

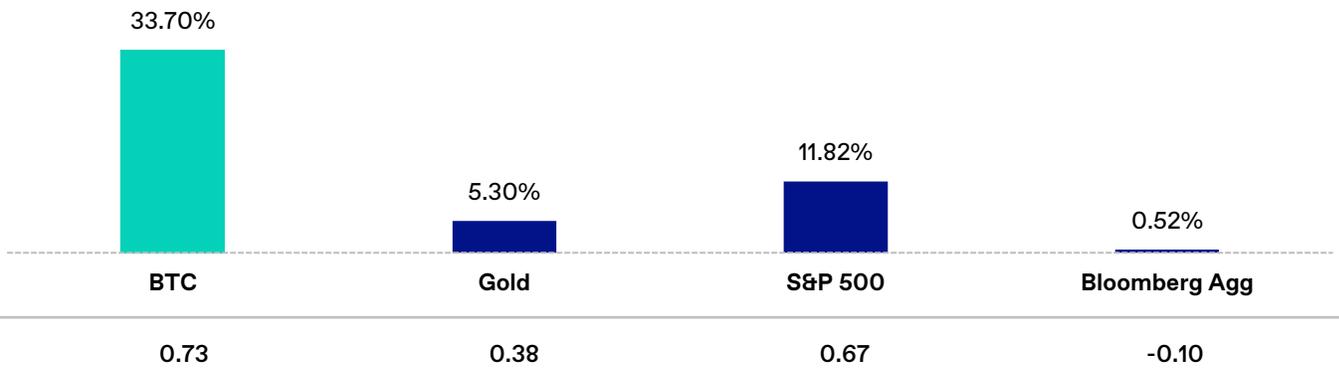
Bitcoin Brief

Market Update

As the summer came to an end, Bitcoin retreated from its rally earlier in August and ultimately sold off to end the month lower, falling by 14% to \$20,229 in what continued to be a challenging macroeconomic environment. Bitcoin wasn't alone, as other major asset classes also experienced a difficult month. For example, after rallying from mid-June to July, the S&P 500 Index fell 4% in August. Likewise, the Bloomberg Aggregate Bond Index and Gold each fell by ~3% for the month. Most asset classes, including bitcoin, have delivered negative returns year-to-date, with the U.S. dollar and commodities being notable exceptions. Commodities, as represented by the S&P GSCI Total Return Index, are up 32% year-to-date given the strength in energy prices in the wake of the Russo-Ukrainian War.

Throughout August, macroeconomic data continued to be at the forefront of investors' and the Fed's minds. In the first half of August, while still elevated, the CPI print brought with it a deceleration in inflation, giving investors hope that the Fed's restrictive policy would be approaching its peak. Risk assets rallied in response, reversing the downtrend that had taken place throughout most of the summer. In the back half of the month, unified hawkishness from central bankers at Jackson Hole, including from Fed Chair Powell, sent bitcoin and other risk assets back down. Chair Powell reiterated his commitment to managing inflation "forcefully," noting that this may ultimately lead to slower growth and bring pain to American households. Looking ahead, all eyes are on the September Fed meeting, and consensus expectations are for at least a 50bps rate hike. If monetary policy remains restrictive, it's likely that bitcoin and other risk assets may experience additional volatility in Q4.

5 Year Annualized Return



MARKET STATS.

As of 8/31/22

BTC Price	\$20,229
BTC Market Cap	\$383B
% of BTC Total Supply in Circulation	91%
3M Average Daily Bitcoin Transactions	~250K

NOTEWORTHY HEADLINES.

[NYDIG Announces Lightning Accelerator Project](#)

[Ether, Bitcoin Could See Turbulence as Open Interest Leverage Ratio Soars to Record High](#)

[Bitcoin Mining Difficulty at its Second Highest on Record](#)

[As 10,000 Long-Dormant Bitcoins Finally Trade, Observers Wonder What's Up](#)

Performance	1MO	3MO	YTD	1YR	3YR*	5YR*
Bitcoin	-15.38%	-35.98%	-55.90%	-57.23%	28.41%	33.70%
Gold	-3.11%	-6.87%	-6.46%	-5.66%	4.02%	5.30%
S&P 500	-4.08%	-3.88%	-16.14%	-11.23%	12.39%	11.82%
Bloomberg Agg	-2.83%	-2.01%	-10.75%	-11.52%	-2.00%	0.52%

*Returns greater than 1 year are annualized.

	5YR Standard Deviation	5YR Sharpe Ratio	5YR Correlation to BTC
Bitcoin	87.4%	0.73	-
Gold	12.9%	0.38	0.15
S&P 500	17.5%	0.67	0.38
Bloomberg Agg	4.4%	-0.10	0.23

Sources:

NYDIG, Bloomberg as of 8/31/22, unless noted otherwise. All prices are 4:00 pm ET prices on the last business day of each month. Barclays Agg represents the Bloomberg US Aggregate Total Return Bond Index. Bitcoin returns based on month-end 4pm prices. Monthly bitcoin prices prior to October 2018 are based on Coinbase 4pm pricing. In October 2018, NYDIG began generating bitcoin prices in accordance with NYDIG Asset Management's valuation policy for its bitcoin funds. The monthly bitcoin prices used after October 2018 reflect 4pm prices determined in accordance with such valuation policy, which is the same valuation policy that is used for NYDIG's funds. As there are two different pricing sources for bitcoin reflected, the historical performance of bitcoin shown may be different if the bitcoin prices in accordance with NYDIG Asset Management's valuation policy were used for the entire period or if the Coinbase pricing were used for the entire period. Performance data quoted represents past performance of bitcoin. Past performance of bitcoin is not indicative of future results. Bitcoin has historically exhibited high price volatility relative to more traditional asset classes. The value of an investment in bitcoin or the funds could decline rapidly, including to zero.

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