

➤ **Draghi's political downfall: How power imploded in Italy and what happens next.**

Mario Draghi is best known for saving the euro. But a coveted rescue of the Italian economy ended prematurely when internal politics came to the fore last month, making it harder and harder for him to govern.

In the space of about a week, Italy went from having a stable government to preparing for snap elections in September — which could see the far-right in charge of the next coalition in Rome. This prospect has investors questioning Italy's economic future and its broader role within European politics.

Draghi "was certainly a little bit tired of the politics within the government," an official working for the Italian government, who preferred to remain anonymous due to the political instability in the country and the sensitive nature of the comments, told CNBC.

Once a managing director at Goldman Sachs International, Draghi became Italian prime minister in February 2021 to lead a technocratic government, backed by four main parties across the political spectrum. His arrival in Rome was welcomed by investors and European officials, who were desperate to see a safe pair of hands leading the euro zone's third-largest economy.

The former European Central Bank chief delivered on several fronts, including putting together a reform plan to get more than 190 billion euros (\$194.52 billion) from the EU. The disbursements are, however, linked to the completion of these reforms, so investors fear the next coalition might not follow through with Draghi's plans, and hence may not receive all of the cash from Brussels.

The prime minister also revived Covid-19 vaccination efforts and contributed to an economic rebound. But throughout his mandate, Draghi had to struggle with a slew of political sensitivities.

The collapse of his government came about because of those fragilities at the heart of government. It started with the Five Star Movement (M5S), a left-leaning and populist party, boycotting a vote on a package aimed at helping Italians deal with the surging cost of living. The package included a controversial waste incinerator for Rome, which M5S vehemently rallied against.

The same anonymous CNBC source said M5S has a "great following in Rome, not so much in the rest of the country, but this law was a problem for this electorate." By not voting for the wide-ranging package and blocking it, the party was in essence against the government that they were part of, the official said.

Draghi offered his resignation after the stalemate on the vote.

A second Italian official, who preferred to remain anonymous due to the sensitive nature of the situation, said the move from M5S was "a significant decision."

Draghi had "trusted this was a national unity government," the official said. But with M5S abstaining from the vote on the government's bill, "Draghi felt [it] was becoming harder and harder to enact his program," the official added.

By late evening Wednesday July 15, Italy's President Sergio Mattarella had rejected Draghi's initial resignation and told him to build a new parliamentary consensus.

In the following days, hundreds of mayors had signed a letter asking him to stay. Union leaders and industrialists also came together to ask Draghi to remain in office. And there was an online petition signed by thousands of citizens who wanted him to stay.

The next week, Draghi returned to the Italian Parliament and asked lawmakers for a new mandate. "Are the parties and you parliamentarians ready to rebuild this pact?" he declared in the Senate on July 20. "Italy needs a government that can move swiftly and efficiently," he told lawmakers.

The first CNBC source said they were surprised that Draghi asked for a new mandate to try to build unity once again. "To be honest, his speech was really tough against M5S and the Lega [party] ... his aim was to put it clear: if we do another government, we have to continue without problems," the source said.

"If they said yes, [Draghi] had all the power he wanted; if they said no, he could resign without being blamed for leaving the country," the official said.

The second CNBC source stressed that Draghi was "very concerned" about being able to pass new laws in Parliament. Draghi was due to finish his mandate before next summer with parliamentary elections expected in June 2023.

But Italy is now preparing for a new vote on September 25 with a lot at stake.

"If a right-wing coalition were to win in Italy's general election on 25 September, and subsequently abandon economic reforms, it could jeopardize not only Italy's access to EU fiscal support and the ECB's new anti-fragmentation tool, but more generally future EU integration and joint debt issuance," George Buckley, an economist at Nomura, said in a research note last week.



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The upcoming election will matter not only to see where Italy's finances and fiscal strategy will be heading, but also whether Europe will continue to raise new funds together.

The recovery plan came about because of the impact that the coronavirus lockdowns had on the European economies. This was so significant that the 27 members of the EU decided to raise money jointly through the European Commission, the executive arm of the EU, for the first time. Italy, because it suffered the most from the pandemic, is receiving the largest chunk of the money borrowed.

However, if there are problems with the political situation of the biggest benefactor, then this could stifle more joint borrowing further down the line, including when tackling climate change or the impact from Russia's invasion of Ukraine.

"Italy's next government is unlikely to bring the country's future in the euro-zone into doubt, in a repeat of the turmoil that we saw after the 2018 election. But it will probably run looser fiscal policy and find it more difficult to pass reforms," Jack Allen-Reynolds, senior Europe economist at Capital Economics, said in a note last week.

➤ **White House struggles to insulate Biden's China policy from Pelosi's Taiwan trip.**

As House Speaker Nancy Pelosi reportedly prepares to land in Taiwan on Tuesday evening for a long-rumored official visit, her trip has exposed a rare schism between the Biden White House and the most powerful Democrat in Congress.

Officially, the Biden administration has been careful to avoid directly answering questions about whether it agrees with Pelosi's decision to make the trip.

But unofficially, the White House and the Pentagon have made little secret of their opposition to such a visit, which comes at a time when U.S.-China relations are the poorest they've been in decades.

In late July, Biden responded to a question about Pelosi's then-rumored stop in Taiwan by saying, "The military thinks it's not a good idea right now. But I don't know what the status of it is."

For weeks, American officials from the president on down have tied themselves into knots trying to talk about Pelosi's choice to visit Taiwan, and stressing that it was her decision, and hers alone.

Now, experts say it's becoming clear that this effort missed the point. That's because schisms in Washington are effectively meaningless to the rest of the world, which has learned to view American presidents and their top allies in Congress as interchangeable stand-ins for one another on foreign policy matters.

The fact that U.S. policy toward Taiwan is deliberately ambiguous only serves to make it that much more difficult to draw any meaningful distinction between what Pelosi is doing and what the White House is saying.

Pelosi, a longtime China hawk, has not officially announced that she will visit the self-ruled island off the coast of mainland China, which Beijing considers a renegade province.

But after weeks of Pelosi and her office refusing to confirm the visit, citing security concerns, Taiwanese media reported Monday that Pelosi and a congressional delegation of five other House Democrats planned to spend Tuesday night in the capital, Taipei, and meet with Taiwanese leaders and members of the island's legislature on Wednesday.

Beijing has been furious for months over the reported visit, which would mark the first time in 25 years that an American House Speaker visited the island.

Any trip by Pelosi "will greatly threaten peace and stability across the Taiwan Strait, severely undermine China-US relations and lead to a very serious situation and grave consequences," senior Chinese diplomat Liu Xiaoming tweeted late Monday night. Liu's statement reflected the tone and tenor of weeks' worth of warnings and threats that have emanated from Beijing.

On Tuesday, China escalated this rhetoric with a series of actions, starting with the announcement of new tariffs on Taiwanese goods. Shortly afterward, Reuters reported that several Chinese warplanes had flown close to the median line of the Taiwan Strait.

Hours later, a major Taiwanese media outlet reported that the island's own military would be on heightened alert in response to Chinese live fire exercises being held in anticipation of Pelosi's reported visit.

Given that Pelosi is traveling aboard a U.S. military aircraft for the entirety of her trip to Asia this week, the quickly escalating military tensions between China and Taiwan carry especially high risks.

They also underscore what a difficult position Pelosi's trip has placed the Biden White House into.



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As reports of the trip solidified in recent days, Biden's top spokespeople have been forced to say over and over that they cannot confirm or deny the existence of any upcoming trip, and at the same time downplay its significance.

"I want to reaffirm that the Speaker has not confirmed any travel plans," National Security Council spokesman John Kirby told reporters Monday, "So we won't be commenting or speculating about the stops on her trip."

Still, Kirby confirmed moments later that Biden had specifically raised the topic of Pelosi's unconfirmed trip with Chinese President Xi Jinping last week, during a video call that lasted more than two hours.

Biden "made clear that Congress is an independent branch of government, and that Speaker Pelosi makes her own decisions, as other members of Congress do, about their overseas travel," said Kirby. "That was made clear."

Moments after saying Biden and Xi had personally discussed the trip, Kirby again sought to downplay its importance.

"I think we've laid out very clearly that if she goes — if she goes — it's not without precedent. It's not new. It doesn't change anything," he said. "We've not ramped up the rhetoric. We've not changed our behavior."

To foreign policy experts, the White House's effort to convince Beijing that it must distinguish between the behavior of the top Democrat in Congress and the intent of the Democratic administration is a futile one.

"Saying that this is a whole lot of nothing or that the Chinese shouldn't read into it ... Well, anybody who has spent half a minute looking at China knows that they attach some sort of intentionality to everything we do," said Andrew Mertha, the director of the China Global Research Center at the Johns Hopkins School of Advanced International Studies.

Any suggestion that a visit by someone as important as Pelosi would be seen by Beijing as anything but an in-person expression of American support for Taiwanese independence, he said, is unimaginable.

This is especially true after Biden himself said, on three separate occasions, that the U.S. would come to the defense of Taiwan if China were to invade the island.

Those statements, said Mertha, undermined decades of assurances from Washington that the U.S. would maintain a policy of strategic ambiguity on the question of who controls Taiwan.

"I think what you really see from China's side, and it's not unreasonable, is that we're kind of pushing the envelope of the One China policy," said Mertha, referring to the longstanding U.S. position of recognizing Beijing as the sole legal government of China, but not formally recognizing Taiwan as subject to the government in Beijing.

"They're alarmed," Mertha said of Beijing, "and I don't blame them."

➤ **Russia faces 'economic oblivion' despite claims of short-term resilience, economists say.**

Russia is facing "economic oblivion" in the long-term because of international sanctions and the flight of businesses, several economists have said.

The International Monetary Fund last week upgraded Russia's gross domestic product estimate for 2022 by 2.5 percentage points, meaning the economy is now projected to contract by 6% this year. The IMF said the economy seemed to be weathering the barrage of economic sanctions better than expected.

The Central Bank of Russia surprised markets in late July by cutting its key interest rate back to 8%, below its pre-war level, citing cooling inflation, a strong currency and the risk of recession.

The ruble recovered from historic early losses in the aftermath of the invasion of Ukraine to become a top performer on the global foreign exchange market this year, prompting Russian President Vladimir Putin to declare that Western sanctions had failed.

Meanwhile, Russia has continued to export energy and other commodities while leveraging Europe's dependency on its gas supplies.

However, many economists see long-lasting costs to the Russian economy from the exit of foreign firms — which will hit production capacity and capital and result in a "brain drain" — along with the loss of its long-term oil and gas markets and diminished access to critical imports of technology and inputs.

Ian Bremmer, president of Eurasia Group, told CNBC on Monday that while short-term disruptions from sanctions are less than originally anticipated, the real debate goes beyond 2022.

"Anecdotal evidence suggests the manufacturing dislocations are rising as inventories are depleted and scarcity of foreign parts becomes binding. Chips and transport are among the sectors cited, in some cases reflecting dual-use military demand," Bremmer said.

"Governmental arrears may be contributing to broader shortages. Imports of consumer goods are increasing, but less so intermediate/investment goods."



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Bremmer highlighted that as sanctions intensify and popular discontent grows, the educated are leaving Russia, underscoring the importance of trade sanctions on sensitive technologies and the “longer timeline by which sanctions undermine trend productivity and growth.”

“Brain drain leads to a direct decline in the working age population, especially high-productivity workers, reducing GDP,” he said.

“It affects overall productivity, reducing innovation and affects overall confidence in the economy, reducing investment and savings.”

Eurasia Group projects a sustained, long-term decline in economic activity to eventually result in a 30-50% contraction in Russian GDP from its pre-war level.

A Yale University study published last month, which analyzed high-frequency consumer, trade and shipping data that its author’s claim presents a truer picture than the Kremlin is presenting, argued that rumors of Russia’s economic survival had been greatly exaggerated. The paper suggested international sanctions and an exodus of more than 1,000 global companies are “catastrophically crippling” the Russian economy.

“Russia’s strategic positioning as a commodities exporter has irrevocably deteriorated, as it now deals from a position of weakness with the loss of its erstwhile main markets and faces steep challenges executing a ‘pivot to Asia’ with non-fungible exports such as piped gas,” the Yale economists said.

They added that despite some “lingering leakiness,” Russian imports have “largely collapsed,” with Moscow now facing challenges in securing inputs, parts and technology from increasingly jittery trade partners and as a result, seeing widespread supply shortages in its domestic economy.

“Despite Putin’s delusions of self-sufficiency and import substitution, Russian domestic production has come to a complete standstill with no capacity to replace lost businesses, products and talent; the hollowing out of Russia’s domestic innovation and production base has led to soaring prices and consumer angst,” the report said.

“As a result of the business retreat, Russia has lost companies representing ~40% of its GDP, reversing nearly all of three decades worth of foreign investment and buttressing unprecedented simultaneous capital and population flight in a mass exodus of Russia’s economic base.”

The apparent resilience of the Russian economy and the resurgence of the ruble was largely attributed to soaring energy prices and strict capital control measures – implemented by the Kremlin to limit the amount of foreign currency leaving the country – along with sanctions restricting its capacity to import.

Russia is the world’s largest exporter of gas and second-largest exporter of oil, and thus the hit to GDP from the war and associated sanctions has been softened by high commodity prices and Europe’s continued dependence on Russian energy for the time being.

Russia has now relaxed some of its capital controls and cut interest rates in a bid to bring the currency down and shore up its fiscal account.

“Putin is resorting to patently unsustainable, dramatic fiscal and monetary intervention to smooth over these structural economic weaknesses, which has already sent his government budget into deficit for the first time in years and drained his foreign reserves even with high energy prices – and Kremlin finances are in much, much more dire straits than conventionally understood,” the Yale economists said.

They also noted that Russia’s domestic financial markets were the worst performing markets in the world so far this year despite the strict capital controls, with investors pricing in “sustained, persistent weakness within the economy with liquidity and credit contracting,” along with Russia’s effective ostracization from international financial markets.

“Looking ahead, there is no path out of economic oblivion for Russia as long as the allied countries remain unified in maintaining and increasing sanctions pressure against Russia,” the report concluded.

“Defeatist headlines arguing that Russia’s economy has bounced back are simply not factual – the facts are that, by any metric and on any level, the Russian economy is reeling, and now is not the time to step on the brakes.”

➤ **Bank of England tipped for biggest interest rate hike in 27 years as inflation soars.**

The Bank of England on Thursday is broadly expected to hike interest rates by 50 basis points, its largest single increase since 1995.

Such a move would take borrowing costs to 1.75% as the central bank battles soaring inflation and would be the first half-point hike since it was made independent from the British government in 1997.

U.K. inflation hit a new 40-year high of 9.4% in June as food and energy prices continued to surge, deepening the country’s historic cost-of-living crisis.



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Bank of England Governor Andrew Bailey suggested in a hawkish speech on July 19 that the Monetary Policy Committee could consider a 50-basis point hike, vowing that there would be “no ifs or buts” in the Bank’s commitment to returning inflation to its 2% target.

A Reuters poll taken over the past week indicated that over 70% of market participants now anticipate a half-point rise.

James Smith, developed markets economist at ING, said that although the economic data since June’s 25 basis point hike had not moved the needle significantly, the MPC’s prior commitment to act “forcefully” to bring inflation down, and the market more-or-less pricing in 50 basis points at this stage, means policymakers are likely to err on the aggressive side.

“Even so, the window for further rate hikes feels like it’s closing. Markets have already pared back expectations for ‘peak’ Bank Rate from 3.5% to 2.9%, though that still implies two further 50bp rate hikes by December, plus a little more thereafter,” Smith said.

“That still feels like a stretch. We’ve been penciling in a peak for Bank Rate at 2% (1.25% currently), which would mean just one more 25bp rate hike in September before policymakers stop tightening.”

He acknowledged that, in practice, this might be an underestimate, and depending on the signal the Bank sends on Thursday, ING wouldn’t rule out an additional 25bps or at most 50ps worth of hikes beyond that.

Smith said the key points to watch out for in Thursday’s report would be whether the Bank continues to use the word “forcefully,” and its forecasts, which plug market expectations into the Bank’s models and expected policy trajectory.

Should the forecasts indicate, as in previous iterations, an acceleration of unemployment and inflation well below target in two to three years’ time, markets could deduce a more dovish message.

“Everybody takes that as a sign of them saying ‘okay, well if we were to follow through with what markets are expecting, then inflation is going to be below target,’ which is their very indirect way of saying ‘we don’t need to hike as aggressively as markets expect,’” Smith told CNBC on Tuesday.

“I think that will be repeated, I would expect, and that should be taken as a bit of a sign maybe that we’re nearing the end of the tightening cycle.”

A more aggressive approach at Thursday’s meeting would bring the Bank’s monetary tightening trajectory closer to the trend set by the U.S. Federal Reserve and the European Central Bank, which implemented 75 and 50 basis point hikes last month, respectively.

But while it may fortify the Bank’s inflation-fighting credibility, the faster pace of tightening will exacerbate downside risks to the already-slowing economy.

Berenberg Senior Economist Kallum Pickering said in a note Monday that Governor Bailey will likely carry a majority of the nine-member MPC if he backs a 50-basis point hike on Thursday and projected that with inflation likely still rising, the Bank will hike by another 50bp in September.

“Thereafter, the outlook is uncertain. Inflation will likely peak in October when the household energy price cap increases again. Amid growing evidence that tighter monetary conditions are weighing on demand and underlying inflation, we expect the BoE to hike by a further 25bp in November but pause in December,” Pickering said.

Berenberg expects the bank rate to reach 2.5% in November, up from 1.25% at present, though Pickering said the risks to this call are tilted to the upside. He suggested the BOE should be able to reverse some of the tightening during 2023 as inflation begins to roll over and will likely cut the bank rate by 50 basis points next year with a further 50bp reduction in 2024.

Britain’s energy regulator Ofgem increased the energy price cap by 54% from April to accommodate soaring global costs but is expected to rise by a greater degree in October, with annual household energy bills predicted to surpass £3,600 (\$4,396).

Barclays has historically been cautious on bank rates, placing a lot of faith in the MPC’s “early and gradual” strategy. However, Chief U.K. Economist Fabrice Montagne told CNBC in an email last week that there is now a case for policymakers to act “forcefully” as energy prices continue to spiral.

“Surging energy prices are feeding into our forecast of the Ofgem price cap and will force the BoE to revise up its inflation forecast yet again. Higher inflation for even longer is the kind of scenario that spooks central banks because of higher risks of persistence and spillovers,” he said.

The British banking giant now expects a 50-basis point hike on Tuesday followed by 25 basis points in September and then “status quo” at 2%.



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Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
08/03-08/09		RU				Wellbeing Fund	Jul	--	--	\$210.6b	--
08/08	01:50	JN				BoP Current Account Adjusted	Jun	--	--	¥8.2b	--
08/08	01:50	JN				BoP Current Account Balance	Jun	--	--	¥128.4b	--
08/08	01:50	JN				Trade Balance BoP Basis	Jun	--	--	-¥1951.2b	--
08/08	01:50	JN				Bank Lending Incl Trusts YoY	Jul	--	--	1.3%	--
08/08	01:50	JN				Bank Lending Ex-Trusts YoY	Jul	--	--	1.5%	--
08/08	06:30	JN				Bankruptcies YoY	Jul	--	--	0.92%	--
08/08	07:00	JN				Eco Watchers Survey Current SA	Jul	--	--	52.9	--
08/08	07:00	JN				Eco Watchers Survey Outlook SA	Jul	--	--	47.6	--
08/08	10:30	EC				Sentix Investor Confidence	Aug	--	--	-26.4	--
08/08	14:00	CA				Bloomberg Nanos Confidence	Aug 5	--	--	--	--

Source: Refinitiv



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08/03-08/09		RU				Wellbeing Fund	Jul	--	--	\$210.6b	--
08/09	01:01	UK				BRC Sales Like-For-Like YoY	Jul	--	--	-1.3%	--
08/09	01:50	JN				Money Stock M2 YoY	Jul	--	--	3.3%	--
08/09	01:50	JN				Money Stock M3 YoY	Jul	--	--	3.0%	--
08/09	08:00	JN				Machine Tool Orders YoY	Jul P	--	--	17.1%	--
08/09	10:30	IT				Bank of Italy Releases Banks and Money Monthly Statistics					
08/09	12:00	US				NFIB Small Business Optimism	Jul	--	--	89.5	--
08/09	14:30	US				Nonfarm Productivity	2Q P	-4.5%	--	-7.3%	--
08/09	14:30	US				Unit Labor Costs	2Q P	9.5%	--	12.6%	--

Source: Refinitiv

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Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
08/10	01:50	JN				PPI YoY	Jul	--	--	9.2%	--
08/10	01:50	JN				PPI MoM	Jul	--	--	0.7%	--
08/10	04:00	JN				Tokyo Avg Office Vacancies	Jul	--	--	6.39	--
08/10	08:00	GE				CPI MoM	Jul F	--	--	0.9%	--
08/10	08:00	GE				CPI YoY	Jul F	--	--	7.5%	--
08/10	08:00	GE				CPI EU Harmonized MoM	Jul F	--	--	0.8%	--
08/10	08:00	GE				CPI EU Harmonized YoY	Jul F	--	--	8.5%	--
08/10	10:00	IT				CPI EU Harmonized YoY	Jul F	--	--	8.4%	--
08/10	10:00	IT				CPI FOI Index Ex Tobacco	Jul	--	--	111.9	--
08/10	13:00	US				MBA Mortgage Applications	Aug 5	--	--	--	--
08/10	14:30	US				CPI MoM	Jul	0.2%	--	1.3%	--
08/10	14:30	US				CPI Ex Food and Energy MoM	Jul	0.5%	--	0.7%	--
08/10	14:30	US				CPI YoY	Jul	8.8%	--	9.1%	--
08/10	14:30	US				CPI Ex Food and Energy YoY	Jul	6.2%	--	5.9%	--
08/10	14:30	US				CPI Index NSA	Jul	--	--	296.311	--
08/10	14:30	US				CPI Core Index SA	Jul	--	--	294.354	--
08/10	14:30	US				Real Avg Hourly Earning YoY	Jul	--	--	-3.6%	--
08/10	14:30	US				Real Avg Weekly Earnings YoY	Jul	--	--	-4.4%	--
08/10	16:00	US				Wholesale Inventories MoM	Jun F	--	--	1.9%	--
08/10	16:00	US				Wholesale Trade Sales MoM	Jun	--	--	0.5%	--
08/10	18:00	RU				CPI YoY	Jul	--	--	15.90%	--
08/10	18:00	RU				CPI MoM	Jul	--	--	-0.35%	--
08/10	18:00	RU				CPI Core MoM	Jul	--	--	0.18%	--
08/10	18:00	RU				CPI Core YoY	Jul	--	--	19.18%	--
08/10	18:00	RU				CPI WoW	Aug 5	--	--	--	--
08/10	18:00	RU				CPI Weekly YTD	Aug 5	--	--	--	--
08/10	20:00	US				Monthly Budget Statement	Jul	--	--	-\$88.8b	--

Source: Refinitiv



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Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
08/10-08/12		RU				Budget Balance YTD	Jul	--	--	1373.9b	--
08/11	01:01	UK				RICS House Price Balance	Jul	--	--	65%	--
08/11	14:30	US				PPI Ex Food and Energy YoY	Jul	--	--	8.2%	--
08/11	14:30	US				PPI Final Demand MoM	Jul	0.3%	--	1.1%	--
08/11	14:30	US				PPI Ex Food and Energy MoM	Jul	0.5%	--	0.4%	--
08/11	14:30	US				PPI Ex Food, Energy, Trade MoM	Jul	0.5%	--	0.3%	--
08/11	14:30	US				PPI Final Demand YoY	Jul	--	--	11.3%	--
08/11	14:30	US				PPI Ex Food, Energy, Trade YoY	Jul	--	--	6.4%	--
08/11	14:30	US				Initial Jobless Claims	Aug 6	--	--	--	--
08/11	14:30	US				Continuing Claims	Jul 30	--	--	--	--
08/11	15:00	RU				Gold and Forex Reserve	Aug 5	--	--	--	--
08/11		GE				Current Account Balance	Jun	--	--	2.5b	--
08/11-08/16		GE				Wholesale Price Index MoM	Jul	--	--	0.1%	--
08/11-08/16		GE				Wholesale Price Index YoY	Jul	--	--	21.2%	--

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Date	Time	C	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
08/12	08:00	UK				Index of Services MoM	Jun	--	--	0.4%	--
08/12	08:00	UK				Index of Services 3M/3M	Jun	--	--	0.1%	--
08/12	08:00	UK				Visible Trade Balance GBP/Mn	Jun	--	--	-£21445m	--
08/12	08:00	UK				Trade Balance Non EU GBP/Mn	Jun	--	--	-£10367m	--
08/12	08:00	UK				Trade Balance GBP/Mn	Jun	--	--	-£9747m	--
08/12	08:45	FR				CPI EU Harmonized MoM	Jul F	--	--	0.3%	--
08/12	08:45	FR				CPI EU Harmonized YoY	Jul F	--	--	6.8%	--
08/12	08:45	FR				CPI MoM	Jul F	--	--	0.3%	--
08/12	08:45	FR				CPI YoY	Jul F	--	--	6.1%	--
08/12	08:45	FR				CPI Ex-Tobacco Index	Jul	--	--	111.80	--
08/12	10:00	RU				Money Supply Narrow Def	Aug 5	--	--	--	--
08/12	10:00	IT				Trade Balance Total	Jun	--	--	-12m	--
08/12	10:00	IT				Trade Balance EU	Jun	--	--	246m	--
08/12	11:00	EC				Industrial Production SA MoM	Jun	--	--	0.8%	--
08/12	11:00	EC				Industrial Production WDA YoY	Jun	--	--	1.6%	--
08/12	14:30	US				Import Price Index MoM	Jul	-1.3%	--	0.2%	--
08/12	14:30	US				Import Price Index ex Petroleum MoM	Jul	--	--	-0.4%	--
08/12	14:30	US				Import Price Index YoY	Jul	--	--	10.7%	--
08/12	14:30	US				Export Price Index MoM	Jul	-1.4%	--	0.7%	--
08/12	14:30	US				Export Price Index YoY	Jul	--	--	18.2%	--
08/12	15:00	US				Bloomberg Aug. United States Economic Survey					
08/12	16:00	US				U. of Mich. Sentiment	Aug P	52.0	--	51.5	--
08/12	16:00	US				U. of Mich. Current Conditions	Aug P	--	--	58.1	--
08/12	16:00	US				U. of Mich. Expectations	Aug P	--	--	47.3	--
08/12	16:00	US				U. of Mich. 1 Yr Inflation	Aug P	--	--	5.2%	--
08/12	16:00	US				U. of Mich. 5-10 Yr Inflation	Aug P	--	--	2.9%	--
08/12	18:00	RU				GDP YoY	2Q A	--	--	3.5%	--

Source: Refinitiv

Your Weekend Wire Figures

World Currencies/PM & World Bonds

World Currencies	Last	1D Change
<u>EURUSD</u>	1,0229	-0,17%
<u>EURCHF</u>	0,9776	0,10%
<u>EURGBP</u>	0,8423	0,02%
<u>EURJPY</u>	136,24	-0,06%
<u>USDCHF</u>	0,9557	-0,03%
<u>USDJPY</u>	133,20	-0,23%
<u>USDCAD</u>	1,2885	-0,16%
<u>USDTRY</u>	17,97	-0,26%
<u>GBPUSD</u>	1,2143	-0,14%
<u>AUDUSD</u>	0,6950	-0,30%
<u>NZDUSD</u>	0,6296	-0,10%

Precious Metals	Last	1D Change
<u>Gold</u>	1 787,78	-0,20%
<u>Silver</u>	20,15	-0,16%
<u>Platinum</u>	945,11	1,49%
<u>Palladium</u>	2 112,98	2,10%

World Bonds	Last	1D Change
<u>US 10Y</u>	2,6899	0,06%
<u>EUR 10Y</u>	0,8380	4,36%
<u>Swiss 10Y</u>	0,4530	6,09%
<u>UK 10Y</u>	1,92	1,69%

Indices & Commodities

World Indices	Last	1D Change
<u>Dow Jones</u>	32 726,82	-0,26%
<u>S&P 500</u>	4 151,94	-0,08%
<u>Nasdaq</u>	12 720,58	0,41%
<u>Eurostoxx 50</u>	3 745,47	-0,24%
<u>FTSE 100</u>	7 441,27	-0,09%
<u>CAC 40</u>	6 489,46	-0,37%
<u>DAX</u>	13 670,73	0,06%
<u>SMI</u>	11 213,56	0,10%
<u>Nikkei</u>	28 175,87	0,87%
<u>Hang Seng</u>	20 201,94	0,14%
<u>CSI 300</u>	4 156,91	1,35%
<u>VIX Index</u>	21,62	0,84%

World Commodities	Last	1D Change
<u>WTI Crude</u>	88,52	-0,02%
<u>Brent Crude</u>	94,22	0,11%
<u>Nat Gas (HH)</u>	8,00	-1,49%
<u>Nickel</u>	22 150,00	-0,63%
<u>Copper</u>	356,35	2,36%
<u>Corn</u>	601,00	-0,21%
<u>Wheat</u>	778,50	-0,51%
<u>Soybean</u>	1 615,00	0,00%
<u>Coffee</u>	215,00	-1,96%
<u>Cotton</u>	100,30	0,18%
<u>Sugar</u>	17,67	0,68%

Sources: Bloomberg



Your CRYPTO Weekend Wire

Crypto Market Cap: \$1,081,318,056,733

Dominance*: BTC: 40,9% ETH: 18,7%

*: Split of crypto usage within the global crypto market cap.

News Flow

➤ **SEC charges 11 people in alleged \$300 million crypto Ponzi scheme.**

The Securities and Exchange Commission on Monday filed a civil complaint charging 11 people for their roles in creating and promoting an allegedly fraudulent crypto-focused pyramid scheme that raised more than \$300 million from investors.

The scheme, called Forsage, claimed to be a decentralized smart contract platform, and it allowed millions of retail investors to enter transactions via smart contracts that operated on the Ethereum, Tron and binance blockchains. But under the hood, the SEC alleges that for more than two years, the setup functioned like a standard pyramid scheme, in which investors earned profits by recruiting others into the operation.

In the SEC's formal complaint, Wall Street's top watchdog calls Forsage a "textbook pyramid and Ponzi scheme," in which Forsage aggressively promoted its smart contracts through online promotions and new investment platforms, while all the while not selling "any actual, consumable product." The complaint goes on to say that "the primary way for investors to make money from Forsage was to recruit others into the scheme."

In a statement, the SEC added that Forsage operated a typical Ponzi structure, wherein it allegedly used assets from new investors to pay earlier ones.

"As the complaint alleges, Forsage is a fraudulent pyramid scheme launched on a massive scale and aggressively marketed to investors," wrote Carolyn Welshhans, acting chief of the SEC's Crypto Assets and Cyber Unit.

"Fraudsters cannot circumvent the federal securities laws by focusing their schemes on smart contracts and blockchains."

Forsage, through its support platform, declined to offer a method for contacting the company and did not offer comment.

Four of the eleven individuals charged by the SEC are founders of Forsage. Their current whereabouts are unknown, but they were last known to be living in Russia, the Republic of Georgia and Indonesia.

The SEC has also charged three U.S.-based promoters who endorsed Forsage on their social media platforms. They were not named in the commission's release.

Forsage was launched in January 2020, and regulators around the world had tried a couple of different times to shut it down since then.

Cease-and-desist actions were brought against Forsage first in September of 2020 by the Securities and Exchange Commission of the Philippines, and later, in March 2021, by the Montana commissioner of securities and insurance. Despite this, the defendants allegedly continued to promote the scheme while denying the claims in several YouTube videos and by other means.

Two of the defendants, both of whom did not admit or deny the allegations, agreed to settle the charges, subject to court approval.

➤ **Billionaire Steve Cohen Exits Investment in Crypto Startup Radkl.**

Hedge fund billionaire Steve Cohen exited his investment in cryptocurrency trading startup Radkl, according to a spokesperson for the digital-asset company.

The quantitative crypto trading firm, which was formed last year by New York Stock Exchange market maker GTS, has already lost at least two managing directors this year, including Jim Greco and Beatrice O'Carroll. On Radkl's website, only five employees are listed including O'Carroll, who confirmed with Bloomberg in a LinkedIn message that she has left the company.

"Radkl remains extremely well capitalized with its current investors and continues to grow rapidly," the spokesperson wrote in an email. A representative for Cohen's hedge fund, Point72 Asset Management, declined to comment.

Radkl made news last September for having snagged the support of Cohen, a Wall Street titan who also owns the New York Mets baseball team. His involvement was seen as a sign of the traditional finance world's growing interest in and acceptance of the industry. Then, prices were rising toward records; this year, a slump in digital assets and series of crises has left investors with losses and, for some, dimmed crypto's allure.

Read more: DeFi Trader at Steve Cohen-Backed Firm Wrote Kardashians' Song

Radkl wasn't Cohen's only crypto investment. Cohen's family office -- Cohen Private Ventures -- also took part in a funding round last year for nonfungible-token firm Recur, while Point72 Ventures led a financing round earlier in 2021 for crypto-analytics firm Messari Inc.

This year in June, Point72 hired Elie Galam as head of crypto for Cohen's centralized quant business at Cubist Systematic Strategies.



Your CRYPTO Weekend Wire

News Flow

➤ **Solana and Slope Wallet Users Drained in Suspected Exploit.**

Users of Solana digital wallets Phantom and Slope are claiming millions have been stolen from an unknown exploit linked to the wallets or associated trusted apps.

According to several users and market participants, the exploit on either the Solana network or via native wallets is draining users' funds despite being disconnected from web browsers or actioning any transfers. Exact details of the exploit are not yet known.

"We are working closely with other teams to get to the bottom of a reported vulnerability in the Solana ecosystem," the Phantom team told Blockworks. "At this time, the team does not believe this is a Phantom-specific issue." The exact amount stolen from users' wallets is not yet known.

Users said they are receiving notifications that they are sending tokens to an unknown set of addresses. The total amount of funds drained so far is suspected of totaling more than \$6 million in SOL. Blockworks was unable to immediately independently verify that figure.

Users from web-based cryptocurrency wallet Slope are also reporting incidents of an exploit. The attacker is claimed to be making off with both SOL and Solana Program Library (SPL) tokens.

One user, going by the handle @Paladin on Twitter, told Blockworks several people familiar with the situation had their wallets "drained randomly."

"They lost thousands and most of their money, so they are quite depressed," they said. "Move coins to a ledger and disconnect every trusted website."

Paladin pointed to two large wallet addresses suspected of belonging to the exploiter which have a combined balance of roughly 37,777 SOL (US\$1.5 million). A third wallet, with roughly 2,402 SOL (\$95,000) is continuing to see funds drained to its address as a result of the exploit, Paladin said.

The exploit appears to be impacting all Solana-based tokens with recommendations for moving coins to a ledger, revoking trusted apps like NFT marketplace Magic Eden or locking them up via staking.

Hacks and exploits relating to DeFi and NFTs continue to mount. Last month, Blockworks reported hacks totaled more than \$1.2 billion for the first quarter of this year alone in what appears to be an increase in frequency for the budding sector.

Continuous hacks "is fundamentally an unsolvable problem," Immunefi's CEO Mitchell Amador told Blockworks in an interview at the time. "We knew things were going to go in this direction. The volatility is a part of crypto, the amount of money flowing in was going to increase."

➤ **MicroStrategy's Saylor To Step Down as CEO To Double Down on Buying Bitcoin.**

Michael Saylor is stepping down from his long running role as MicroStrategy's chief executive.

Saylor is set to become the company's executive chairman, a move company executives said would allow the outspoken Bitcoin bull to focus more on the firm's bitcoin acquisition strategy.

Saylor has served as CEO and chairman of MicroStrategy's board since founding the company in 1989. He took it public in 1998. Phong Le, president of the Virginia-based business intelligence firm since July 2020, will become MicroStrategy's CEO on Aug. 8.

Saylor said during the company's earnings call on Tuesday that the matter of CEO succession has been "carefully considered and planned for at the board level for many years."

Le called the leadership reshuffling a "business-as-usual transition," noting that he doesn't plan on making any significant changes to the company.

"I believe that splitting the roles of chairman and CEO will enable us to better pursue our two corporate strategies of acquiring and holding bitcoin and growing our enterprise analytics software business," Saylor said in a statement.

Since joining MicroStrategy in 2015, Le has also worked as the firm's chief financial officer and chief operating officer.

"We continue to see the durability of our enterprise analytics business and the attractiveness of our cloud platform in our results this past quarter," Le said in a statement. "With total revenue growth on a constant currency basis, and 36% year-over-year growth in subscription services revenues, our business remains resilient even in light of the continuing macroeconomic uncertainties."

MicroStrategy has the largest bitcoin (BTC) stash of any public company. It held 129,699 BTC — worth about \$2 billion — as of June 30, which reflects cumulative losses of roughly \$2 billion.



Your CRYPTO Weekend Wire

News Flow

As volatility ramped up in June, MicroStrategy purchased an additional 480 bitcoin (BTC) for roughly \$10 million — an average price of \$20,817 per bitcoin.

MicroStrategy reported a net loss for the second quarter of nearly \$1.1 billion, due in part to digital asset impairment charges of \$918 million.

Saylor said on the call that since Aug. 11, 2020 — the day the company announced the start of its bitcoin acquisition strategy — MicroStrategy’s stock and bitcoin are up 123% and 94%, respectively.

“We seek to acquire and hold bitcoin long-term, and we do not currently plan to engage in sales of bitcoin,” Le added. “We have a long-term time horizon, and the core business is not impacted by the near-term price fluctuations of bitcoin.”

The company’s declaration to continue to buy and hold bitcoin comes after Tesla sold roughly 75% of its bitcoin in the second quarter as part of conversions that added \$936 million to its balance sheet.

MicroStrategy’s stock price closed Tuesday at \$278.26. The stock is down about 50% year to date, but up 48% in the past month.

➤ **Coinbase shares jump after partnering with BlackRock to give clients access to crypto.**

Share of Coinbase soared by 40% on Thursday after the crypto exchange announced a partnership with BlackRock to provide its clients access to cryptocurrency trading, beginning with bitcoin.

Coinbase Prime services will be available to clients of BlackRock’s portfolio management platform for institutional investors, Aladdin. It will provide crypto trading, custody, prime brokerage, and reporting capabilities. BlackRock is the largest asset manager in the world with more than \$8 trillion under management.

Coinbase shares have been on a tear lately and analysts have not been sure why. The stock jumped 20% on Wednesday. The shares were still down nearly 70% for 2022 through Wednesday’s close.

The unusual jump in Coinbase this week could be related to investors who were betting against the stock scrambling to cover their short positions, a so-called short squeeze. More than 22% of Coinbase’s shares which are available for trading are sold short, according to FactSet. So as the stock has run, these investors have to buy back the stock to cover their losses, further fueling the gains.

➤ **CME Group Rolling Out First Euro-settled Crypto Derivatives.**

Derivatives marketplace CME Group is set to offer its first euro-denominated bitcoin and ether futures this month after its crypto derivatives posted record open interest volumes during the second quarter.

The upcoming cash-settled products are designed to match their US dollar-denominated counterparts. Bitcoin euro futures are set to be comprised of five bitcoins (BTC) per contract, while the ether euro futures are slated to start with 50 ether (ETH).

Tim McCourt, CME’s global head of equity and foreign exchange products, said demand for risk management solutions by institutional investors outside the US is increasing as crypto market uncertainty persists.

Euro-denominated cryptocurrencies are the second-highest traded fiat behind the US dollar, McCourt added. The number of bitcoin and ether contracts traded in Europe, the Middle East and Africa represent about 28% of worldwide totals, he said, which is up more than 5% from 2021.

The upcoming launch comes after CME’s crypto derivatives posted record open interest — an average of 106,000 contracts per day — and higher than average daily volumes of 57,000 contracts during the second quarter.

In July, daily open interest on the exchange’s crypto products averaged nearly 127,000 contracts, a spokesperson told Blockworks, up 59% from the previous month. Average daily volume on those products was roughly 62,000 contracts — about 11% higher than June.

CME began offering bitcoin futures in 2017 and went on to add an ether version in February 2021. The company launched cash-settled micro bitcoin futures contracts — worth 10% of one bitcoin — last year and moved in November to add micro ether futures, as Ethereum liquidity grew.

“At this time, we have no plans to introduce additional products,” a CME Group spokesperson told Blockworks. “We remain focused on continuing to grow our current suite of crypto offerings.”

Micro ether futures in particular are gaining steam, as more than 3.2 million such contracts have traded in the last eight months, CME Group reported.



Your CRYPTO Weekend Wire

News Flow

Average daily open interest of micro ether futures reached 47,000 contracts in July, while average daily volumes hit nearly 26,000 contracts — up 43% and 41%, respectively, from June.

A CME spokesperson attributed the spike in part to ether's increasing price, noting that its micro ether contracts settled at \$1,014 on June 30. The price of ETH at 3 pm ET was roughly \$1,600.

The representative also called Ethereum's upcoming Merge, the blockchain's switch from a proof-of-work consensus mechanism to a proof-of-stake alternative, "one of the most anticipated events in the crypto space to date."

The spokesperson said 78% of micro ether options open interest mature in September or December, suggesting traders are hedging risk ahead of the Merge.



Your CRYPTO Weekend Wire

Figures and Charts



Crypto	Last	1D Change
Bitcoin	23 305,03	3,52%
Ethereum	1 671,14	5,02%



Sources: Bloomberg / Trading View



Your CRYPTO Weekend Wire Glossary

A

- ❖ **Address (Crypto Address):** An address is comparable to a bank account number. It is a unique collection of numbers and letters. This identification code is required to carry out a blockchain transaction and is unique for each owner. (ie: 1GyWgXtkVG5gsm9Ym1rkHoJHAftmPnTHQj)
- ❖ **Airdrop:** An airdrop is a way to distribute coins. End users can generally get coins for free or in exchange for a small task, such as subscribing to a newsletter, sending a tweet or inviting other people via a personal affiliate link.
- ❖ **Algorithm:** The 'algorithm' is a way to solve a task using data processing and calculations. There are different types of algorithms in use by blockchains.
- ❖ **Altcoin:** An altcoin is any cryptocurrency or token created after the Bitcoin was developed.
- ❖ **Anti-Money Laundering (AML):** AML is the abbreviation for 'anti-money laundering'. AML stands for policy and legislation on money laundering. This prevents illegally acquired funds from being converted into a legal variant. Within the crypto world, it is no longer unusual for AML techniques to be used by exchanges and wallets. This term is often used as AML/KYC, where KYC stands for 'Know your customer'.
- ❖ **APY:** APY is short for 'annual percentage yield', which is the total return rate that is earned on an interest-bearing asset or savings account. The compounding interest should be considered when the APY percentage is projected. An APY of 5% will turn \$100 into \$105 after exactly one year.
- ❖ **ATH:** ATH is the abbreviation of 'All-Time High' and means the highest price ever paid for a particular coin. ATH is also often used to indicate that someone's total portfolio has reached the highest value ever.
- ❖ **ATL:** ATL stands for 'all-time-low' and is the opposite of ATH, or 'all-time-high'. ATL is used to indicate that the price of a coin or the entire wallet of a person is at the lowest level ever in terms of value.

B

- ❖ **Bitcoin (BTC):** Bitcoin is the very first, best known and currently the most valuable digital coin.
- ❖ **Bitcoin (unit of Currency):** The bitcoin is the very first cryptocurrency invented in 2008 by an anonymous developer named Satoshi Nakamoto. It can be divided up to 8 digits after the comma. The smallest one is called a satoshi (0.00000001 BTC).
- ❖ **Blockchain:** The blockchain is a technique that makes it possible to safely store data in a decentralized way. This data can be money, but it could be other data as well.



Your CRYPTO Weekend Wire Glossary

- ❖ **Bot:** A 'bot' is an autonomous program on a network, such as the Internet, that can interact with systems or users. It is often designed to automate certain manual tasks. Bots are often used in Telegram chat groups to prevent spam.

C

- ❖ **CBDC:** CBDC stands for 'Central bank digital currency' and is the fully digital form of fiat money. Unlike at Bitcoin, this type of currency would be created by a centralized authority like a central bank or a monetary authority. It might or might not have a distributed ledger. Each central bank in the world can have a custom implementation. Currently, it is still in test phase or just a concept on paper.
- ❖ **Centralized:** Centralized means that one organization has control. For example, governments and companies are centralized. The opposite of centralized is decentralized, such as the Internet and the blockchain.
- ❖ **Coin:** A Coin is the umbrella term for cryptocurrencies and tokens.
- ❖ **Cold Storage:** Cold storage refers to storing cryptocurrency on a place where the private key cannot be accessed via the internet. This can be done on a hardware wallet, paper wallet or software wallet in an offline environment.
- ❖ **Cold Wallet:** A cold wallet is a wallet for storing cryptocurrency where the private key is not exposed to the Internet.
- ❖ **Cryptocurrency:** A cryptocurrency, also known as 'crypto', is a type of currency that is transferred via a blockchain. It uses strong cryptography to secure the transactions, that usually have value. While traditional fiat currencies are subject to counterfeiting, this is not possible in a cryptocurrency. Bitcoin is still the most valuable cryptocurrency.

D

- ❖ **DAO:** DAO is an abbreviation of 'Decentralized Autonomous Organization'. This is an organization that runs automatically on itself without any human interventions. The work is automatically executed through Smart contracts.
- ❖ **DeFi:** DeFi is the abbreviation of 'Decentralized Finance'. It can be defined as a new financial ecosystem consisting of various financial tools, apps and services utilizing blockchain technology. It's an umbrella term for all these projects combined and is growing daily. Examples of DeFi functionality are banking services in the form of stablecoins, decentralized exchanges, derivatives, prediction markets, or lending and borrowing systems. The last one can be either peer-to-peer or with a pool. It is a combination of replicating products and services in the traditional finance industry as well as innovative new ones only possible with blockchain technology.



Your CRYPTO Weekend Wire Glossary

❖ **DEX:** A DEX is short for Decentralized Exchange. This is an exchange where people can trade cryptocurrencies and tokens without the need of a middleman. It is usually run by code in a 'smart contract'. The transactions are generally written to the blockchain, which makes a DEX by default slower than a centralized exchange that uses fast databases. The main benefit of a DEX is that nobody, but yourself, holds the private key to the funds. Even though a DEX will not have a middleman regarding the trades, the exchange and the website are centrally managed. Therefore, it's not 100% decentralized in fact. The level of decentralization differs per DEX. Use the filters in this list with exchanges to find each DEX.

E

- ❖ **ERC-20:** ERC20 coins are all tokens on the Ethereum blockchain. These coins are also supported by most Ethereum wallets.
- ❖ **ETF:** ETF is an abbreviation for 'Exchange-Traded-Fund' or a listed fund on a stock exchange. This is a tradable product (security) that follows the price of an underlying asset. Examples are an equity index, a basket of certain securities, bonds and commodities. There are several applications for a Bitcoin ETF, but none of these has yet been approved by the SEC in the United States of America.
- ❖ **Ethereum:** Ethereum (ETH) consists of one blockchain where both its own transactions (Ether) and those of numerous other coins (tokens) are recorded. Ethereum distinctive feature is the so-called "smart contract". The programming language of Ethereum is written in such a way that programmers can write their own programs based on the Ethereum blockchain.

F

- ❖ **Fiat Currency:** Fiat currency or also simply called fiat is money issued by a government or organizations that can issue it, like banks for example. It doesn't have any value by itself and is for decades not backed by gold anymore either. It instead remains value based on the trust of the people. Once the trust goes away it will decrease in value and could eventually cause hyperinflation.
- ❖ **Fully Diluted:** Fully Diluted in crypto refers to fully diluted market cap. This is the market cap of a coin based on its total supply instead of the circulating supply. This is an important metric for investors to compare coins and help with the decision if it's overvalued or undervalued.

H

- ❖ **HODL:** HODL is the wrong spelling of 'hold'. This spelling mistake was once made by someone accidentally or intentionally on a forum. Since then, this term has been used to indicate that you keep or should be holding your position.



Your CRYPTO Weekend Wire Glossary

I

- ❖ **ICO:** An 'initial coin offering' (ICO) can be compared a bit with an IPO. Investors get an opportunity to invest in a certain coin for the first time. The difference with the stock market however is that a company must meet all kinds of requirements before the IPO can take place. The market of ICO's is much less regulated. Therefore, it happens more often that an ICO is fraudulent.
- ❖ **Interoperability:** The term interoperability in crypto refers to blockchain interoperability. In short, this means the ability to share information between different blockchains. Since the launch of Bitcoin, a lot of new blockchains have emerged of which the most well known Ethereum. All these new blockchains are in a way competing to get adoption by developers and users and results in a lot of silos. Since each blockchain usually has its own speciality, it would make sense for developers to utilize more than one blockchain. For this to work there is a need for the interoperability and several projects are working on this.

K

- ❖ **Key Pairs:** A key pair is the combination of a public and private key together. During the process of creating a wallet, a pair of keys is generated. The private key is the most important one and should be backed up safely and not shared with anyone.
- ❖ **KYC:** KYC is an abbreviation for 'Know Your Customer' and was created to combat money laundering via cryptocurrencies. At almost every ICO it is mandatory to prove that you are who you say you are. This is also regularly requested at crypto exchanges.

M

- ❖ **Masternode:** A masternode is a server, ran from home or in a data center, that has an essential role in a decentralized network. It usually performs specific tasks, like storing files or data and keeping it accessible in the network. It could also function to validate the transaction or for consensus purposes like voting on proposals. The technical (memory, CPU, etc.) and financial criteria (number of coins needed) are different for each coin. If the masternode you set up does not perform well it's possible to lose your coins if those are meant as collateral. The rewards could also just stop and then you can just start over again. A masternode usually gives a high reward that's paid out in the coin itself.
- ❖ **Maximum Supply:** This is the maximum number of coins that will exist for a token or cryptocurrency. If there is a max supply defined, no more coins can be created. 'Burned' coins are part of this supply, so therefore it is always larger than or equal to the total supply.
For Bitcoin, the maximum is set to 21 million.
- ❖ **Mining:** Mining is also known as 'Cryptocurrency mining' or 'Cryptomining'. It is a process where blocks are added to a blockchain by solving a mathematical puzzle. The block can also contain transactions on that blockchain and will then become verified and immutable. Depending on the blockchain, mining can be done with a CPU, GPU, specialized hardware or a combination of all.



Your CRYPTO Weekend Wire Glossary

N

- ❖ **NFT:** NFT is the abbreviation of non-fungible token. This is a type of token representing a unique asset. These can be either digital or represent real-world assets. Examples are a sword in a game or ownership of a piece of land. NFT's are generally scarce, unique and indivisible. The Ethereum blockchain makes it easy to create NFT's with it's ERC-721 and ERC-1155 standards.

O

- ❖ **ODN:** ODN is the abbreviation of 'OriginTrail Decentralized Network'. This is an open-source and permissionless network that relies on an off-chain technology stack consisting of several inter-related layers. It is a decentralized network of data providers, data creators, data holders, and data viewers. The glue between all entities is the ERC-20 based Trace Token (TRAC). This is used as a collateral stake to keep data holders honest and for payments to compensate the data holders for providing their resources.

P

- ❖ **Paper Wallet:** A paper wallet is an alternative to a hardware or software wallet. It is a piece of paper or a PDF containing the information to access the cryptocurrency in that wallet. It normally consists of a 'public key' and a 'private key'.
- ❖ **Permissioned Blockchain/ledger:** Anyone can mine Bitcoins because it is a public blockchain. This is not the case with a permissioned blockchain. There is a layer above it that determines which entity can write transactions in a block. The XRP coin from the company Ripple Labs is an example of such a blockchain and has CGI, MIT and Microsoft as approved entities for example. These are called "transaction validators".
- ❖ **PoA (Proof of Authority):** PoA stands for 'Proof of Authority'. This is a validation method to process transactions and blocks in a blockchain only by approved accounts. These are known as 'validators' and run specific software to store the transactions in blocks. Since the identity is linked to the system, it can contribute to more trust.
- ❖ **Private Key:** A private key in the crypto space can be defined as the combination of letters and numbers that corresponds to a specific public key. The private key can be used to gain access to the assets on that public key, also known as the wallet address. Once you share your private key with somebody, store it on your computer in plain text or type it in a website or app, you risk losing all your funds stored on its a corresponding public address.
- ❖ **Public Key:** A public key in the crypto space can be defined as a combination of letters and numbers and forms the address to which the cryptocurrencies or tokens can be sent to. Everybody who knows the public key of somebody can see the assets stored on that address. Only the owner of the corresponding private key can send those assets out.



Your CRYPTO Weekend Wire Glossary

Q

- ❖ **QR Code:** A QR code is a type of barcode in the form of a square. The letters QR stand for 'Quick Response'. The code contains many dots, a few small squares and sometimes a small logo in the middle. This is different from most other barcode types, which are rectangular with lines. A QR code can therefore contain much more information. Within the crypto world, it is often used to make a 'wallet' address scannable. This speeds up the process of transferring crypto and prevents errors.

S

- ❖ **Satoshi Nakamoto:** Satoshi Nakamoto is the alias of the creator of Bitcoin, who wants to remain anonymous. Nobody knows who it is. It could be a person, a group, a company or even a government. It is quite likely that it is a person because there are people who have communicated with him or her via e-mail.
- ❖ **SEC:** SEC is the abbreviation of 'Securities and Exchange Commission'. This is an independent government organization of the United States of America. The SEC holds the primary responsibility regarding the financial markets. They enforce the federal securities laws, propose new rules and regulate the US financial markets.
- ❖ **Stablecoin:** Stablecoins are tokens or cryptocurrencies attempting to have a minimized volatility of its price. It usually tries to keep a stable price of a related asset like USD for example. It can be backed by the related asset or replicated using smart contracts. Stablecoins are usually pegged to fiat money, but it's also possible to be pegged to precious metals like gold or silver, or even other assets. It enables an easily accessible way to store crypto wealth, temporarily, in a more stable asset during market volatility instead of using the traditional financial ecosystem. Fiat withdrawals can take a few days and could be costly as well.

T

- ❖ **Tether:** The Tether is often abbreviated as USDT on exchanges. This is a non-government regulated 'stablecoin' with a value of around 1 US dollar. The company behind this coin claims that every Tether in circulation is covered with real dollars on their bank account.
- ❖ **Total Supply:** The 'total supply' indicates the number of coins already in circulation, supplemented with the coins that are not tradable yet. So, it only applies to coins already in existence. This is different from the 'max supply', in which future coins are included. The total supply is greater than or equal to the 'circulating' supply. It can consist of tradable and non-tradable coins, such as reserved or not yet released coins for the team or investors.
- ❖ **Transaction Fee:** The 'transaction fee' is the amount that must be paid to execute transactions on the Blockchain. This fee is usually paid to the 'Miners', but sometimes they are burned. There are also several cryptocurrencies, where you don't have to pay a fee.



Your CRYPTO Weekend Wire Glossary

W

- ❖ **Wallet:** A 'wallet' is a place to store cryptocurrencies encrypted. There are several variants, such as a paper wallet, hardware wallet or software wallet. Each coin has one or more supported wallets.
- ❖ **Whale:** A 'whale' is someone with a very large position in a coin.
- ❖ **Whitepaper:** A 'whitepaper' is a document that is almost always written for the launch of a new coin through an ICO. All aspects of a coin should be explained here: how it is used, for what and sometimes also the price expectation. After the ICO new versions can be released if the situation changes.

Y

- ❖ **Yield Farming:** Yield farming is the process of generating the most returns possible on your crypto assets by putting them to work. Within the crypto space, DeFi has taken on a big role and services inside this space are making yield farming possible. There are nowadays ways to move your crypto assets to pools to gain interest on those assets giving it an annual percentage yield (APY). Just buying crypto-assets and holding them in your wallet, won't generate any yield, but lending them out with DeFi services like, Compound, for example, does make this possible. A term closely related to yield farming is liquidity mining.

Sources: blockspot.io/crypto-dictionary

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