

Weekly Crypto Market Wrap

13th June 2023



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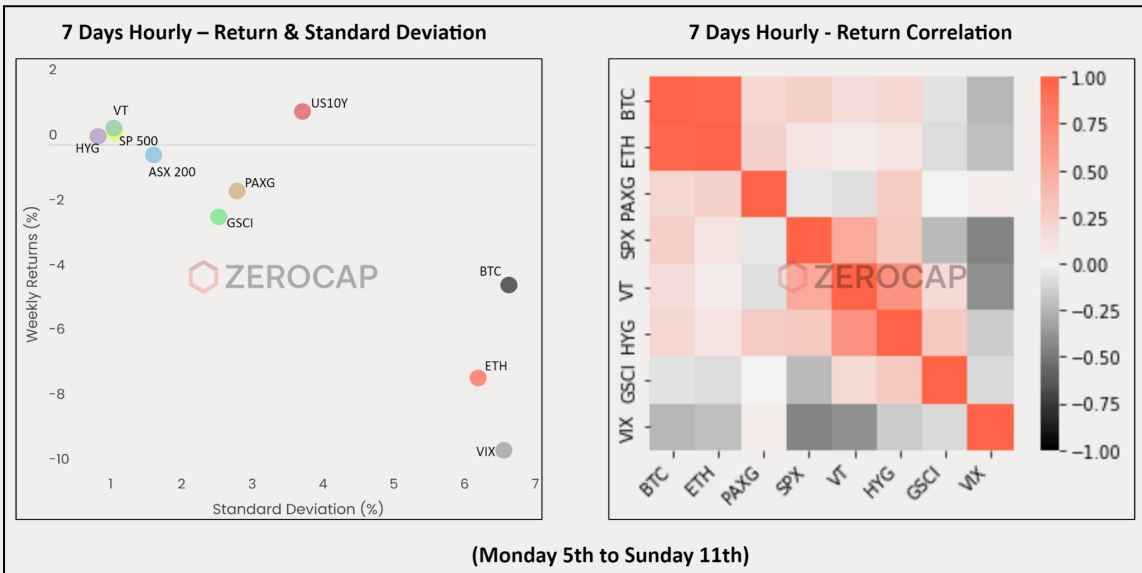
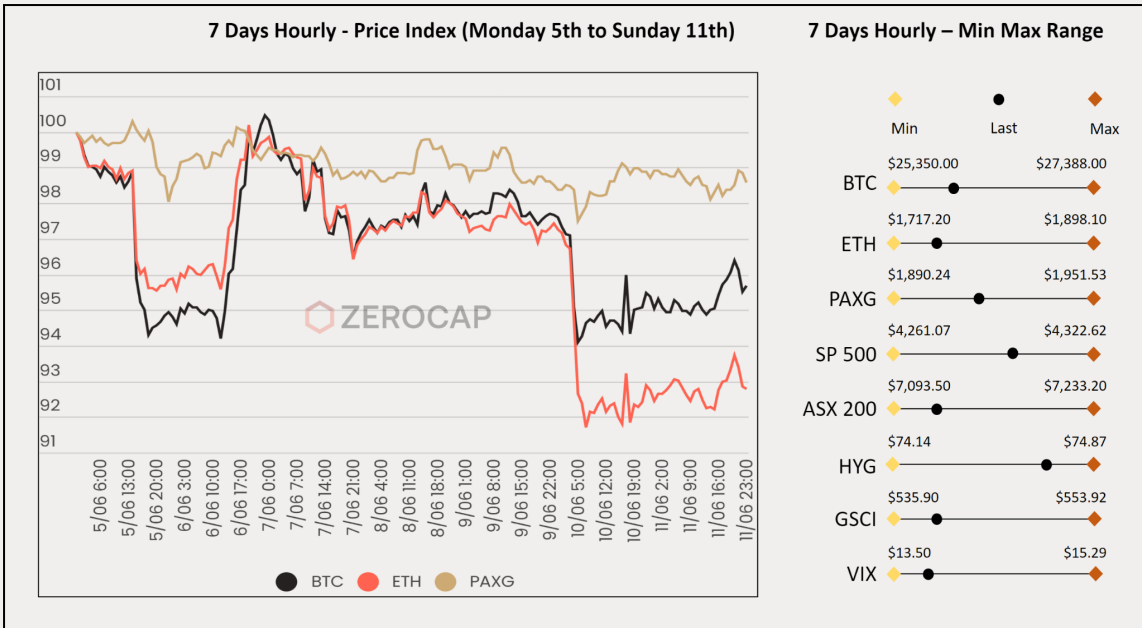
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This Market Wrap edition was released on a Tuesday due to the King's Birthday public holiday in Australia, on 12th June.

Week in Review

- US' SEC [sues Binance](#) and its CEO for “mishandling millions of dollars” as the company allegedly syphoned investors' funds and unregistered operations - Proceeds to also [sue Coinbase](#) for allegedly breaking market rules from trading unregistered securities and its staking service;
 - Following lawsuits, SEC labels [67 cryptocurrencies](#) as securities.
 - Commission [can't find](#) Binance CEO, asks court for alternative.
 - [Binance.US](#) suspends US dollar deposits and warns of USD withdrawal pause starting tomorrow.
 - [Coinbase CEO](#) believes lawsuit will benefit the crypto ecosystem in the long run.
 - SEC Chair Gary Gensler sees [“parallels”](#) between Binance and FTX.
- SEC crackdown on Binance and Coinbase see DeFi trading volumes surge by [an estimated 444%](#); CoinGecko - In the meantime, trading flows from centralised exchanges fell to 4-year lows even prior to lawsuits; [CCdata report](#).
- US Congress releases [new crypto bill draft](#), set to be discussed tomorrow.
- Australian bank [CBA](#) set to decline payments to crypto exchanges to combat investment scams.
- Blockchain tool [“AppChains”](#) launched by Ankr and Microsoft partnership.
- European Union adds [MiCA legislation](#) to its official journal, law will come into effect starting 30th December 2024.

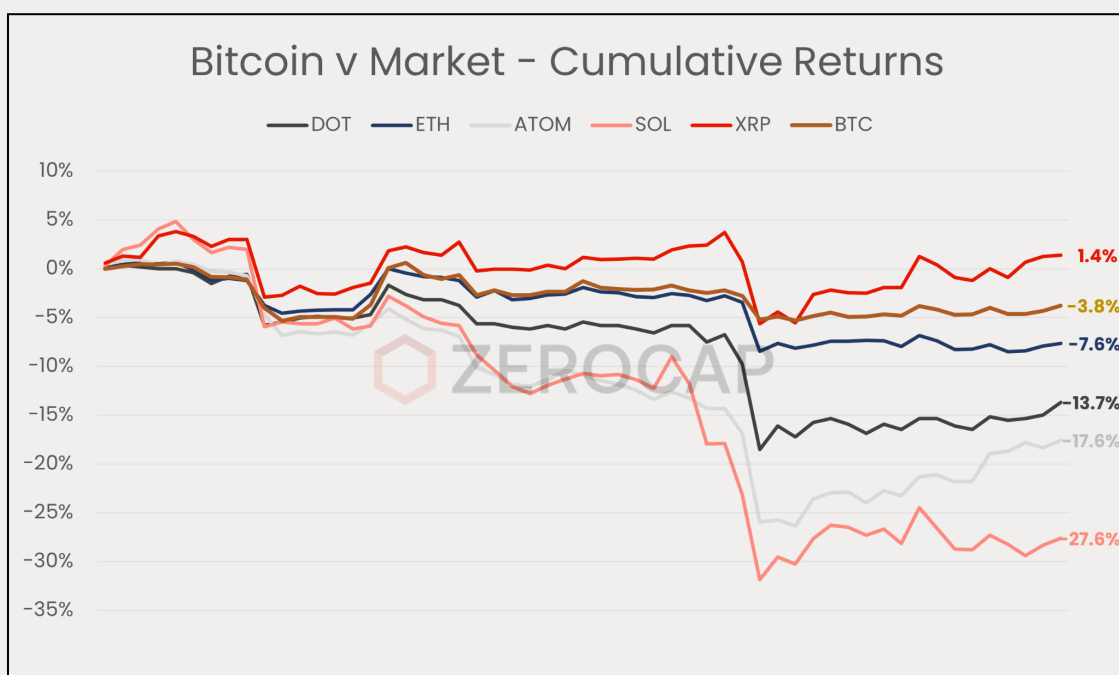
Winners & Losers



Data source: TradingView

Market Highlights

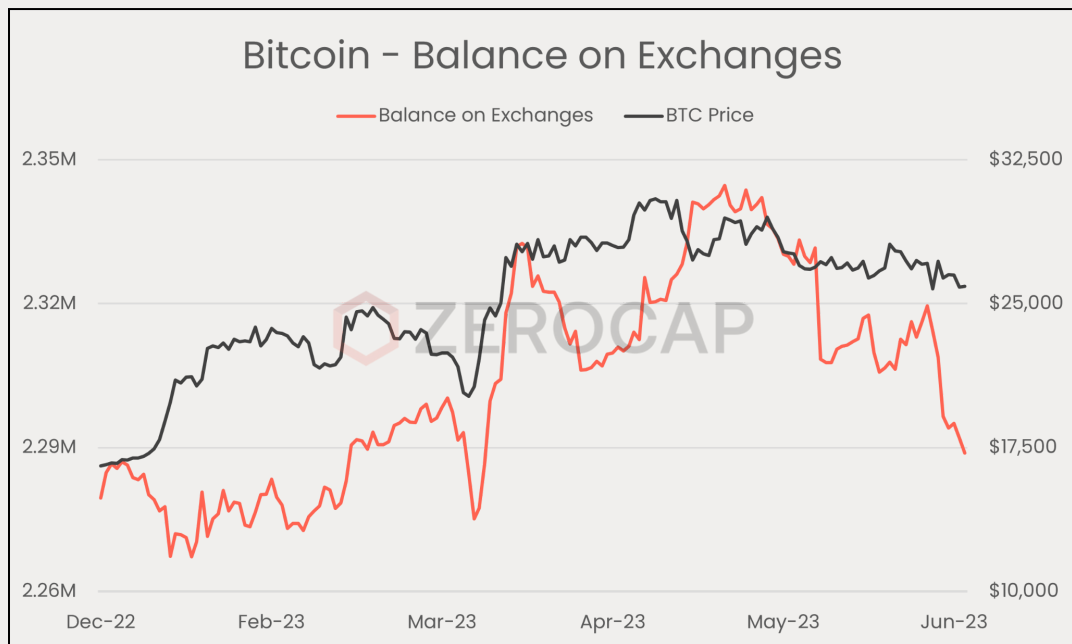
- The week began with significant actions taken by the SEC. Binance was the initial target on Monday, followed closely by Coinbase. As expected, these developments had a negative initial impact on the market. However, it is worth noting that the markets rebounded after the announcement from Coinbase, indicating persistent confidence among participants despite regulatory uncertainties. Nevertheless, on Friday, Robinhood announced the removal of several assets mentioned in the lawsuits, leading to significant sell-offs in various altcoins. Although we observed some repercussions during Friday's trading session, Bitcoin (BTC) and Ethereum (ETH) have remained relatively strong.



Data source: Tradingview

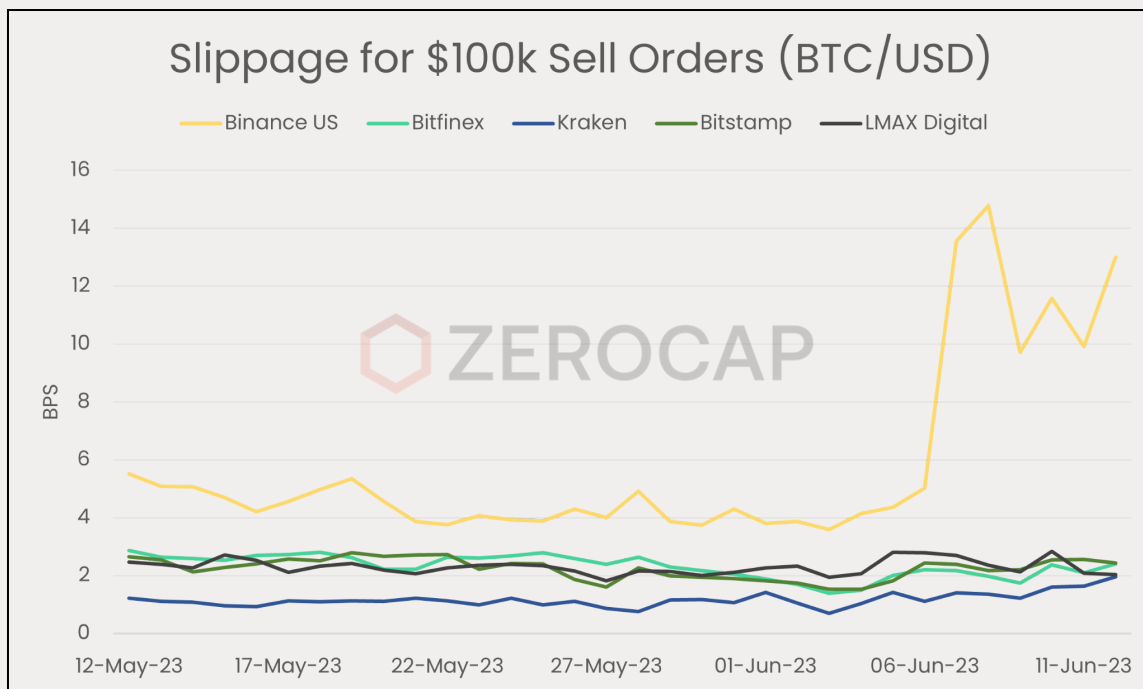
- Significantly, XRP stood out as one of the few alternative cryptocurrencies that experienced relatively minimal impact. It is worth noting that Ripple, the company behind XRP, has been dealing with regulatory challenges for the past three years. The outcome of its case holds great importance, as it is likely to set a precedent for the lawsuits brought forward last week.
- In response to the SEC's announcement, there was a significant outflow of Bitcoin (BTC) from exchanges as traders sought to move away from

centralised platforms. This behaviour is characteristic of periods of regulatory ambiguity and an increased perception of counterparty risk.



Data source: Glassnode

- Nevertheless, this movement will likely exacerbate the effects of the recent departure of several market makers, impacting the depth of the order book. Diminished liquidity has led to a significant increase in slippage, which refers to the disparity between the anticipated trade price and the actual executed trade price. As a result, the market is now primed for heightened volatility in response to risk events or shifts in macroeconomic expectations.

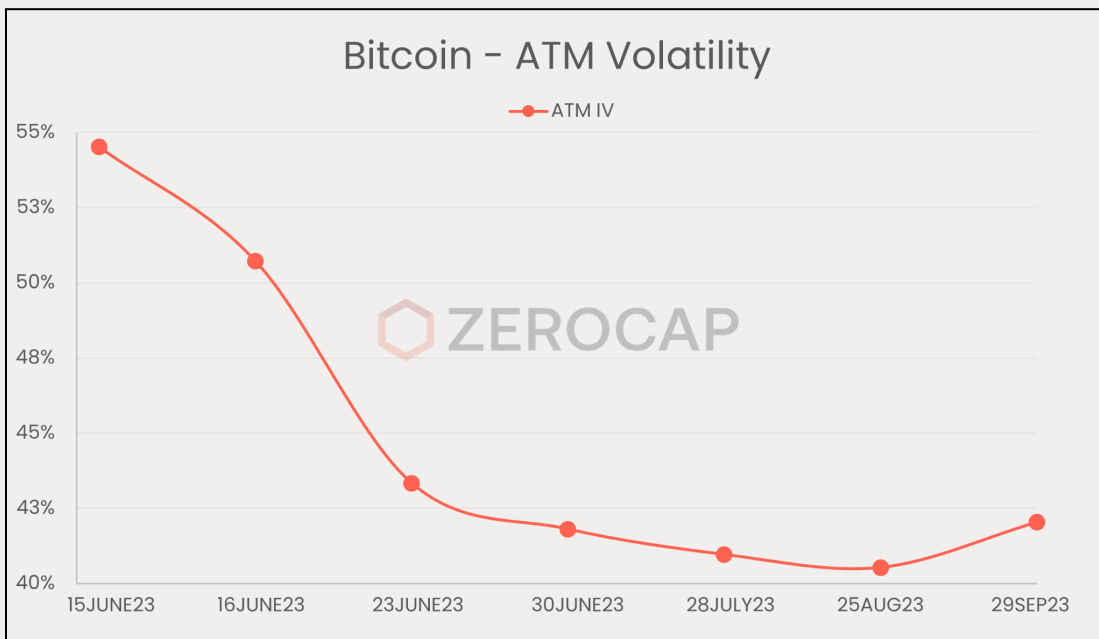


Data source: The Block

- The market collapse on Friday, particularly notable in the case of alt-coins, served as a catalyst for significant liquidations of long positions on perpetual derivatives contracts across major exchanges. Lately, we've noticed a marked decrease in overall liquidity across these major platforms, a change largely attributable to the increasing US restrictions on crypto exchanges. Typically, when we observe a combination of low liquidity and low volatility, we see amplified price movements in either direction, and Friday was no exception. The total amount of liquidations across primary venues was on par with the liquidations during the FTX collapse last year. Given the recent low volatility, this serves as a striking reminder of the potential volatility inherent in crypto.



- As expected, Bitcoin Implied Volatility traded much higher week on week, particularly in the front-end expiries. All-time lows in volatility in recent weeks have aided vol sellers for months. The lack of a price catalyst has contributed to traders fading IV across the whole term structure. Whilst this was the case, we felt a move was imminent and longer-dated vol in particular seemed cheap. We're seeing 90d vol trade higher WoW, and with the CPI figures due tonight and FOMC later in the week feel we're primed to see a continued rebound in vol for the next weeks.



Data source: Deribit

- This week, we've got US CPI, FOMC, BoJ, BoE and ECB meetings. The market is currently looking for a potential pause from the Fed and a hike in July. With CPI first on the agenda, any shifts in expectations and we could be in for a bumpy ride.

What to Watch

- US' CPI, on Tuesday.
- US Congress' new crypto bill draft discussion, on Tuesday.
- US' GDP, FED FOMC, Conference and Economic Projections, on Wednesday.
- ECB Press Conference and Monetary Policy Statement, on Thursday.
- Bank of Japan's Conference and Monetary Policy Statement, on Friday.

Research Lab

- [The 8 Principles of Decentralisation and Their Influence on the Blockchain Industry:](#)

Innovation Lead Nathan Lenga presents an intriguing analysis of the eight principles of decentralisation and their influence on the blockchain industry, with a unique perspective on how these principles shape the design and resilience of decentralised systems, and their contrast with centralised systems.

- [London Hard Fork: The Long-Term Ramifications:](#)

Zerocap Innovation Analyst Beau Chaseling presents an expertly written analysis of the London Hard Fork and its long-term implications - addressing significant Ethereum upgrades, from the introduction of EIP-1559 to the transition towards Ethereum 2.0, and the potential impact on the broader crypto market.

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* Index used:

Bitcoin	Ethereum	Gold	Equities	High Yield Corporate Bonds	Commodities	Treasury Yields
BTC	ETH	PAXG	S&P 500, ASX 200, VT	HYG	SPGSCI	U.S. 10Y

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