

The Ether Trend Indicator

Navigate the Crypto Seasons

Ether or cash? What if there was a signal that conveyed the presence of a price trend?

The Bitcoin Trend Indicator (BTI), by CoinDesk Indices, is a daily signal which conveys the presence, direction, and strength of the current price trend of bitcoin. BTI seeks to help navigate the 'crypto seasons' by providing outcome-driven investment products that aim to unlock new sources of return, help manage risk, and improve overall efficiency to reduce potential costs.

The ABCs of ETI

- **A** signal in long-only dynamic allocation strategies
- **B**roadcasts one of five possible daily values, with each value corresponding to an indicated direction and strength of trend in the price
- **C**alculated daily, derived from historical daily levels of the CoinDesk Ether Price Index (ETX), using historical price information and a non-discretionary methodology

The ETI signals one of five values every day at 4:00 p.m. ET.

Ether Trend Indicator	Indication
1	Significant uptrend
0.5	Uptrend
0	Neutral
-0.5	Downtrend
-1	Significant Downtrend

The chart below shows a back-test of the ETI over a five-year historical period, identifying long-term uptrends and downtrends in the price of ether.

The Ether Trend Indicator

The CoinDesk Ether Price Index (ETX) color-coded by the value of the Ether Trend Indicator



This series shows the historical daily value of the Ether Trend Indicator (ETI) represented by the color of the CoinDesk Ether Price Index (ETX) as shown in the legend.

Source: CoinDesk Indices.

The research-driven construction

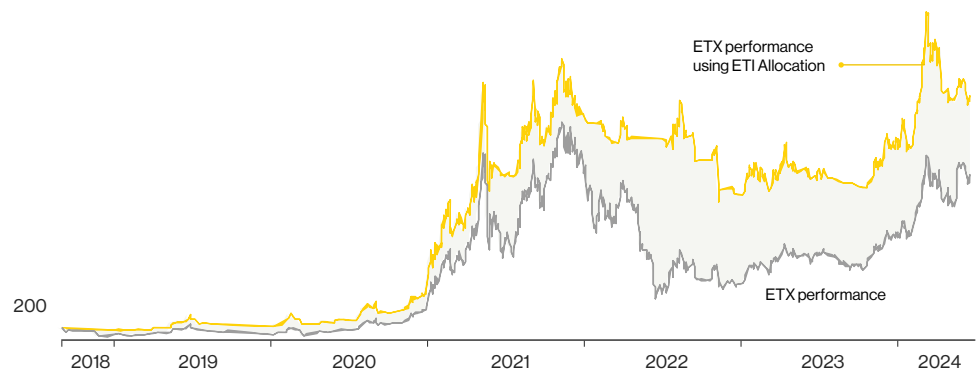
- A widely-used technique known as Moving Average Crossovers
- Recent short-term price averages are compared to recent long-term price averages
- If the short-term average is greater than the long-term average, the asset is considered to be in an uptrend
- Uses four crossover windows, ranging from very short term (2-day vs 10-day) to medium term (20-day vs 80-day)
- To maximize the information from more recent observations, price averages will be exponentially weighted

A hypothetical long-only implementation

Hypothetical ETI-driven performance

The Ether Trend Indicator is used to allocate between ether and cash

We now use the Ether Trend Indicator to implement a hypothetical long-only strategy that allocates between ether and a risk-free asset (“cash”). The objective of this strategy is to maintain exposure to ether proportionate to the strength of the Ether Trend Indicator, varying from 100% ether to 100% cash. We can observe that the portfolio of ether and cash, as informed by the Ether Trend Indicator, has reduced drawdowns during “crypto winters” while still participating in price uptrends.



The hypothetical performance series shown here represent a passive long position in Ether as referenced by the CoinDesk Ether Price Index (ETX) and a dynamic strategy that allocates between Ether and a zero-yield, risk-free asset, the allocation to Ether being proportional to the value of the Ether Trend Indicator. The strategy is rebalanced weekly and is shown gross of transaction costs and fees. Past performance is no guarantee of future results.

Source: CoinDesk Indices.

Be informed. Visit coindeskmarkets.com/bti to view the current signal and for additional information contact a CoinDesk Indices specialist at sales@coindesk-indices.com.

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