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**Fwd: Preview - The OIO Investor Update**

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Dear Valued Investors,

Welcome to the inaugural edition of The OIO Investor Update. Here you will find essential insights which have been carefully curated to keep you in touch with the most important market happenings. We hope that these insights will create value and aid you in your investment journey towards discovering meaningful financial opportunities.

Together to the future of money.

Rudy Lim Chief Executive Officer OIO Singapore (1)

**Rudy Lim**

Chief Executive Officer

OIO Singapore

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## **Rising Interest Rates Amidst Soaring Inflation to Pose a Risk to the Crypto Market**



**Figure 1:** FOMC participants' assessments of appropriate monetary policy. Midpoint of target range or target level for the federal funds rate.

(Image Credit: The US Federal Reserve)

The recent events related to the pandemic in terms of fiscal and monetary stimulus, supply shortages as well as the Russia-Ukraine war have posed significant macroeconomic headwinds worldwide, and have resulted in a period of unprecedented levels of rising inflation.

In lieu of this, the Fed is expected to raise interest rates as high as 4.6% in 2023. As of September 2022, the Fed has raised the benchmark interest rates to 3%-3.25%, which is the highest since the 2008 GFC. The dot-plot, which the Fed uses to signal its future outlook for interest rates, showed 6 out of 19 dots would take rates higher to a range of 4.75%-5% in 2023, which is expected to curb the rising inflation.

It is likely that these headwinds will drag on cryptocurrency – as interest rates rise, the demand for speculative high-risk assets like crypto will reduce as compared to secure, debt-based securities. The crypto market is likely to see more price drops as the Federal Reserve continues to raise rates.

## **Ethereum Merge Likely to be Bullish for the Crypto Market in the Long Run**



The Merge is the merger of two blockchain systems: the current Ethereum Mainnet and the Beacon Chain proof-of-stake system. The merger, which took place on 15

September 2022, will convert the Ethereum blockchain from a proof-of-work system to a proof-of-stake system. The transition is expected to reduce energy consumed in mining by a whopping 99.5%, and the introduction of staking is expected to augment network security.

While no outcome is certain, the Merge could be bullish for crypto investors in the long run due to the groundwork it lays for future upgrades to speed, fees and ecosystem development. Quicker transactions and lower fees could eventually lead to more users as well, which could have a positive impact on the value of ETH. A common speculation is that if the number of investors in ETH increase, the supply would naturally decrease, thereby making each individual token significantly more valuable in the long run. In any event, a successful merge is expected to boost the prices of crypto assets as investors gain more confidence in the asset class, and have a positive impact in reducing its carbon footprint in an endeavour to be a more sustainable network.

## **BlackRock – Coinbase Partnership to Create New Avenues for Institutional Investors**



(Image Credit: [coinbase.com](https://www.coinbase.com))

BlackRock and Coinbase are partnering to offer an integration of BlackRock's asset management platform with Coinbase Prime, Coinbase's institutional tool in order to provide new access points for institutional investors to manage their Bitcoin, and eventually other crypto assets as well.

The partnership is currently limited to Bitcoin and will allow the firm's institutional clients to have access to crypto trading, custody, prime brokerage, and reporting via Coinbase Prime. The clients will also be able to manage their bitcoin and conduct risk analysis using BlackRock's software suite Aladdin.

For institutional investors, historically the biggest hurdles to crypto have been regulation, as well as the lack of available tools and technology to successfully support IIs. BlackRock's Aladdin portfolio management system can now provide a holistic experience that embraces not just traditional assets, but also digital assets with a robust combination of custodial support, analytics, visualization, and reporting services around multiple cryptocurrencies. This partnership could open the floodgates for a significant amount of institutional capital flowing into crypto and digital currencies.

## **Tornado Cash Sanctions to Adversely Impact Crypto Market Sentiment**



(Image Credit: [thehackernews.com](https://thehackernews.com))

In August 2022, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctioned Tornado Cash, a cryptocurrency mixer that blends funds together to make their sources harder to trace, as it alleges Tornado Cash reportedly processed over \$500 million from several online hacks and heists to launder stolen funds. The sanctions stipulate the following:

- Any assets currently sitting in Tornado Cash are frozen.
- Transactions to or from Tornado Cash are prohibited.
- The mixer's code itself is banned (though it's essentially impossible to shut down the technology).

On one hand, while the sanctions were meant to target money laundering, some crypto enthusiasts feel that the OFAC is overstepping its authority by sanctioning a digital asset rather than a person or organization, prompting worrisome implications for crypto users' privacy and potential future shutdowns.

Additionally, because Tornado Cash operates on the Ethereum blockchain, there could be certain implications for the network as a whole as well. For example, if the government asked Ethereum validators to block blacklisted Ethereum addresses and a majority of validators complied, it would effectively make Ethereum more regulated, going against the very foundation of the decentralized nature of

blockchain technology. Speculation calls for increasing uncertainty in the market, which may increase the price volatility of crypto assets in the future.

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*I hope you enjoyed this issue of The OIO Investor Update. If you require any clarifications or have any questions regarding opportunities that can be leveraged off the news that have been trending across the markets recently, please feel free to reach out. I look forward to catching up with you over a cup of coffee to chat more.*

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