

Chang Wei Liang

FX & Credit Strategist

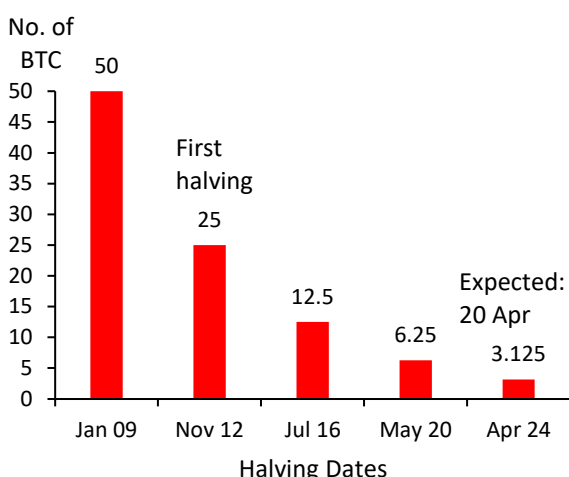
Please direct distribution queries to

Violet Lee +65 68785281 violetleeyh@dbs.com

- Bitcoin halving, a predetermined reduction of mining reward every four years, will occur this week.
- Bitcoin had historically posted strong 1Y returns following previous halving episodes.
- The current Bitcoin rally is likely supporting sentiment towards other cryptocurrencies, including Ether.

Watching Bitcoin's halving and ETF inflows

Mining reward per successful block addition since Bitcoin inception



Source: Bloomberg, DBS

The reward for Bitcoin mining is predetermined to halve after the addition of every 210,000 blocks. This week, Bitcoin will hit its fourth halving milestone around 20 April and its mining reward will fall from 6.25BTC to 3.125 BTC. Historically, Bitcoin has delivered strong returns a full year after its three halving events so far. Even if there were losses in the short-term, they tend to be relatively small. Higher Bitcoin prices could be a necessary outcome to attract miners given the smaller mining reward, without a change in the mining difficulty. Galaxy Digital estimates that between 15% to 20% of Bitcoin's current hash rate could go offline after halving, due to lower economic efficiency.

Bitcoin returns post-halving

Months from halving	Nov 2012	Jul 2016	May 2020
1M	8.7	-10.2	14.3
3M	151.8	-6.5	35.2
6M	934.9	47.0	71.8
9M	772.6	70.7	338.4
12M	8447.2	282.6	559.0

Source: Bloomberg, DBS

Even with Bitcoin's ytd rally due to heavy ETF inflows, prices have not significantly outpaced transactions growth. Bitcoin's Network Value to Transactions (NVT) ratio had remained stable at around 149 across Jan-Mar, with transactions of around 11m-15m per month. Meanwhile, HK SFC is reportedly preparing to approve Bitcoin ETF applications by the HK units of some of the largest Chinese asset managers this month. This will see Hong Kong becoming the first Asian city to offer spot Bitcoin ETFs, following the success of futures ETFs traded in HK since late 2022. Bitcoin's 2024 rally has likely supported sentiment towards other cryptocurrencies such as Ether, given their high return correlations.

Asset market returns and correlations

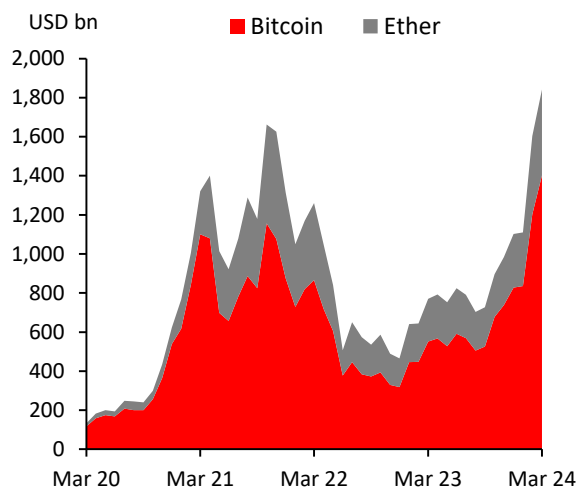
Market prices, capitalization, and returns

USD	Bitcoin	Ether	S&P500	Gold
Price*	71,334	3,648	5,254	2,230
Market capitalization (trn)	1.4	0.4	45.9	15.0
Monthly return (%)	16.6%	9.2%	3.1%	9.1%
Year-to-date return (%)	68.8%	59.9%	10.2%	8.1%
1Y return (%)	150.5%	100.2%	27.9%	13.2%
5Y return (%)	1637.6%	2477.7%	85.4%	72.5%

Source: Bloomberg, Coinmarketcap, DBS

*As of end-Mar

Cryptocurrencies Market Capitalization

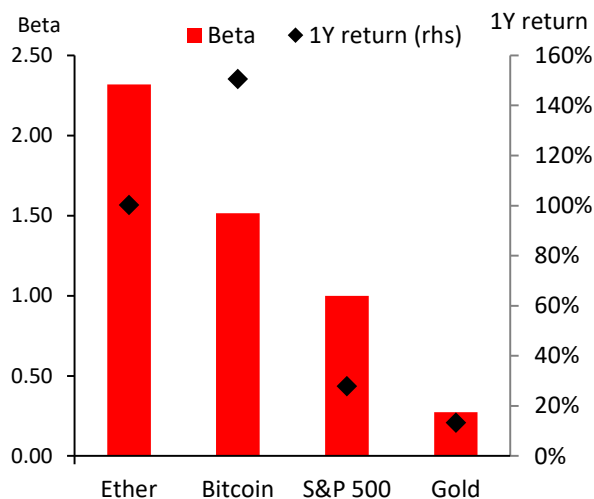


Crypto 5Y return correlations

	Bitcoin	Ethereum	S&P500	Gold
Bitcoin		0.78	0.45	0.20
Ethereum	0.78		0.52	0.18
S&P500	0.45	0.52		0.26
Gold	0.20	0.18	0.26	

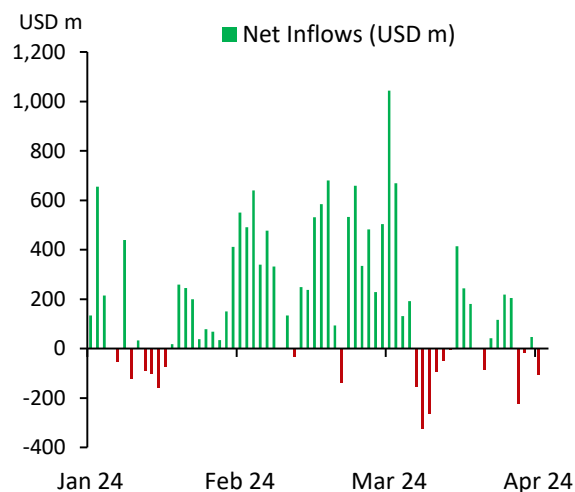
Source: Bloomberg, DBS

5Y CAPM betas vs 1Y spot return (%)

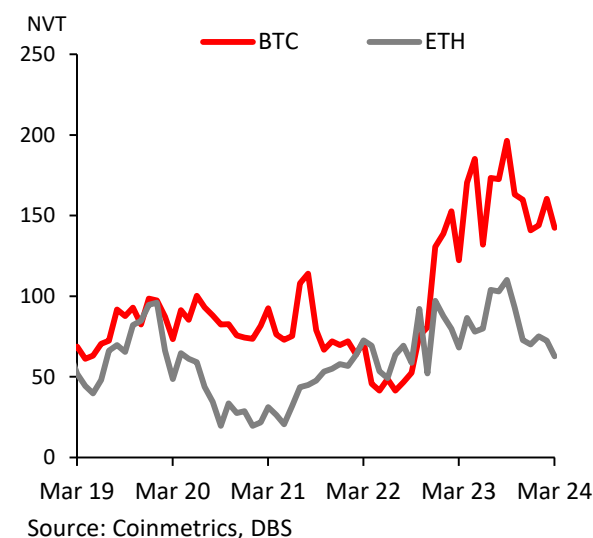


ETF inflows and crypto network metrics

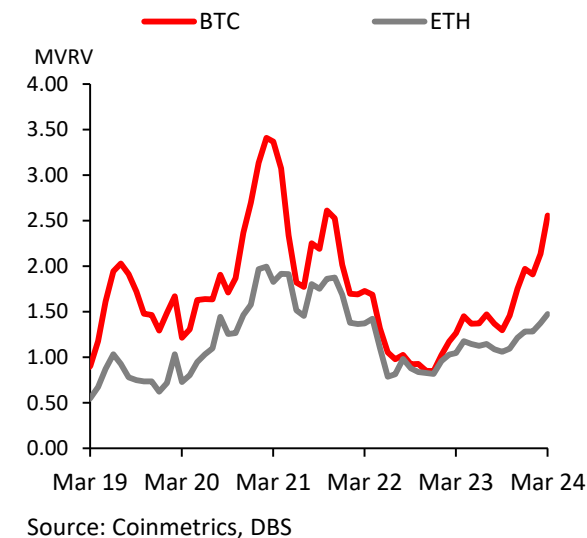
US Bitcoin ETF net inflows (USD m)



Network value to transactions ratio (adj.)



Market value to Realized value ratio



Group Research

Economics & Strategy

Taimur BAIG, Ph.D.

Chief Economist

Global

taimurbaig@db.com

Wei Liang CHANG

FX & Credit Strategist

Global

weiliangchang@db.com

Tracy Li Jun LIM

Credit Analyst

USD Credit

tracylimt@db.com

Amanda SEAH

Credit Analyst

SGD Credit

amandaseah@db.com

Nathan CHOW

Senior Economist

China/HK SAR

nathanchow@db.com

Eugene LEOW

Senior Rates Strategist

G3 & Asia

eugeneleow@db.com

Daisy SHARMA

Analyst

Data Analytics

daisy@db.com

Han Teng CHUA, CFA

Economist

Asean

hantengchua@db.com

Teng Chong LIM

Credit Analyst

SGD Credit

tengchonglim@db.com

Joel SIEW, CFA

Credit Analyst

SGD Credit

joelsiew@db.com

Mo Ji, Ph.D.

Chief Economist

China/HK SAR

mojim@db.com

Tieying MA, CFA

Senior Economist

Japan, South Korea, Taiwan

matieying@db.com

Mervyn TEO

Credit Strategist

USD Credit

mervynteo@db.com

Byron LAM

Economist

China/HK SAR

byronlamfc@db.com

Radhika RAO

Senior Economist

Eurozone, India, Indonesia

radhikarao@db.com

Samuel TSE

Economist/Strategist

China/HK SAR

samueltse@db.com

Violet LEE

Associate

Publications

violetleeyh@db.com

Philip WEE

Senior FX Strategist

Global

philipwee@db.com

Sources: Data for all charts and tables are from CEIC, Bloomberg and DBS Group Research (forecasts and transformations)

GENERAL DISCLOSURE/ DISCLAIMER (For Macroeconomics, Currencies, Interest Rates)

The information herein is published by DBS Bank Ltd and/or DBS Bank (Hong Kong) Limited (each and/or collectively, the "Company"). This report is intended for "Accredited Investors" and "Institutional Investors" (defined under the Financial Advisers Act and Securities and Futures Act of Singapore, and their subsidiary legislation), as well as "Professional Investors" (defined under the Securities and Futures Ordinance of Hong Kong) only. It is based on information obtained from sources believed to be reliable, but the Company does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness for any particular purpose. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained herein does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. The information herein is published for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate legal or financial advice. The Company, or any of its related companies or any individuals connected with the group accepts no liability for any direct, special, indirect, consequential, incidental damages or any other loss or damages of any kind arising from any use of the information herein (including any error, omission or misstatement herein, negligent or otherwise) or further communication thereof, even if the Company or any other person has been advised of the possibility thereof. The information herein is not to be construed as an offer or a solicitation of an offer to buy or sell any securities, futures, options or other financial instruments or to provide any investment advice or services. The Company and its associates, their directors, officers and/or employees may have positions or other interests in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking or financial services for these companies. The information herein is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction (including but not limited to citizens or residents of the United States of America) where such distribution, publication, availability or use would be contrary to law or regulation. The information is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction (including but not limited to the United States of America) where such an offer or solicitation would be contrary to law or regulation.

This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) which is Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 65-6878-8888 for matters arising from, or in connection with the report.

DBS Bank Ltd., 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982. Tel: 65-6878-8888. Company Registration No. 196800306E.

DBS Bank Ltd., Hong Kong Branch, a company incorporated in Singapore with limited liability. 18th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong SAR.

DBS Bank (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability. 13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong SAR

Virtual currencies are highly speculative digital "virtual commodities", and are not currencies. It is not a financial product approved by the Taiwan Financial Supervisory Commission, and the safeguards of the existing investor protection regime does not apply. The prices of virtual currencies may fluctuate greatly, and the investment risk is high. Before engaging in such transactions, the investor should carefully assess the risks, and seek its own independent advice.