

Weekly Crypto Market Wrap

10th July 2023



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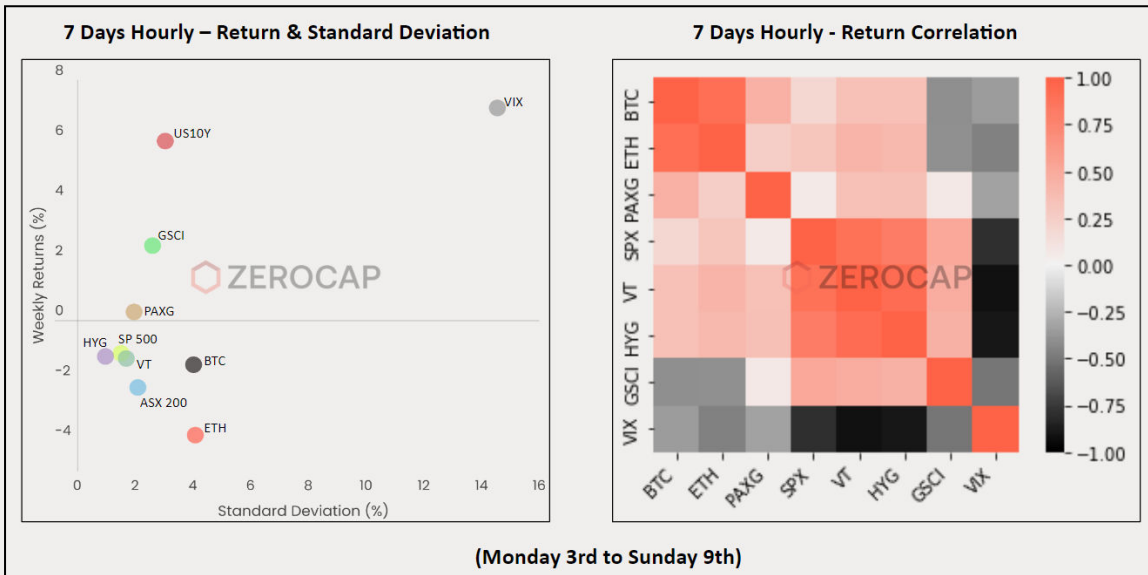
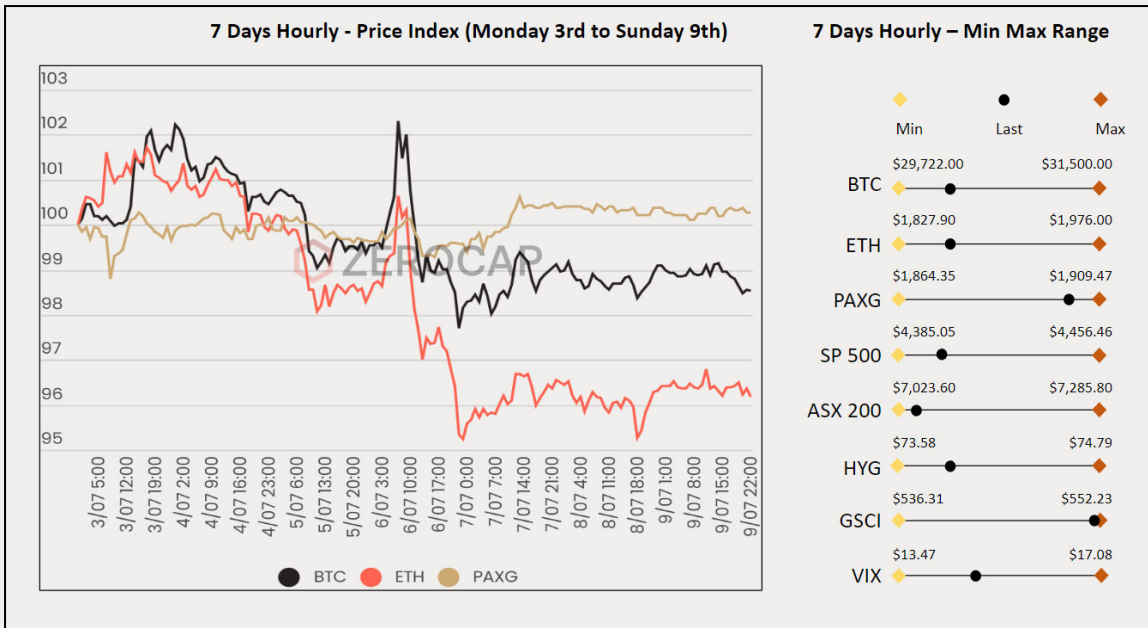
Zerocap Pty Ltd ABN: 99 164 874 597

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Week in Review

- BlackRock CEO states Bitcoin is an [“international asset,”](#) discusses ETF filings.
- [ConsenSys exec](#) believes [Account Abstraction](#) will drive a billion users in Asia to Web3.
- Ethereum co-founder Vitalik Buterin believes recently-released [Ordinals](#) have revived Bitcoin building culture.
- Crypto Twitter has a persistent [“fake followers problem,”](#) with Shiba Inu (SHIB) leading the rank of top project accounts with the most fake followers.
- SEC claims Coinbase was aware of securities law violations in [recent letter](#).
- [South Africa](#) set to mandate crypto exchange licenses by end of year.
- Meta launches Instagram-based, Twitter competitor [Threads](#) - Twitter [threatens to sue](#) Threads, alleges Meta hired former Twitter staff.
- Gemini [files lawsuit](#) against Digital Currency Group (DCG) and Barry Silbert over “Genesis and Earn” program.
- Google updates [privacy policy](#) to allow data scraping for AI training.
- [FOMC](#): Federal Reserve sees more rate hikes ahead, but at a slower pace.
- [OPEC](#) chief states group interest in adding new members.
- Bank of England Governor [Bailey](#) rejects call for UK inflation target higher than 2%, states credibility is at risk.

Winners & Losers

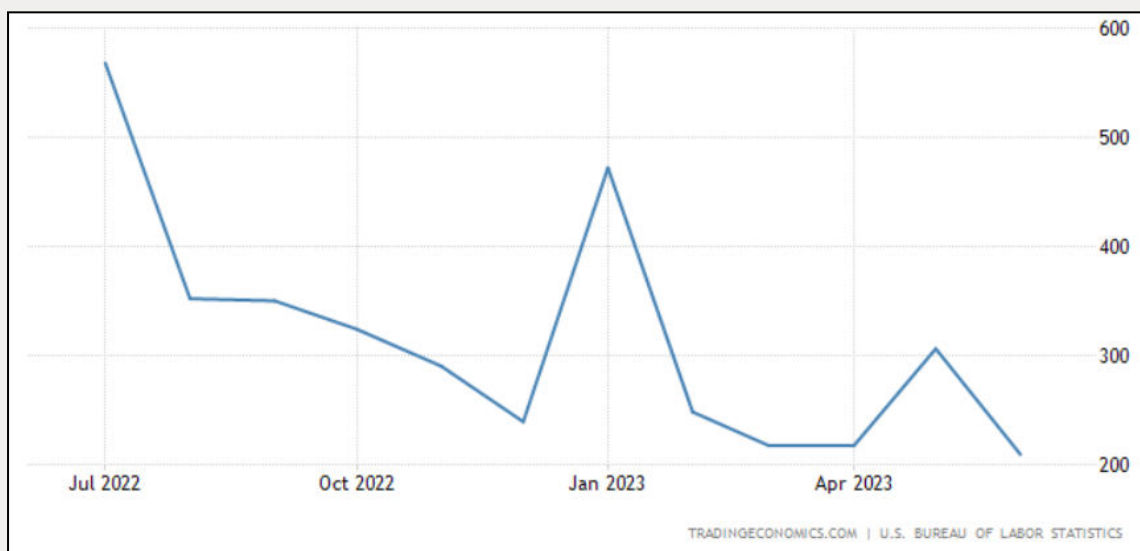


Data source: TradingView

Market Highlights

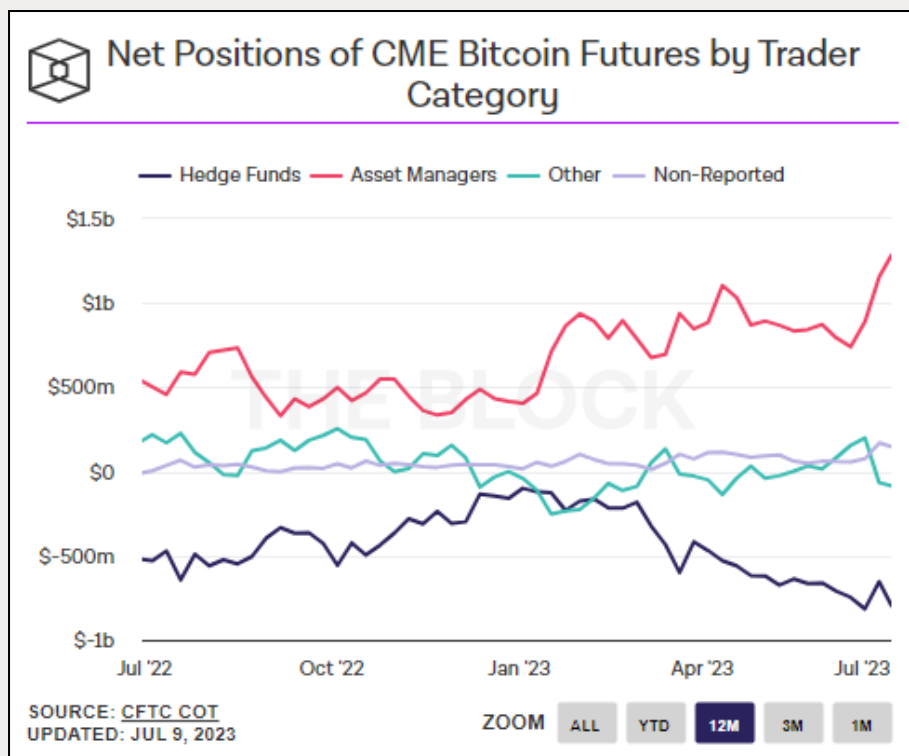
- Bitcoin (BTC) has sustained its trading within the 30k – 31k range at the outset of Q3, 2023. A recent attempt to break out of this range was met with strong selling, with the market seemingly hesitant to bid Bitcoin higher as we await the first ETF decision due in August. Whilst on-chain prediction markets see a less than 13% chance that Blackrock's ETF is approved by Aug-31, Optimism still remains high with the participants continuing to support the 30,000 support level.
- The uncertainty in the macroeconomic environment continues to weigh on the cryptocurrency markets with mixed non-farm payroll data pushing traditional markets lower. A weaker NFP print showed the labour market is potentially slowing which was unexpected due to the better-than-expected jobless claims data. The strong labour market has been a major factor in the performance of traditional risk assets and BTC this year. Recession headwinds will strengthen on the back of a slowing labour market and a hawkish federal reserve.

US Non-Farm Payrolls data - Saw the US Economy add 209,000 new jobs in June, falling short of analyst estimates of 225,000.



Graph source: TradingEconomics

- All eyes will be on the US Consumer Price Index (CPI) print on Wednesday, which may sway the course of the markets in the coming weeks. Whilst the Fed will be focused on core inflation, headline inflation is forecasted to drop to 3.1% (from 4%), the lowest since March 2021. Cryptocurrency markets may continue to be choppy in the near term as the bullish ETF sentiment battles the macroeconomic uncertainty. A major decision on the ETF or an unexpected print during the CPI will likely be the driving factor on whether BTC can break beyond this tight range it is trading within.
- Shifting our attention back to the ETF dialogue, BlackRock CEO Larry Fink's endorsement of Bitcoin (BTC) last week can be seen as another catalyst for cryptocurrency's growing acceptance amongst Wall Street veterans. Fink, previously a known sceptic of cryptocurrencies, stated that BlackRock's aim is to streamline and reduce the costs associated with trading and investing in Bitcoin. Fink's recognition of Bitcoin as a potential revolutionary financial vehicle signals a significant narrative shift from asset managers and senior executives that we've seen publicly. The welcomed shift in stance underscores BlackRock's responsiveness to client needs, which is further validation of Bitcoin's entry into a mainstream asset in TradFi.
- Open Interest (OI) in CME Bitcoin futures has experienced a surge in recent weeks, appearing to be a ripple effect of the recent ETF news. We can observe that the net open interest traded via asset managers has doubled in just the past two weeks. Intriguingly, hedge funds have been shorting this recent rally above 30,000 and have consistently added short interest since the beginning of this year. While the exact reasons behind the current hedge fund positioning remain unclear, one could argue that hedge funds are exploiting the futures basis, which has been increasing as of late due to added exposure from traditional asset managers. Typically, dated futures contracts have traded at a premium relative to the spot price. Proprietary trading firms have historically held a net short position in futures, which may shed light on the recent hedge fund positioning to capture the uptick in the futures basis.



Data source: The Block - CFTC CoT

What to Watch

- BoE's Governor Bailey speaks at London's Financial and Professional Services dinner, on Monday.
- US CPI, BoC's Monetary Policy and Rate Statement reports, BoE's Governor Bailey speaks at Financial Stability report conference, on Wednesday.
- UK's GDP and US' PPI, on Thursday.

Research Lab

- [What is Avalanche?](#)

Innovation Analyst Beau Chaseling takes us on a journey through the Avalanche platform, detailing its unique features including consensus mechanism, architecture, and governance model while also highlighting Avalanche's innovative approach to scalability and interoperability.

- [Uniswap - Delving into V1 and V2:](#)

Peer into the evolution of Uniswap with Beau Chaseling's latest piece for the Research Lab. From its inception as a groundbreaking decentralized exchange protocol to its innovative V2 enhancements, the article offers a deep

understanding of Uniswap Labs's journey while explaining liquidity pools, automated market makers and the introduction of flash swaps.

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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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