



DIGITAL ASSETS

**DECODED**

APRIL 2022 IN REVIEW



**GALAXY**  
FUND MANAGEMENT



# MARKET COMMENTARY



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Digital assets faced a very challenging environment in April. Markets sold off globally amidst macro concerns and fears of recession alongside the slowing global economy. The Consumer Price Index rose 8.5% YOY in March, a 40-year high for consumer price inflation. The 8.5% leap initiated a stock and crypto selloff.

In April, digital assets saw a large decrease in market cap, generally reaching double digit percentage losses across assets. Crypto's downward trend represents a gradual decline in markets as higher rates, a smaller Fed balance sheet, the war in Europe, and record COVID cases in China contribute to negative long-term sentiments. The bond market expects inflation.

US GDP declined 1.4% in Q1 2022, marking the first contraction since the early pandemic.<sup>1</sup> Notably, the 10-year Treasury note yield (UST 10) rose above 2.9% multiple times, reaching levels unseen since 2018 due to growing risk-off sentiment.<sup>2</sup>

Sentiment for the Crypto Fear and Greed Index – a popular indicator of the mood of crypto investors - continued to trend towards the “extreme” fear zone through April as digital asset prices continued falling.

Meanwhile, venture capitalists' enthusiasm for the industry remains high. Crypto VCs had a robust Q1 in 2022. Crypto venture investments in 2022 Q1 (\$14.66B) were 300%+ greater than in 2021 Q1 (\$4.45B).<sup>3</sup> Q1 2022 crypto venture capital activity is nearly 50% of total VC crypto capital investments in 2021 (~\$30B).



**CRYPTO VENTURE  
INVESTMENTS IN  
2022 Q1 WERE  
300%+ GREATER  
THAN IN 2021 Q1.**





## NOTABLE NEWS

- The Ethereum Merge experiences delays. Investors are now looking to Fall 2022 for this much-anticipated update to the second-largest digital asset and leading layer 1 protocol.
- Digital assets remain highly correlated to tech stocks – the highest correlation since July 2020, particularly the NASDAQ 100 and Composite Indices, while emerging as a 24/7 sentiment driver.
- Investment bank Goldman Sachs pushes further into the asset class, announcing that it offered its first bitcoin-backed loan after disclosing its involvement in options trading earlier this year.
- Australia announces its intention to allow managers to launch bitcoin and Ethereum-backed ETFs.
- The world's largest fund manager, Blackrock, launches its first blockchain-focused ETF, holding companies' equity in the digital asset space.



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- 1) [The World Bank](#)
- 2) [Bloomberg, United States Rates & Bonds](#)
- 3) [Coin Telegraph, Venture Capital Report](#)

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