

DELPHI DIGITAL

Weekly Market Commentary - Apr. 6, 2019

Kevin Kelly, CFA | Market Strategist | kevin@delphidigital.io | (585) 269-0786

## Total Public Market Value (ex-BTC)

12-Month Performance (Normalized)



6-Month Performance (Normalized)



30-Day Performance (Normalized)



## Lead Analyst



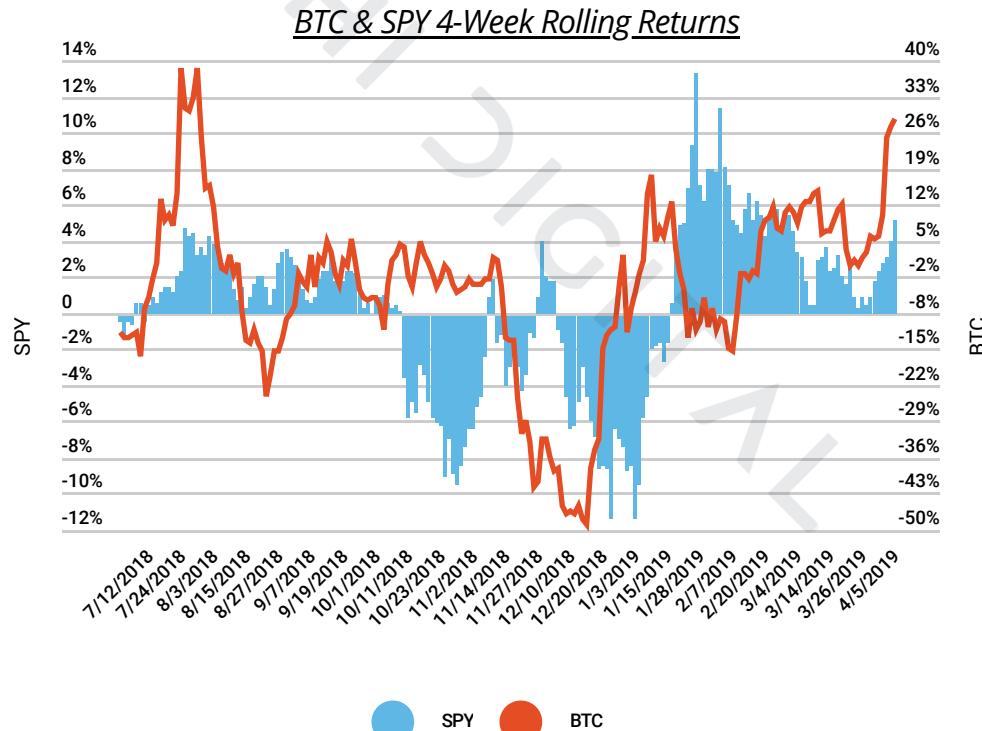
Kevin Kelly, CFA  
kevin@delphidigital.io



## Crypto Assets Surge as Upside Volatility Awakens

- The crypto market came roaring back this week as volatility returned, bringing with it more cheers than jeers this time around. Bitcoin saw its best week-over-week performance in almost five months, boasting one of the best seven day gains since its December 2017 peak.
- Every segment of the market saw strong gains, sending encouraging signs to market participants that the breadth of the recent rally is broad-based.
- Bitcoin is still down more than 70% from its late 2017 all-time high, though the extent of this bear market's drawdown has many similarities with prior BTC cycles.
- Many crypto assets have short-term momentum indicators at levels screaming overbought, but continued strength in momentum does not imply the recent rally must come to a screeching halt.

## Chart of the Week



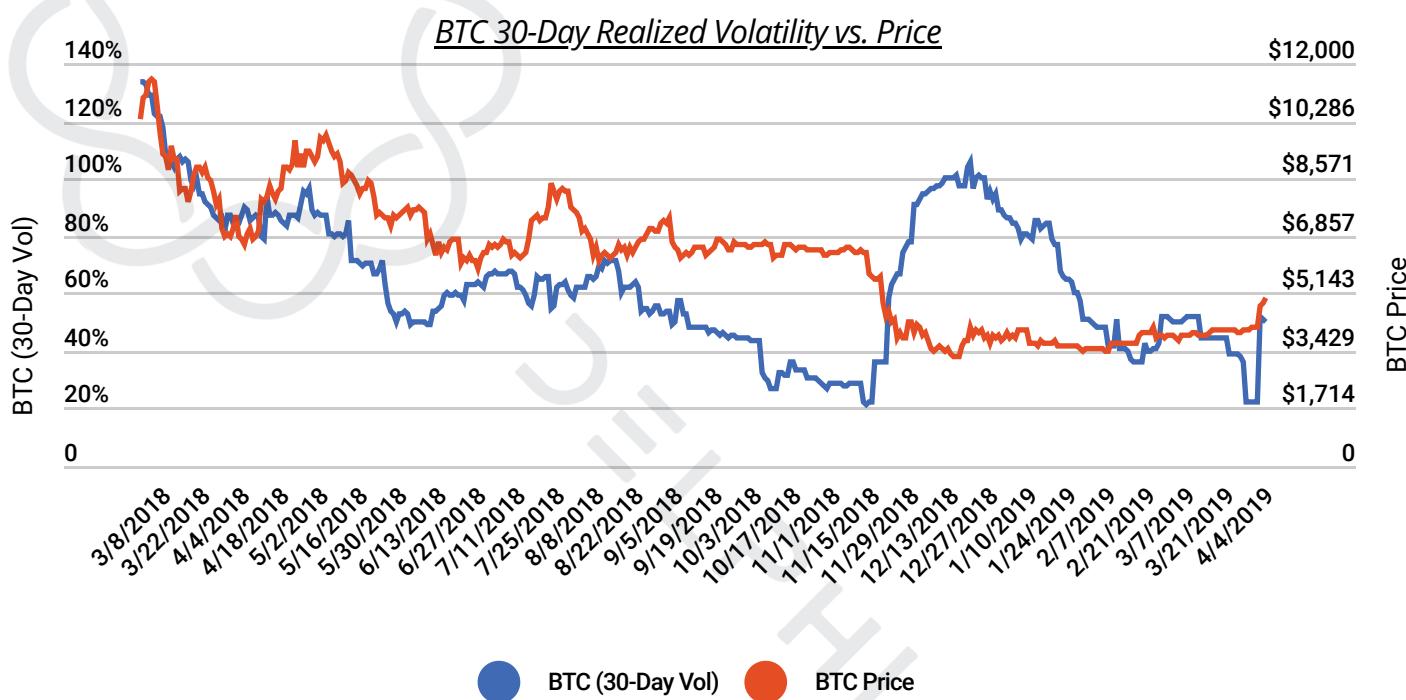
\*SPY is the SPDR S&P 500 ETF



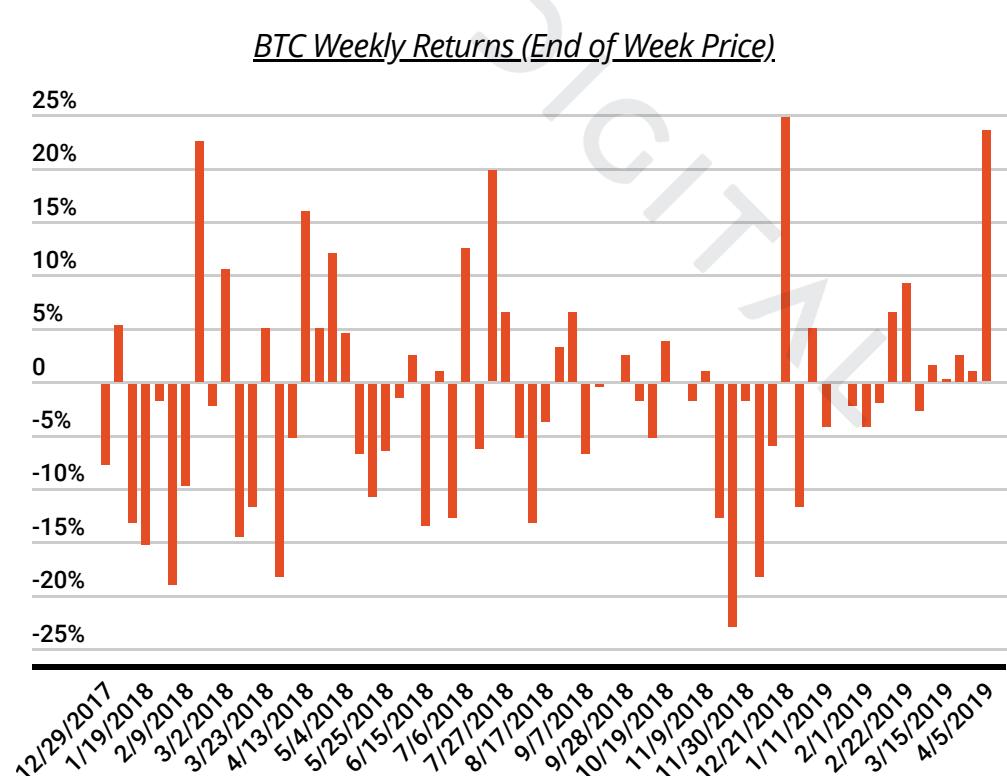
## Volatility Returns Right on Queue

Volatility returned to the crypto market this week, though this time it was welcomed with open arms by market participants. The catalyst for this week's drastic move higher was not triggered by a fundamentally different outlook, as much as we'd like to think it was, but the renewed interest across financial and social media certainly breathed new life into many.

We noted last week the 30-day realized volatility of BTC reached its lowest level since the end of November just before its memorable Q4 sell-off. Right on queue, short-term volatility returned and BTC jumped +20% earlier this week.



Bitcoin saw its best weekly gain since December, jumping 23% and boasting one of its strongest week-over-week performances since its late 2017 peak. It's noteworthy that, in this cycle, prior gains of this magnitude were typically preceded by sizable declines in BTC's price, whereas this week's gains followed several weeks of positive performance.





## Current Cycle in Context

It's important to put this latest move into context though. Bitcoin is still roughly 75% off its all-time high back in December 2017 (remember a 50% decline requires a 100% gain to bring you back to even). While this may seem daunting, we know this is nothing new compared to prior BTC boom-bust cycles. At its depths, BTC fell 85% from its prior all-time high in 2015 before finally putting in a bottom.



Longer-term trends appear familiar as well. Bitcoin dipped below its 200-week moving average in December, but the move was short-lived. The 200-week moving average proved to be a strong support level in the last cycle, and with BTC's most recent leg higher, we are growing more confident that a re-test of its December low is less likely.

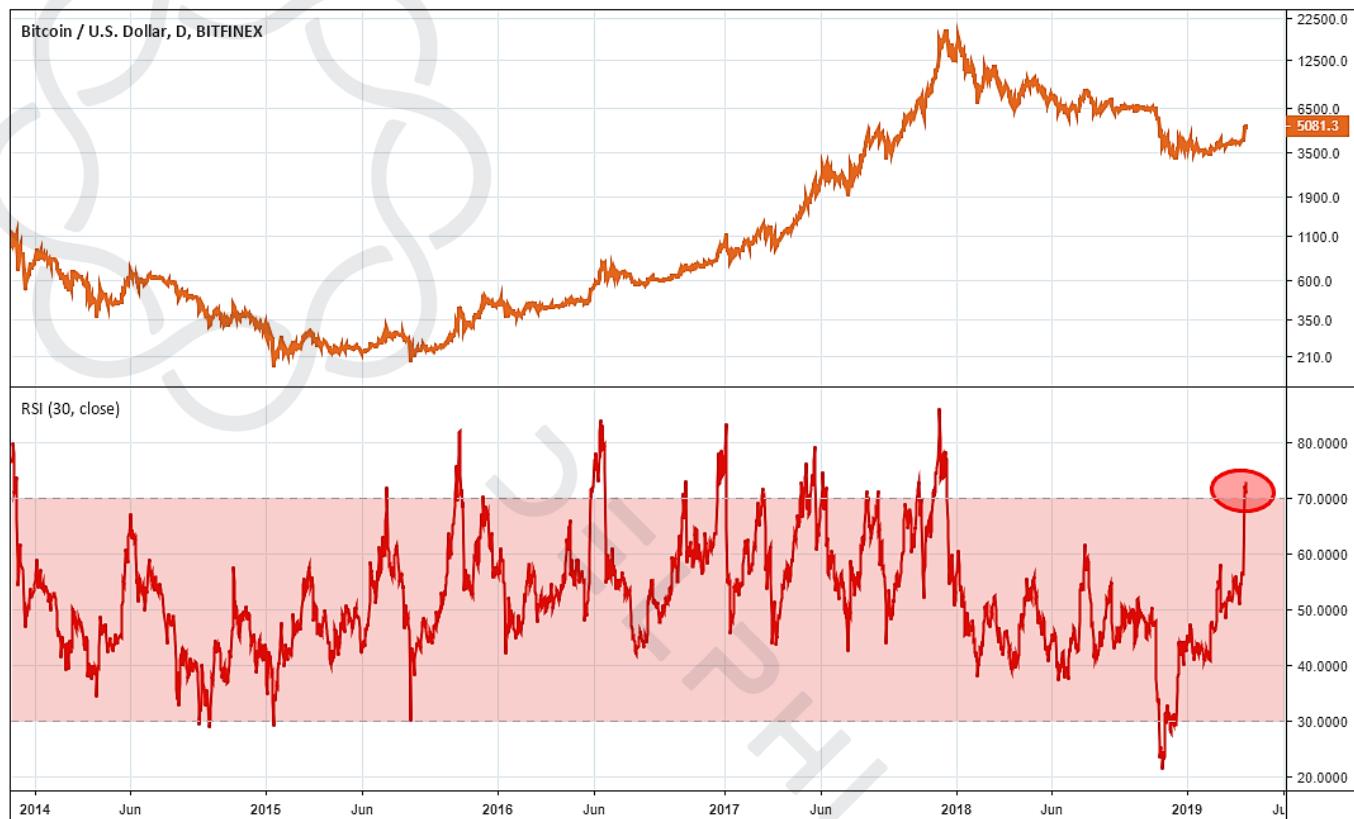




## Overbought is Not the End of the World

Bitcoin's recent price momentum has pushed its 30-day RSI above 70 for the first time since December 2017. While often regarded as a warning sign for a pullback, those with slightly longer time horizons may find solace in how BTC performs in the weeks following a similar move.

BTC Price vs. 30-Day RSI



### BTC Return Stats Following a 30-Day RSI Break Above 70

Bitcoin's average and median returns in the 14-days following a 30-day RSI break above 70 are 4.5% and 1.8%, respectively, with positive gains approximately 61.9% of the time.

Extending the time horizon to 60 days, BTC's average and median returns jump to roughly 30%, boasting positive gains 85.7% of the time.

#### 4-Year Time Horizon (Daily)

Overbought (30-Day RSI > 70)	Forward 14-Day Return	Forward 30-Day Return	Forward 60-Day Return
Median	1.8%	2.3%	27.7%
Avg	4.5%	15.9%	30.0%
High	62.7%	140.0%	120.9%
Low	-23.1%	-27.9%	-23.3%
Range	85.8%	167.9%	144.2%
Positive Batting Avg	61.9%	56.3%	85.7%



## Litecoin Surges Higher

Historically, Litecoin gains steam in the subsequent two weeks following a 30-day RSI break above 70, averaging 21% gains with positive returns 63% of the time. LTC has been one of the best performing large crypto assets this year, with this week's surge further separating it from the rest of the pack.

LTC Price vs. 30-Day RSI



LTC Price vs. Margin Long/Short Ratio

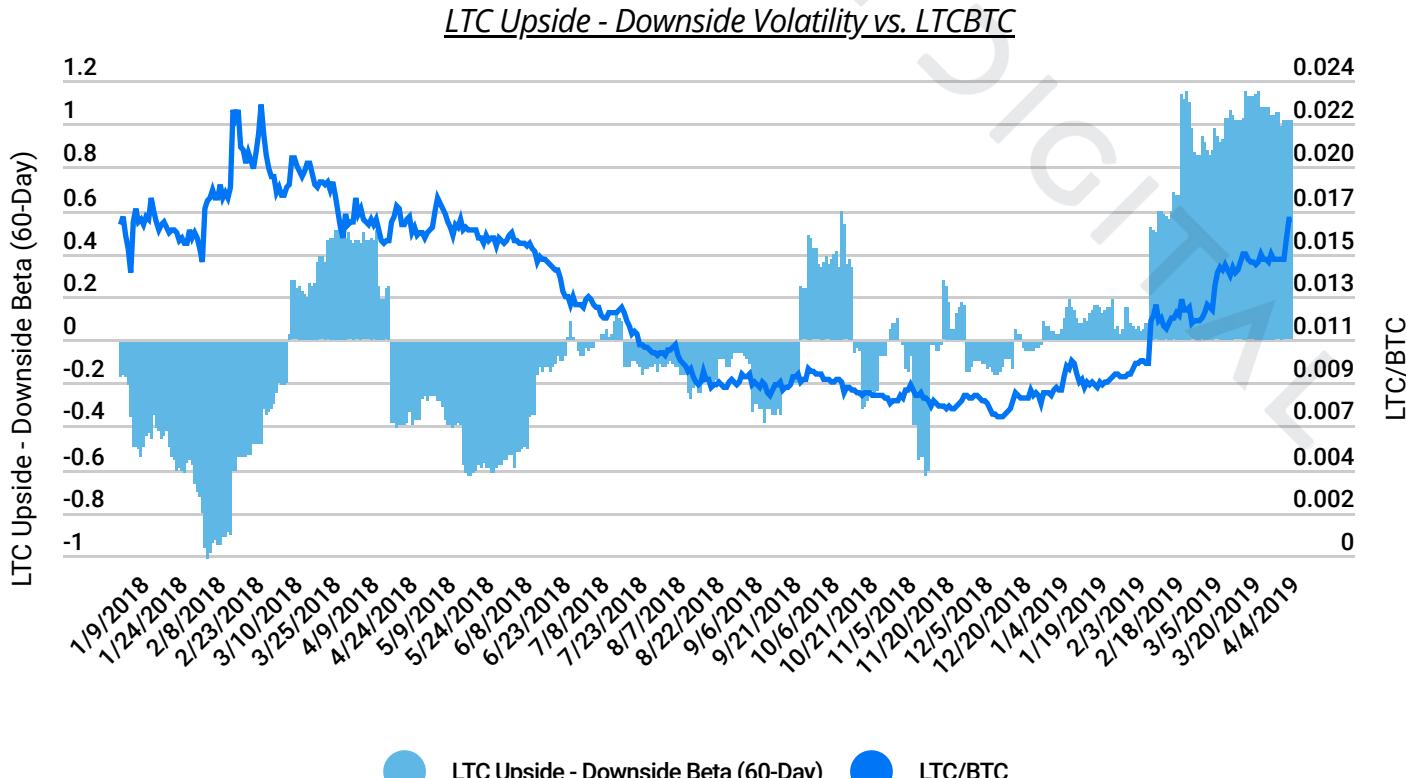
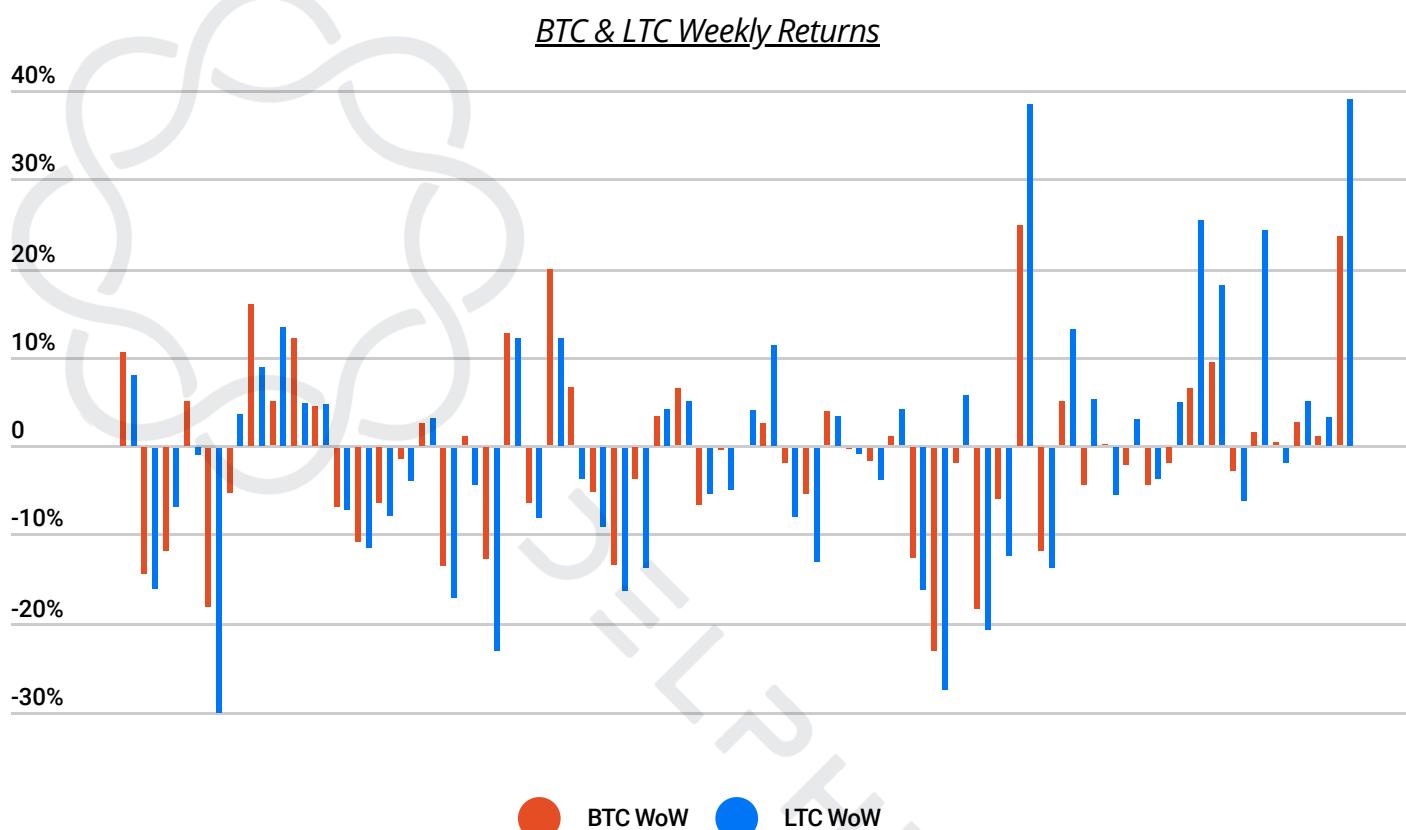
In a mid-March report, we noted the drastic drop in LTC's margin long-short ratio on Bitfinex when it fell to its lowest level since late last year. This was largely because margin short positions were rising quickly, touching new highs and rapidly outpacing long positions. This set-up a potential short-squeeze scenario, which we've seen play out in recent weeks as the increase in the L/S ratio coincided with the rapid rise of LTC's price.





## Upside Volatility is Back

Litecoin serves as a good example for the recent return of upside volatility in many alternative crypto assets. Renewed interest in the crypto markets could support this growing trend, though it's important to remember downside volatility can rear its ugly head at any moment.

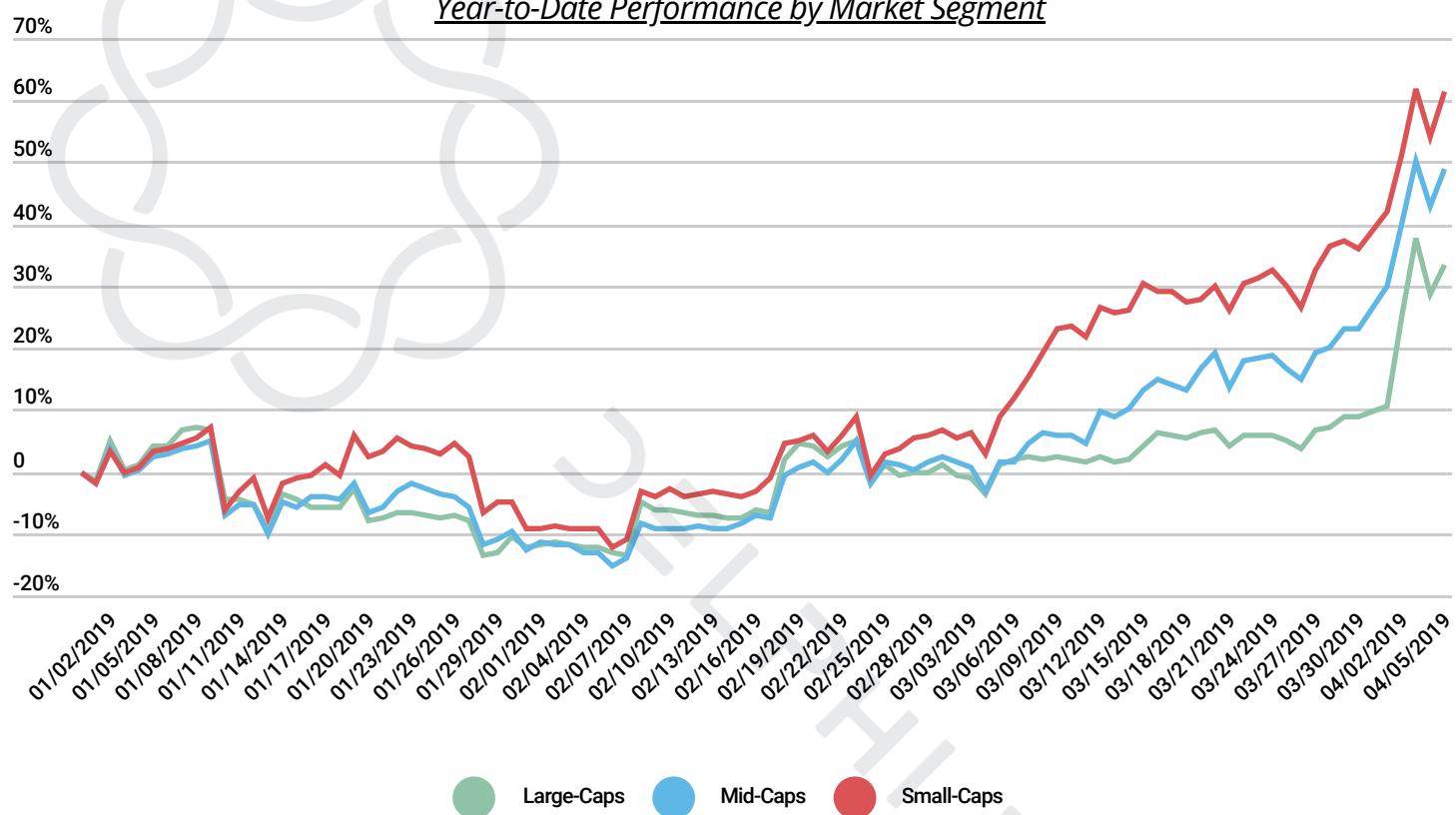




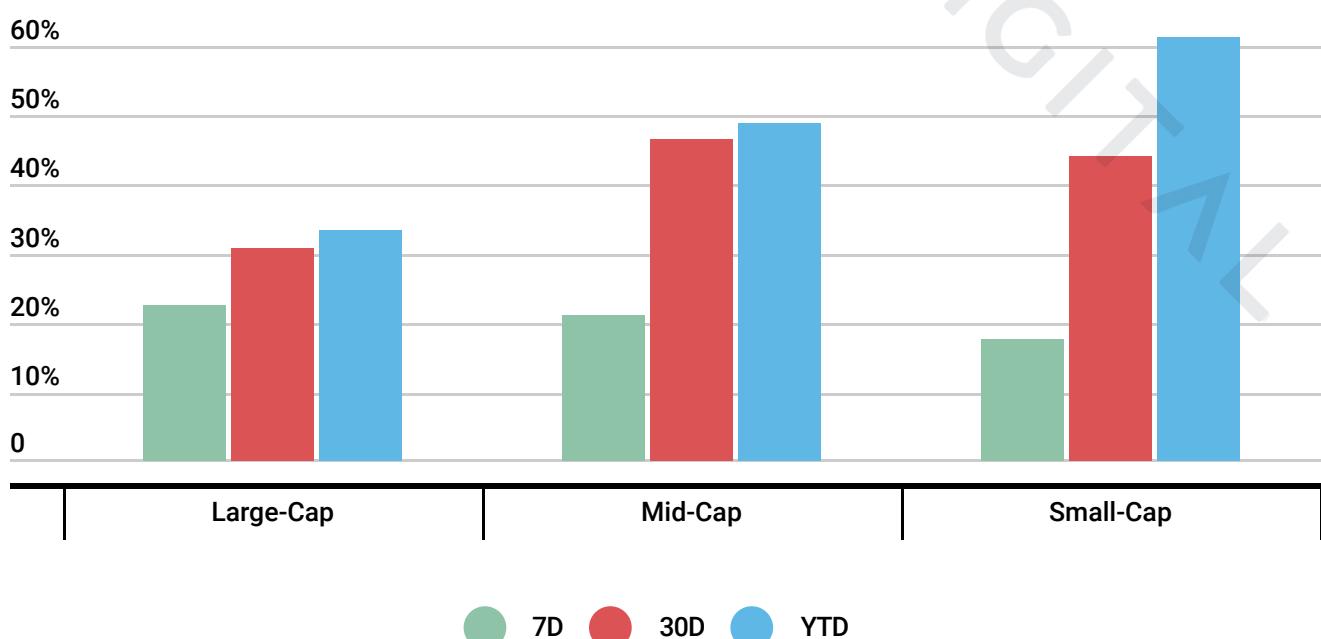
## Major Gains Across Every Segment

This week saw an explosion in gains across every segment of the crypto market. Large caps, as measured by the MVIS CryptoCompare Digital Asset 100 Large-Cap Index, led the way, rising 23% week-over-week. Smaller valued names are still the best performers year-to-date, but this week's broad-based gains added further reassurance that the breadth of the market's 2019 rally is widespread. The recent decline in intra-market correlations took a breather this week as much of the crypto market moved higher in-sync.

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

Larger crypto assets were led this week by extremely strong performance in Bitcoin Cash (BCH) and Litecoin (LTC), with the latter nearly tripling in price this year alone. All of the top crypto assets we've been tracking ended the week in positive territory. MKR was the only one not to put up double digit gains. Recent underperformers like XMR and BSV found themselves atop the list of best performers this week, but BNB and LTC still find themselves far ahead of the pack YTD.

We continue to monitor the opposing trends in XRPBTC and ADABTC as examples of growing dispersion in the crypto market. ADA continues to show signs of strength while XRP has largely underperformed most of the top crypto assets this year.

Momentum certainly favors the former.

Top Crypto Asset Returns				
Ticker	7D	30D	90D	YTD
BCH	71.7%	119.6%	82.4%	93.7%
LTC	44.7%	59.0%	153.8%	191.0%
NEO	38.0%	53.7%	72.7%	79.8%
DASH	35.4%	57.8%	64.7%	67.9%
BSV	31.0%	26.0%	-4.7%	-0.8%
XMR	29.3%	36.0%	38.5%	49.6%
NEM	29.1%	69.5%	10.7%	11.6%
ADA	28.0%	112.9%	104.1%	122.2%
ZEC	26.6%	42.0%	24.2%	27.5%
EOS	24.8%	41.6%	97.8%	107.8%
BTC	22.9%	29.0%	31.0%	34.6%
ETC	19.5%	35.0%	13.2%	15.2%
BNB	17.8%	34.0%	220.4%	215.7%
XRP	17.5%	14.1%	1.8%	2.6%
XLM	17.5%	47.7%	10.8%	12.0%
TRON	16.8%	16.3%	22.2%	44.7%
ETH	16.1%	19.3%	6.3%	24.1%
IOTA	14.5%	26.4%	-4.4%	-0.9%
MKR	6.3%	15.8%	54.1%	72.8%

\*Returns in USD

Data as of 04/05/19

ADABTC vs. 14-Day RSI



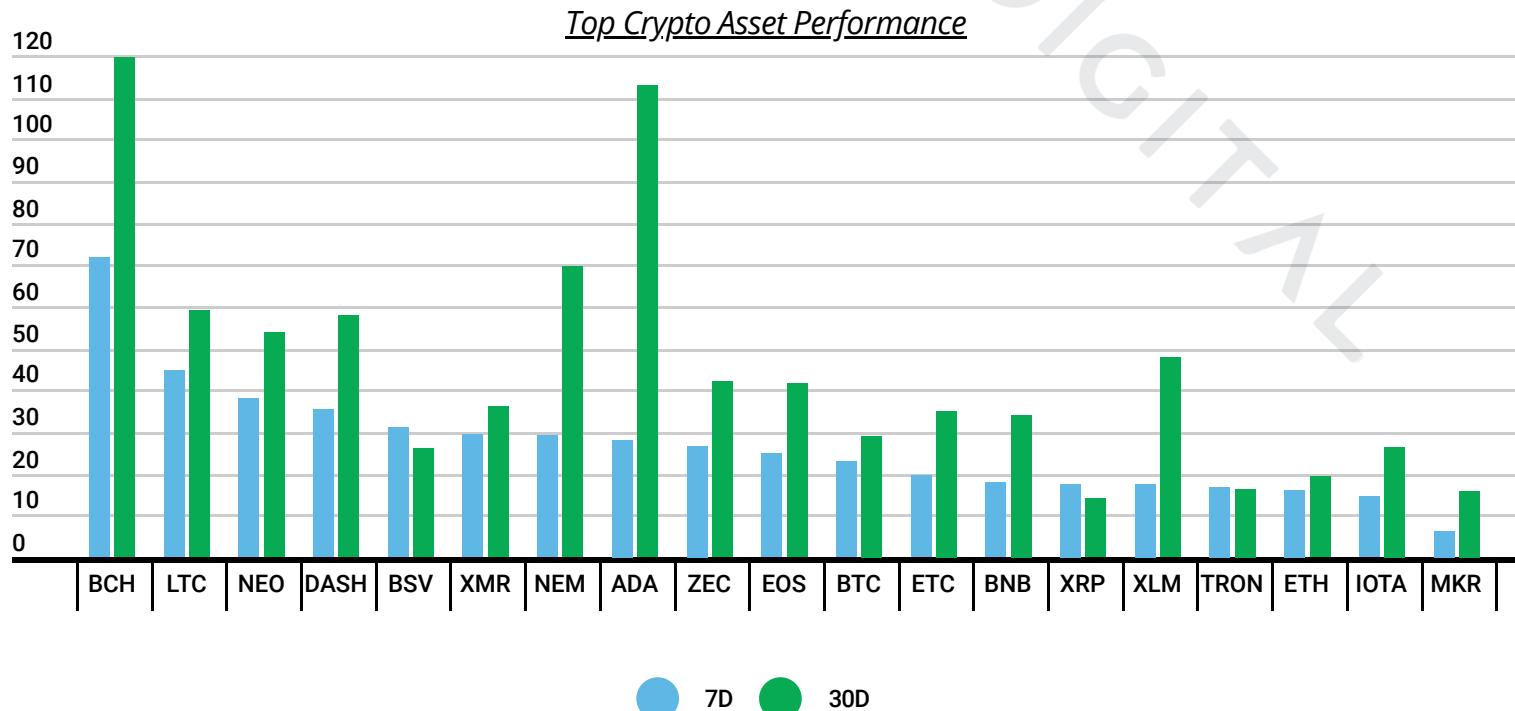
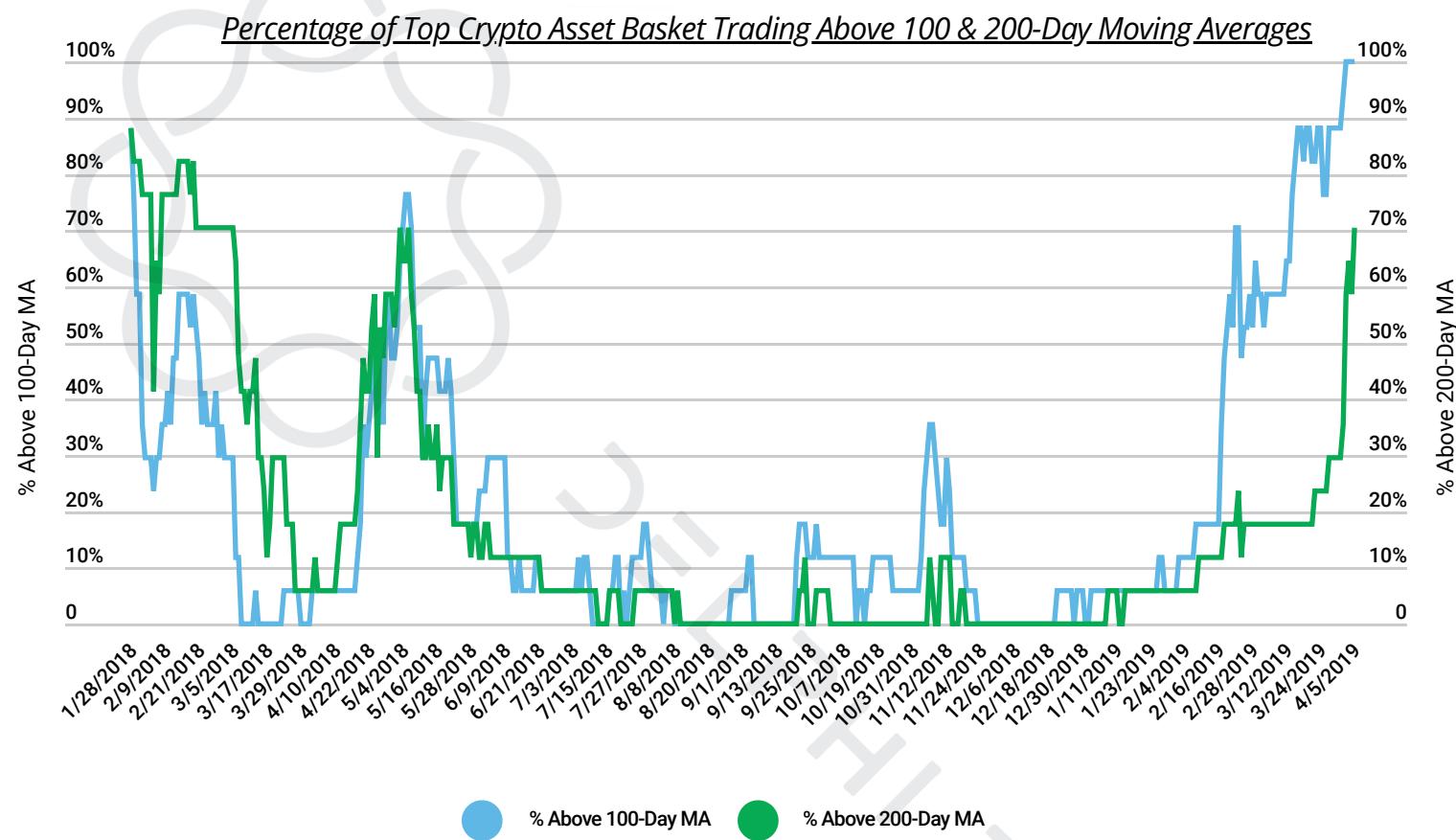
XRPBTC vs. 14-Day RSI





## Crypto Asset Movers & Shakers

Among the top crypto assets we discussed previously, the percentage trading above their 100 and 200-day moving averages has increased significantly in the last few weeks, following in BTC's footsteps. It is notable that we saw a similar trend higher in April-May 2018, which proved to be nothing more than a bear rally.





## Momentum Continues to Strengthen

Short-term momentum for bitcoin, and the broader crypto market, is something we monitor closely to gauge the sustainability of recent price moves. We see momentum continuing to strengthen for the crypto market as a whole and, as we discussed previously, a break into overbought territory does not mean a significant pullback or correction is due. Momentum is trending in the right direction.

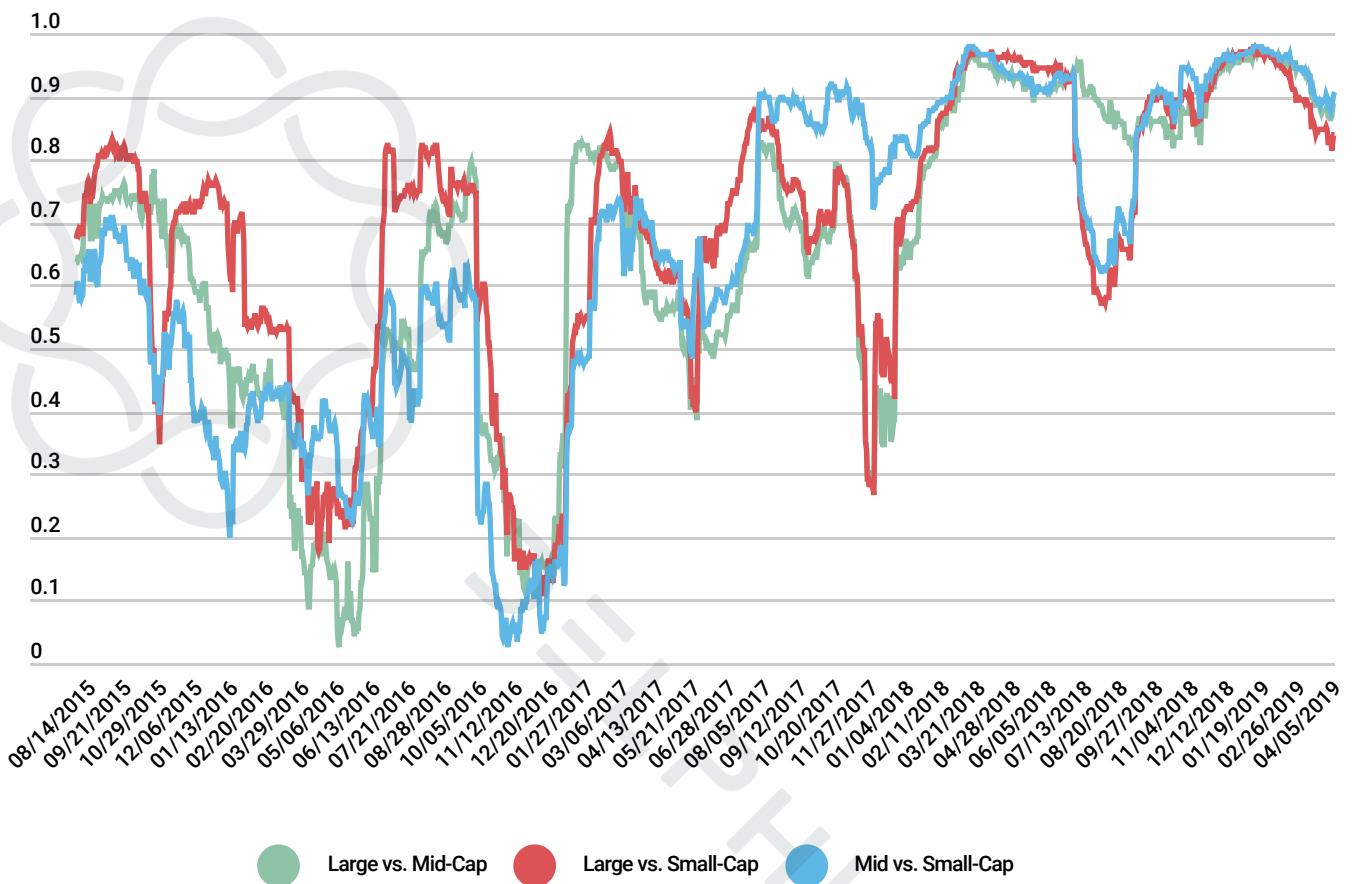
BTC Price vs. 14-Day RSI (Top) & Total Crypto Market ex-BTC (Bottom)



# 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	
<b>BTC</b>	1.00	0.85	0.90	0.84	0.70	0.86	0.89	0.74	0.80	0.83	0.76	0.44	0.71	0.78	0.84	0.77	0.78	0.81	0.61	<b>BTC</b>
<b>XRP</b>	0.85	1.00	0.85	0.76	0.74	0.74	0.67	0.77	0.73	0.83	0.79	0.38	0.72	0.70	0.83	0.71	0.76	0.76	0.62	<b>XRP</b>
<b>ETH</b>	0.90	0.85	1.00	0.87	0.69	0.85	0.73	0.73	0.79	0.84	0.82	0.47	0.73	0.70	0.85	0.81	0.77	0.75	0.71	<b>ETH</b>
<b>EOS</b>	0.84	0.76	0.87	1.00	0.66	0.82	0.74	0.68	0.74	0.76	0.78	0.47	0.72	0.59	0.76	0.74	0.72	0.66	0.66	<b>EOS</b>
<b>XLM</b>	0.70	0.74	0.69	0.66	1.00	0.60	0.58	0.65	0.60	0.69	0.65	0.31	0.60	0.60	0.72	0.59	0.57	0.57	0.51	<b>XLM</b>
<b>LTC</b>	0.86	0.74	0.85	0.82	0.60	1.00	0.80	0.64	0.75	0.73	0.72	0.51	0.65	0.61	0.74	0.72	0.67	0.72	0.51	<b>LTC</b>
<b>BCH</b>	0.89	0.67	0.73	0.74	0.58	0.80	1.00	0.62	0.77	0.61	0.58	0.27	0.55	0.66	0.69	0.69	0.62	0.77	0.44	<b>BCH</b>
<b>TRON</b>	0.74	0.77	0.73	0.68	0.65	0.64	0.62	1.00	0.73	0.76	0.72	0.30	0.65	0.68	0.73	0.63	0.74	0.70	0.50	<b>TRON</b>
<b>ADA</b>	0.80	0.73	0.79	0.74	0.60	0.75	0.77	0.73	1.00	0.69	0.71	0.32	0.62	0.70	0.76	0.74	0.72	0.68	0.54	<b>ADA</b>
<b>XMR</b>	0.83	0.83	0.84	0.76	0.69	0.73	0.61	0.76	0.69	1.00	0.79	0.51	0.78	0.69	0.82	0.68	0.85	0.66	0.61	<b>XMR</b>
<b>IOTA</b>	0.76	0.79	0.82	0.78	0.65	0.72	0.58	0.72	0.71	0.79	1.00	0.37	0.71	0.66	0.82	0.70	0.76	0.64	0.58	<b>IOTA</b>
<b>BNB</b>	0.44	0.38	0.47	0.47	0.31	0.51	0.27	0.30	0.32	0.51	0.37	1.00	0.49	0.21	0.39	0.38	0.42	0.27	0.40	<b>BNB</b>
<b>DASH</b>	0.71	0.72	0.73	0.72	0.60	0.65	0.55	0.65	0.62	0.78	0.71	0.49	1.00	0.61	0.68	0.68	0.86	0.60	0.57	<b>DASH</b>
<b>NEM</b>	0.78	0.70	0.70	0.59	0.60	0.61	0.66	0.68	0.70	0.69	0.66	0.21	0.61	1.00	0.75	0.66	0.74	0.64	0.56	<b>NEM</b>
<b>ETC</b>	0.84	0.83	0.85	0.76	0.72	0.74	0.69	0.73	0.76	0.82	0.82	0.39	0.68	0.75	1.00	0.74	0.76	0.71	0.68	<b>ETC</b>
<b>NEO</b>	0.77	0.71	0.81	0.74	0.59	0.72	0.69	0.63	0.74	0.68	0.70	0.38	0.68	0.66	0.74	1.00	0.70	0.69	0.68	<b>NEO</b>
<b>ZEC</b>	0.78	0.76	0.77	0.72	0.57	0.67	0.62	0.74	0.72	0.85	0.76	0.42	0.86	0.74	0.76	0.70	1.00	0.64	0.58	<b>ZEC</b>
<b>BSV</b>	0.81	0.76	0.75	0.66	0.57	0.72	0.77	0.70	0.68	0.66	0.64	0.27	0.60	0.64	0.71	0.69	0.64	1.00	0.59	<b>BSV</b>
<b>MKR</b>	0.61	0.62	0.71	0.66	0.51	0.51	0.44	0.50	0.54	0.61	0.58	0.40	0.57	0.56	0.68	0.68	0.58	0.59	1.00	<b>MKR</b>

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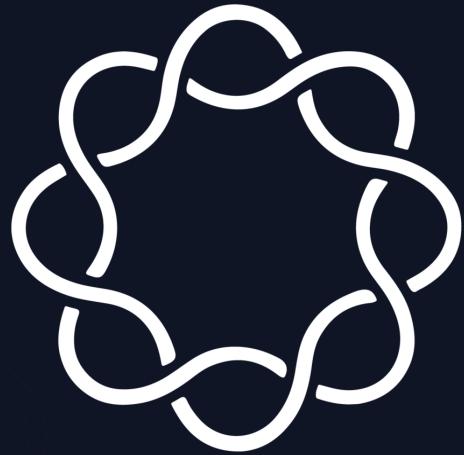
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# DELPHI DIGITAL

85 Broad Street  
New York, NY, 10004  
[www.delphidigital.io](http://www.delphidigital.io)



 team@delphidigital.io