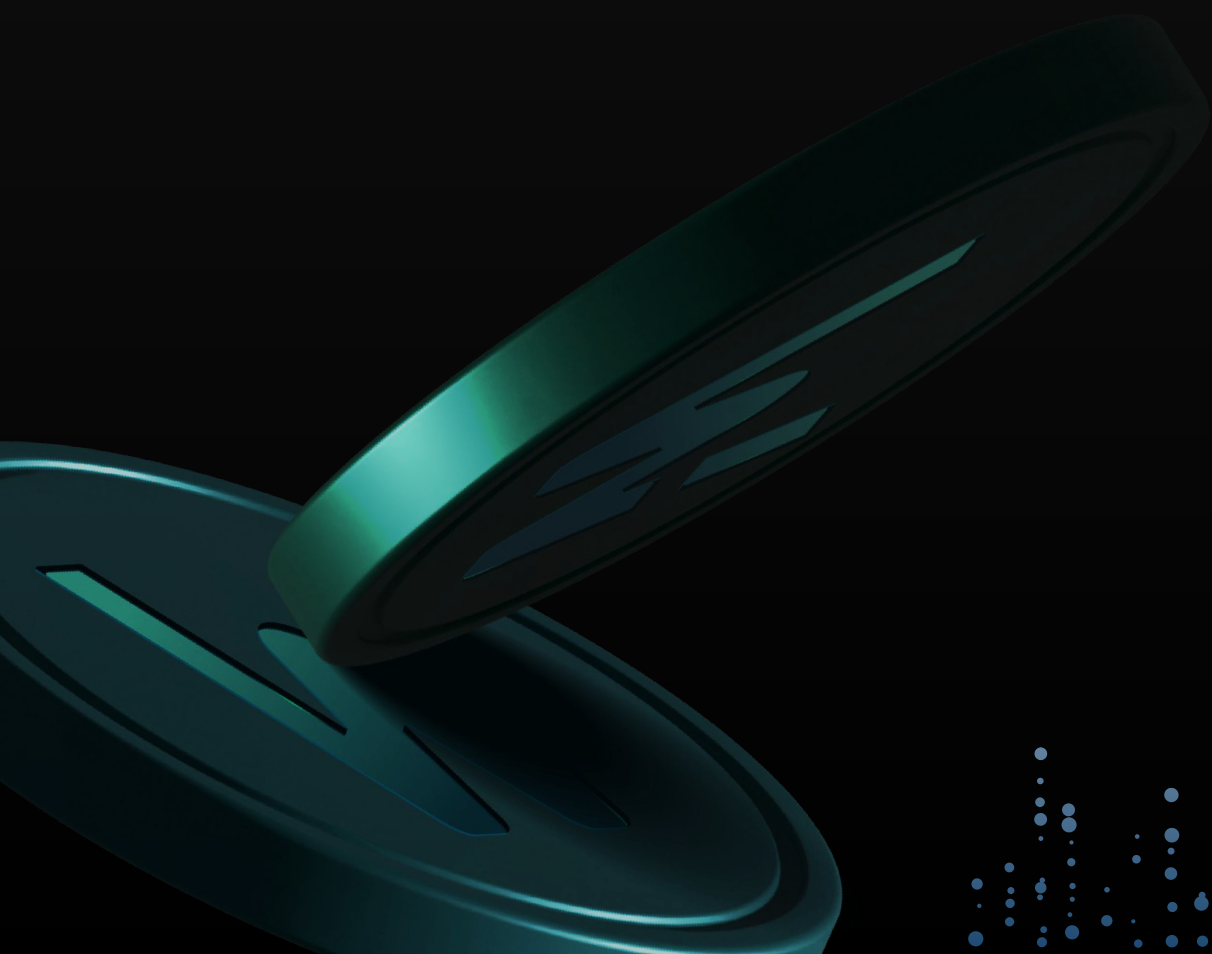
WOO X Research

Q1 2024 Report

WOO X Research: Q1 highlights and alpha outlook for Q2

Themes and analysis of Q1 and outlook for Q2 2024



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Halving, ETFs, and other narratives dominate Q1

WOO X renews its commitment to its expanding community of savvy traders and investors with the public launch of WOO X Research. The dedicated division of WOO X evaluates potential listings on the platform and provides a comprehensive and impartial analysis of the ever-evolving cryptocurrency market. The introduction of WOO X Research underscores our commitment to empowering retail and institutional traders with deeper market analysis.

Market summary

BTC halving

Historically, Bitcoin halving cycles have followed a pattern: a surge in speculative expectations preceding the event, leading to a rapid BTC price increase, followed by a correction. Subsequently, about six months post-halving, a genuine bull market often emerges. With the current narrative surrounding Bitcoin halving, the introduction of BTC spot ETFs by traditional trading institutions, and the Fed's anticipated interest rate cuts, we foresee significant potential for BTC price movement.

The US Federal Open Market Committee (FOMC) maintains a dovish stance, signaling continued accommodative measures despite a robust economy. Experts predict the first US Fed rate cut in Q2 (May), driven by declining inflation and a strong dollar. Consequently, investors may seek higher returns abroad, potentially affecting global markets, including cryptocurrencies. When the US government decides to lower interest rates (which they might do in May), it encourages people to invest their money in other countries where they can get higher returns. This can impact cryptocurrency prices worldwide because some investors might choose to put their money elsewhere instead of buying cryptocurrencies.

BTC performance and outlook:

In Q1, Bitcoin experienced a notable surge from $42,283 to a peak of $73,777, representing a 74.4% increase. Key driving factors include the launch of BTC spot ETFs, Bitcoin halving, and expectations of Fed interest rate cuts. Looking ahead to Q2, we anticipate BTC to undergo corrections before and after the halving, with sustained inflows into BTC spot ETFs expected to push prices beyond previous highs.

Outlook for Q2: The BTC halving is expected to occur around April 20th. It is anticipated that BTC will exhibit volatile trends with false breakouts before and after the halving. A possible concerning scenario to watch out for is if, after the halving optimism fades, BTC drops below the $66,000-$67,000 range, which could potentially lead to a further decline toward the previous low range of $60,770-$62,260. Following the correction, BTC is potentially poised to target $80,000 in Q2.

Despite the flash crash on April 14th, BTC remains within a large oscillation range of $62,000-$71,800. External factors such as wars often influence short-term supply and expectations of BTC. If these factors fail to escalate, BTC is likely to maintain its oscillatory pattern. However, if it can effectively stabilize above $71,800, it may surge towards $80,000. Therefore, for now, I maintain the forecast of BTC rising to $80,000 in Q2, while cautiously monitoring off-market news for potential impacts on BTC prices.

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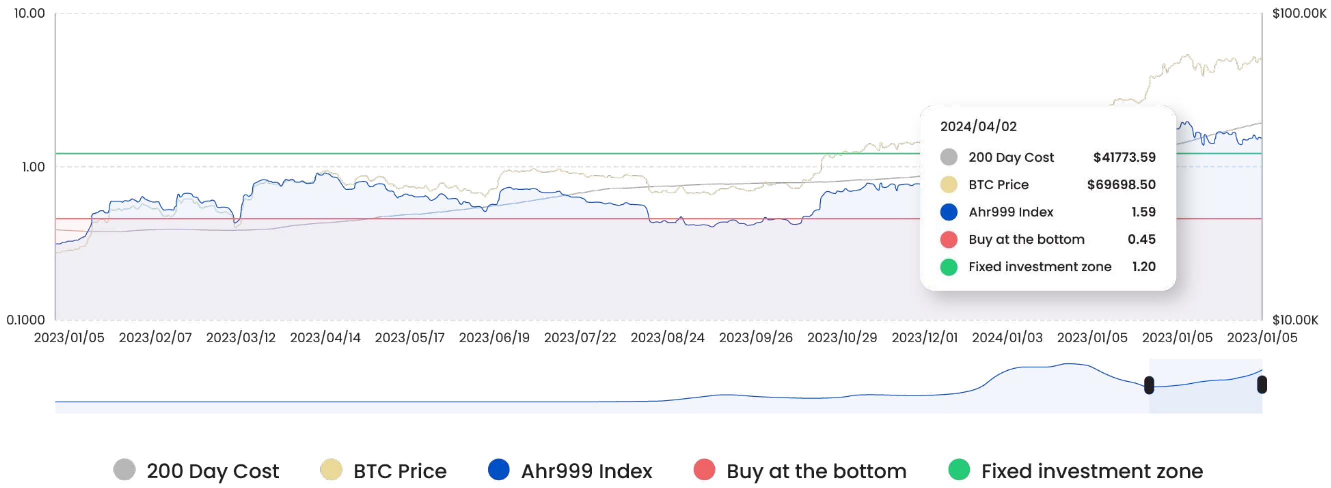
Key BTC indicators:

Bitcoin ahr999 index

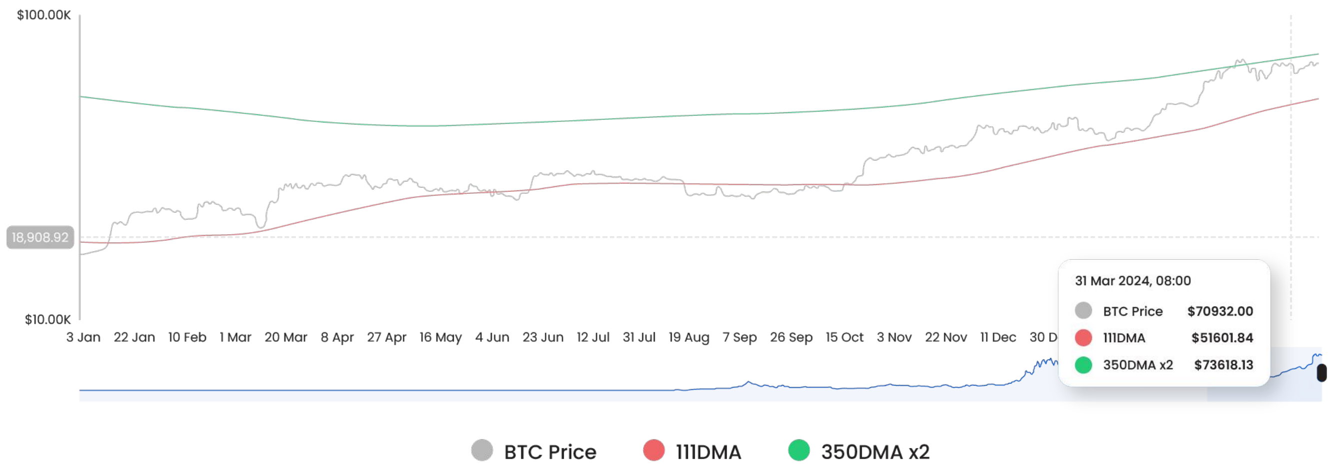


Ahr999 Index > 1.2	Ahr999 Index 0.45 - 1.2	Ahr999 Index < 0.45
1933 days	**2321 days**	**566 days**

Source: coinglass

Ahr999 index: At 1.59 as of April 2nd, indicating a non-investment BTC range. A reading below 0.45 suggests a potential bottoming out, while 0.45 to 1.2 indicates a good time for regular investments.

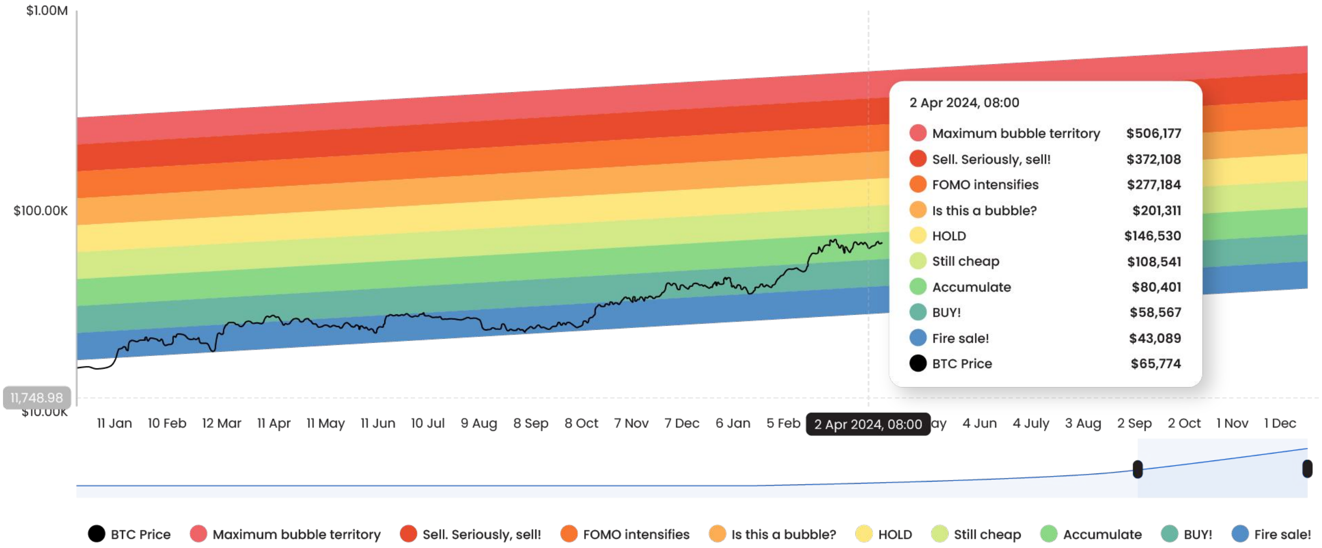
PI cycle top indicator



Source: coinglass

PI cycle top indicator: 111-day moving average (DMA) at $51,856 and DMAx2 at $73,848, suggesting no short-term bubble.

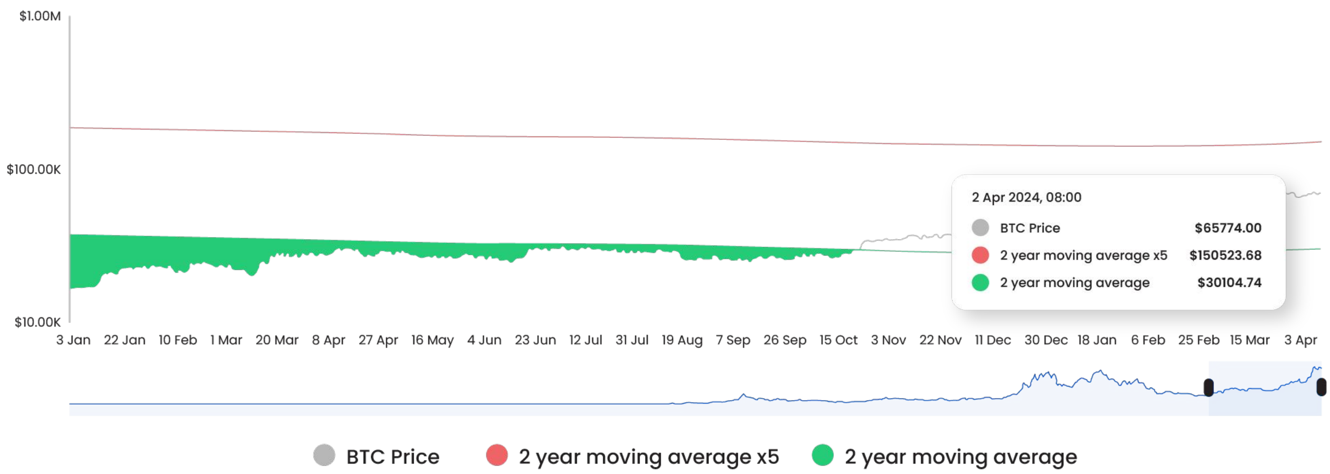
BTC rainbow price chart indicator



Source: coinglass

BTC rainbow chart: The above price of BTC falls within the "consider dollar-cost averaging range," with the potential for a rise to $150,000.

Bitcoin investor tool: 2-year MA multiplier



Source: coinglass

Top escape index (2-year MA multiplier): The price of the green line is $30,078, and the price of the red line is $150,391, positioning BTC in the middle.

US Bitcoin spot ETFs net flows

ETF Name	Inflows / Outflows (data cutoff 4.9)	Net Assets	Market Price
BlackRock - IBIT	$14.92B	$18.33B	$39.33
Fidelity - FBTC	$7.97B	$10.39B	$60.31
ARK Invest - ARKB	$2.24B	$3.01B	$68.98
Bitwise - BITB	$1.71B	$2.27B	$37.64
Grayscale - GBTC	-$15.96	$21.82B	$61.45
Others	$1.49B	$1.99B	-

Source: WOO X Research

Key themes in Q1 and outlook for Q2

BTC ecosystem speculation factors:

BTC ETF approval boost - Analysts anticipate a significant capital influx into BTC annually, reaching $20 billion post-approval of spot ETFs. Over time, BTC's market capitalization is expected to expand, attracting more investors and institutions to include BTC in their portfolios.

BTC layer 2 evolution - Despite its inherent limitations, BTC's layer 2 scaling solutions maintain the network's settlement layer while exhibiting compatibility with EVM for smart contract expansion. This trend is gaining traction within the BTC ecosystem, paving the way for further innovation.

Leveraging BTC's potential - Similar to ETH's Layer 2 development trajectory, mature BTC layer 2 solutions could enable 5x or even 10x leverage economics, fostering creativity throughout the BTC ecosystem and enhancing capital efficiency.

BTC halving dynamics - BTC's halving cycle, occurring every four years, incentivizes miners to prioritize transaction fees as BTC output decreases. This stimulates overall network activity within the BTC ecosystem, driving its growth and sustainability.

BTC ecosystem concepts:

BTC: With the influx of funds from traditional financial markets, brought by the approval of spot ETFs, BTC itself is the most promising alpha.

BTC Layer 2: With over 1.2 billion cumulative addresses, over 13 million monthly active users, and a blockchain size of approximately 507GB, growing by 70% compared to three years ago, BTC Layer 2 projects such as Lightning Network, RGB, STX, RIF, etc., are gaining attention. The key point is which protocol can effectively utilize its own resources and technological advantages to truly implement BTC Layer 2, focusing on mass adoption unique to the BTC ecosystem while supporting smart contracts.

Infrastructure: The largest TVL in BTC Layer 2 is the Merlin Chain (over $3.5 billion). Other notable projects include Bouncebit, Bevm, Bsquare, RGB++, etc. The market cap of top projects in the BRC-20 ecosystem, Ordi and Sats, are $1.46 billion and $980 million respectively. With the upgrade of Unisats and the launch of Runestone during the BTC halving, attention should be paid to tokens and NFTs within the runes ecosystem (PUPS, Rune punks). The BTC ecosystem is rapidly evolving, with strong demand for cross-chain bridges, stablecoins, data indexing, data storage, etc. Projects like Babylon, which emphasize the introduction of the POS mechanism into the BTC ecosystem, should also be closely monitored.

AI sector

In the tech realm, Apple and Nvidia are driving AI advancements while influencing the crypto landscape. Apple's Q1 2024 financial results unveiled plans to integrate AI features into iOS 18, while Nvidia's stellar performance in Q4 2023 underscored its leadership in AI hardware and technologies. The impact of their strides resonates within the crypto sector, seen in significant gains among projects deeply rooted in AI innovations like AGIX, GLM, RNDR, and FET, reflecting anticipation of increased AI integration in crypto ecosystems. Key AI projects in crypto, such as Worldcoin (WLD), Bittensor (TAO), Render Network (RNDR), Theta Network (THETA), OLAS, and NOS, leverage AI to unlock decentralized computing and content delivery potential. For Q2, the AI track remains significant, warranting close attention to leading projects driving sector valuations, second-tier projects generating hype, and emerging projects launching tokens related to GPUs, mining, and AI concepts.

Meme ecosystem

Meme tokens, born from internet culture, showcase remarkable resilience and volatility, captivating retail and institutional investors and significantly shaping the cryptocurrency landscape. In Q1, PEPE, FLOKI, and SHIB exemplify the impact of community-driven narratives and social media on market dynamics. Meme tokens are shaking up DeFi, like BONK which blended its airdrop with widescale Solana involvement, driving users to increase their experimentation. Furthermore, they democratize financial access and spur community participation through fairlaunch governance and tokenomics. In Q2, exploring meme projects not yet listed on exchanges may present alpha opportunities.

Staking

Staking is vital for blockchain network security and efficiency by encouraging token holding and staking. One notable performance this quarter was Eigenlayer's TVL exceeding $9.4 billion while Ether.fi ranks second in ETH restaking with $1.71 billion TVL. Manta has reached an all-time high of $3.2 with TVL reaching $1.61 billion. Meanwhile, Pendle achieves new highs as users leverage the Yield Token principle certificate to boost Eigenlayer and Etherfi rewards, driving staked TVL to record levels.

Appendix: WOO token review

In Q2, WOO X will drive awareness for the WOO token, with promising collaborations and feature launches on the horizon. Notably, WOO X plans to actively support the BTC ecosystem by fostering partnerships, which could lead to an influx of users and awareness, particularly in Asia. WOO X is preparing to tighten its grip on the RWA narrative with the launch of its treasury bond vault integration, establishing a connection between traditional finance and the crypto sector. Furthermore, WOO X aims to streamline the listing process for meme tokens and innovative products, to improve accessibility and drive development within the crypto community, while releasing its social trading platform.

Upcoming narratives to watch for

Moving into Q2 of 2024, several narratives should define the perception of the token.
Some short-to-mid term goals:

- Further institutionalization of WOO X and working closely with major traditional financial organizations
- Increasing partnerships with affiliates and brokers for WOOFi Pro to grow trading volumes
- Re-launch of WOOFi with improved security controls and new audits completed, as well as launching v3 which enables multiple liquidity providers
- Further expansion into the RWA vertical by building upon our U.S. Treasury Earn vaults
- Onboarding of additional Designated Market Makers (DMMs) onto WOO X, as well as WOOFi v3 and WOOFi Pro
- Complete ecosystem restructuring to accelerate the development of key infrastructure to align with WOO products

Read WOO X full quarter report and outlook for Q2 at

https://woo.org/blog

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