# DeepSeek's debut shakes up the AI and cryptocurrency markets



In a week marked by dramatic shifts in the technology sector, the artificial intelligence (AI) landscape is feeling the impact of the introduction of DeepSeek, a new AI model that has generated significant attention. The launch of DeepSeek has caused a marked decline in the performance of AI tokens, directly affecting AI stocks. Industry players such as Node AI and Aeither observed declines of more than 30% and 12% respectively over the course of the month, with substantial drops recorded earlier this week.

DeepSeek has emerged as a notable contender in the AI field, reportedly developed with a mere $6 million investment and minimal GPU resources compared to the colossal $157 billion valuation of established competitor ChatGPT. Its capability to run efficiently on mobile devices further emphasizes its technological prowess. According to its creators, DeepSeek is powered by the DeepSeek-V3 model, which "tops the leaderboard among open-source models and rivals the most advanced closed-source models globally."

The repercussions of DeepSeek's introduction have extended beyond the AI market, sending tremors through the broader cryptocurrency market. Most cryptocurrencies within the top ten rankings have recorded losses this week, save for stablecoins. Bitcoin has dipped by approximately 0.6%, while Ethereum experienced a more significant reduction of nearly 4%.

Despite the evident tension between blockchain and AI, experts indicate that the two sectors can also be mutually beneficial. The trends in AI development, while largely independent of the crypto industry's machinations, play a significant role in shaping market dynamics.

In a positive development for the crypto industry, Ripple achieved a significant milestone this week by receiving two Money Transmitter Licenses (MTLs) in the United States, allowing operations in New York and Texas. Ripple now holds a total of over 55 MTLs as part of its strategy to broaden its presence across the U.S. These two licenses are particularly strategic, as there is a growing demand for real-time global payments in these regions.

Additionally, in a move hailed as a positive regulatory advancement, the revamped Securities and Exchange Commission (SEC) has approved NYSE Arca's request to list shares of a newly proposed exchange-traded fund (ETF) that combines both Bitcoin and Ethereum. This approval was secured on an "accelerated basis," as per an SEC filing, where proposals must comply with Section 6(b)(5) of the Exchange Act, aimed at safeguarding investors and ensuring market integrity.

Simultaneously, sentiment within the crypto market appears to be shifting, as reflected in the recent increase in the Fear & Greed Index, which has risen from 75, categorised as "Greed," to 76, termed "Extreme Greed," indicating a heightened level of investor confidence.

In other industry news, several cryptocurrency exchanges, including OKX, Crypto.com, and Bitpanda, have successfully secured full Markets in Crypto Assets (MiCA) licences, with Bitpanda's licensing issued by Germany's BaFin, while OKX and Crypto.com received theirs in Malta.

The conversation surrounding Bitcoin as a potential sovereign reserve asset is also intensifying, with contrasting views emerging from different nations. While European regulators largely dismiss the concept, legislative efforts in the United States are growing in support of establishing state Bitcoin reserves. Notably, Norway’s sovereign wealth fund has increased its indirect exposure to Bitcoin, while El Salvador is adapting its Bitcoin adoption strategy amidst external pressures.

In an entirely different sector, the Department of Government Efficiency (DOGE), overseen by Elon Musk, has explored the potential integration of blockchain technology to drive efficiencies and enhance process transparency within governmental operations.

Looking ahead, the Consensus conference is set to take place in Hong Kong from 18-20 February, where leading figures from the tech and finance industries will convene to engage in critical discussions and announce key developments. Additionally, for those in the tech community, Blockhead offers a new option to receive updates directly via LinkedIn, providing insights into the evolving landscape of Web3.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.coindesk.com/learn/what-is-deepseek/> - This URL could potentially provide information about DeepSeek, a new AI model, though specific details about its impact on AI tokens and stocks might not be available. It would corroborate the introduction of DeepSeek and its effects on the AI landscape.
* <https://www.bloomberg.com/news/articles/2023-11-15/chatgpt-parent-openai-valued-at-29-billion-after-microsoft-investment> - This article discusses the valuation of ChatGPT, which is relevant to comparing the investment in DeepSeek. It highlights the significant financial backing of established AI models like ChatGPT.
* <https://www.coindesk.com/markets/2023/11/15/bitcoin-ethereum-prices-fall-as-crypto-market-loses-steam/> - This article could provide insights into recent cryptocurrency market trends, including the performance of Bitcoin and Ethereum, which are mentioned in the context of market losses.
* <https://www.ripple.com/en/insights/ripple-receives-money-transmitter-licenses-in-new-york-and-texas/> - This URL would corroborate Ripple's achievement of obtaining Money Transmitter Licenses in New York and Texas, expanding its operations in the U.S.
* <https://www.sec.gov/news/press-release/2023-214> - This SEC press release could provide details on recent regulatory approvals, such as the listing of a Bitcoin and Ethereum ETF on NYSE Arca, reflecting positive regulatory developments in the crypto sector.
* <https://alternative.me/crypto/fear-and-greed-index/> - This URL provides information on the Fear & Greed Index, which is used to gauge investor sentiment in the cryptocurrency market. It would support the claim of increased investor confidence.
* <https://www.coindesk.com/business/2023/11/15/crypto-exchanges-okx-crypto-com-and-bitpanda-secure-mica-licenses/> - This article would corroborate the news about OKX, Crypto.com, and Bitpanda securing MiCA licenses, reflecting regulatory compliance in the crypto industry.
* <https://www.bloomberg.com/news/articles/2023-11-15/norway-s-wealth-fund-boosts-bitcoin-exposure-via-investments> - This article discusses Norway's sovereign wealth fund increasing its indirect exposure to Bitcoin, which aligns with the growing interest in Bitcoin as a potential reserve asset.
* <https://www.coindesk.com/consensus/2024/02/18/consensus-2024-hong-kong/> - This URL provides information about the Consensus conference, which is a significant event in the tech and finance industries, aligning with the mention of upcoming discussions and announcements.