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Singular Research
Digital Assets (Crypto)

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ETF Prospects Fuel “Uptober” Rally

Market Indices – October Price Performance

S&P 500	-2.2%	Nasdaq	-3.9%	Gold	+8.8%
BTC	+29%	ETH	+8.7%	CMI Index	+20%

Source: Yahoo Finance, Coindesk Market Index

Crypto Rallies with ETF Narratives

ETF narratives fueled Bitcoin’s 29% rally in October. ETF expectations have been building since 8/29 when federal judges ruled against the SEC for denying Greyscale’s conversion of GBTC into an ETF. Sentiment was boosted further after the SEC chose not to appeal this decision on 10/13. As BTC rallied past \$30K, imbalances in derivatives markets created a short squeeze that quickly pushed BTC to \$34-35K. According to Galaxy Research, there is a similar imbalance in BTC options markets at ~\$36K, where options market makers are short gamma and would need to buy more BTC to hedge exposure.

ETFs Link “TradFi” to Crypto Markets

While retail consumers can easily buy BTC on apps like Coinbase, institutional investors have limited access. Crypto investing requires entirely different technology and infrastructure than traditional finance (“TradFi”), and bridging this gap is viewed as a major catalyst for crypto prices. A Bitcoin ETF would be the biggest connection yet between TradFi and crypto markets, while meaningfully expanding the breadth of fund managers and advisors able to offer BTC exposure. Not only would a Bitcoin ETF help destigmatize crypto to mainstream investors, but we see this as a catalyst for additional connectivity between TradFi and crypto markets.

Major Crypto Themes in October (more key events on pg. 2)

- Ether Futures ETFs begin trading, backed by ETH futures traded on CME ([10/2](#))
- Criminal trial begins for Sam Bankman-Fried, the founder of FTX/Alameda ([10/3](#))
- SEC drops securities lawsuits against executives of Ripple Labs ([10/20](#))
- WSJ issues correction to Oct 10th article overstating Hamas’ crypto usage ([10/28](#))

Key Data from October (charts on pg. 3)

- **Trading volumes** on centralized exchanges (CEXs) rebounded to 6 month highs. Trading from large buyers indicates increased institutional activity.
- **Stablecoin** values are rising for the first time since March 2022. This an indication that more capital is flowing into digital asset markets.
- **OI for CME BTC futures** reaches all-time high, highlighting institutional interest.
- **CEX Flows:** BTC had over \$400M net outflows from exchanges vs \$145bn inflows for ETH. Exchange outflows typically imply buying pressure.
- **Web3 Exploits:** \$8M was hacked in Oct after \$308M was hacked in Sept. The \$1.0bn hacked YTD is a 63% decline YoY.

Please refer to the end of this report to obtain important disclosure information.

October 2023 Review

Key Events

- Ether Futures ETFs begin trading, backed by ETH futures traded on CME ([10/2](#))
- UBS pilots tokenized money market funds on Ethereum blockchain ([10/2](#))
- Crypto investment firm, Deus X Capital, launches \$1bn AUM fund ([10/2](#))
- Judge rejects SEC's appeal of ruling that XRP is not a security ([10/3](#))
- Criminal trial begins for Sam Bankman-Fried, the founder of FTX/Alameda ([10/3](#))
- Bitstamp, a crypto exchange, discloses plans to offer crypto trading to three large European banks ([10/9](#))
- WSJ issues report stating Hamas raised millions of dollars via crypto ([10/10](#))
- JPMorgan launches blockchain for collateral settlement with Blackrock and Barclays ([10/11](#))
- Governor Gavin Newsom Signs California Crypto Licensing Bill ([10/16](#))
- SEC drops lawsuit against executives of Ripple Labs, the issuer of XRP, for selling unregistered securities ([10/20](#))
- Chainalysis, a crypto data provider, reports that North America remains the leader in global crypto usage ([10/23](#))
- Open interest for CME Bitcoin futures reaches new all-time high, highlighting institutional interest in crypto ([10/24](#))
- Greyscale launches crypto indices in partnership with FTSE Russell ([10/25](#))
- BlockFi, a leading centralized crypto lender that defaulted in 2022, begins bankruptcy liquidations ([10/26](#))
- JPMorgan reports \$1bn of daily volume for "JPM Coin" ([10/26](#))
- WisdomTree plans digital asset funds for blockchain enabled consumer app ([10/28](#))
- WSJ issues correction to Oct 10th article overstating Hamas' crypto usage ([10/28](#))

Figure 1: BTC confirmed October’s “Uptober” narrative

Time	January	February	March	April	May	June	July	August	September	October	November	December
2023	39.63%	0.03%	22.96%	2.81%	-6.98%	11.98%	-4.02%	-11.29%	3.91%	28.52%	-0.72%	
2022	-16.68%	12.21%	5.39%	-17.3%	-15.6%	-37.28%	16.8%	-13.88%	-3.12%	5.56%	-16.23%	-3.59%
2021	14.51%	36.78%	29.84%	-1.98%	-35.31%	-5.95%	18.19%	13.8%	-7.03%	39.93%	-7.11%	-18.9%
2020	29.95%	-8.6%	-24.92%	34.26%	9.51%	-3.18%	24.03%	2.83%	-7.51%	27.7%	42.95%	46.92%
2019	-8.58%	11.14%	7.05%	34.36%	52.38%	26.67%	-6.59%	-4.6%	-13.38%	10.17%	-17.27%	-5.15%
2018	-25.41%	0.47%	-32.85%	33.43%	-18.99%	-14.62%	20.96%	-9.27%	-5.58%	-3.83%	-36.57%	-5.15%
2017	-0.04%	23.07%	-9.05%	32.71%	52.71%	10.45%	17.92%	65.32%	-7.44%	47.81%	53.48%	38.89%
2016	-14.83%	20.08%	-5.35%	7.27%	18.78%	27.14%	-7.67%	-7.49%	6.04%	14.71%	5.42%	30.8%
2015	-33.05%	18.43%	-4.38%	-3.46%	-3.17%	15.19%	8.2%	-18.67%	2.35%	33.49%	19.27%	13.83%
2014	10.03%	-31.03%	-17.25%	-1.6%	39.46%	2.2%	-9.69%	-17.55%	-19.01%	-12.95%	12.82%	-15.11%
2013	44.05%	61.77%	172.76%	50.01%	-8.56%	-29.89%	9.6%	30.42%	-1.76%	60.79%	449.35%	-34.81%

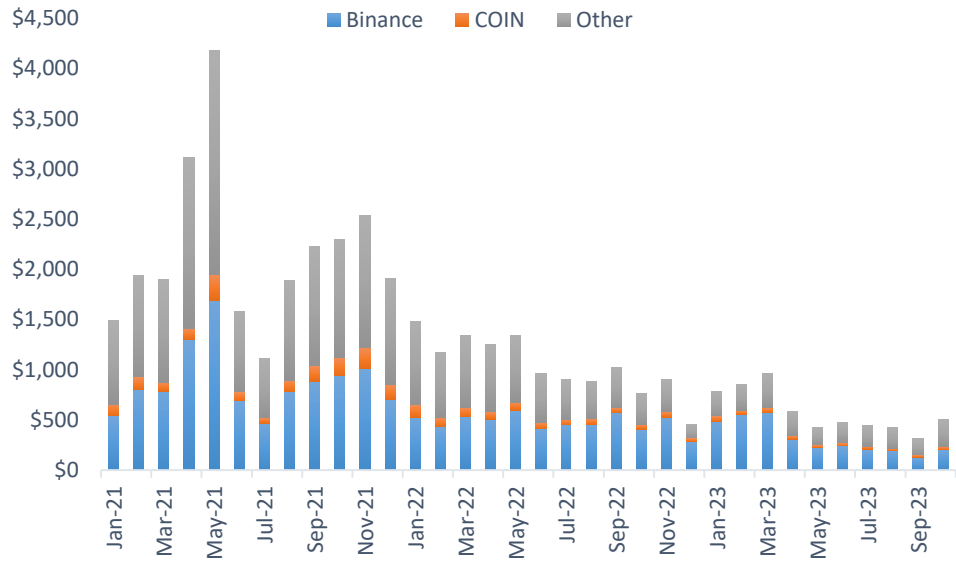
Source: coinglass.com

Figure 2: ETH and the broader crypto market lagged BTC’s rally

Time	January	February	March	April	May	June	July	August	September	October	November	December
2023	32.44%	1.26%	13.46%	2.71%	0.16%	3.29%	-3.99%	-11.3%	1.46%	8.69%	-0.99%	
2022	-26.89%	8.78%	12.2%	-16.88%	-28.84%	-44.79%	56.62%	-7.33%	-14.49%	18.39%	-17.67%	-7.6%
2021	78.51%	8.41%	34.74%	44.29%	-2.31%	-15.9%	11.14%	35.62%	-12.55%	42.92%	8.04%	-20.61%
2020	39.28%	21.01%	-38.98%	55.04%	12.21%	-2.42%	53.54%	25.32%	-17.08%	7.22%	59.45%	19.46%
2019	-20.23%	27.22%	4.05%	18.58%	56.65%	8.86%	-24.77%	-21.31%	5.72%	0.53%	-16.67%	-15.09%
2018	52.01%	-24%	-53.79%	70.29%	-13.96%	-21.34%	-4.82%	-34.79%	-17.32%	-14.71%	-42.79%	19.68%
2017	31.92%	48.09%	214.11%	67.77%	161.43%	26.19%	-27.29%	92.86%	-21.65%	0.08%	42.32%	70.54%
2016			10.58%	-23.18%	61.95%	-12.18%	-4.83%	-1.74%	14.53%	-16.83%	-21.95%	-6.32%

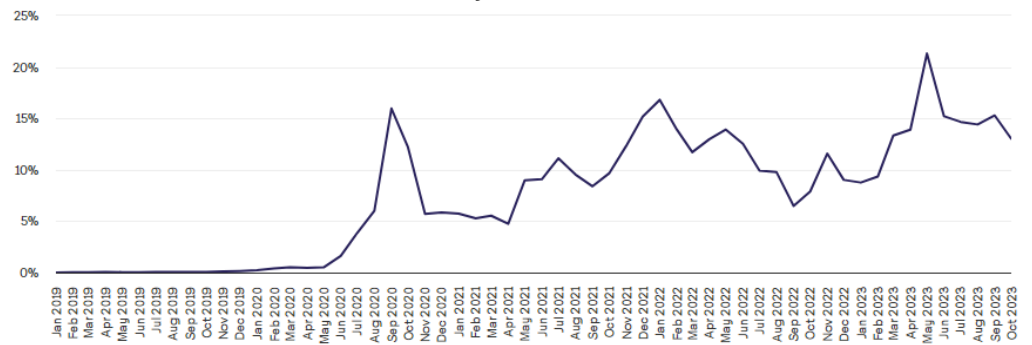
Source: coinglass.com

Figure 3: Spot volumes rebounded to 6 month highs on Centralized Exchanges (CEXs), indicating renewed interest in crypto (\$bn)



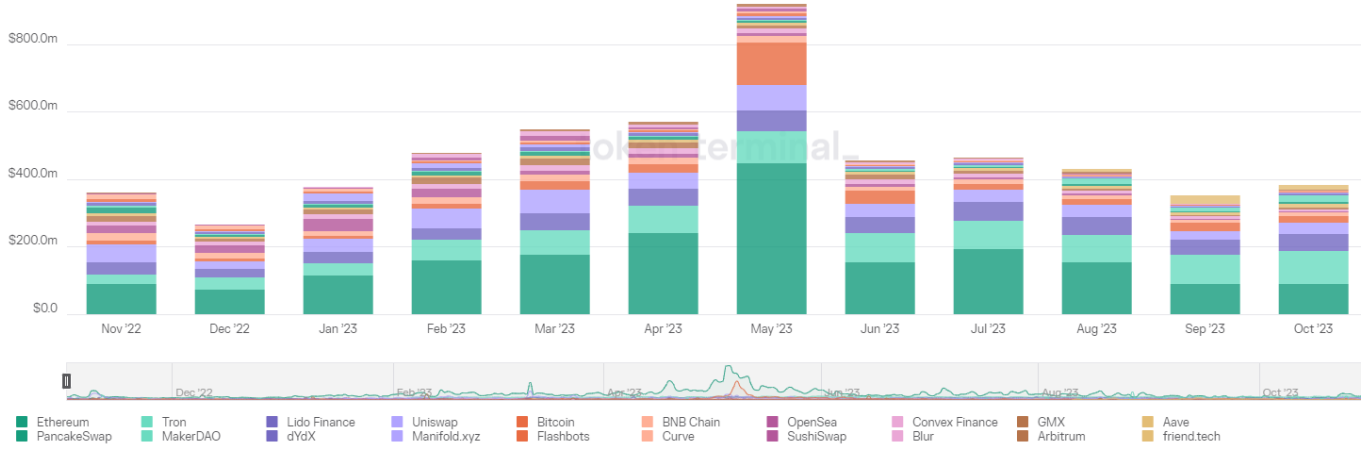
Source: theblock.co

Figure 4: Decentralized Exchanges (DEXs) lost share vs CEXs, indicating increased share of institutional activity



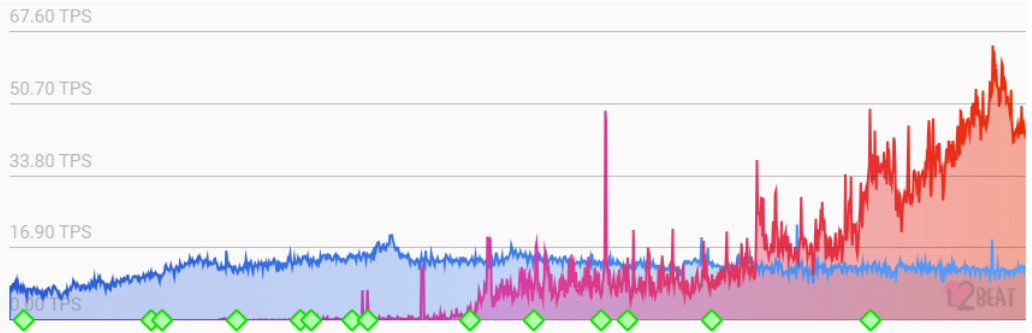
Source: theblock.co

Figure 5: Total Web3 protocol revenue remained low despite crypto's rally



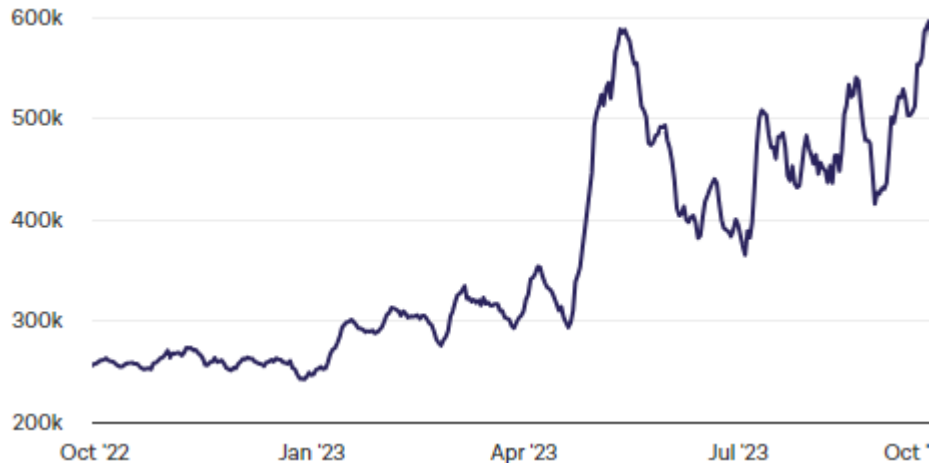
Source: token terminal

Figure 6: Layer2 blockchains gained market share versus Ethereum's main blockchain, where Layer2 blockchains offer lower transaction costs



Source: L2beat.com

Figure 7: Bitcoin transactions reached new highs on renewed ETF optimism



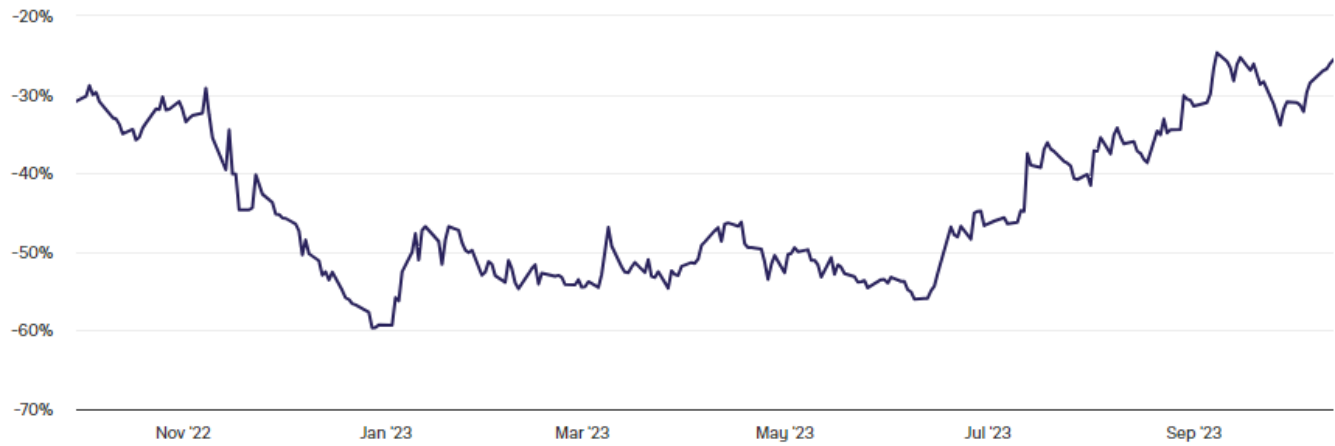
Source: theblock.co

Figure 8: The NAV discount for the Greyscale BTC Trust narrowed alongside ETF optimism



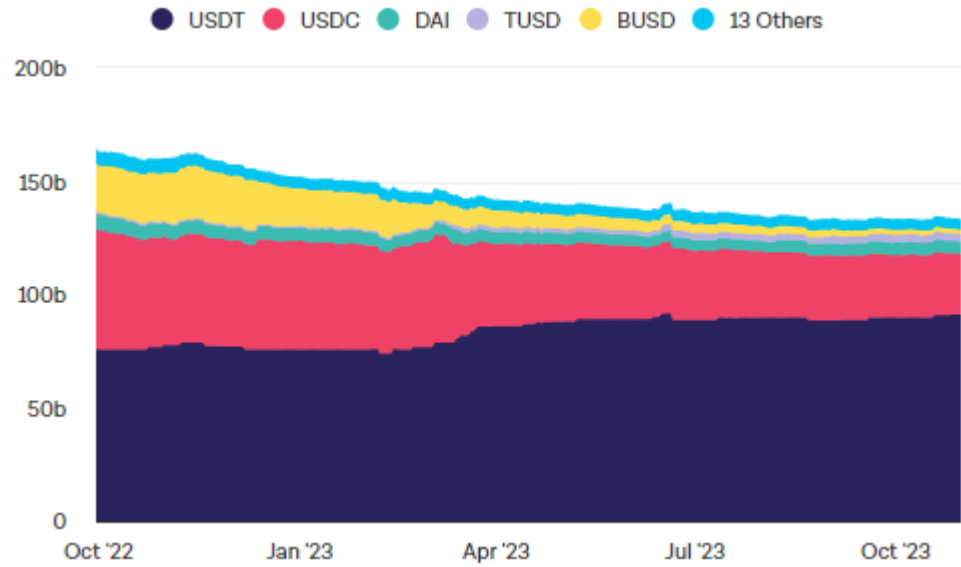
Source: *theblock.co*

Figure 9: The NAV discount for the Greyscale ETH Trust remains wider versus Bitcoin



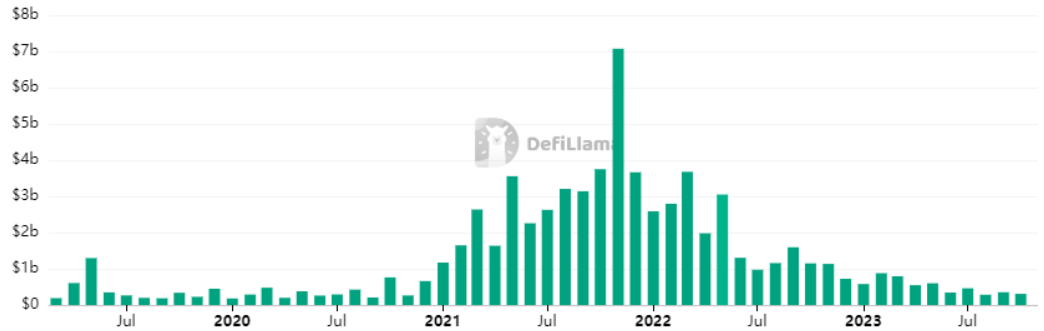
Source: *theblock.co*

Figure 10: Stablecoin Values have stabilized after the 2022 contraction (\$bn)



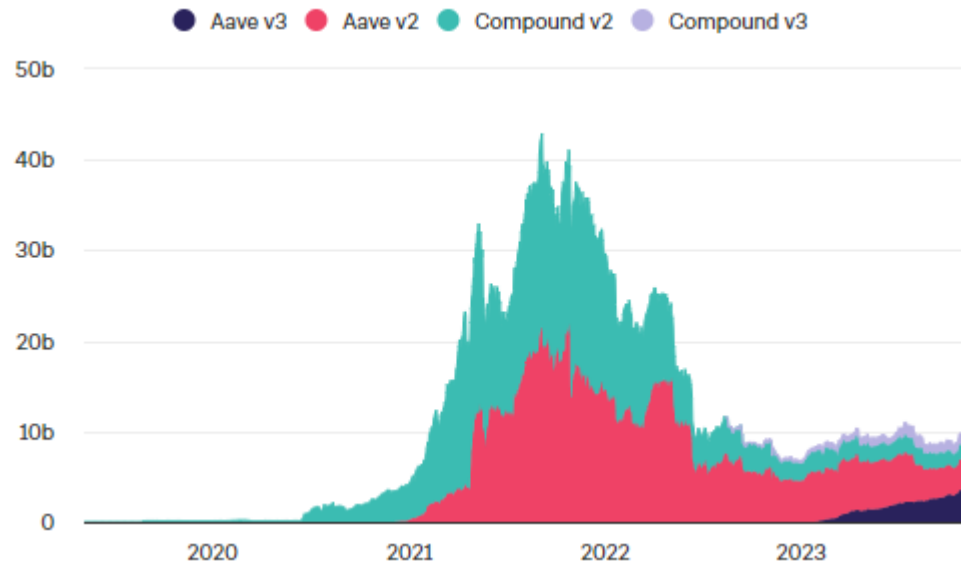
Source: theblock.co

Figure 11: Web3 VC funding remains tepid in the bear market



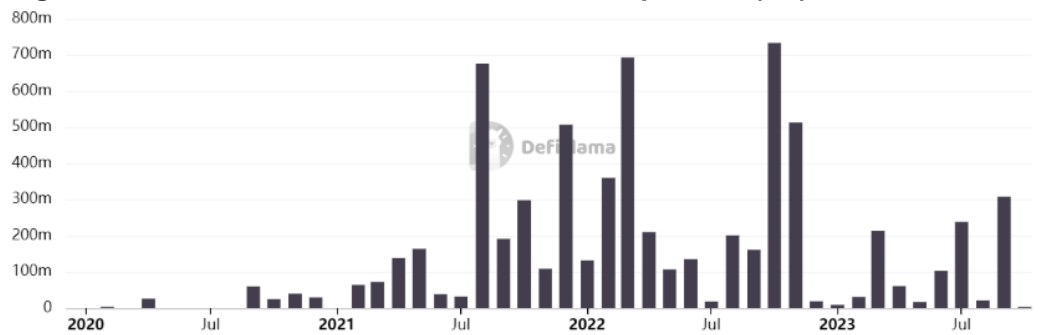
Source: defillama.com

Figure 12: DeFi Lending is steadily rebounding after 2022's contraction



Source: theblock.co

Figure 13: Web3 faced fewer hacks in Oct than September (\$M)



Source: defillama.com

For more information on a trial offer, please call us at 818-222-6234, e-mail us at Research@SingularResearch.com, or sign up by [Clicking Here](#)

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