

Industry Rollup

 Bitcoin
 Suisse



Table of content

Preface	3
Executive Summary	4
Asset Classes Monthly Performance	5
Asset Classes Correlation Matrix	6
Asset Classes Rolling Correlations	7
GCT Sector Performance	8
Digital Assets Monthly Performance	9
Macro Chart of the Month	10
Indicator of the Month	11
On-chain Chart of the Month	12
Key Crypto Developments	13
Calendar Outlook	14

Authors



Dominic Weibel
Head of Research
✕@Dominic_Weibel



Denis Oevermann
Investment Analyst & Crypto Researcher
✕@DenisOevermann



Wolfgang Amadeus Vitale
Crypto Protocol Expert
✕@w4vitale

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Bitcoin Suisse 2024.

Introduction of the format

Dear reader,

We're excited to introduce our new bi-monthly report, the Bitcoin Suisse Industry Rollup. It is designed to deliver insightful analysis of the digital asset ecosystem in a clear, concise, and accessible format. Both, the high pace of this industry and the limited attention span of our highly digitized society guided us to craft a report that comes with less dense prose and lengthy narratives. This report prioritizes a visually driven experience, presenting complex data through powerful charts and actionable takeaways. We aim to host curated views along the entire range of asset classes, crypto sectors, and vanilla assets. As such, you can expect a head-to-head comparison of digital assets' performance against established asset classes like equities and bonds, sector-specific breakdowns leveraging our Global Crypto Taxonomy, a view on individual crypto asset top and low performers with tailored perspectives for a comprehensive understanding, a Macro Chart of the Month, highlighting key global macro trends and potential implications for the crypto market, an Indicator of the Month utilizing on-chain analytics to provide guidance on where we are in the cycle, the most key crypto-native developments and many more insights.

We hope this report suits your curiosity as we unpack complex narratives for seasoned investors and curious newcomers alike. And yet, this rollup comes in a readily digestible format that does not ask for a huge reading commitment.

I extend my warmest gratitude to Denis Oevermann and Wolfgang Vitale for their significant research efforts. This report is largely attributable to their broad expertise and to our colleagues from Marketing and Legal that do a tremendous job getting it out in such a crisp fashion.



Dominic Weibel
Head of Research
Bitcoin Suisse AG

Executive summary

Gold Performance Amid Geopolitical Tensions: Gold outperformed other asset classes, rising by 5.1% amid escalating geopolitical risks and persistent inflation, demonstrating its role as a safe-haven asset.

Crypto Asset Volatility And Performance: After a strong rally fueled by ETF approvals, crypto markets have entered a corrective phase and are looking for new catalysts to continue the uptrend. Despite a general downtrend in crypto assets, with Bitcoin and Ethereum declining by -8.7% and -9.3%, respectively, Bitcoin's Sharpe Ratio over the last year indicates strong risk-adjusted returns and outperformance compared to other asset classes.

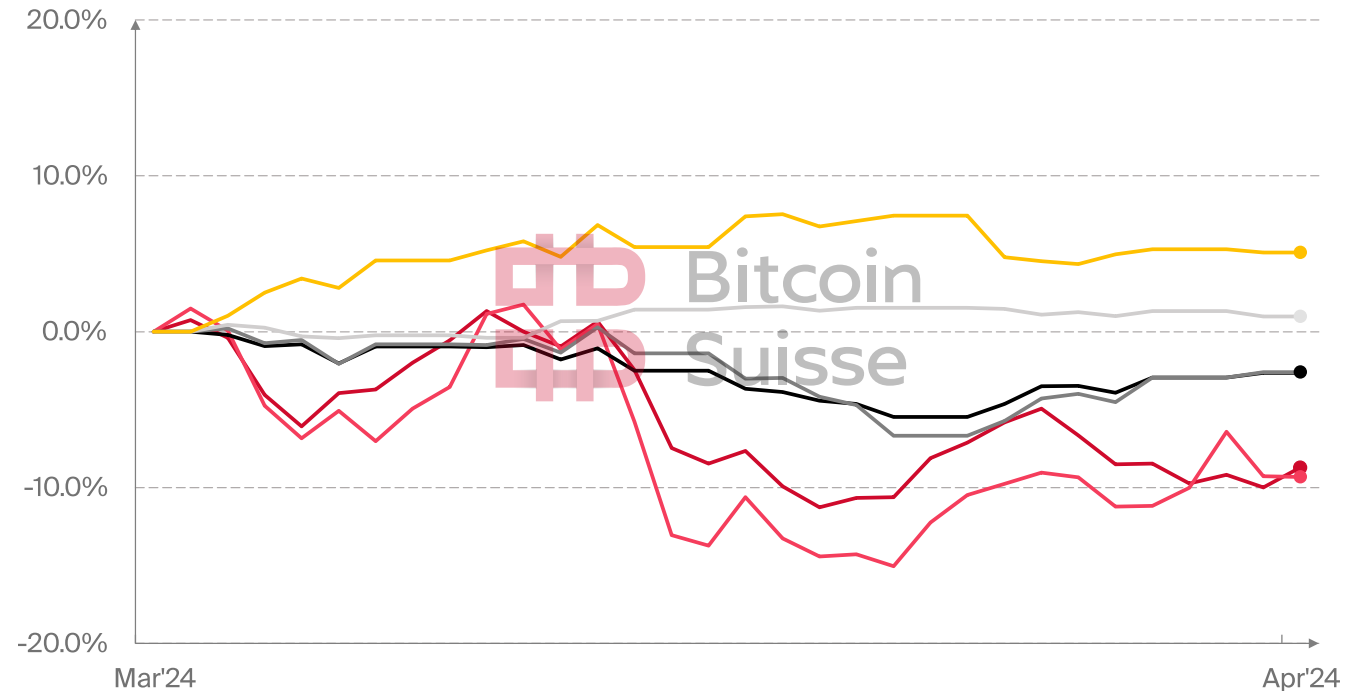
Liquidity Dynamics Influencing Markets: The ongoing tug-of-war between monetary and fiscal liquidity throughout 2023 has contributed to a "sticky" inflation environment and macro headwinds impacting financial and crypto markets differently, while overall economic effects remain dampened.

On-chain Indicators: sustained strength in on-chain activity was reflected by an acceleration in Stablecoin issuance and Total Value Locked in DeFi protocols. The uptrend in Stablecoins is relevant in particular, indicating both a return of liquidity and an increase in adoption.

Innovations And Developments In Crypto: Key developments in the crypto space include Bitcoin's halving event, Ethereum's upgrade to enhance scalability and efficiency, UNI's governance token providing a new revenue-sharing model, which could set a trend for other governance tokens, and the emergence of EIGEN, the intersubjective work token taking care of faults that require social consensus for attribution.

Gold outperformed its peers amidst looming geopolitical risks

- BTC and ETH declined slightly throughout April, with -8.7% and -9.3%, respectively, along with a broader risk-off sentiment and regulatory pressure toward the digital asset space.
- A choppy and corrective phase surrounding the halving event is no surprise, given historical data that suggests no material short-term performance impact on performance. Fundamentally, it translates crypto markets into a healthier state, especially after the impressive run-up in 2023 and a strong head start fueled by ETF flows in 2024.
- Equities corrected downward, like digital assets, amidst moderate U.S. Dollar Index (DXY) performance.
- Catalysts for this dynamic are summarized by a strong month for gold, up 5.1%, reflecting troubling macro headwinds, sticky inflation and geopolitical tensions.
- On a longer time horizon, BTC and ETH outperform significantly on a risk-adjusted basis, with Sharpe Ratios of 4.76 and 2.59, respectively.



Monthly Returns April

Bitcoin	-8.7%
Ethereum	-9.3%
Gold	+5.1%
NASDAQ	-2.6%
S&P 500	-2.6%
U.S. Dollar Index	+0.1%

Sharpe Ratio (Rolling 1Y)

Bitcoin	+4.76
Ethereum	+2.59
Gold	+1.18
NASDAQ	+1.91
S&P 500	+1.84

The Sharpe Ratio is the average return relative to the standard deviation of returns over the specified rolling window, a higher Sharpe implies higher risk-adjusted returns. It is one of the key metrics in traditional finance to assess the risk-return profile, the performance relative to the underlying volatility of an asset. Sharpe Ratio is calculated based on the past 12 months of trading data taking into account price changes and potential dividends

Gold is the most non-correlated asset in April

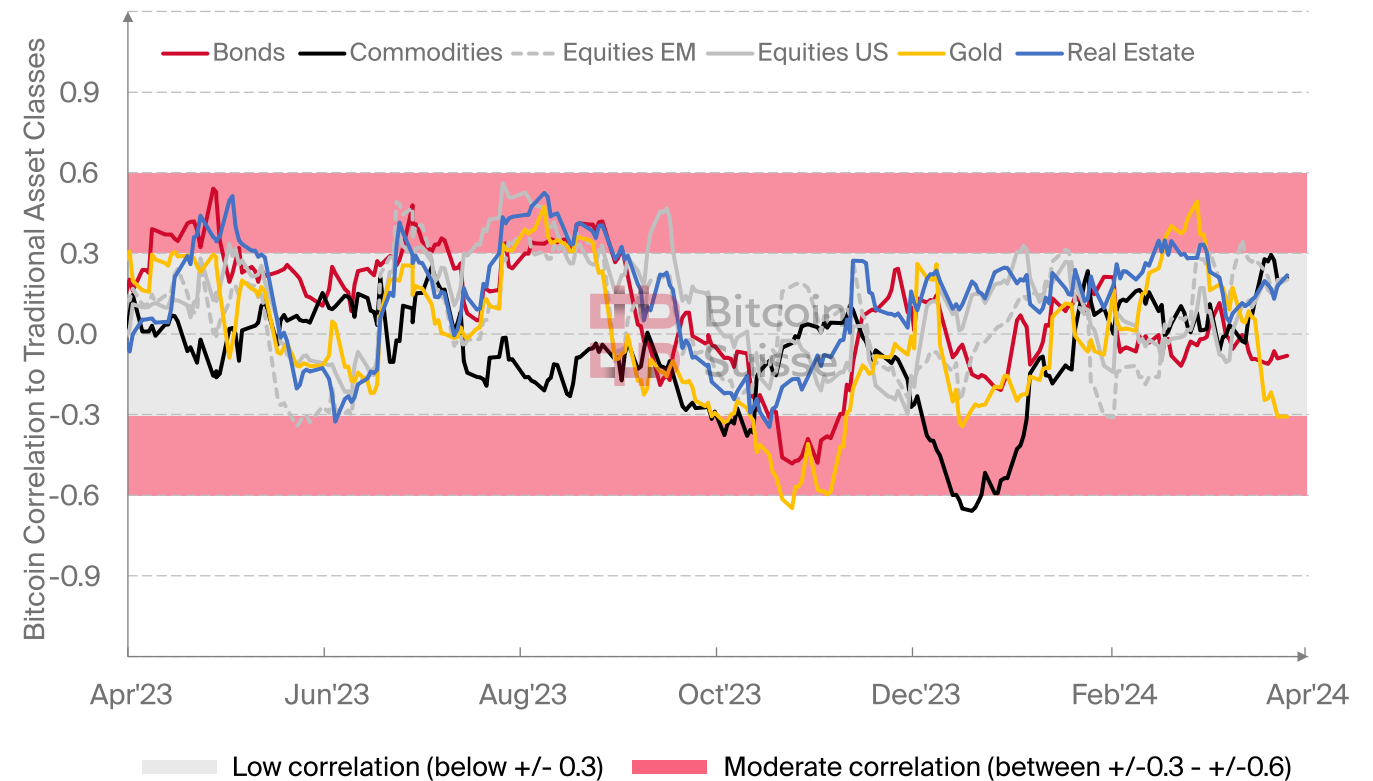
	Bitcoin	Bonds	Commodities	Equities EM	Equities US	Gold	Real Estate
Bitcoin		-0.08	0.21	0.20	0.20	-0.31	0.22
Bonds	-0.08		-0.38	0.21	0.14	-0.29	0.62
Commodities	0.21	-0.38		-0.08	-0.14	0.22	-0.14
Equities EM	0.20	0.21	-0.08		0.70	0.04	0.52
Equities US	0.20	0.14	-0.14	0.70		0.11	0.61
Gold	-0.31	-0.29	0.22	0.04	0.11		0.07
Real Estate	0.22	0.62	-0.14	0.52	0.61	0.07	
Average	0.07	0.04	-0.05	0.27	0.27	-0.03	0.32

Low correlation (below +/- 0.3)
 Moderate correlation (between +/-0.3 - +/-0.6)
 High correlation (above +/-0.6)

To quantify the correlation between assets, the Pearson Correlation Coefficient is used to estimate the strength of the linear relationship between two price variables while +1 equals a perfect positive linear correlation, -1 equals a perfect negative linear correlation, and 0 equals no linear correlation. Asset classes represented by SPY for Equities, VBMFX for Bonds, VGSIX for Real Estate, GLD for Gold, GSG for Commodities, VEIEX for Emerging Markets.

Bitcoin feels comfortable in the low correlation range

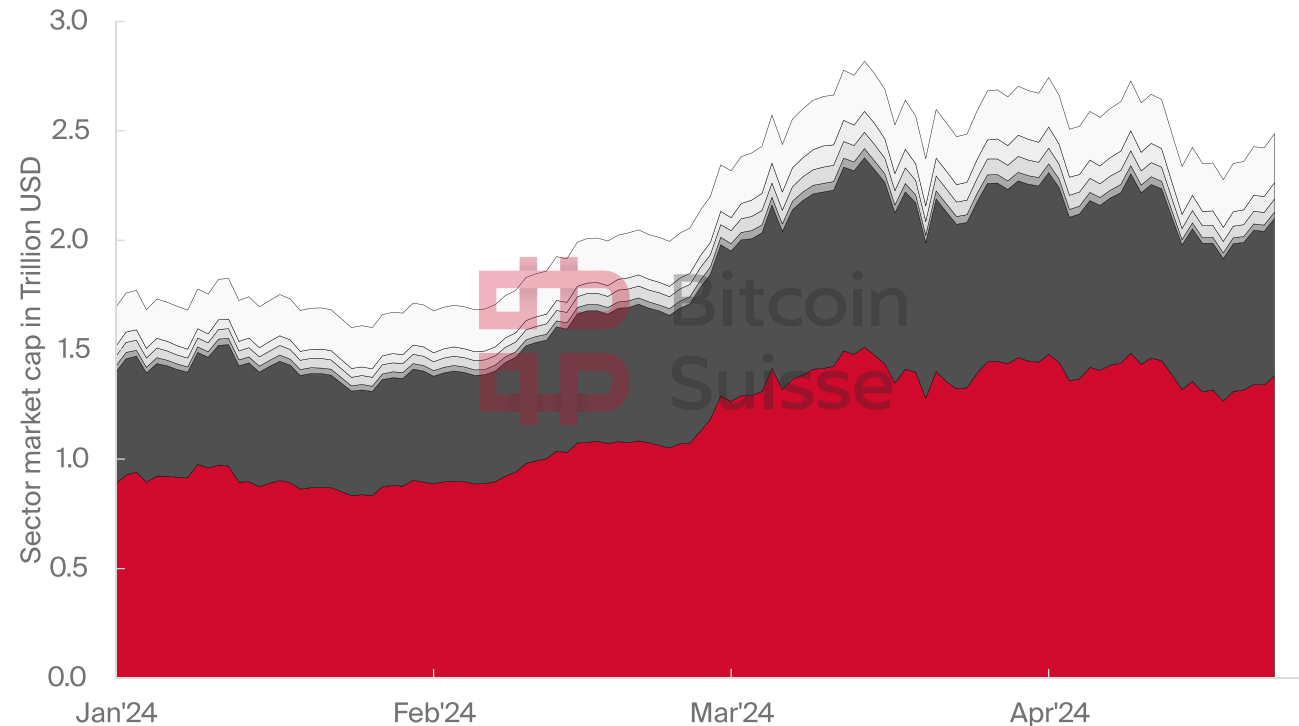
- Throughout April, equities both in U.S. and Emerging Markets, along with Real Estate, showed a high correlation.
- Gold had a stellar month, providing high diversification benefits especially driven by an inverse correlation to bonds and Bitcoin.
- Bitcoin offered an overall low correlation, neither high positive nor negative, across the board and remained in the low correlation range ($< \pm 0.3$), where it trades mostly.
- April showcased another month of Bitcoin's low overall correlation with traditional assets, mitigating risk and moderating portfolio volatility, particularly over the long term.



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Culture sector leads the pack during strong BTC month

- While the flows started to taper off heading into May, the Cryptocurrency sector managed to derive gains from overall strong ETF inflows and crypto adoption. We observe a very high correlation between BTC performance and flows.
- Layer-1s with smart contract capabilities lagged because of isolated demand into BTC, while Memecoins attracted the remainder of liquidity. ETH held up somewhat well compared to BTC, albeit a potential spot ETF rejection and the SEC challenging ETH's regulatory status weighed in on its performance. Market participants that restaked their ETH likely overcompensated above with compounding effects between AVS airdrops and the implied \$EIGEN pre-market valuation.
- Culture sector saw substantial upside due to continued activity and hype surrounding Memecoins. The market currently appears to be in limbo between Bitcoin and Memecoins due to the zero price effects offered by Solana or Ethereum rollups post-Dencun and their fair launch/broad distribution dynamics.
- One of the key narratives of this cycle are tokenized real-world assets (RWA) that gained momentum in a high-interest environment. As powerhouses such as BlackRock entered the narrative to pave the way, the Tokenized Assets sector gained a boost, reflected in a solid MoM performance.



Sector Performance April (Data as of 25.04)

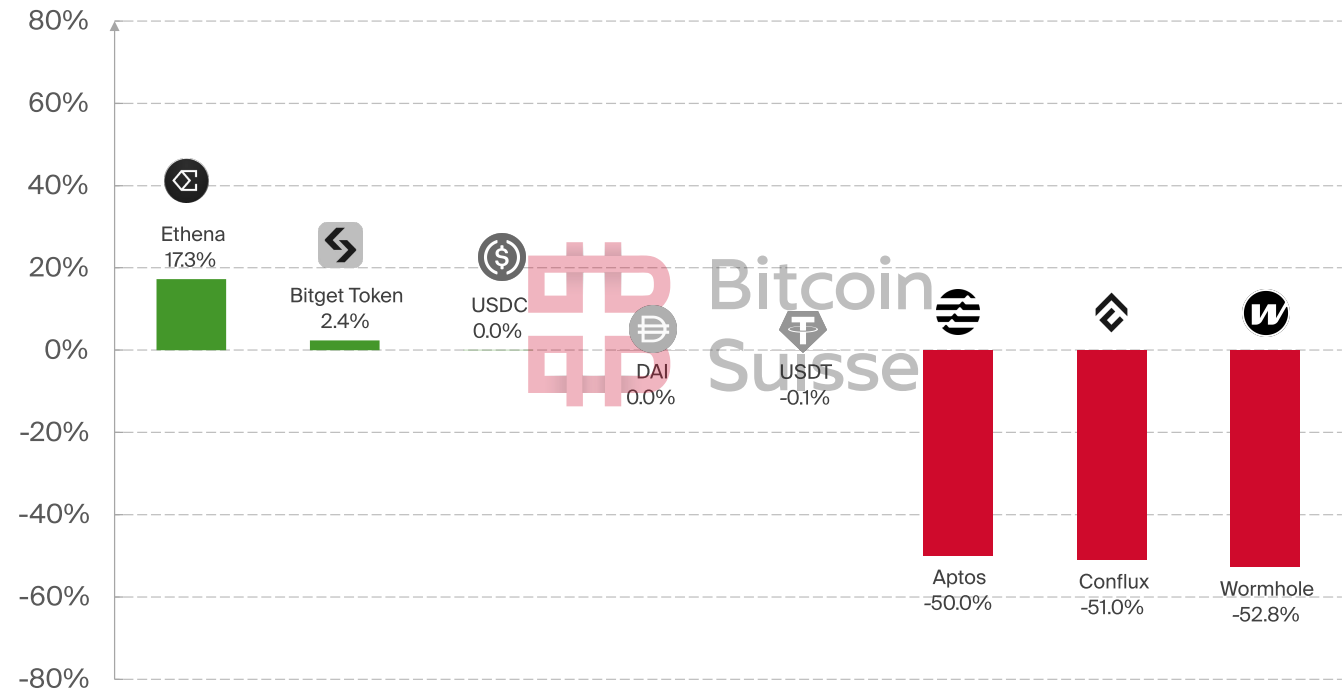
■ Cryptocurrency	+9.3%
■ GPSCP	+4.7%
■ DeFi	-12.6%
■ Utility	-0.1%
■ Culture	+23.6%
■ Tokenized Assets	+5.1%

Scan to access the Bitcoin Suisse Global Crypto Taxonomy:



Few winners – many losers – while stablecoins are stable

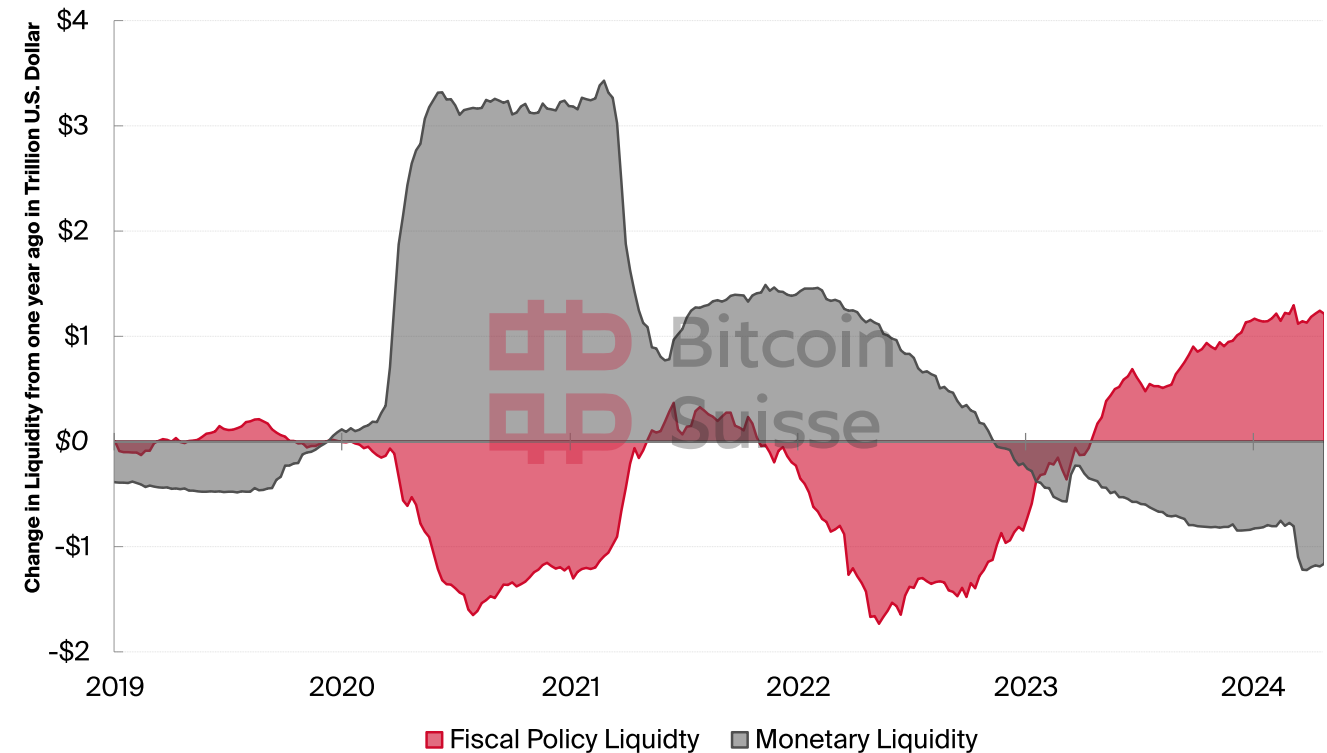
- Ethena outperformed significantly, being among the only two gainers, contrasting widespread declines in the crypto market. Ethena sustained momentum since launching in February, attracting more than \$2 billion to its controversial, yet effective tokenized yield strategy.
- USDC, DAI, and USDT maintained stability, reflecting their role in risk management.
- The biggest losers are younger, more volatile crypto assets, such as Aptos, Conflux or Wormhole, suffering drawdowns of more than 50%. Nascent digital assets currently mostly launch with rather short vesting schedules and a low float/high fully diluted valuation, which might impact their long-term performance.
- We entered an environment where liquid-value investing lacks allure, while retail revolves around simple narratives such as Memecoins or compelling stories such as restaking.



30D Volume in Billions	Ethena	Bitget Token	USDC	DAI	USDT	Wormhole	Conflux	Aptos
	\$13	\$2	\$237	\$24	\$1'711	\$7	\$1	\$4

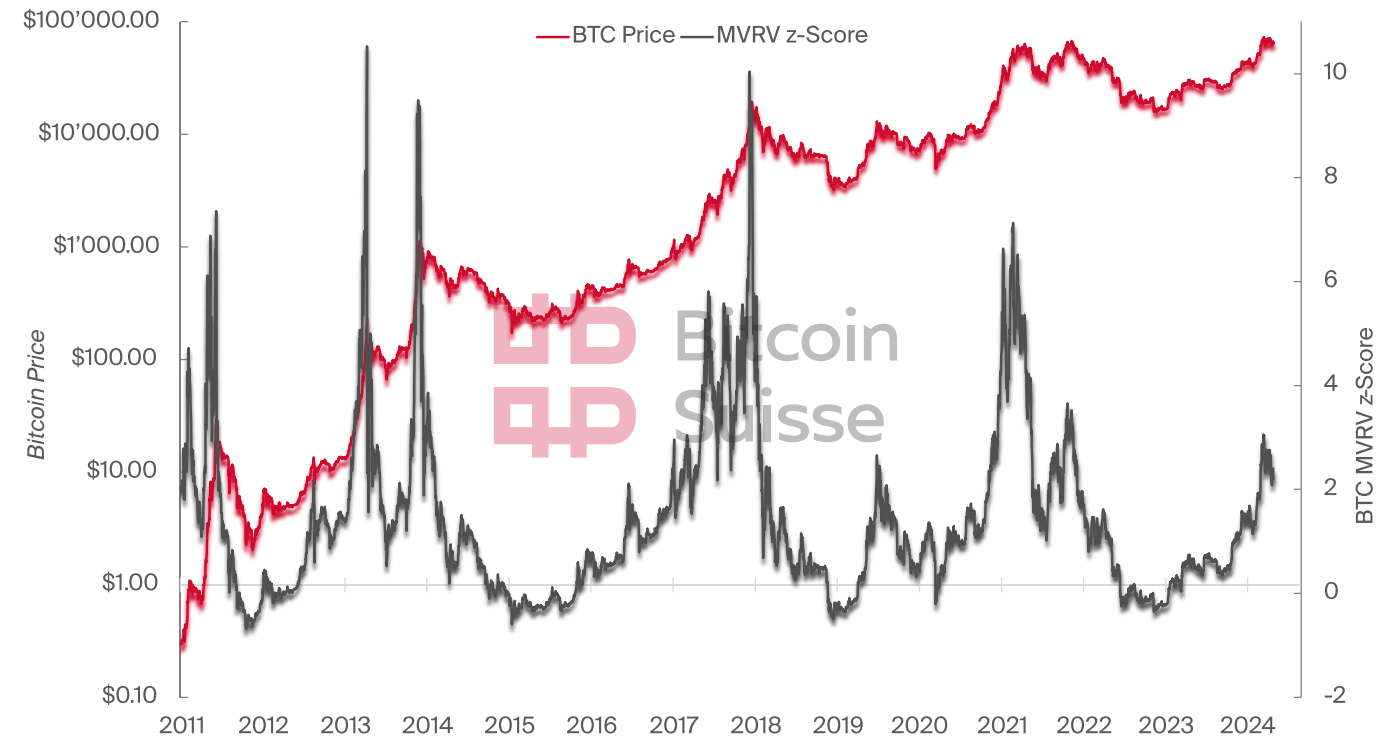
Liquidity tug of war – the culprit of sticky inflation

- Why is inflation “sticky” above 3% and fails to approach the 2% long-term target despite continued high rates?
- Monetary Liquidity (interest rates, central bank balance sheet, other liquidity facilities) has been tightening since late 2022 with high rates and decreasing liquidity.
- Fiscal Liquidity (government debt and spending) has started to expand since late 2022 with growing government spending.
- The overall Liquidity tightened throughout 2022, with both Monetary and Fiscal Liquidity declining during the year.
- Liquidity has been “net flat” since early 2023 due to a tug of war between Monetary and Fiscal Liquidity, cancelling out one another.
- Effects of “tightening” felt in financial and crypto markets (declining Monetary Liquidity), while the effect on the economy and inflation is dampened overall (Fiscal Liquidity increasing).



Room for growth: A modest rally with the peaks still ahead

- The current extension of the Market-Value-to-Realized-Value deviation (z-Score) is moderate and similar to the 2019 interim cycle rally. It likely repeats its mid-cycle correction within the 2-3 zone akin to previous cycles.
- MVRV z-Score usually peaks during bull markets such as 2013/2014, late 2017 and early 2021.
- Deviations from the baseline signal overvaluation and undervaluation and predict market tops and bottoms.
- Prices have room to grow, and a cycle peak for this bull run is further out.

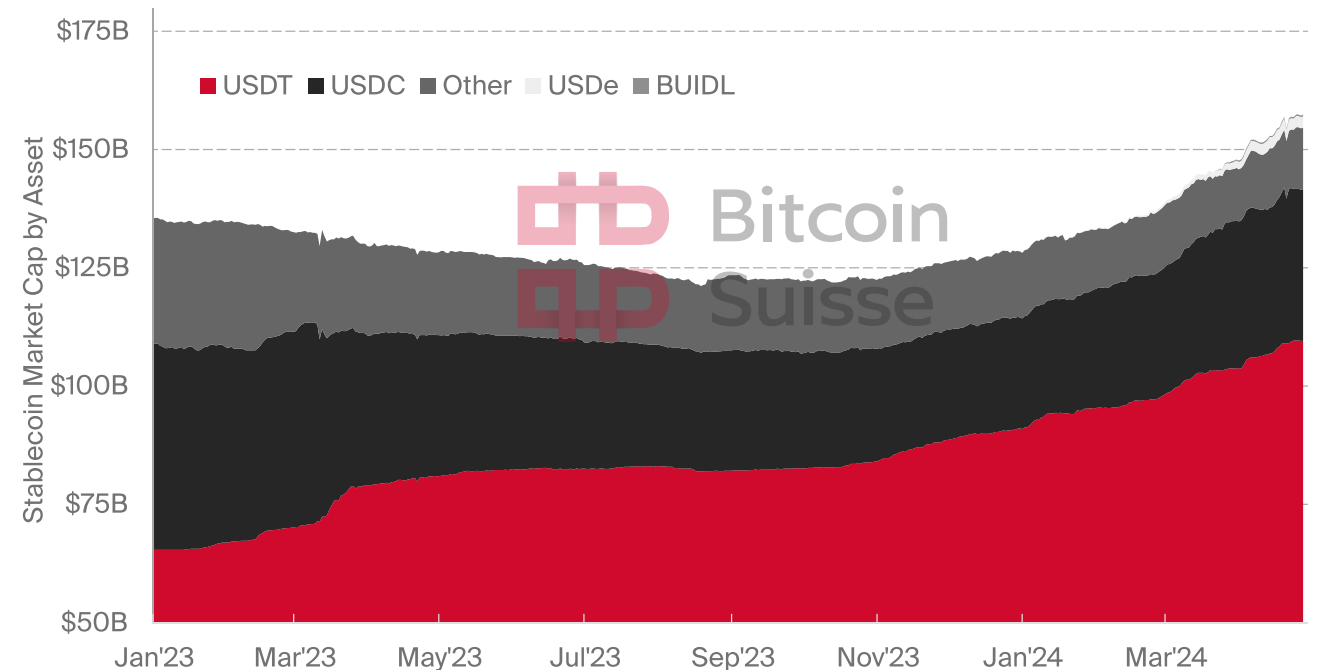


The MVRV Z-Score for Bitcoin is an indicator that measures the ratio of the difference between market value and realized value (the total value based on the price at which each Bitcoin last moved on the blockchain) to the standard deviation of all historical market values, helping to identify whether Bitcoin is under or overvalued relative to its 'fair value'.

Liquidity is back, and liquidity is king

- Stablecoins sustained their uptrend from early Q4 2023 and picked up pace in April, inching closer to the previous cycle's ATH of ~\$180 billion. Notably, the notorious duo being USDC and USDT have already crossed their combined ATH.
- Aside from the new source of liquidity trickling in from institutions via ETFs, Stablecoins remain the most important proxy for liquidity and an important directional indicator of the digital asset markets.
- The increase in MCAP not only outperformed other GCT sectors and sub-sectors on certain timeframes but also grew at a higher pace than the M2 money supply, a common dynamic as digital asset markets tend to be a precursor to traditional ones when it comes to liquidity conditions.
- Stablecoins are one of the industry's major use cases, given monetary debasement in Emerging Markets and the on-chain demand for stable liquidity. As a result, the relative on-chain transaction volume in USD terms is at an ATH, indicating stronger relative adoption of tokenized dollars compared to crypto assets.
- Thus, Stablecoins become a driving force in sustaining the power of the dollar across the globe while simultaneously providing strong demand for US debt (16th largest holder of US Treasuries) as confidence dwindles, as indicated by previous Treasury auctions.
- Tether dominance now ranges above 69% and reported a crushingly impressive net record of \$4.5 billion in profits stemming from US Treasuries, Bitcoin and gold.
- BlackRock's on-chain interest paying stablecoin BUIDL unseated Franklin Templeton's FOBXX as the largest tokenized US Treasury product.
- Remarkably, Ethena's USDe, a novel structured "cash & carry" finance product wrapped in a stablecoin, drives one of the fastest growing DeFi protocols.

MCAP	% of M2 Money Supply	Monthly Transfer Volume	Monthly Transfer Count	Monthly Active Users
\$157.7B	0.76%	\$2.3T	352.4M	27.3M



30-Day Change	+6.9%	"Other" includes DAI, FDUSD, USDD, TUSD, FRAX, BUSD, USDB, PYUSD
90-Day Change	+18.4%	
YTD Change	+22.7%	
Sub-Sector Share	6.5%	

Key crypto developments

Bitcoin

- Bitcoin had a regular halving event on April 20, 2024, reducing the block reward from 6.25 BTC to 3.125 BTC.
- Every 4 years, the amount of BTC minted and assigned to each block miner is halved, until the maximum supply of 21 million BTC is reached in the year 2140.
- Over the years, the income from transaction fees will become more and more important for mining sustainability.

Ethereum

- The Ethereum Dencun upgrade was activated on mainnet, including Proto-Danksharding (EIP-4844).
- EIP-4844 provides blob space as a dedicated data availability resource for rollups.
- Using blob space instead of calldata (shared with Layer 1 smart contracts), rollups can drastically reduce their costs, improving scalability without losing in security or decentralization.
- This is an important step in Ethereum's rollup-centric roadmap, paving the way towards full Danksharding.

Uniswap

- UNI governance approved a plan to introduce UNI staking and distribute a part of the trading fees to the stakers.
- UNI staking will require delegation as a prior step, thus incentivizing governance participation.
- For the plan to be implemented, a corresponding onchain governance vote must first be proposed and approved.
- If implemented, this could trigger a new trend on governance tokens accruing value from protocol revenues.

EigenLayer

- The Eigen Labs team announced EIGEN: the Universal Intersubjective Work Token, distributed to EigenLayer restakers on May 10, 2024.
- EIGEN completes EigenLayer offering as a source of security for AVSs.
- While restaking ETH handles objective faults, staking EIGEN takes care of faults that require social consensus for attribution.
- EIGEN includes a built-in forking mechanism, allowing efficient coordination when slashing malicious operators.

Events in May and June

May

Thursday, 02.05

- • COIN Earnings

Tuesday, 07.05

- • CIFR Earning

Wednesday, 08.05

- • Crypto and Digital Asset Summit, London
- • CORZ Earnings

Thursday, 09.05

- • MARA Earnings
- • CLSK Earnings

Friday, 10.05

- • Eigenlayer Token Generation Event (TGE)

Monday, 13.05

- • WULF Earnings
- • BITF Earnings

Tuesday, 14.05

- • U.S. Core PPI

Wednesday, 15.05

- • U.S. Core CPI
- • Hut 8 Earnings
- • BCH Network Upgrade

Thursday, 16.05

- • IREN Earnings

Monday, 20.05

- • BTDR Earnings

Tuesday, 21.05

- • Crypto Expo Dubai
- • LSK Migration Snapshot

Wednesday, 22.05

- • Bitcoin Pizza Day

Thursday, 23.05

- • VanEck Ether spot ETF application final deadline

Friday, 24.05

- • FET, AGIX, OCEAN - ASI token launch (expected)

Monday, 27.05

- • Solana V1.18 Release

Tuesday, 28.05

- • Blockchain Week Rome

Wednesday, 29.05

- • Stacks Nakamoto Upgrade

Friday, 31.05

- • U.S. Core PCE
- • U.S. Bitcoin Futures Expiration
- • ETH Prague

June

Monday, 03.06

- • ETH Belgrade

Friday, 06.06

- • Crypto Valley Conference

Wednesday, 12.06

- • U.S. Core CPI
- • U.S. Interest Rate Decision
- • FOMC Statement

Thursday, 13.06

- • U.S. Core PPI
- • BTC Prague

Friday, 19.06

- • Nordic Blockchain Conference

Thursday, 27.06

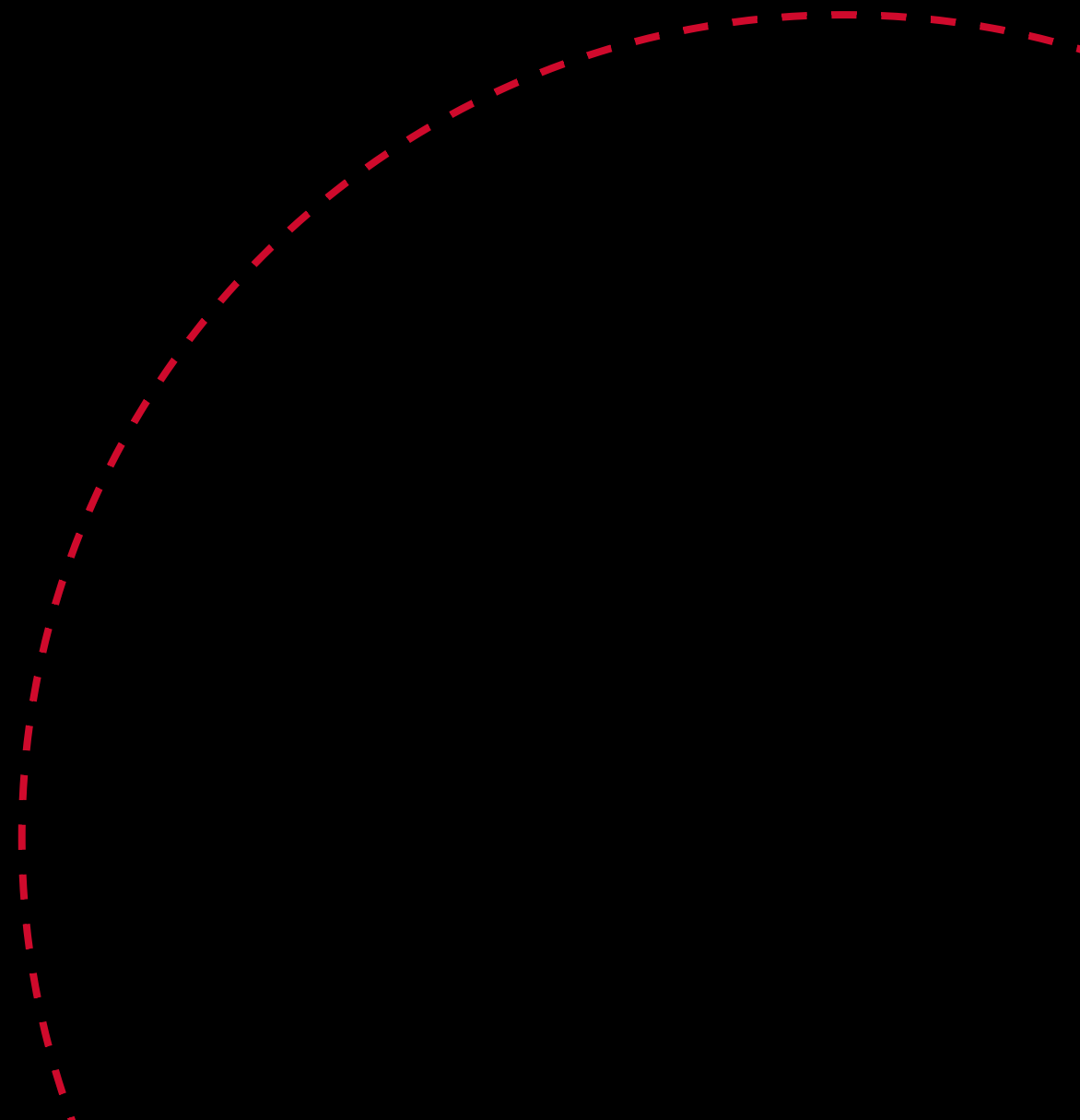
- • U.S. Final GDP QoQ

Friday, 28.06

- • U.S. Core PCE

- Earnings, Economy

- Conferences, TGEs, Upgrades



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