETH price more than doubled in 30 days leading up to fork

The hard fork was delayed last month because of a critical vulnerability discovered in one of the proposed changes. Although the sample size of historical hard forks is small, the consistency of ETH's declines following such events is worth noting. Bitcoin, on the other hand, may be poised to outperform if ETH prices begin to slip, as has been the case historically.

Hard Fork Name	
DAO Fork	●
EIP-150	●
Spurious Dragon	●
Byzantium	●
Constantinople (Jan Delay)	●
Constantinople (Part II)	●



Breaking Moving Averages Left and Right

Many crypto assets have broken through some key technical levels this week, garnering more attention and debate around how sustainable the recent price rally is. Bitcoin, for example broke through its 100-day moving average for the first time in roughly five months.

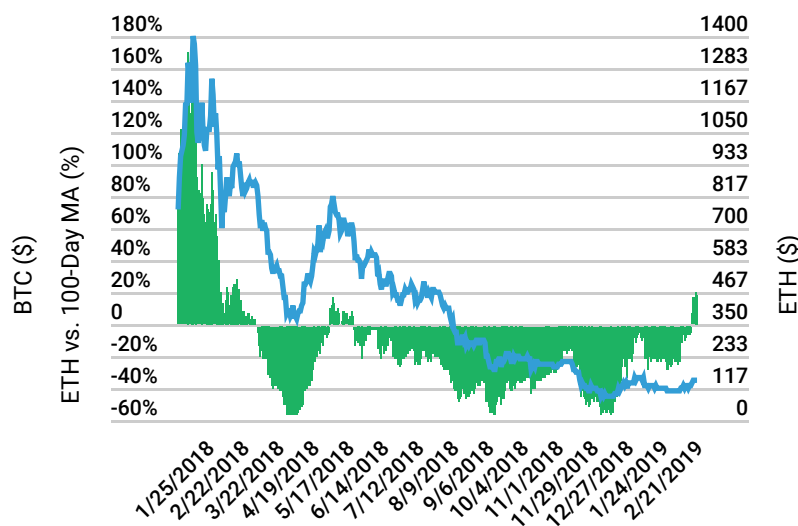
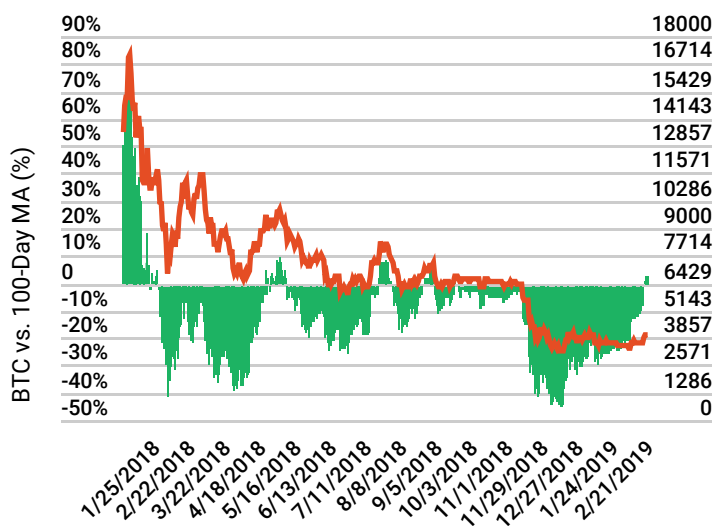
BTC Breaks Above 100-Day Moving Average

While many view this as a bullish indicator, we may be in for disappointing returns in the short run. Bitcoin has broken above its 100-day MA eight times since the beginning of 2018 and only once was BTC higher 14 days later. The median and average 14-day return following a break above its 100-day MA was roughly -9% and -11%, respectively, over the period.



ETH Breaks Above 100-Day Moving Average

Similar to BTC, ETH also broke above its 100-day moving average earlier this week for the first time since May 2018. The price drawdown in the second largest crypto asset from its all-time high has been worse than bitcoin's, and as a result it has failed to test its 100-day moving average nearly as much as BTC since the start of 2018.

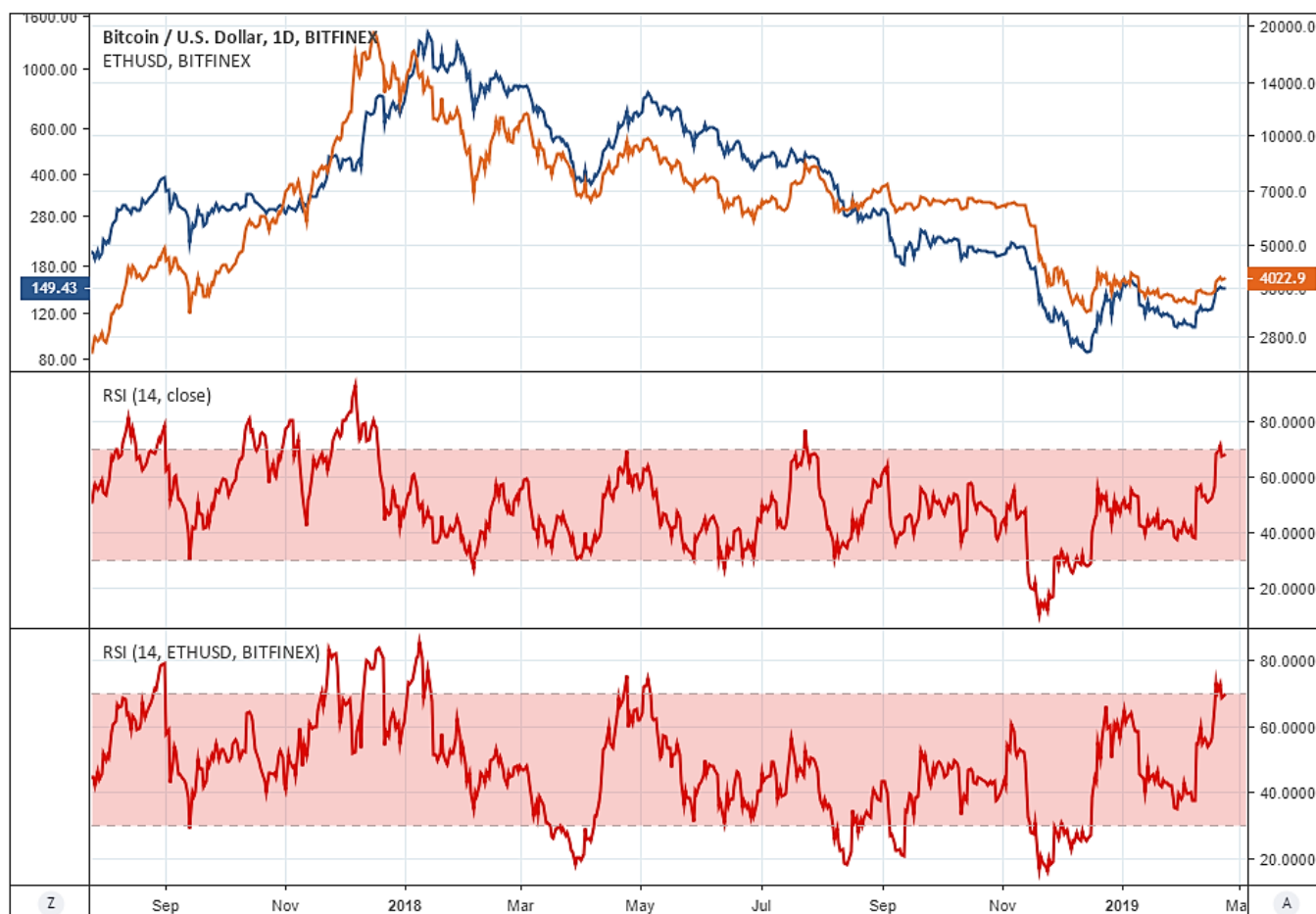




Overbought Doesn't Mean The Party's Over

As we've acknowledged, 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. BTC and ETH are flashing overbought signals in the short run as both 14-day RSI values broke above 70 this week.

BTC & ETH Price vs. 14-Day RSI



While many would argue an RSI above 70 serves as a warning, we've found prices can continue to move higher even after overbought signals are triggered. Over the last three years, bitcoin has a median and average return of ~6% and 10% in the two weeks following an overbought reading, posting gains 80% of the time. Even more notable is these returns increase further when the time horizon is extended to 30 days after such an event. The performance in ETH is even better over the same period, but the consistency of its gains are substantially lower in the subsequent two week window.

BTC Performance After 14-Day RSI Break Above 70

<u>14 Day Return</u>		<u>30 Day Return</u>	
Median	5.6%	Median	11.2%
Average	9.7%	Average	14.1%
Batting Avg.	80.0%	Batting Avg.	60.0%

ETH Performance After 14-Day RSI Break Above 70

<u>14 Day Return</u>		<u>30 Day Return</u>	
Median	12.1%	Median	47.5%
Average	26.7%	Average	67.9%
Batting Avg.	61.3%	Batting Avg.	64.5%

*Batting average is the percentage of instances BTC or ETH saw positive returns in the time period following an RSI break above 70.



Short Covering May Deserve Part of the Credit

The recent price appreciation in ETH is partly attributable to the expected Constantinople hard fork next week as the market starts to price in a smaller block reward (3 ETH to 2 ETH). Another catalyst, however, could be the recent short covering that resulted in part from the rally higher in ETH as well.

ETH vs. Margin Longs/Shorts (Bitfinex)

The ratio of margin long positions to short positions on Bitfinex hit a low back in December, just before ETH surged from ~\$85 to over \$150 in a matter of a few weeks. The ratio of longs to shorts was hovering near the lower end of its historical range in early February before ETH's most recent jump from \$125 to its current price around \$150.



This occurrence is more obvious when we isolate the margin short positions and compare it to ETH's recent price move. We can see that a substantial decrease in margin shorts coincided with the February price spike, likely stoking ETH's gains even further.

ETH vs. Margin Shorts (Bitfinex)

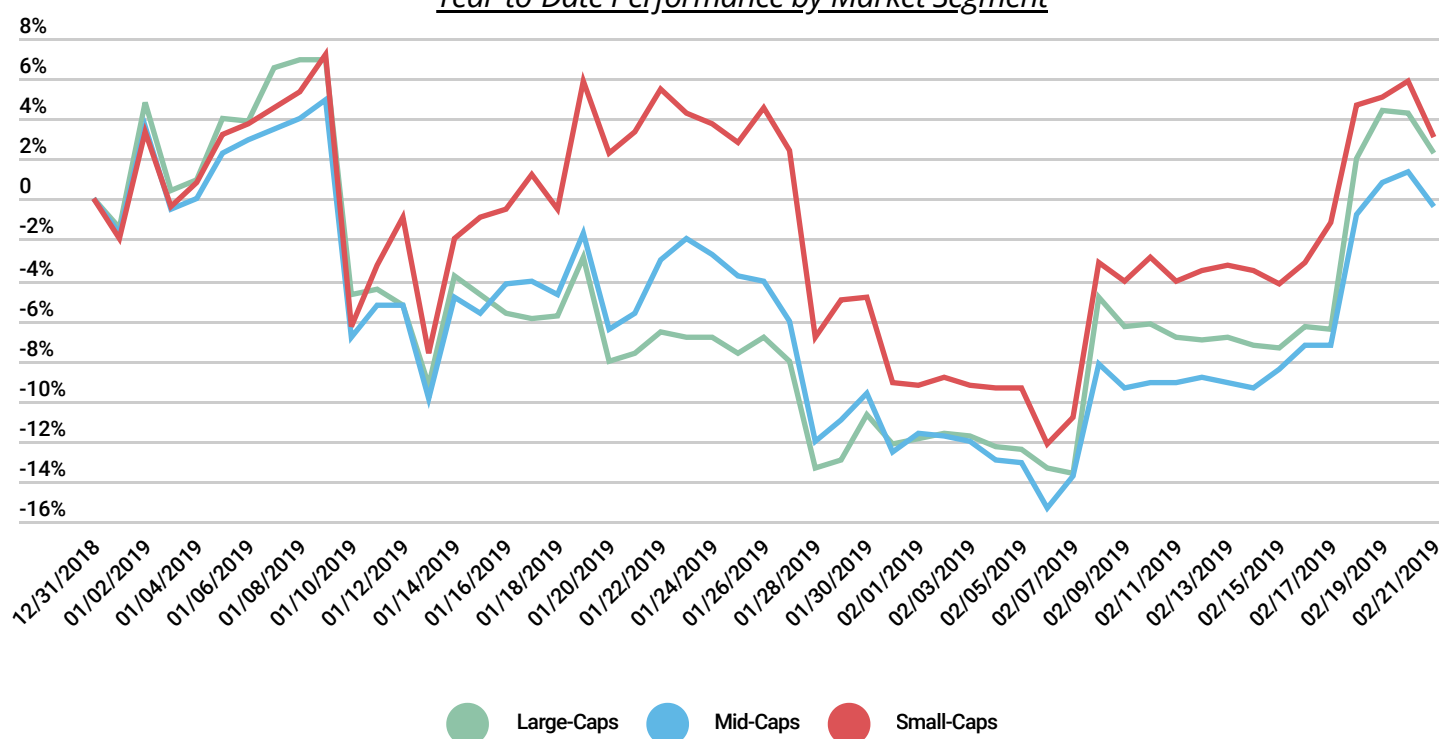




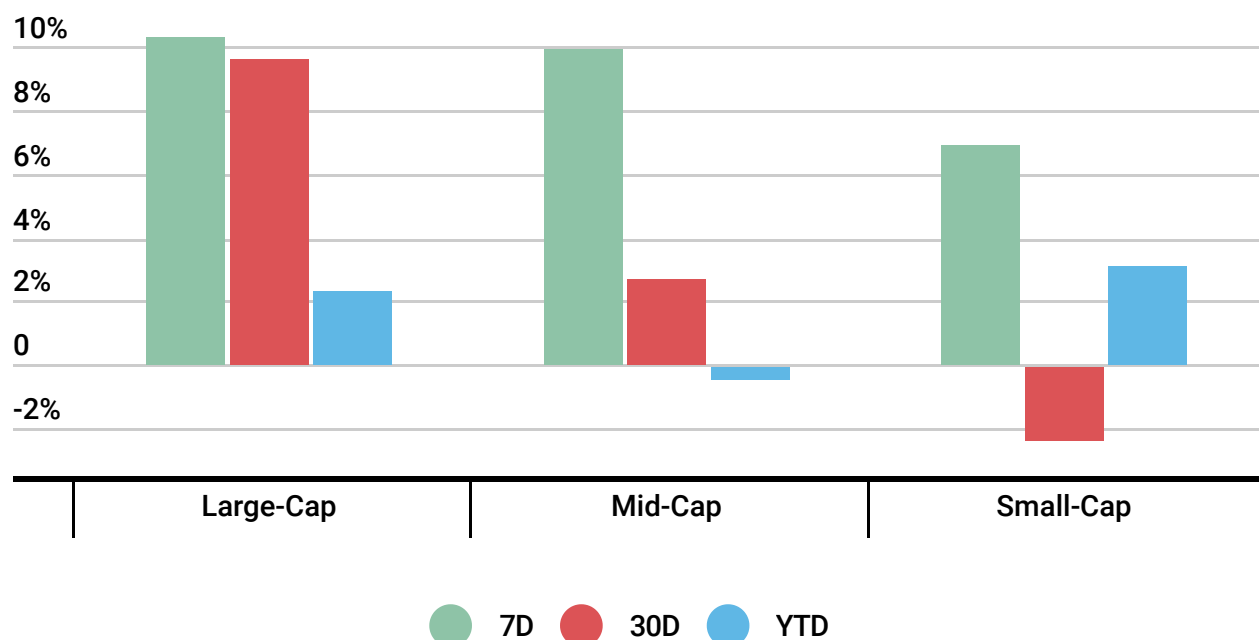
Large Caps Make Up Some Ground

Another week of green on the screen for crypto assets as all segments of the market rallied higher. However, unlike much of this year, the largest crypto assets by market value led the way, narrowing their recent underperformance with smaller peers. Part of this was because of some added buying pressure from short covering, which is currently limited and less accessible for smaller crypto assets. The latter segment is still up the most year-to-date (3.1% according to the MVIS CryptoCompare Digital Asset indices), but this week's broad market strength pushed larger peers into positive territory on the year as well.

Year-to-Date Performance by Market Segment



Recent Performance Comparison by Market Segment



*See Appendix for detail on large, mid, and small-cap index constituents.

Crypto Asset Movers & Shakers

The crypto market continued to rally higher this week, building off last week's broad-based strength. Larger crypto assets jumped in the driver's seat as EOS continues to lead the pack, once again finding itself among the top performers. Other laggards like XLM narrowed their recent underperformance to smaller crypto assets, but overall momentum in almost every segment of this market has been trending higher.

TRON has lagged many of the largest crypto assets the last few weeks, a trend we see little change in as relative strength for TRX continues to show signs of weakness. Binance Coin's price momentum remains strong as BNB trades at its highest level on record relative to BTC, nearly doubling over just the last 90 days.

Top Crypto Asset Returns				
Ticker	7D	30D	90D	YTD
EOS	38.5%	55.5%	5.8%	48.2%
ETH	20.4%	23.1%	18.5%	9.6%
BNB	19.5%	60.9%	88.7%	70.3%
LTC	18.0%	55.1%	52.8%	61.3%
BCH	17.5%	11.3%	-31.1%	-5.4%
XLM	16.3%	-14.4%	-50.8%	-21.0%
IOTA	11.9%	-2.2%	-5.4%	-15.6%
ADA	10.9%	3.2%	3.6%	9.5%
BTC	9.3%	9.7%	-9.0%	5.6%
ETC	9.2%	4.2%	-13.4%	-10.7%
DASH	9.0%	19.4%	-13.8%	8.3%
NEO	8.7%	12.1%	1.1%	14.7%
XMR	7.6%	9.8%	-24.3%	9.1%
XRP	6.4%	0.6%	-21.1%	-8.9%
TRON	4.5%	-6.0%	81.4%	31.8%
BSV	4.3%	-13.9%	21.0%	-23.0%
ZEC	3.6%	1.7%	-30.9%	-5.1%
NEM	2.4%	-22.9%	-44.1%	-32.2%

*Returns in USD

Data as of 02/21/19

XLM Slide Halts For Now



BCH vs. BSV Divergence Widens





Crypto Asset Movers & Shakers

We previously touched on the spike in LTC following the news announced in early February that confidential transactions may be coming to Litecoin. While this announcement can be credited for sparking LTC's recent rally, we believe short covering added some fuel to the fire.

LTC vs. Margin Longs/Shorts (Bitfinex)

The ratio of margin long LTC positions vs. short positions fell to one of its lowest points on Feb. 8th just before the most recent LTC pop. Prior examples similar to this one include:

1. LTC rallied from ~\$48 to \$65 in September 2018 after the ratio of margin longs/shorts dipped close to 1.
2. Litecoin also jumped from ~\$24 to \$41 between mid-December and mid-January when the ratio reached a similar low.



LTC Breaks Above 200-Day MA

Litecoin broke above its 200-day moving average earlier this week, causing many to question how sustainable this recent rally is.

Notably, LTC is one of the most volatile large-cap coins relative to BTC over the last two months. Correlations between crypto assets are still near all-time highs, helping explain some of LTC's recent outperformance as the broad crypto market edges higher.



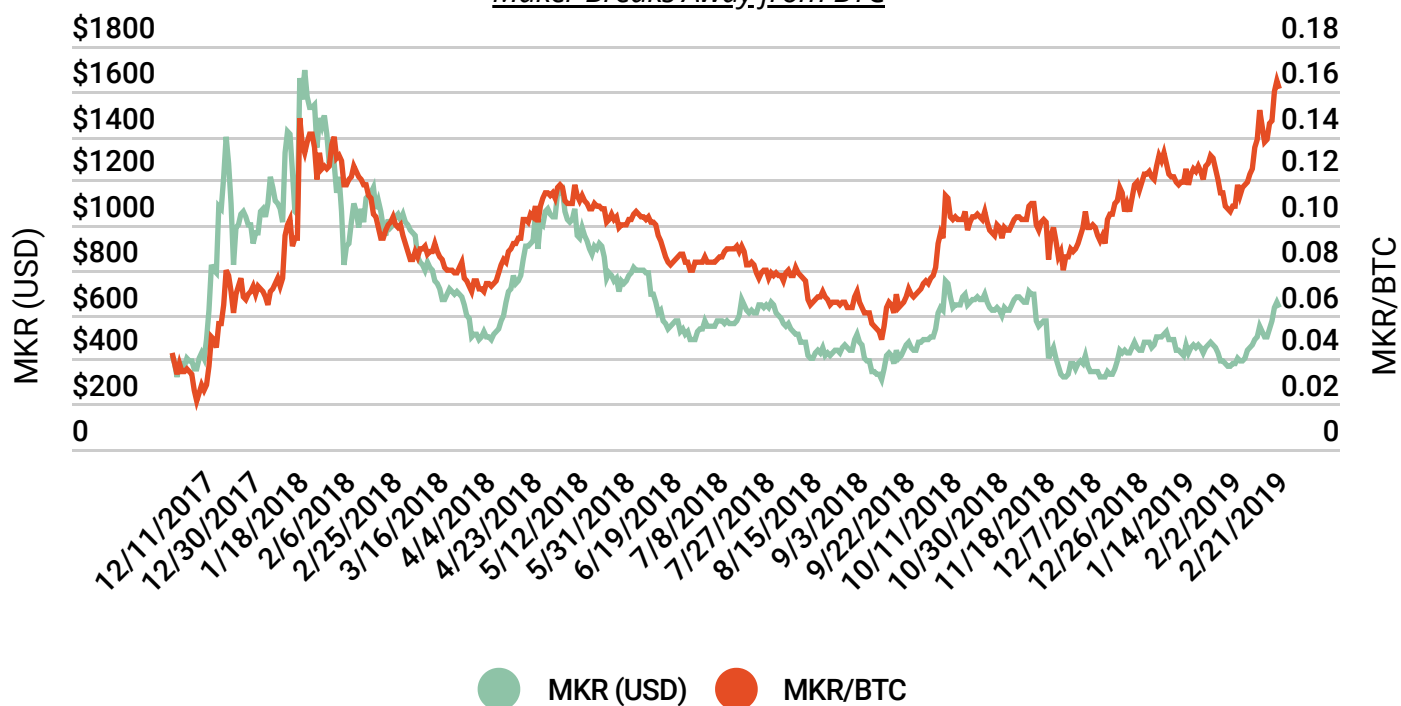
It is of our view that implementing Mimblewimble is unlikely to bring a ton of value to LTC long-term. If all goes according to plan, the upgrade to Litecoin could spark a contentious hard fork, and would put LTC in competition with Beam and Grin, potentially diluting its relative value if adoption of these new privacy technologies take off.



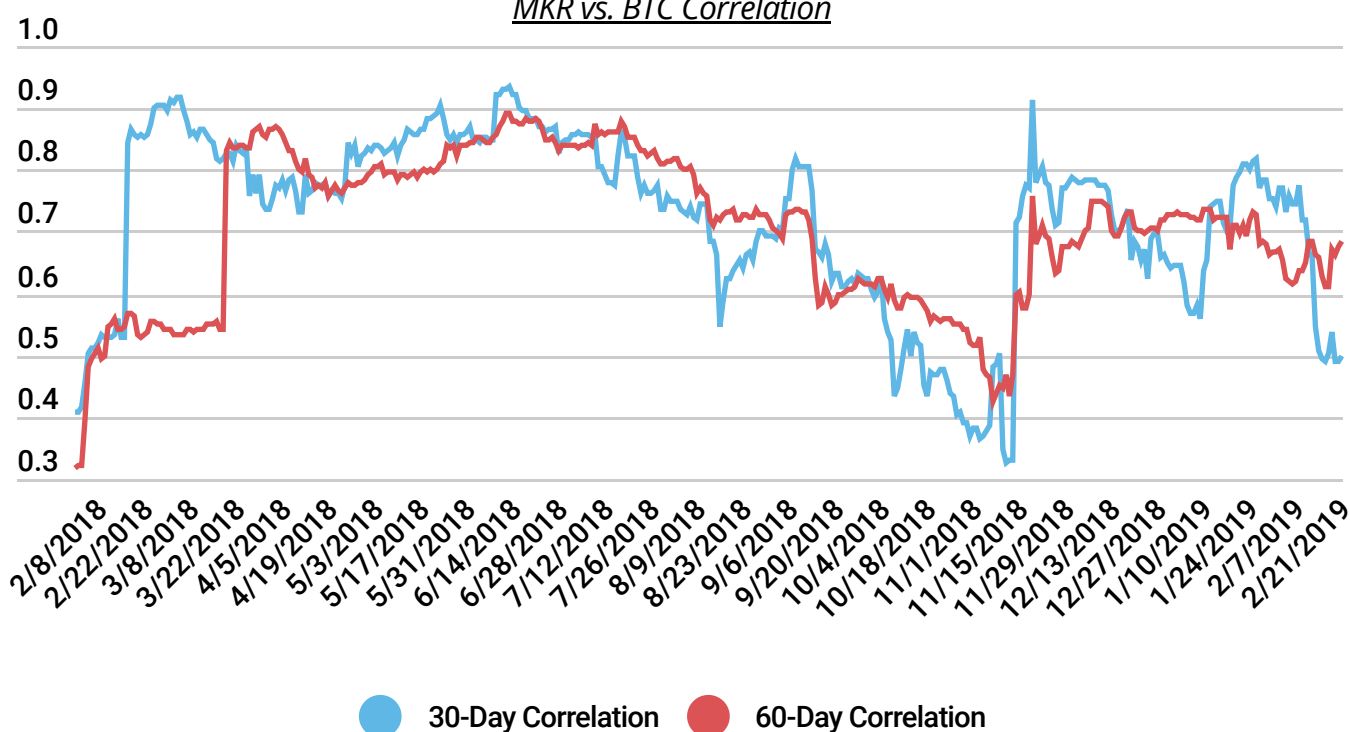
What's On Our Radar

Decentralized finance (or DeFi as it is commonly referred to) is one of the most exciting segments of the crypto space today. The MakerDAO project has made a lot of waves in the crypto-sphere recently with its decentralized lending platform that allows users to generate its native stablecoin, Dai, by locking up ETH as collateral. Maker's governance token, MKR, has significantly outperformed BTC this year, breaking away from the world's largest cryptocurrency amid the broader trend of extreme positive correlations between crypto assets.

Maker Breaks Away from BTC



MKR vs. BTC Correlation

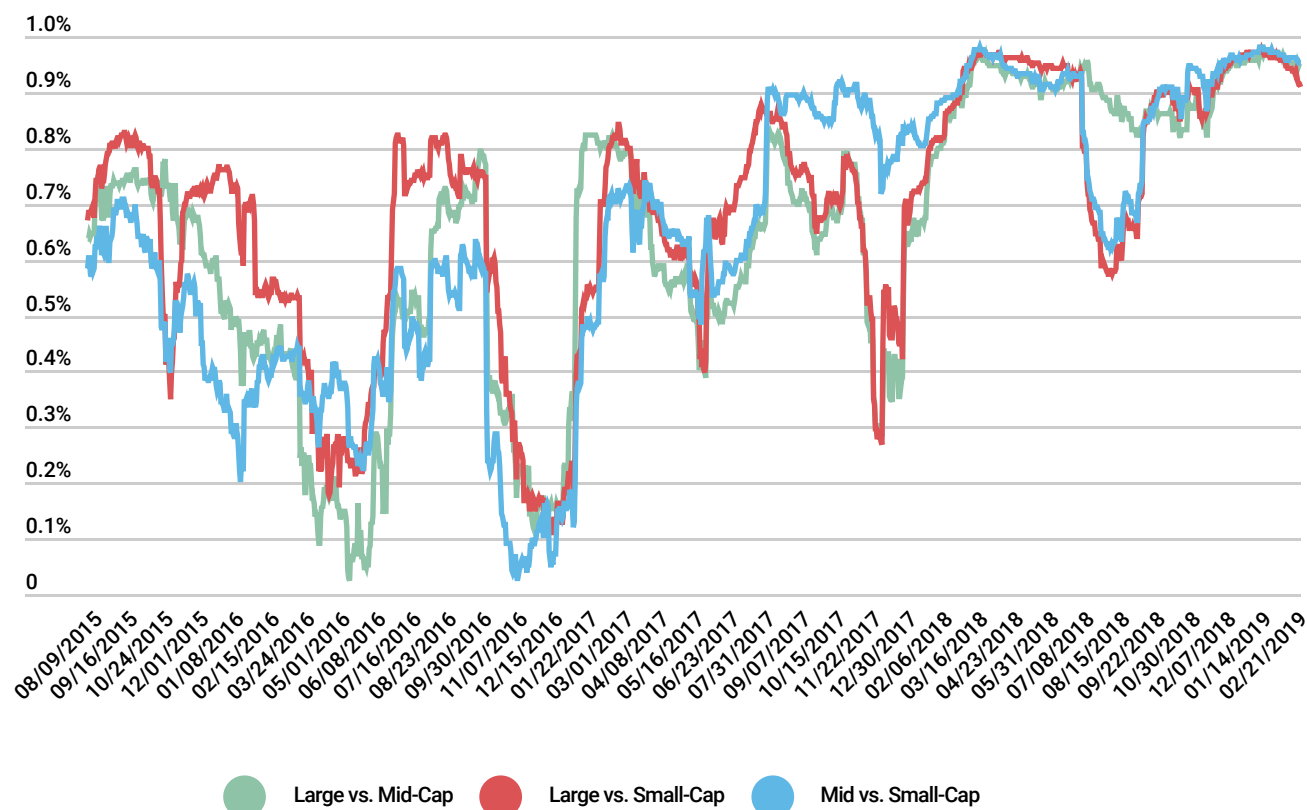




Correlations Remain Near All-Time Highs

Intra-market correlations between crypto assets are still trading near all-time highs. We are, however, starting to see early signs of a potential rollover in crypto asset correlations as the market rallies higher. This is a trend we're watching closely for any indication more dispersion among crypto asset returns may be on the horizon.

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

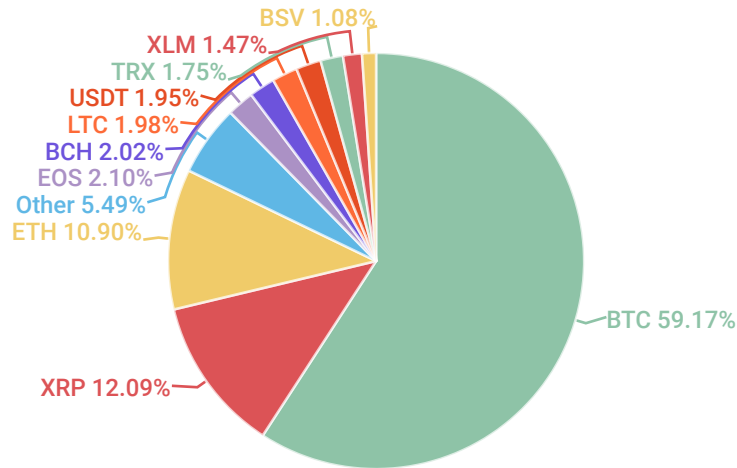


	BTC	XRP	ETH	EOS	XLM	LTC	BCH	TRON	ADA	XMR	IOTA	BNB	DASH	NEM	ETC	NEO	ZEC	BSV	
BTC	1.00	0.87	0.90	0.92	0.89	0.86	0.88	0.65	0.94	0.93	0.89	0.75	0.91	0.76	0.79	0.89	0.92	0.81	BTC
XRP	0.87	1.00	0.86	0.79	0.86	0.72	0.78	0.61	0.87	0.85	0.81	0.61	0.81	0.75	0.73	0.85	0.87	0.74	XRP
ETH	0.90	0.86	1.00	0.87	0.84	0.80	0.85	0.66	0.90	0.88	0.88	0.69	0.83	0.73	0.76	0.87	0.87	0.79	ETH
EOS	0.92	0.79	0.87	1.00	0.82	0.83	0.90	0.63	0.91	0.85	0.90	0.70	0.87	0.66	0.76	0.80	0.84	0.81	EOS
XLM	0.89	0.86	0.84	0.82	1.00	0.76	0.79	0.65	0.88	0.85	0.83	0.73	0.82	0.79	0.72	0.84	0.85	0.76	XLM
LTC	0.86	0.72	0.80	0.83	0.76	1.00	0.82	0.57	0.84	0.79	0.79	0.65	0.74	0.60	0.64	0.77	0.75	0.72	LTC
BCH	0.88	0.78	0.85	0.90	0.79	0.82	1.00	0.62	0.84	0.79	0.87	0.64	0.80	0.69	0.74	0.75	0.81	0.90	BCH
TRON	0.65	0.61	0.66	0.63	0.65	0.57	0.62	1.00	0.71	0.62	0.61	0.62	0.57	0.63	0.53	0.71	0.64	0.55	TRON
ADA	0.94	0.87	0.90	0.91	0.88	0.84	0.84	0.71	1.00	0.90	0.88	0.73	0.89	0.76	0.76	0.89	0.87	0.79	ADA
XMR	0.93	0.85	0.88	0.85	0.85	0.79	0.79	0.62	0.90	1.00	0.84	0.71	0.86	0.71	0.74	0.88	0.88	0.76	XMR
IOTA	0.89	0.81	0.88	0.90	0.83	0.79	0.87	0.61	0.88	0.84	1.00	0.67	0.85	0.74	0.73	0.77	0.84	0.81	IOTA
BNB	0.75	0.61	0.69	0.70	0.73	0.65	0.64	0.62	0.73	0.71	0.67	1.00	0.71	0.51	0.65	0.73	0.68	0.62	BNB
DASH	0.91	0.81	0.83	0.87	0.82	0.74	0.80	0.57	0.89	0.86	0.85	0.71	1.00	0.72	0.75	0.84	0.89	0.76	DASH
NEM	0.76	0.75	0.73	0.66	0.79	0.60	0.69	0.63	0.76	0.71	0.74	0.51	0.72	1.00	0.71	0.74	0.75	0.68	NEM
ETC	0.79	0.73	0.76	0.76	0.72	0.64	0.74	0.53	0.76	0.74	0.73	0.65	0.75	0.71	1.00	0.77	0.77	0.71	ETC
NEO	0.89	0.85	0.87	0.80	0.84	0.77	0.75	0.71	0.89	0.88	0.77	0.73	0.84	0.74	0.77	1.00	0.89	0.71	NEO
ZEC	0.92	0.87	0.87	0.84	0.85	0.75	0.81	0.64	0.87	0.88	0.84	0.68	0.89	0.75	0.77	0.89	1.00	0.79	ZEC
BSV	0.81	0.74	0.79	0.81	0.76	0.72	0.90	0.55	0.79	0.76	0.81	0.62	0.76	0.68	0.71	0.71	0.79	1.00	BSV

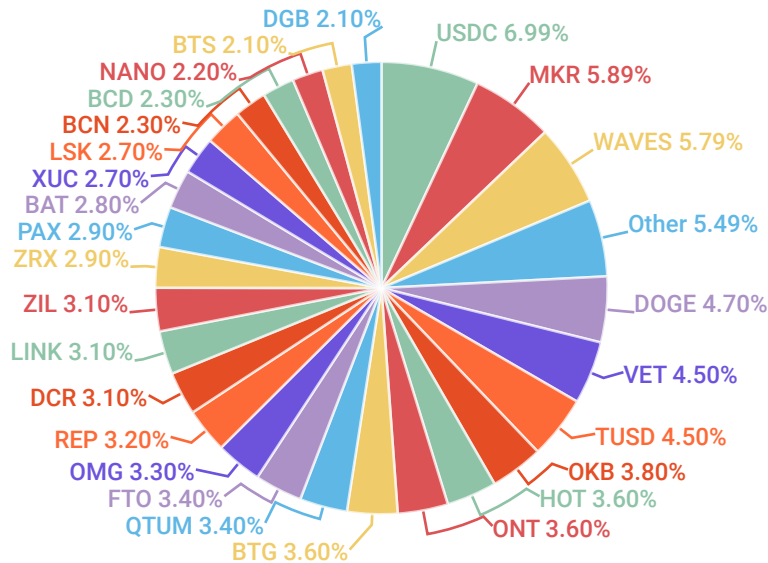
Appendix



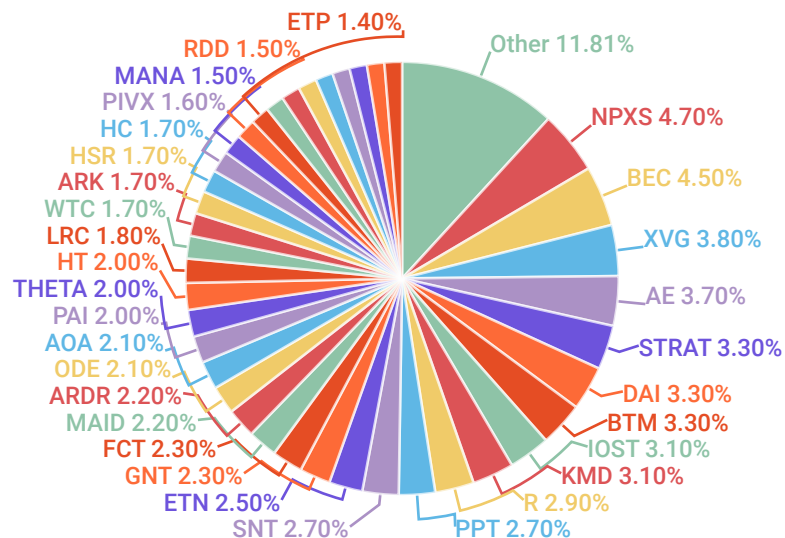
MVIS CryptoCompare Digital Assets 100 Large-Cap Index



MVIS CryptoCompare Digital Assets 100 Mid-Cap Index



MVIS CryptoCompare Digital Assets 100 Small-Cap Index





DELPHI DIGITAL

85 Broad Street
New York, NY, 10004
www.delphidigital.io

All content in this report represents the opinions of the Research Team. The Team has obtained all information herein from sources they believe to be accurate and reliable. However, such information is presented “as is,” without warranty of any kind – whether expressed or implied. This document is for informational purposes only and is not intended as an official confirmation of any transaction. All market prices, data and other information are not warranted as to completeness or accuracy, are based upon selected public market data, reflect prevailing conditions, and Research’s views as of this date, all of which are accordingly subject to change without notice. Research has no obligation to continue offering reports regarding the project. Reports are prepared as of the date(s) indicated and may become unreliable because of subsequent market or economic circumstances. Any investment involves substantial risks, including, but not limited to, pricing volatility, inadequate liquidity, and the potential complete loss of principal. The information contained in this document may include, or incorporate by reference, forward-looking statements, which would include any statements that are not statements of historical fact. These forward-looking statements may turn out to be wrong and can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors, most of which are beyond control. Investors should conduct independent due diligence, with assistance from professional financial, legal and tax experts, on topics discussed in this document and develop a stand-alone judgment of the relevant markets prior to making any investment decision.