

Weekly Crypto Market Wrap

5th June 2023



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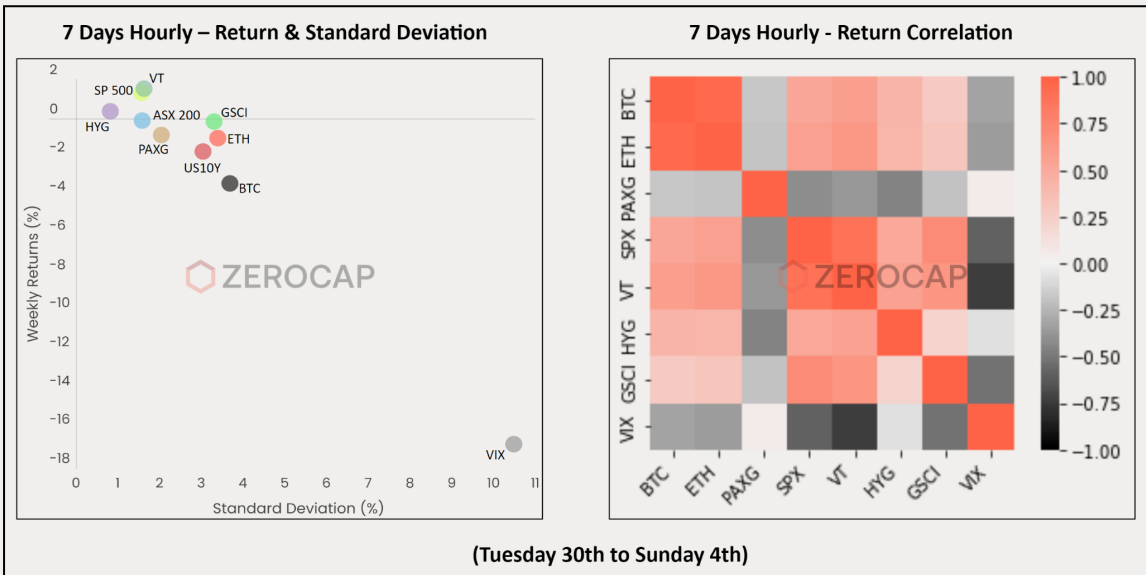
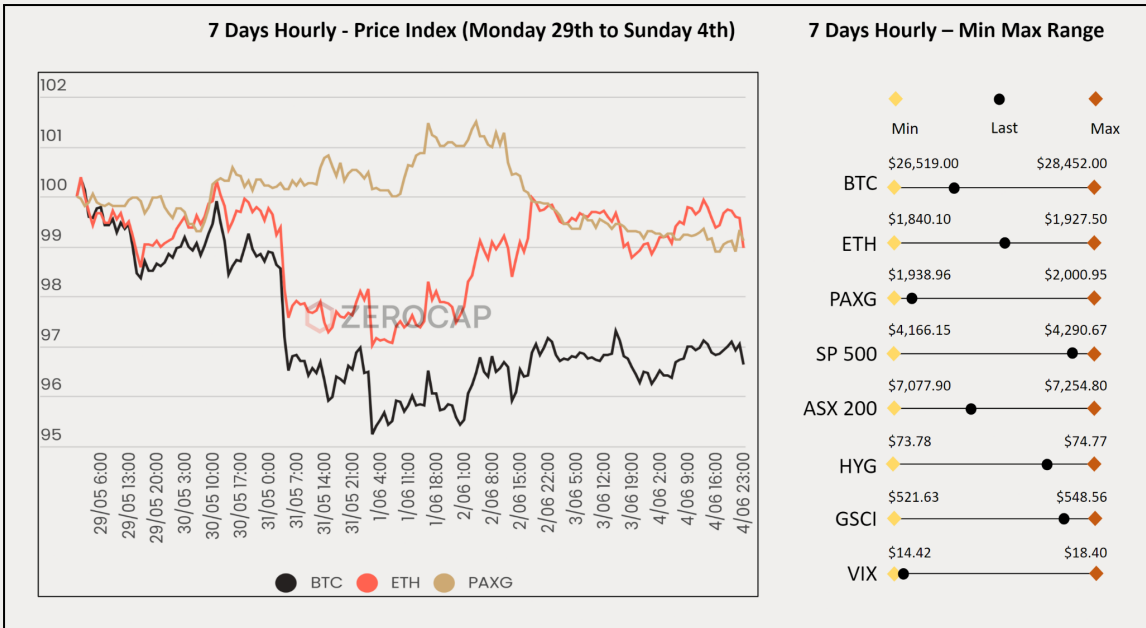
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Week in Review

- Despite regulatory crackdown on crypto since 2017, [China](#) releases a whitepaper promoting web3 innovation in the territory.
- New [Hong Kong](#) licensing crypto regulations now officially under effect.
- US lawmakers propose [crypto regulatory clarity](#) in new bill draft, which would prohibit the SEC from denying digital asset companies from registering as alternative trading platforms.
- OpenAI [CTO's Twitter hacked](#), promoted scam crypto airdrop.
- Elon Musk is accused of [insider trading](#) by investors in Dogecoin lawsuit.
- Standard Chartered, PwC advocate for [programmable CBDC](#) in China - official Yuan's stablecoin team [reportedly arrested](#).
- Binance to [delist privacy tokens](#) in France, Italy, Spain and Poland.
- Hong Kong and United Arab Emirates' central banks look to [collaborate on crypto regulations](#), fintech development.
- ETH staking reaches [new record highs](#).
- Bitcoin [Ordinals](#) surpass 10 million inscriptions as creator steps down - Ordinals set to [bridge Ethereum NFTs](#) with the launch of BRC-721E.
- [Nike NFTs](#) to be integrated into EA Sports games.
- Scientists propose [quantum proof-of-work](#) consensus for blockchain.
- Mobile payment apps may [not be FDIC insured](#), US watchdog warns.
- [US labor market](#) remains resilient as job openings climb, layoffs drop.
- [Australian inflation](#) rises to 6.8% annually, defying previous expectations.

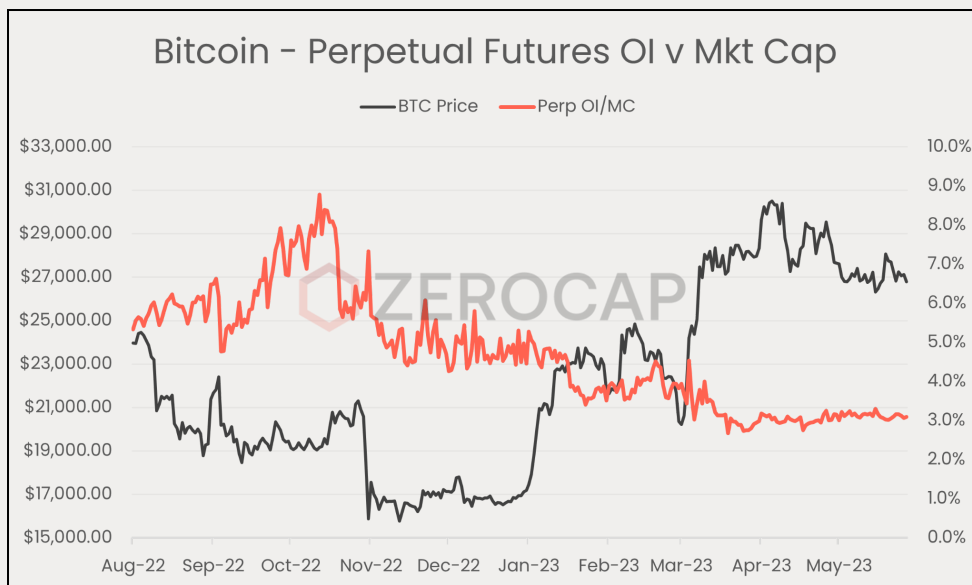
Winners & Losers



Data source: TradingView

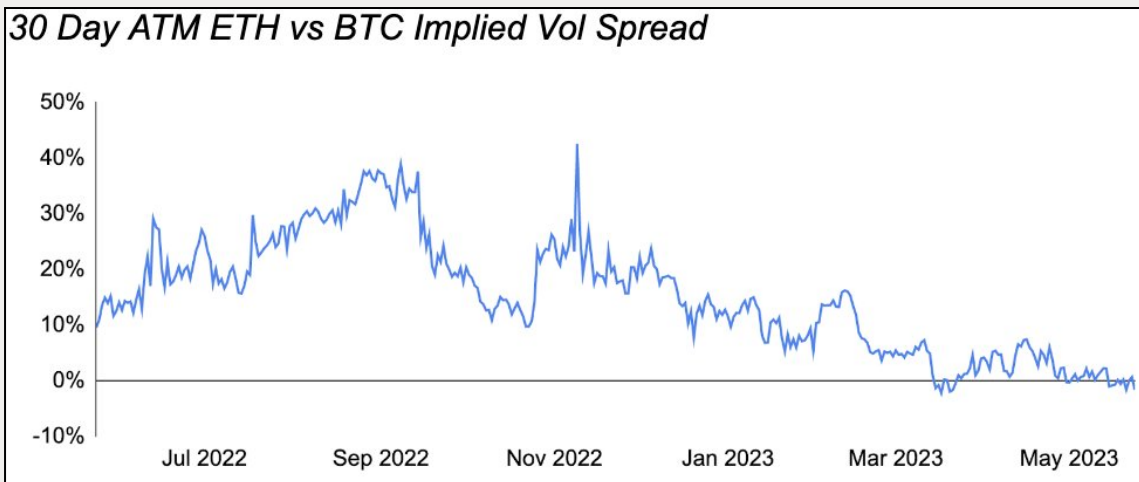
Market Highlights

- Bitcoin moved lower amidst a week that was marked by discussions and concerns regarding the U.S. debt ceiling, negotiations, and renewed inflation concerns. In line with its recent trend, we saw BTC remain relatively depressed on Friday by a robust jobs report that boosted equities. The strong jobs report indicated a tight employment market, signalling ongoing economic expansion and persistent inflation concerns. Expectations for rate hikes in June have been lowered on the back of positive debt ceiling negotiations, and we place emphasis on next week's FOMC for further guidance. BTC found support at the 100-day moving average throughout the week, demonstrating its continued resilience and despite prevailing macroeconomic concerns, Ethereum has persistently exhibited relative strength.
- Gauging sentiment specific to BTC within the context of macroeconomic ambiguity can be a difficult task. Often, spectators look to network activity as well as the holdings of firmer hands, such as whales, for an indication of sentiment. However, such metrics often lack insights into market dynamics which often impact volatility as well as overall market health. Since the collapse of FTX, the perpetual futures market has faced considerable diminishment in open interest and trading activity. Additionally, given the recent pullback of market makers out of the U.S. and the adverse impacts this has had on liquidity across the board, it is particularly promising to see BTC's perpetual open interest volume, as a percentage of market capitalisation, increase despite BTC's more recent price appreciation. This behaviour is indicative of increased trading activity, liquidity, and improved market confidence.



Data source: Tradingview

- Front-end volatility increased at the start of the week as both BTC and ETH rallied towards the upper boundary of their current and exceedingly persistent range. Volatility is still very much correlated to bullish price action, and we saw that reverberated in how vol traded to begin the week as the price rallied higher. Somewhat unsurprisingly, given the year-long price behaviour, both ETH and BTC failed to break above the trading range and remained stagnant for the remainder of the week. This contributed to a reversion in vols, and we saw extremely low IVs priced across the whole strip.
- As the week came to a close, 30d realised volatility was at 35%. IV trended lower in accordance with lower RV, and we now see the spread between the implied volatility (IV) of ETH and BTC narrowing further. In the near-term expirations, IV between the two was inverted, which is an indication of the static activity within alt-coins and their parallel movement with BTC. Historically, this spread has been considered attractive when closer to 0, due to the typically larger price swings of Ethereum relative to Bitcoin. Longer-dated volatility appears the most attractive here, as we anticipate the potential of interest rate pauses in the upcoming FOMC meets to spark some much-needed price action in the coming months, which could result in ETH IV being priced over BTC in those maturities.



Data source: Amberdata

What to Watch

- Switzerland's CPI and US ISM services PMI, on Monday.
- Bank of Canada's rate statement, on Wednesday.
- US unemployment claims, on Thursday.

Research Lab

- [What is Data Availability?](#)

Innovation Analyst Beau Chaseling, provides a comprehensive overview of Data Availability in his latest Research Lab article. Learn the role of full nodes and light nodes, the costs associated with data availability, the importance of rollups and recent innovations such as data availability sampling and danksharding.

- [What is Injective? Breaking Down the Borderless DeFi Protocol:](#)

Innovation Analyst Beau Chaseling sheds light on how Injective is transforming traditional exchanges into decentralized public utilities, its vision for the future and more in this latest Zerocap Research Lab piece.

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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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