

# Monthly Digital Assets Market Report

November 2022

BTCEtc – ETC Group Physical Bitcoin	<b>BTCE</b>	SOLetc – ETC Group Physical Solana	<b>ESOL</b>
ETHetc – ETC Group Physical Ethereum	<b>ZETH</b>	ADAetc – ETC Group Physical Cardano	<b>RDAN</b>
LTCetc – ETC Group Physical Litecoin	<b>ELTC</b>	UNIetc – ETC Group Physical Uniswap	<b>USWA</b>
BCHetc – ETC Group Physical Bitcoin Cash	<b>BTCH</b>	AVAXetc – ETC Group Physical Avalanche	<b>EVAL</b>
DOTetc – ETC Group Physical Polkadot	<b>PLKA</b>	ATOMetc – ETC Group Physical Cosmos	<b>ATME</b>
XLMetc – ETC Group Physical Stellar	<b>STLR</b>	MATICetc – ETC Group Physical Polygon	<b>MTCE</b>
XTZetc – ETC Group Physical Tezos	<b>EXTZ</b>	XRPetc – ETC Group Physical XRP	<b>GXRP</b>
ETC Group Digital Assets and Blockchain Equity UCITS ETF	<b>KOIN</b>	ETC Group Global Metaverse UCITS ETF	<b>METR</b>

For Professional Clients Only. Capital at risk.

All data as of 31/10/2022

This report was written by, and is the opinion of, ETC Group.

## Key Takeaways

- Is Crypto Winter about to thaw?
- Visa, Google follow BNY Mellon to extend Bitcoin and Ethereum services
- UK to regulate all crypto, not just stablecoins

## Macro Outlook

### Crypto Is Crypto Winter about to thaw?

Crypto rallied in the final days of October 2022, sending Bitcoin to the edge of \$21k and Ethereum 25% higher to \$1.5k. Such sudden optimism after more than 10 months stuck in the depths of a Crypto Winter sent bearish traders running for cover. So what actually happened? The data shows us the catalyst for the price spike was a huge short squeeze.

Between 26 October and 31 October, \$2 billion in trader positions betting on the price of crypto to fall were liquidated. They happened across three major leveraged short liquidation events of more than \$450m in a day.

Prices spiked early on 26 October on macro moves. First, US housing market data showed a huge decline in mortgage applications and home prices falling at their steepest monthly pace in more than a decade. Then the Bank of Canada plumped for a rate rise of 50 basis points (bps) over the more aggressive expected 75bps increase.

Both scenarios put bears on the back foot. The implication now is that the Federal Reserve could bring its aggressive hiking cycle to an end sooner than expected to lessen the impacts of a major US recession.

This would lead to a more favourable environment for those assets associated with a higher risk profile, including crypto.

A lack of major positive catalysts in the post-Merge lull has held back Bitcoin and Ethereum. And yes, these could be early signs the Crypto Winter could be thawing. Spring will return, as it always does, but precisely when it happens comes down to a series of ifs: If central banks pivot; if a global recession is not as deep and painful as expected; if crypto continues to hold its value while equities burn.

Sources available upon request. **Please remember that digital assets can be highly volatile, and your capital is at risk. Past performance is not indicative of future performance.**

## Visa, Google follow BNY to extend Bitcoin and Ethereum services

In October analysts watched with glee as the world's largest custodian bank with \$42 trillion of assets under custody, BNY Mellon, completed its two-year regulatory push to hold Bitcoin and Ethereum for its clients.

This was possibly the most important institutional development in crypto that ETC Group has ever witnessed. And a slew of corporate announcements on crypto adoption have followed.

On 22 October payments giant Visa registered a series of trademarks for its own cryptocurrency wallet and a slew of NFT and metaverse-related tech. One excerpt from the US Patent Office applications reads: "online non-downloadable software for management of digital transactions; non-downloadable virtual goods, namely a collectible series of non-fungible tokens; online non-downloadable software for use as a cryptocurrency wallet."

Critics have long questioned why, if blockchain is so obviously next-generation technology, that Big Tech giants have not yet integrated it into their services. The answer came this month.

On 28 October Google announced that its cloud division would start offering node management services for Ethereum validators. At last count there were more than 456,000 validators on the post-Merge Ethereum blockchain, with 209 million addresses.

Ethereum will be the first blockchain supported by Google Blockchain Node Engine," the company said, "enabling developers to provision fully managed Ethereum nodes with secure blockchain access."

Google set out a bold statement of intent earlier in October when it announced a partnership with Coinbase to allow Web3 companies to pay for hosting services in crypto.

It is particularly significant that tech and payments giants continue to integrate cryptoasset infrastructure in the middle of a deep price retracement, when the market has shed two-thirds of its value. The world's largest companies are not exiting the space in their droves. In fact, quite the opposite.

## UK to regulate all crypto, not just stablecoins

The UK has a new Prime Minister in Rishi Sunak and his victory coincides with an upswing in possibilities for the country's burgeoning crypto sector.

It has been a fraught time for UK politics in the last few months. The former Chancellor under ex-PM Boris Johnson, Sunak replaced the disastrous Liz Truss just 45 days after she assumed office.

Sunak is seen as a safe pair of hands to stabilise a turbulent UK facing multiple pressures at home and abroad. Before his political career Sunak was an analyst at Goldman Sachs, a hedge fund manager with TCI and co-founded equity fund Theleme Partners. None of these previous roles make it onto Rishi's CV.

However, they must inform his ambition "to make the UK a global hub for crypto asset technology". Sunak made the call in April 2022 and his re-entry at the top of the political pile puts crypto squarely on the agenda going into the final stretch of the year.

And a new amendment to the Financial Services and Markets Bill that Reuters reported "will almost certainly pass", would give Britain the power to regulate all cryptoassets, and not just stablecoins as previously thought.

This could lead to a wholesale shift in how cryptoassets are made available for investment in the UK. Since October 2020, retail investors in the UK have not been allowed to invest in crypto ETPs trading on regulated exchanges in Europe, because of a much-derided FCA ruling. There are at least 70 crypto ETPs in Europe run by the largest asset managers and issuers in the world, including ETC Group, Van Eck and WisdomTree. For more crypto insights visit <https://www.etc-group.com/blog/>

Sources available upon request. **Please remember that digital assets can be highly volatile, and your capital is at risk.**

## Featured Products Performance

As of 31.10.2022

	1M	3M	6M	YTD	12M	SI
<b>BTCetc ETC Group Physical Bitcoin</b>	4.57%	-15.12%	-47.45%	-56.34%	-67.99%	100.14%
<i>Bitcoin</i>	4.75%	-14.68%	-46.91%	-55.60%	-67.33%	110.11%
<b>ETHetc ETC Group Physical Ethereum</b>	16.58%	-9.85%	-44.51%	-57.67%	-65.03%	-0.51%
<i>Ether (Ethereum)</i>	16.73%	-9.50%	-44.08%	-57.14%	-64.49%	1.38%
<b>ETC Group Digital Assets and Blockchain Equity UCITS ETF</b>	3.51%	-13.75%	-38.93%	-66.56%	NA	-78.01%
<i>Solactive ETC Group Digital Assets and Blockchain Equity Index NTR</i>	3.51%	-13.68%	-38.77%	-66.41%	-75.08%	-77.93%
<b>ETC Group Global Metaverse UCITS ETF</b>	3.35%	-5.84%	-15.01%	-18.37%	NA	-18.37%
<i>Solactive ETC Group Global Metaverse Index</i>	3.40%	-5.85%	-14.87%	-41.03%	-44.78%	-18.25%

**Please note that all performance figures are showing net data.** Source: Bloomberg / HANetf. Data as of 31/10/2022. Performance before inception is based on back tested data. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. When you invest in ETFs and ETCs, your capital is at risk.

## Featured Product Details

Visit the [BTCE Fund Page](#) for more information

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
Deutsche Boerse Xetra	BTCE GY	BTCE.DE	DE000A27Z304	-	BMWSLR9	USD	2.00%
SIX Swiss Exchange	BTCE SW	BTCEUSD.S	DE000A27Z304	55503260	BLB3S55	USD	2.00%
SIX Swiss Exchange	BTCEGBP SW	BTCEGBP.S	DE000A27Z304	55503260	BLB3S66	GBP	2.00%
SIX Swiss Exchange	BTCECHF SW	BTCECHF.S	DE000A27Z304	55503260	BLB3S77	CHF	2.00%
Euronext Paris	BTCEEUR:FP	BTCE.PA	DE000A27Z304	-	BN0ZB02	EUR	2.00%
Euronext Amsterdam	BTCEUSD:NA	BTCE.AS	DE000A27Z304	-	BN0ZB13	EUR	2.00%
CBOE	BTCEd I2	BTCEd.DXE	DE000A27Z304	-	BNM7CN6	EUR	2.00%

Visit the [ZETH Fund Page](#) for more information

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
Deutsche Boerse Xetra	ZETH GY	ZETH.DE	DE000A3GMKD7	-	BMV2RQ3	EUR	1.49%
SIX	ZETH SE	ZETHUSD.S	DE000A3GMKD7	110488627	BN0WR83	USD	1.49%
SIX	ZETHCHF SW	ZETHCHF.S	DE000A3GMKD7	110488627	BN0WRB6	CHF	1.49%
SIX	ZETHGBP SW	ZETHGBP.S	DE000A3GMKD7	110488627	BN0WR94	GBP	1.49%
Euronext Paris	ZETH FP	ZETH.PA	DE000A3GMKD7	-	BN0Z9Y2	EUR	1.49%
Euronext Amsterdam	ZETH NA	ZETH.AS	DE000A3GMKD7	-	BN0Z9Z3	USD	1.49%

Visit the [KOIN Fund Page](#) for more information

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
London Stock Exchange	KOIN LN	KOIN.L	IE00BMQ8YK98	-	BMBTJ46	USD	0.60%
London Stock Exchange	KOIP LN	KOIP.L	IE00BMQ8YK98	-	BN4MYX3	GBP	0.60%
Borsa Italiana	KOIN IM	KOIN.MI	IE00BMQ8YK98	-	BMXR829	EUR	0.60%
Deutsche Boerse Xetra	KO1N GY	KO1N.DE	IE00BMQ8YK98	-	BMXR807	EUR	0.60%
SIX	KOIN SW	KOIN.S	IE00BMQ8YK98	112518685	BMX8DD8	CHF	0.60%
Euronext Paris	KOIN FP	KOIN.PA	IE00BMQ8YK98	-	BMD2GJ7	EUR	0.60%

Visit the [METR Fund Page](#) for more information

Exchange	BBG Code	RIC	ISIN	SEDOL	Currency	TER
London Stock Exchange	METR LN	METR.L	IE000KDY1003	BMV7W41	BMV7W41	0.65%
London Stock Exchange	METP LN	METP.L	IE000KDY1003	BMV7ZZ3	BMV7ZZ3	0.65%
Deutsche Boerse Xetra	M37R GY	M37R.DE	IE000KDY1003	BMCDV18	BMCDV18	0.65%
Borsa Italiana	METR IM	METR.MI	IE000KDY1003	BMCDTZ8	EUR	0.65%



ETC Group has been created to provide investors with the tools to access the investment opportunities of the digital assets and blockchain ecosystem. United within ETC Group is one of the world's largest electronic market makers and an exceptional team of financial services professionals and entrepreneurs, with experience spanning both the worlds of digital assets and regulated markets. While product quality and safety stand at the core of our product creation approach, we aim at continuously launching best-in-class institutional-grade exchange traded products.

As a company, we have launched the world's first centrally cleared Bitcoin exchange traded product on Deutsche Börse XETRA, the largest ETF trading venue in Europe, and have also launched Europe's first Metaverse ETF together with HANetf. Further information as well as regular digital assets research publications can be found on [www.etc-group.com](http://www.etc-group.com).



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  - ii. the carbon securities ETCs under the terms in the base prospectus approved by the UK Financial Conduct Authority ("FCA") and the relevant final terms of the carbon securities (together, "FCA Carbon ETC Prospectus"); and
  - iii. the carbon securities ETCs under the terms in the base prospectus approved by the Central Bank of Ireland ("CBI") and the final terms of the carbon securities (together, "CBI Carbon ETC Prospectus").

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The ETF Prospectus, Metals ETC Prospectus, FCA Carbon ETC Prospectus, CBI Carbon ETC Prospectus and Cryptocurrency Prospectus can all be downloaded from [www.hanetf.com](http://www.hanetf.com).

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