

RIVEMONT

Rivemont - Weekly Update #191

August 11th, 2021

Rivemont is the portfolio manager responsible for the investment decisions of the Rivemont Crypto Fund.

It's been a real bullish week on the cryptocurrency markets, with bitcoin like most altcoins recording a steady gradual rise over the past seven days. In particular, a rise of nearly 20% was recorded for bitcoin for the week ending last night, while it reached about 25% for Ethereum for the same period. Let's remember that the Rivemont Crypto Fund is heavily weighted in Ethereum and has been so throughout the week.

The week started with the expected London Fork, the awaited update of the Ethereum network. We won't go back over the technical elements of that update, but let's just say that it went off without a hitch to mention. In short,

exactly what we hope and expect from a successful technological upgrade. The markets reacted well to this protocol development, with the ETH/BTC ratio reaching a summer high that same day.

The budget bill for infrastructure development in the United States also made headlines. What does this have to do with cryptocurrencies? The draft actually contained some pretty strict language about possible regulation and taxation of the industry, potentially holding back current technological development. An amendment to the original bill was designed to address industry concerns that would require entities, such as miners and software developers, to provide tax data to the U.S. tax authorities that they don't even have access to.

While this amendment based on simple logic seemed likely to be endorsed due to its general bipartisan support, it ultimately fell victim to U.S. political shenanigans. It was sunk in a series of procedural maneuvers under Senate rules that allow a single senator to shoot down another senator's idea. That is precisely what 87-year-old Richard Shelby decided to do. The latter would reject the amendment if his request for \$50 billion in additional military construction spending was not endorsed.

“Because there's a difference of opinion on whether or not the senator from Alabama should get a vote on his amendment, because that is not agreed to, the body is refusing to take up an amendment that has broad bipartisan support,” Republican Pat Toomey on the Senate floor. “In what universe does this make any sense?”

Despite this setback for the industry, the markets did not flinch. In fact, during these sterile debates by actors who clearly lack the knowledge to properly address the subject, innovation was once again illustrated in all its splendor. Indeed, in parallel, [this transaction](#) of \$430M in bitcoins for a fee of only \$82 was taking place. A fee of less than a dollar would have been sufficient, but you can't blame the issuer for wanting to ensure the fastest possible transaction. All without any intermediaries or banks involved. This is a train that will be hard to stop.

Now a public company, Coinbase (COIN) released its first financial results yesterday. The largest cryptocurrency exchange in the U.S. posted \$1.9 billion in transaction revenue, outpacing the expected \$1.6 billion. The stock immediately registered an 8% increase. It is now up about 17% from its benchmark price of \$250, but down about 28% from its opening price of \$381 in mid-April.

Another highly traded public firm in the markets, AMC Entertainment, shared its results this week. On the call, we learned from CEO Adam Aron that the movie theater chain will have the IT systems in place to take bitcoin as payment by the end of 2021.

On the news side, let's finally point out that investment firm VanEck has filed for an exchange-traded fund (ETF) for bitcoin futures, a week after SEC Chairman Gary Gensler hinted that the commission might be inclined to approve such products before funds holding real bitcoin instead.

According to analytics firm CryptoQuant, institutions are currently buying bitcoin at the same level they did during the late 2020 surge. In particular, the amount of Bitcoin available on derivatives exchanges hits its lowest since May 11 — before the China miner rout took hold. Bitcoin reserves historically have an inverse correlation with price:



Furthermore, supporting this statement, we can see that the quantity of wallets

holding between 10,000 and 100,000 BTC has resumed a sustained increase. The correlation of this data with price is clear and positive.



On the price side exclusively, the period of consolidation where the \$30,000 support was tested a few times has been resolved on the bullish side, allowing us now to clearly move back into a bullish market. In the short term, it has been particularly encouraging for bitcoin to move north of the 200-day moving average and turn it, for the past three days at least, into new support. This remains a crucial area for the next few days. There is currently no strong resistance until the area between \$50,000 and \$55,000. Should this be broken, a test of bitcoin's record high prices would be virtually assured.

The technical picture of the ETH/BTC ratio is all the more beautiful. The price is well above key moving averages and last week broke through strong diagonal resistance.

The "death cross", the technical pattern that occurs when the 50-day moving average crosses the 200-day moving average downwards, caused a price decline in an already uncertain market in the second half of June. However, its

opposite, the so-called "golden cross", could emerge in as little as 10 days if the current trend continues. This is an indicator that could help maintain the current bullish momentum.

Rivemont Investments, manager of the Rivemont Crypto Fund.

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