



CryptAM's Monthly Newsletter

The digital asset markets took a healthy breather after a stellar rebound in pricing, year to date. In July, Bitcoin reached a max of US\$13,129 before retracing back to US\$10,085. Correlation remained high as other alt coins moved in sympathy over the month.

As we wrote last month, Facebook's Libra official announcement to launch its own crypto coin and, as expected, was met with significant regulatory backlash. Facebook told its investors in its latest quarterly report that — while the firm expects to launch Libra next year — it perhaps faces a long journey moving towards its release.

On the other hand, People Bank of China (PBoC) made an announcement last weekend saying it is “close” to launch its own cryptocurrency after five years of research. Moving forward, this could probably bring the concept of bitcoins and digital asset investments to its next level while reaching billions of potential investors.

Bitcoin (and alt-coin) Monthly Price Action

The chart below omits the point that Bitcoin ended the month of June-2019 at US\$13,129, implying a price return of -23.2% over July.

Market Capitalization Recovery: Taking A Breather From a Strong YTD



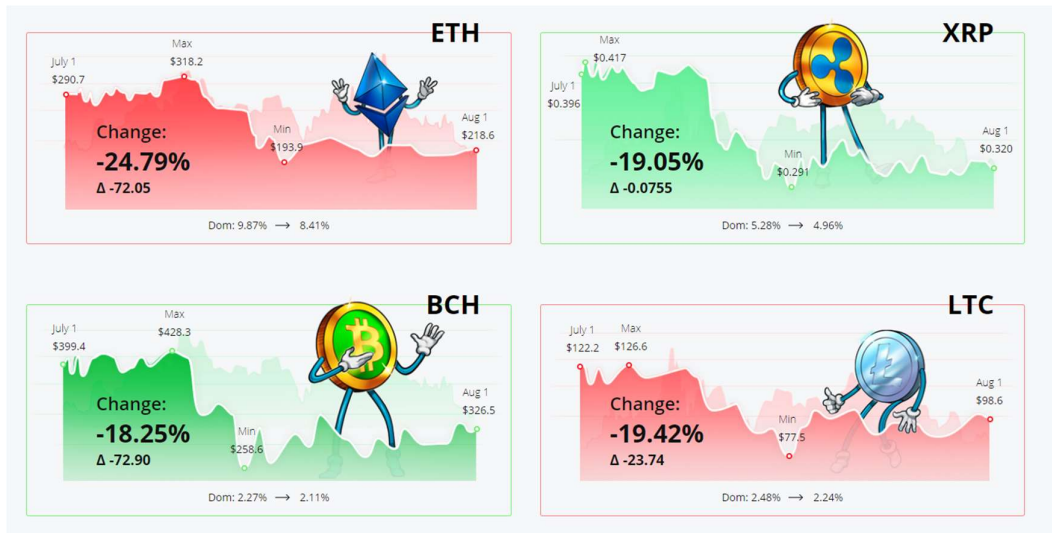
Bitcoin (July 2019)

The chart below omits the point that Bitcoin ended the month of June-2019 at US\$13,129, implying a price return of -23.2% over July. However, Bitcoin's market cap dominance continues to increase as investors continue to view this particular digital asset as the "go-to" opportunity when accessing the market. Also, inter-asset correlation between digital assets remain high as significant market announcements and movements drive the overall sentiment for the market, setting the tone for the broad market correction.

We continue to believe that three factors explain why this 2nd cycle rally is more sustainable over the medium term:



Altcoins (July 2019)



Market Outlook

We continue to believe that three factors explain why this 2nd cycle rally is more sustainable over the medium term:

1. Market maturity / sophisticated investors taking notice: Participants, technology, process standards and global regulation is more robust than they were in the last 5 years. Education among users and investors is growing as mainstream becomes more aware of both the risk and the opportunities. Further, we expect that the larger, more recognized coins will continue to rally. Should alt-coins return to the hype days of 2017, that would be a key indicator in our view to turn bearish.

2. Facebook's Libra coin and China recent announcement of the launch of its own local cryptocurrency: Those announcements and subsequent regulatory backlash have clearly placed the digital asset market in the spotlight over the past last weeks, making it a topic to be serious considered worldwide. That said, while China seems determined to adopt a cryptocurrency in a near future, Facebook told its investors in its latest quarterly report that — while the firm expects to launch Libra next year — some factors could prevent its release. In the risk factors section of the document, the

company admits that it recognizes the significance of the push-back shown by regulators towards Libra. A Facebook spokesperson told mainstream media outlets: “Engaging with regulators, policymakers, and experts is critical to Libra’s success. This was the whole reason that Facebook along with other members of the Libra Association shared our plans early.”

3. Diversification is everything when investing for the long term. Fundamentally, there is no doubt we live in very uncertain times. Professional investors understand that the one thing that markets do not like is uncertainty. In a world where geopolitics have never been so frail, one has to consider adding small amounts of tail-risk protection to the portfolio. CryptAM Services offers portfolio analysis demonstrating how a small percentage taking out of a traditional portfolio to be invested in a basket of cryptocurrencies actively managed by risk managers can enhance diversification and thus, increase return on investment.

CryptAM offers portfolio optimisation services providing insights on what impact an allocation to digital assets would have on client's portfolio. If you have any questions, please do get in touch.

But do not only take our word for it... given the uncertain macro environment, below is an extract of what other mainstream alternative sources are saying ...

Bloomberg's Mike Mcglone's Outlook (Commodities Strategy)

Similar to Gold, Tide Is Rising for Bitcoin vs. Risk Assets

(Bloomberg Intelligence) -- Bitcoin should remain a primary beneficiary of growing demand for its store-of-value, quasi-currency asset properties, similar to gold. Favorable macroeconomic fundamentals -- plunging bond yields and rising stock-market volatility -- appear to have endurance and should further differentiate Bitcoin from other crypto assets, much as gold is gaining luster vs. most commodities. Bitcoin's big-picture price action has been a non-story, with this year's range within those in 2017-18. A consolidating bull market is our takeaway, with simple retracement of the 2018 decline its initial mission. Our indicators point to further back-and-fill for the first-born digital currency, allowing some reversion in lofty volatility and lower means. Futures are holding much stronger sway and provide insight for what is likely a bull market. (08/06/19)

1. Improving Macro Foundation

Bond Yields, Stock Volatility Give Bitcoin 'Digital Gold' Luster

A six-year high in old-guard gold sets a good example for relieving last year's bear-market hangover in Bitcoin's progression as a digital equivalent. Improving macroeconomic conditions for the quasi-currencies are coming on the back of a broader base of investors looking ahead to an increasingly digitized world. (08/06/19)

2. Trends Gaining Momentum Support Bitcoin

The more significant question for the Bitcoin outlook is what it might take to reverse macroeconomic trends that favor greater price appreciation. Our graphic depicts Bitcoin recovering along with gold and increasing levels of negative-yielding debt. This rising tide appears to have endurance, though some volatility and retracement toward the upward-sloping 20-week average near \$8,200 may occur. Improving macro conditions come on the back of increasing institutional interest in the first-born crypto, as evidenced by rapidly increasing futures open interest and volume. (08/06/19)

3. Tariffs Just Another Log on Fire for Gold, Bitcoin, Bonds

The path of least resistance for gold, Bitcoin and bond prices is emphasized by the ease with which they rallied on word of new China tariffs on Aug. 1. The latest round of U.S. tariffs on Chinese imports adds fuel to the gold-rally fire, in our view, with Bitcoin and Treasuries remaining close companions. Spot gold appears to be retracing the 2013 decline, which began near \$1,700 an ounce. Gold's foundation is solid on the back of multidecade-low annual volatility just a few months ago. Bitcoin also appears intent to retrace last year's decline. Our graphic depicts 2018 price lows in gold (August), bonds (October) and Bitcoin (December). (08/02/19)

Gold, Bitcoin and Bonds Appear on Bullish Mission



Source: Bloomberg Intelligence

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