

BITFINEX Alpha



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EXECUTIVE SUMMARY

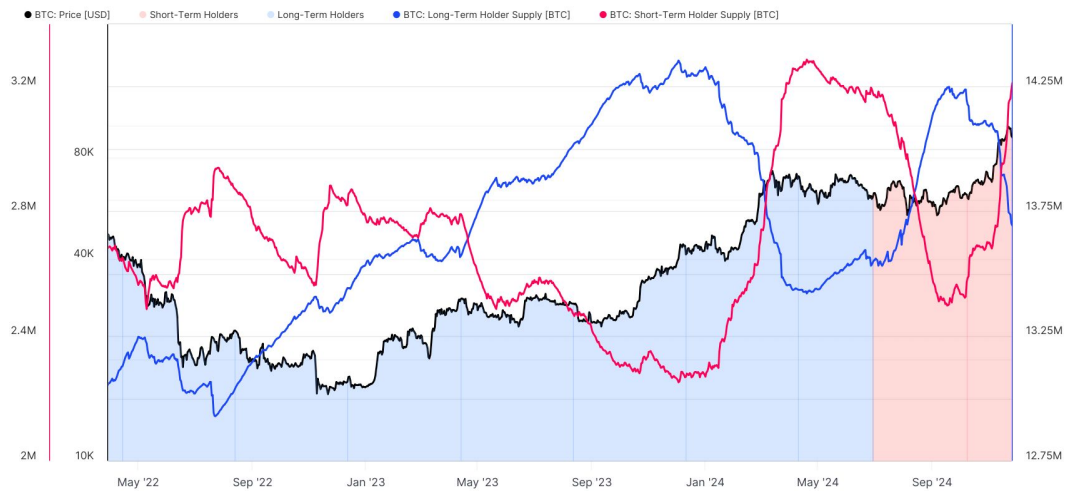
BTC to Break \$100k if STH Demand Can Meet LTH Supply

November ended on a high note for Bitcoin despite some brief turmoil last week. BTC experienced its [largest pullback](#) since the US elections, with an 8.64 percent intra-week decline to \$90,911, before swiftly rebounding and delivering a [record-breaking monthly close](#) at \$96,506. Bitcoin ended November with an impressive 37.3 percent gain, making it the second-best month so far of 2024.

Time	January	February	March	April	May	June	July	August	September	October	November	December
2024	+0.62%	+43.55%	+16.81%	-14.76%	+11.07%	-6.96%	+2.95%	-8.6%	+7.29%	+10.76%	+37.29%	+0.46%
2023	+39.63%	+0.03%	+22.96%	+2.81%	-6.98%	+11.98%	-4.02%	-11.29%	+3.91%	+28.52%	+8.81%	+12.18%
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%
Average	+3.35%	+15.66%	+13.42%	+12.98%	+7.94%	-0.35%	+7.56%	+1.75%	-3.77%	+21.89%	+46.02%	+5.03%
Median	+0.29%	+15.32%	+0.50%	+5.04%	+3.17%	-0.49%	+8.90%	-8.04%	-4.35%	+21.20%	+10.82%	-1.56%

This stellar performance continues to underscore Bitcoin's robust momentum, positioning it well as we enter December. Historically, December has been a volatile month for Bitcoin, but in [halving](#) years, the asset has delivered [exceptional average returns](#) of 38.86 percent. Given the current bull market dynamics, we believe Bitcoin is poised for further gains, albeit with potential short-term volatility. Any short term pullbacks are [likely to be triggered](#) by ETF outflows and Long-Term Holder (LTH) profit-taking. Last week, ETFs registered net outflows of \$135.1 million, with the bulk of these taking place during the first two trading days. LTHs have distributed a significant 508,990 BTC since September, increasing the supply entering the market. While this remains below the 934,000 BTC distributed before the March 2024 highs, the continued selling pressure [requires](#) sustained demand from ETFs and marginal buyers to avoid further pullbacks.

Bitcoin: Long/Short-Term Holder Threshold



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Interestingly, Short Term Holder (STH) supply is nearing its [cycle high](#) of 3,282,000 BTC. Historically, the final phase of a bull market begins when STH supply breaches pre-halving cycle highs. This shift [indicates](#) increasing retail participation but also highlights the market's reliance on incoming demand to absorb LTH profit-taking.

As Bitcoin transitions further into its bull market cycle, the current consolidation phase serves as a necessary pause for absorbing profit-taking and realigning market demand. With strong ETF inflows resuming and increasing retail interest, we believe Bitcoin remains [well-positioned](#) to break through the psychological \$100,000 barrier.

The US economy also displayed [resilience](#) in late 2024, driven by strong consumer spending, steady labour market growth, and moderated inflation expectations - though challenges still persist. In October, consumer spending [rose](#) 0.4 percent alongside a 0.6 percent increase in income, while inflation [climbed modestly](#), with core PCE up 2.8 percent year-over-year. Business investment showed mixed signals, as durable goods orders rose slightly, and GDP growth [held steady](#) at 2.8 percent in the third quarter, supported by strong wages and near-record corporate profits.

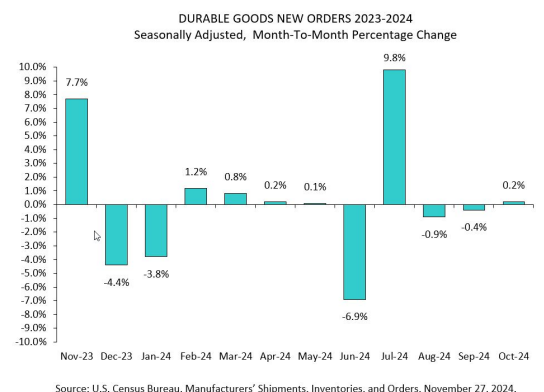


DURABLE GOODS – NEW ORDERS

OCTOBER 2024	\$286.6 billion	+0.2%°
SEPTEMBER 2024 (revised)	\$285.9 billion	-0.4%°

Next release: December 24, 2024

Data adjusted for seasonal variation but not for price changes.
 °Statistical significance is not measurable for this survey. The Manufacturers' Shipments, Inventories, and Orders estimates are not based on a probability sample, so the sampling error of these estimates cannot be measured nor can the confidence intervals be computed.
 Source: U.S. Census Bureau, Manufacturers' Shipments, Inventories and Orders, November 27, 2024.



Source: U.S. Census Bureau, Manufacturers' Shipments, Inventories, and Orders, November 27, 2024.

November consumer confidence [hit a 16-month high](#), driven by labour market optimism and falling inflation expectations, which declined to 4.9 percent. However, [uncertainty remains](#) over inflationary pressures from the incoming Trump administration's policies. Despite these challenges, robust consumer activity and labour market strength are expected to sustain economic momentum into the year-end.

Hong Kong's push for innovation in digital finance, Celsius Network's bankruptcy resolution efforts, and regulatory changes in Russia were in the crypto headlines last week, as stablecoins also continued to gain prominence. The Hong Kong Monetary Authority [launched](#) the Digital Bond Grant Scheme, offering subsidies of up to HK\$2.5 million per issuance to promote tokenised bonds, strengthening Hong Kong's position as a hub for virtual assets. Meanwhile, Celsius Network [initiated](#) its second \$127 million payout to creditors, advancing its bankruptcy proceedings. At the same time, its former CEO faces ongoing legal challenges, underscoring the complexities of corporate accountability in the sector.

In Russia, a new law recognising digital currencies as property and exempting crypto mining from VAT [marks a significant step](#) in regulatory clarity, aiming to balance growth in the digital asset market with structured taxation and compliance. Simultaneously, the stablecoin market [reached](#) a record \$190 billion market capitalisation, with Tether's USDT accounting for 70 percent of the total. Driven by cross-border payment efficiency and adoption by traditional financial firms like Stripe and PayPal, stablecoins are solidifying their role in mainstream finance. These developments highlight the interplay of innovation, regulation, and market dynamics shaping the cryptocurrency industry.

Have a good trading week!



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MARKET SIGNALS



BTC Experiences Largest Pullback Since Elections Before Strong November Close

Last week, as spot Bitcoin ETF flows slowed and long-term holder distribution continued, the market saw an intra-week pullback of 8.64 percent, with [Bitcoin](#) reaching a low of \$90,911 on 26 November. This marked the largest pullback since the pre-election sell-off 26 days ago, when Bitcoin dipped to \$66,800. This decline highlighted the market's sensitivity to both institutional flow dynamics and long-term holder profit-taking, suggesting a potential pause or consolidation before further upward momentum.



Figure 1. BTC/USD 4H Chart. (Source: Bitfinex)

While the sell-off over the past week was the largest of the entire month of November, the price rebounded quickly to have a strong monthly close at \$96,506. This is the highest monthly close in the asset's history and also corresponds to a strong November 2024 performance, which closed the month up 37.3 percent.

Time	January	February	March	April	May	June	July	August	September	October	November	December
2024	+0.62%	+43.55%	+16.81%	-14.76%	+11.07%	-6.96%	+2.95%	-8.6%	+7.29%	+10.76%	+37.29%	+0.46%
2023	+39.63%	+0.03%	+22.96%	+2.81%	-6.98%	+11.98%	-4.02%	-11.29%	+3.91%	+28.52%	+8.81%	+12.18%
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%
Average	+3.35%	+15.66%	+13.42%	+12.98%	+7.94%	-0.35%	+7.56%	+1.75%	-3.77%	+21.89%	+46.02%	+5.03%
Median	+0.29%	+15.32%	+0.50%	+5.04%	+3.17%	-0.49%	+8.90%	-8.04%	-4.35%	+21.20%	+10.82%	-1.56%

Figure 2. Bitcoin Monthly Returns Since 2013. (Source: Coinglass)

Despite the brief pullback last week, November was the second best month so far this year in terms of returns, currently trailing only February, which saw a 43.55 percent gain. With strong momentum heading into December, the outlook remains bullish. While Bitcoin's average performance in December is typically around 5.03 percent, with a median of -1.56 percent, [halving](#) years have historically seen exceptional performance, with an average increase of 38.86 percent. This trend suggests that Bitcoin may continue to perform strongly as we approach the final month of the year.

While December is typically a choppy and ranging month for Bitcoin, we anticipate that, given the context of the halving year and the strong momentum carried over from November, December will likely remain a neutral to positive month for BTC, despite any potential volatility. The volatility is expected to be higher towards the end of the month due to the end of the year being the largest options expiry in terms of total open interest across all strike prices.

What's Important in the Short-Term?

As discussed earlier, the mid-term outlook for Bitcoin remains extremely positive. In the short-term however, concerns for a deeper pullback persist. Spot Bitcoin ETFs had net outflows of \$135.1 million last week across ETF providers (See Figure below).

	IBIT	FBTC	BITB	ARKB	BTCO	EZBC	BRRR	HODL	BTCW	GBTC	BTC	
Fee	0.25%	0.25%	0.20%	0.21%	0.25%	0.19%	0.25%	0.20%	0.25%	1.50%	0.15%	
12 Nov 2024	778.3	37.2	0.0	(5.4)	0.0	0.0	0.0	10.1	0.0	(17.8)	15.1	817.5
13 Nov 2024	230.8	186.1	12.3	14.5	0.0	0.0	0.0	5.1	0.0	0.0	61.3	510.1
14 Nov 2024	126.5	(179.2)	(113.9)	(161.7)	0.0	0.0	0.0	2.5	0.0	(69.6)	(5.3)	(400.7)
15 Nov 2024	0.0	(175.1)	(7.4)	(108.6)	0.0	0.0	(1.7)	(7.7)	0.0	(22.5)	(47.0)	(370.0)
18 Nov 2024	89.3	60.0	24.4	13.2	0.0	0.0	0.0	7.7	0.0	5.8	54.4	254.8
19 Nov 2024	216.1	256.1	52.8	267.3	0.0	0.0	0.0	7.9	0.0	16.2	13.1	829.5
20 Nov 2024	626.5	133.9	9.2	3.8	0.0	0.0	0.0	0.0	0.0	0.0	-	773.4
21 Nov 2024	608.4	301.0	68.0	17.2	0.0	5.7	0.0	5.6	0.0	(7.8)	7.0	1,005.1
22 Nov 2024	513.2	21.7	0.0	0.0	5.0	0.0	6.2	5.6	0.0	(67.1)	5.7	490.3
25 Nov 2024	267.8	(134.7)	(280.7)	(110.9)	(10.9)	0.0	0.0	(8.1)	0.0	(158.2)	0.4	(435.3)
26 Nov 2024	0.0	(95.7)	6.5	0.0	(2.3)	0.0	0.0	0.0	0.0	(36.1)	4.8	(122.8)
27 Nov 2024	0.0	40.2	48.0	0.0	0.0	2.8	0.0	0.0	0.0	0.0	12.0	103.0
28 Nov 2024	-	-	-	-	-	-	-	-	-	-	-	0.0
29 Nov 2024	137.5	106.5	26.5	7.8	0.0	0.0	0.0	33.1	0.0	0.0	8.6	320.0
Total	31,738	11,454	2,233	2,656	419	454	541	787	217	(20,520)	700	30,679

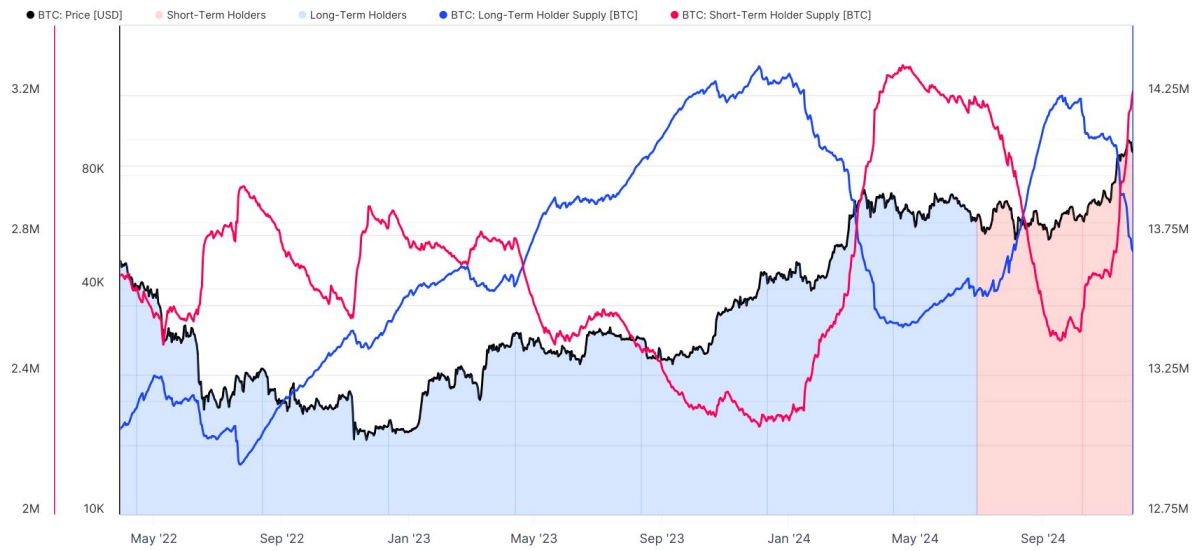
Figure 3. US Spot Bitcoin ETF Flows Across All Providers. (Source: FarsideUK)

ETF flows initially saw significant outflows during the first two trading days of the week, however these reversed course, as inflows were observed during the final two days of the week. If this recovery continues, we anticipate that Bitcoin will maintain its upward momentum.

Increased profit-taking has also been in evidence from the long-term holder (LTH) cohort. The reason positive ETF flows and strong demand from other marginal buyers is required in the short-term is because the supply entering the Bitcoin market from the LTH cohort has remained sustained over the past two weeks and a lack of spot demand to absorb this supply could result in a further pullback in price.

As seen in previous cycles during this current mid-bull market phase, the Long-Term Holder (LTH) cohort is once again capitalising on the increased demand by resuming large-scale distribution of their held supply. Since the peak in LTH supply in September, this cohort has distributed a notable 508,990 BTC (See Figure below).

Bitcoin: Long/Short-Term Holder Threshold



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Figure 4. Bitcoin Long/Short Term Holder Supply with Long-Term Holder Threshold.
(Source: Glassnode)

While this is significant volume, it remains smaller in scale compared to the 934,000 BTC spent during the rally leading into the March 2024 high of \$73,666. It is also important to note that short-term holder (STH) supply is also nearing its cycle high of 3,282,000 BTC and is currently at 3,252,000 BTC. Typically, the final leg of the bull market usually starts after the STH supply breaches the pre-halving cycle high. The blue/red shadow in the Figure above shows the threshold which represents the 155-day period from the current day. If a coin was purchased before this threshold and has not moved since, it will be considered LTH supply. All other coins are considered STH supply. Thus, considering the last eight month range for Bitcoin, we have seen LTHs re-accumulating after distributing their coins pre-halving, while STHs are currently rapidly buying and accumulating coins as LTHs have begun to re-distribute their holdings. The only concern for Bitcoin in the short-term is if there is enough incoming demand to absorb this non-trivial distribution from LTHs. In case of a lack of sufficient demand, we could see a larger pullback before continuation higher.

Given the rapid reduction in LTH supply, it is also important to recognise that this is profit taking that is expected for this stage of the market cycle. Long Term Holder SOPR (Spent Output Profit Ratio), which measures the profit margin at which long term holders of Bitcoin are selling their coins, historically shows that market tops occur when LTHs are selling at an average profit of 3-5x. This would see LTH SOPR above 3 on the chart below. Currently the SOPR average value is around 2.6.

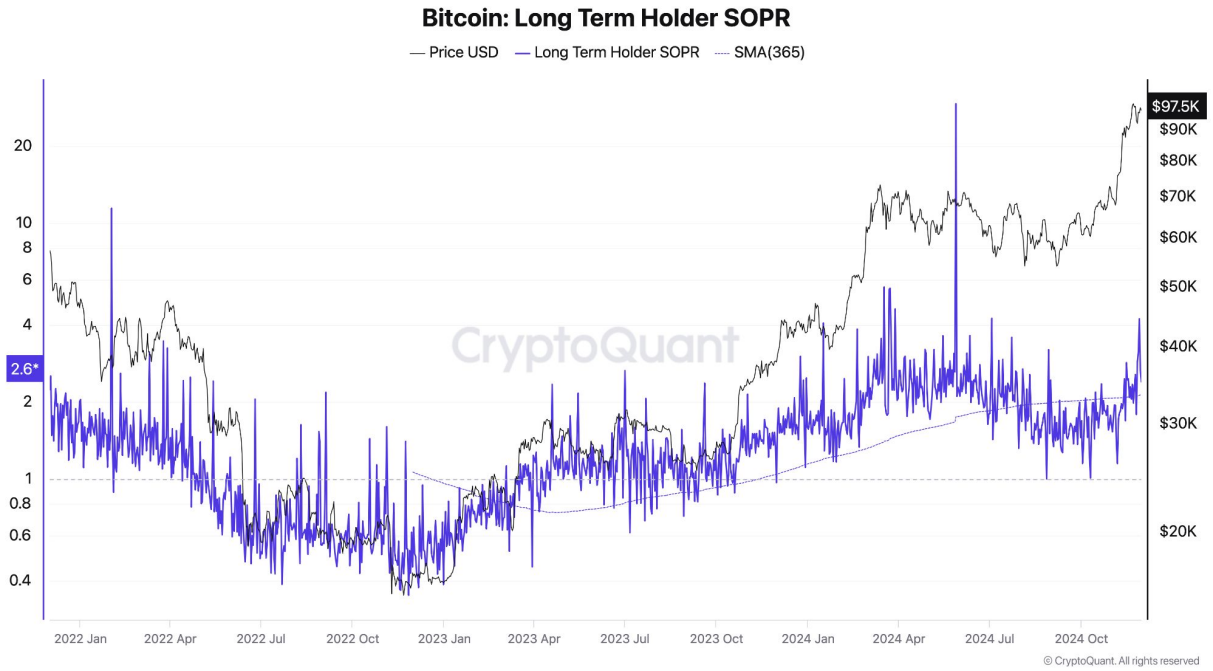


Figure 5. Bitcoin Long-Term Holder Spent Output Profit Ratio. (Source: CryptoQuant)



GENERAL MACRO UPDATE



US Consumer Spending Grows Despite Inflation

	2024				
	June	July	Aug.	Sept.	Oct.
	Percent change from preceding month				
Personal income:					
Current dollars	0.2	0.3	0.2	0.3	0.6
Disposable personal income:					
Current dollars	0.1	0.2	0.1	0.3	0.7
Chained (2017) dollars	0.0	0.0	0.0	0.1	0.4
Personal consumption expenditures (PCE):					
Current dollars	0.3	0.6	0.2	0.6	0.4
Chained (2017) dollars	0.1	0.4	0.1	0.5	0.1
Price indexes:					
PCE	0.1	0.2	0.1	0.2	0.2
PCE, excluding food and energy	0.2	0.2	0.2	0.3	0.3
	Percent change from month one year ago				
PCE	2.4	2.5	2.3	2.1	2.3
PCE, excluding food and energy	2.6	2.7	2.7	2.7	2.8

Figure 6. Personal Income and Outlays (Source: Bureau of Economic Analysis)

Consumer spending in the US rose more than expected in October, signalling continued economic strength. However, progress in reducing inflation remains slow, presenting challenges for policymakers, particularly as they navigate fiscal and trade policy changes under the incoming administration.

The Bureau of Economic Analysis' [Personal Income and Outlays report](#) for October 2024, highlighted a 0.4 percent rise in personal spending and a 0.6 percent increase in personal income. These figures showcased the resilience of the US economy and households, especially as the country approaches the holiday shopping season. Yet, stubborn inflation remains a concern, complicating the Federal Reserve's efforts to meet its 2 percent inflation target.



Inflation Trends and Policy Implications

The Personal Consumption Expenditures (PCE) price index, which is the Federal Reserve's preferred inflation measure, [rose by 0.2 percent](#) in October and 2.3 percent year-over-year. The core PCE index, which excludes volatile food and energy prices, increased by 0.3 percent for the month and 2.8 percent from the previous year. This persistent inflation reflects higher service-sector prices, which surged by 3.9 percent annually, despite a 1 percent drop in goods prices.

The report also pointed to potential headwinds from anticipated higher tariffs under the Trump administration. Increased costs for imported goods, particularly in sectors like auto manufacturing, could drive inflation higher, impacting both goods and services prices. Expect policymakers to closely monitor the PCE and core PCE indices to understand these evolving trends.

Economic Strength vs. Policy Challenges

Despite inflationary pressures, the financial health of American households remains robust. Rising incomes have supported strong spending patterns, particularly as the holiday shopping season ramps up. These dynamics contribute to sticky service-sector inflation, though there are signs it may be easing.

Looking ahead, the Federal Reserve may face pressure to pause its rate-cutting cycle. While a 25-basis-point rate cut is still anticipated at the next Federal Open Market Committee meeting on December 17-18th, uncertainties surrounding fiscal and trade policies could prompt a more cautious approach. The central bank's March Summary of Economic Projections will provide updated insights, factoring in these new developments.

The US economy is showing resilience as strong consumer spending and income growth provide a solid foundation for the holiday season. However, persistent inflation, especially in the service sector, poses challenges for policymakers. With looming trade and fiscal policy changes likely to push costs higher, the Federal Reserve may need to reassess its rate-cutting strategy to balance growth and price stability in the months ahead.

Business Spending Mixed as Economy Stabilises

Mixed signals are emerging from industrial indicators. Business spending on equipment was mixed in October, reflecting fiscal and monetary policy uncertainty. However, with expectations of steady domestic growth, private investment in capital goods looks likely to strengthen in the coming months.

The [Monthly Advance Report on Durable Goods Manufacturers' Shipments Inventories and Orders report for October](#), released by the Commerce Department revealed variations in business investment trends. Even as the Bureau of Economic Analysis published its second estimate for third quarter GDP, confirming a growth rate of 2.8 percent.

Business Spending and GDP Growth

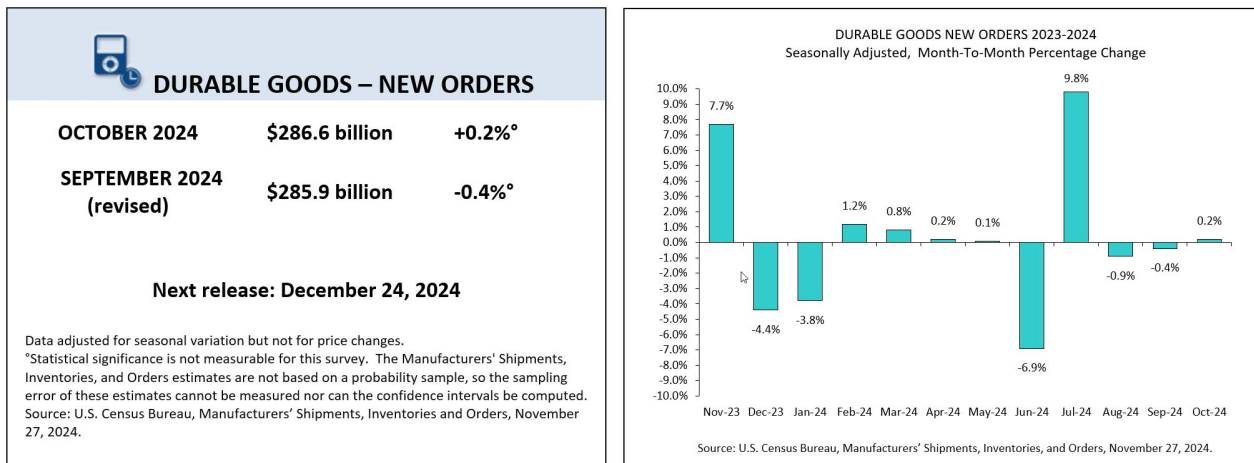


Figure 7. Durable Goods - New Orders (Source: US Census Bureau)

Durable goods orders, which are a measure of long-term business investments, showed mixed results. Orders for core capital goods, excluding defence and aircraft, fell slightly by 0.2 percent, signalling cautious spending by businesses. However, shipments of the same category rose by 0.2 percent, reflecting some momentum in deliveries. Overall, durable goods orders increased marginally by 0.2 percent, with electrical equipment seeing the strongest gains, up 1.3 percent.

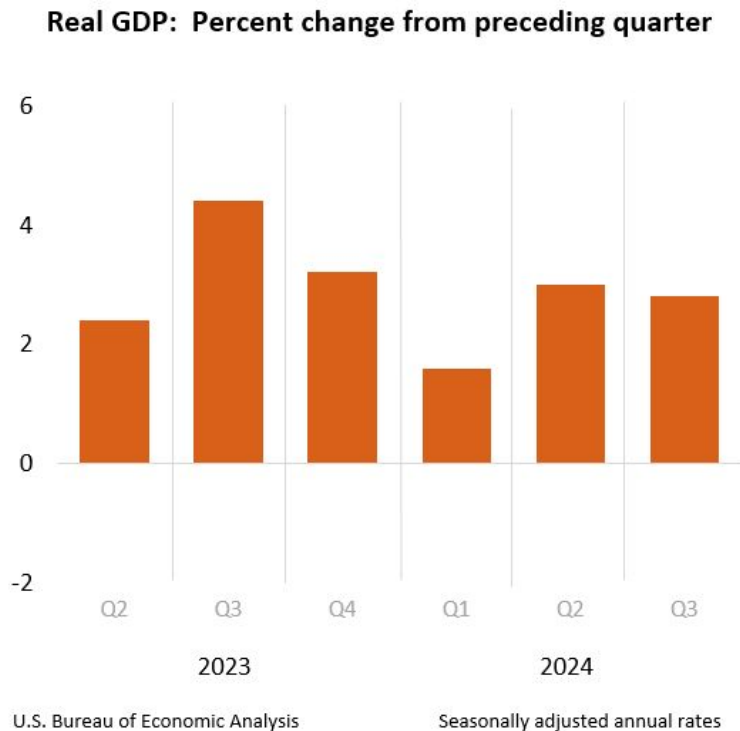


Figure 8. Real GDP - Percent Change from Preceding Quarter

Meanwhile, the third quarter GDP estimates [showed](#) that growth in the third quarter remained at 2.8 percent. In the second quarter, real GDP increased 3 percent. The report also provided a first look at gross domestic income (GDI), which rose at an annualised rate of 2.2 percent. Combining GDP and GDI, the economy grew at an average rate of 2.5 percent, consistent with the previous quarter. Robust wage and income growth supported this performance, highlighting the labour market's strength.

Corporate profits after tax, with inventory and capital consumption adjustments, remained near record highs, dipping by only \$0.4 billion in the third quarter. On an annual basis, these profits increased by 6.4 percent, helping to sustain strong equity market performance during the same period.

Labour Market Stability

Labour market data added further stability to the economic outlook. [First-time jobless claims remained steady at 213,000](#), while continuing claims rose to 1.9 million for the week ending November 23rd. These figures suggest that firms are carefully managing their workforce in an economy operating near full employment. However, during periods of low labour market churn, individuals outside the workforce often face prolonged unemployment.

Despite mixed signals in business equipment spending and a slight downward revision in consumer spending, the broader economic picture remains positive. Steady wage growth, resilient corporate profits, and strong labour market fundamentals underpin the economy's recent performance. With uncertainties around fiscal and monetary policies expected to ease, private investment in capital goods could regain momentum, supporting continued economic stability in the months ahead.

US Consumer Confidence Hits 16-Month High On Labour Market Optimism

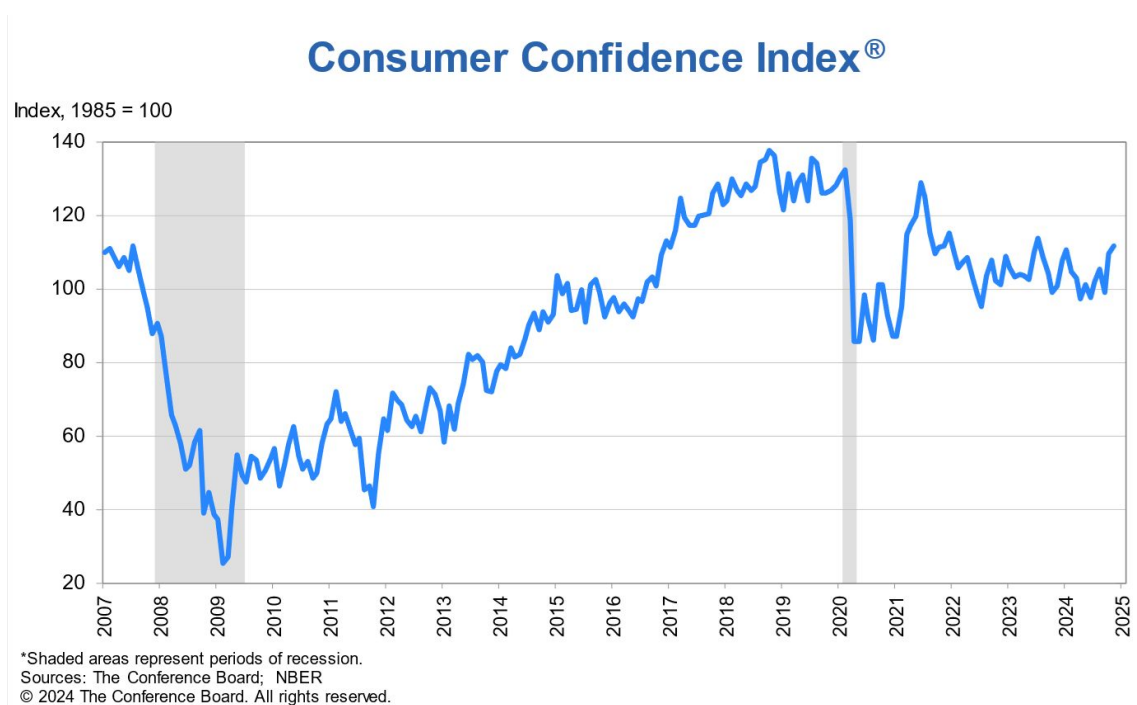



Figure 9. Consumer Confidence Index

US consumer confidence soared to its highest level in over a year this November, driven by improved perceptions of the labour market, declining inflation expectations, and optimism for economic stability in the year ahead. This marked the second consecutive monthly increase in confidence, signalling positive momentum in the economy despite lingering concerns about inflation and potential policy shifts.

According to the [US Conference Board's Consumer Confidence Survey](#) issued last Tuesday, November 26th, the consumer confidence index had risen to 111.7, up from 109.6 in October. This increase coincided with the aftermath of the November 5th election, which returned Donald Trump to the presidency and maintained Republican control of Congress.

The primary reason behind this boost in confidence is the strengthening labour market. Survey participants reported that finding new jobs had become easier, and the labour differential sub index - a measure of the gap between jobs perceived as "plentiful" versus "hard to get" - reached its highest level since June. This improvement suggests a strong rebound in the labour market, recovering from temporary setbacks in October.



The sustained improvement in employment conditions is also likely to bolster consumer spending, a critical driver of the economy, as the year draws to a close.

Another factor contributing to the surge in confidence is the notable drop in inflation expectations. Consumers now expect average inflation over the next 12 months to be 4.9 percent, down from 5.3 percent in October, marking the lowest level since March 2020. Despite this improvement, high prices still remain a significant concern, with many Americans identifying lower costs as a priority for the coming year.

President-elect Trump's victory has been partially attributed to voter frustrations over inflation, however, there are concerns that Trump's proposed economic policies, such as higher tariffs and stricter immigration measures, might increase inflationary pressures over time, potentially slowing the pace of interest rate cuts next year.

While lower inflation expectations are currently bolstering consumer spending, the outlook remains uncertain. Stronger economic growth, anticipated under the new administration, could eventually lead to higher inflation, challenging consumers' current optimism. Whether inflationary fears materialise depends on how the administration's policies unfold in the months ahead.

For now, the combination of a robust labour market and moderated inflation expectations offers a favourable environment for sustained consumer activity, which is expected to support the economy through the end of the year.



NEWS FROM THE CRYPTO-SPHERE



Celsius Network Initiates Second \$127 Million Payout



Figure 10. Celsius Network Initiates Second \$127 Million Payout As Legal Challenges Continue

Celsius Network has initiated a second distribution to creditors, allocating \$127 million, bringing the total recovery rate to approximately 60.4 percent

Celsius Network, the bankrupt cryptocurrency lender, has commenced its second distribution of recovered assets, allocating \$127 million to eligible creditors as part of its ongoing bankruptcy proceedings. This payout aims to cover approximately 60 percent of creditors' claims, with Bitcoin distributed at a predetermined price of \$95,836.23 per coin, according to a [court filing](#) submitted Wednesday, November 27th.

The company filed for Chapter 11 bankruptcy in July 2022 after revealing a \$1.2 billion deficit in its balance sheet. In November 2024, Celsius emerged from bankruptcy and began the process of returning assets to its customers.

Concurrently, former CEO Alex Mashinsky faces [significant personal legal challenges](#), following his arrest in July 2023 for securities fraud, commodities fraud and wire fraud.

Earlier this month, a US district judge [denied](#) Mashinsky's motion to dismiss two fraud charges from his indictment, allowing the prosecution to proceed on all counts.

Russia Enacts Law Recognising Digital Currencies




Figure 11. Russia Enacts Law Recognising Digital Currencies as Property and Exempting Crypto Mining from VAT

Last Friday, November 29th, Russian President Vladimir Putin [signed legislation](#) classifying digital currencies as property, including those used in foreign trade, but exempts activities such as cryptocurrency mining and sales.

Key Provisions of the Law:

- **Value-Added Tax (VAT) Exemption:** Transactions involving digital currencies, including mining and sales, are exempt from VAT, reducing the tax burden on these activities.
- **Personal Income Tax on Digital Currency Income:**
 - **Mining Income:** Earnings from cryptocurrency mining are considered "income in kind" and are taxed based on the market value at the time of receipt. Taxpayers can deduct mining-related expenses from this income.
 - **Trading Income:** Profits from buying, selling, or other transactions involving digital currencies are taxed at a progressive rate: 13 percent for annual income up to 2.4 million rubles and 15 percent for income exceeding this threshold.

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- **Corporate Income Tax:** Starting in 2025, corporate profits derived from cryptocurrency mining will be subject to the standard corporate tax rate of 25 percent.
 - **Reporting Obligations and Penalties:**
 - Operators of mining infrastructure are required to report client information to tax authorities. Failure to comply with this requirement can result in fines of up to 40,000 rubles.
 - **Restrictions on Tax Regimes:** Entities engaged in cryptocurrency mining and sales are prohibited from utilising certain simplified tax regimes, such as the single agricultural tax, simplified taxation systems, the "Automated Simplified Taxation System," the patent system, and the self-employed regime.

This legislation represents a significant step in Russia's efforts to regulate its burgeoning digital asset market, providing clarity and structure for taxation and compliance within the cryptocurrency sector.

Stablecoin Market Reaches Record \$190 Billion Market Capitalisation

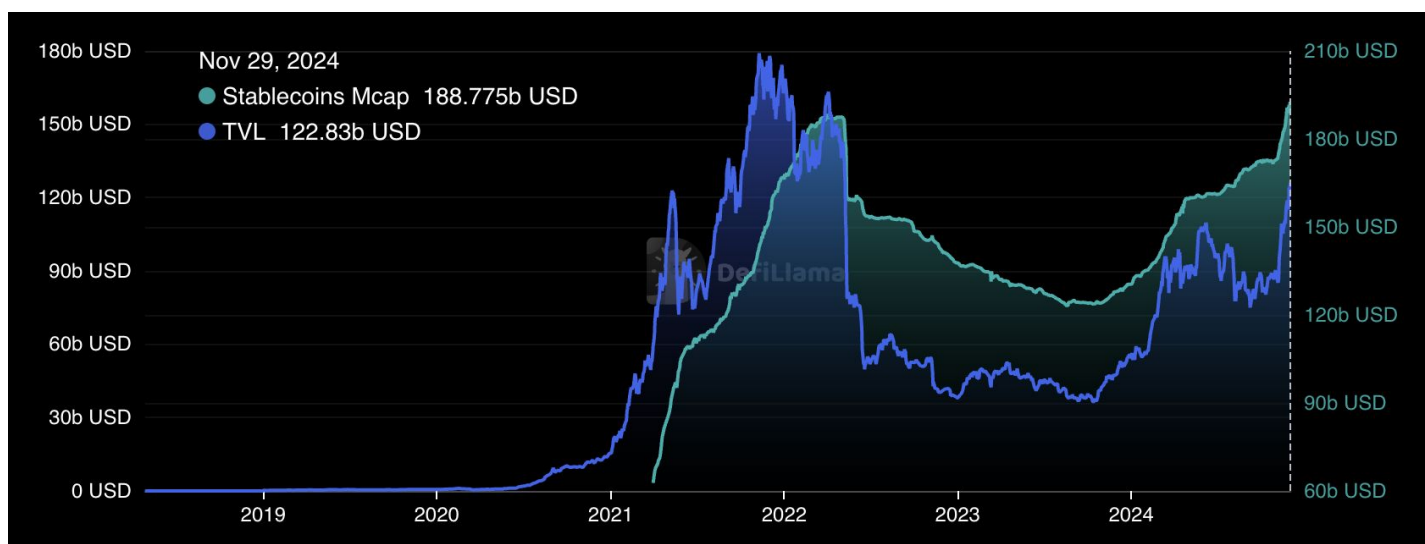



Figure 12. Stablecoin Market Reaches Record \$190 Billion Market Capitalisation

- The stablecoin market has reached a record market capitalisation of \$190 billion, marking a 46 percent increase this year, with Tether's USDt comprising about \$134 billion of this total
- This growth is driven by the expanding use of stablecoins in cross-border payments and increased adoption by traditional financial companies

The stablecoin market achieved a new peak of \$190 billion in market capitalisation, a rise of 46 percent this year. This growth reflects a resurgence following the collapse of TerraUSD in 2022. Stablecoins, digital currencies pegged to traditional assets like the US dollar, have traditionally facilitated seamless transitions between different cryptocurrencies. However, their role is expanding, particularly in cross-border payments, due to their stability and efficiency.

[Tether's USDt](#) remains the dominant stablecoin, with its circulation at about \$134 billion and accounting for about 70 percent of the stablecoin market. Tether is actively promoting USDt's use across various sectors, including commodities. Notably, [it recently funded](#) its first crude oil transaction in the Middle East, signaling a significant move into traditional industries.

Traditional financial firms are also entering the stablecoin space. In October, fintech giant Stripe [announced plans](#) to acquire stablecoin startup Bridge for \$1.1 billion, one of the largest deals involving a digital asset company. Similarly, [PayPal](#) has ventured into the sector, reflecting a broader acceptance of stablecoins in mainstream finance.



The increased adoption of stablecoins by established financial entities may help prevent market downturns like the one caused by TerraUSD's collapse in May 2022, which erased \$19 billion from the stablecoin market. The current surge in stablecoin value aligns with a broader cryptocurrency rally, partly driven by favourable policy promises from US political leaders.

Hong Kong Introduces Subsidies to Boost Tokenised Bond Market




Figure 13. Hong Kong Introduces Subsidies to Boost Tokenised Bond Issuance

- **The Hong Kong Monetary Authority (HKMA) has introduced a Digital Bond Grant Scheme (DBGS), offering subsidies of up to HK\$2.5 million per issuance to promote the adoption of tokenised bonds in the local market**
- **The DBGS, effective from November 28, 2024, aims to encourage the development of the digital securities market by covering up to 50 percent of eligible expenses for digital bond issuances, with each company eligible for up to two grants**

The DBGS aims to subsidise up to 50 percent of eligible expenses for digital bond issuances, with a cap of HK\$2.5 million per issuance, [according to an announcement](#) published last Thursday, November 28th. This initiative aims to promote the local digital securities market and encourage the adoption of tokenisation technology in capital market transactions.

The DBGS, announced in the [2024 Press Release](#), began accepting applications on November 28, 2024, and will run for an initial period of three years. Eligible issuances can receive a maximum grant of HK\$2.5 million, with each company allowed up to two issuances.

To qualify for the half grant, bonds must be issued digitally on a platform operated by the Central Moneymarkets Unit and by a company with a substantial presence in Hong Kong. The full grant requires bonds to have a minimum size of HK\$1 billion, be issued to at least five investors, and be listed on the Stock Exchange of Hong Kong or a platform licensed by Hong Kong's financial regulator.



HKMA Chief Executive Eddie Yue noted that despite the success of previous tokenised bond issuances, some issuers face technical, operational, and legal challenges in adopting distributed ledger technology (DLT). [He stated](#), "While relevant additional costs may lower over time as DLT adoption becomes more commonplace in capital markets, at the current juncture, we believe additional incentives can help encourage adoption."

This move follows Hong Kong's earlier efforts to integrate blockchain into its financial services sector, including the issuance of [HK\\$800 million in tokenised green](#) bonds in February 2023 and approximately HK\$6 billion in multicurrency digital bonds in February 2024.

By providing financial support for digital bond issuances, Hong Kong aims to strengthen its position as a leading hub for virtual assets and foster innovation in its capital markets.



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