

# Weekly Crypto Market Wrap

3rd July 2023



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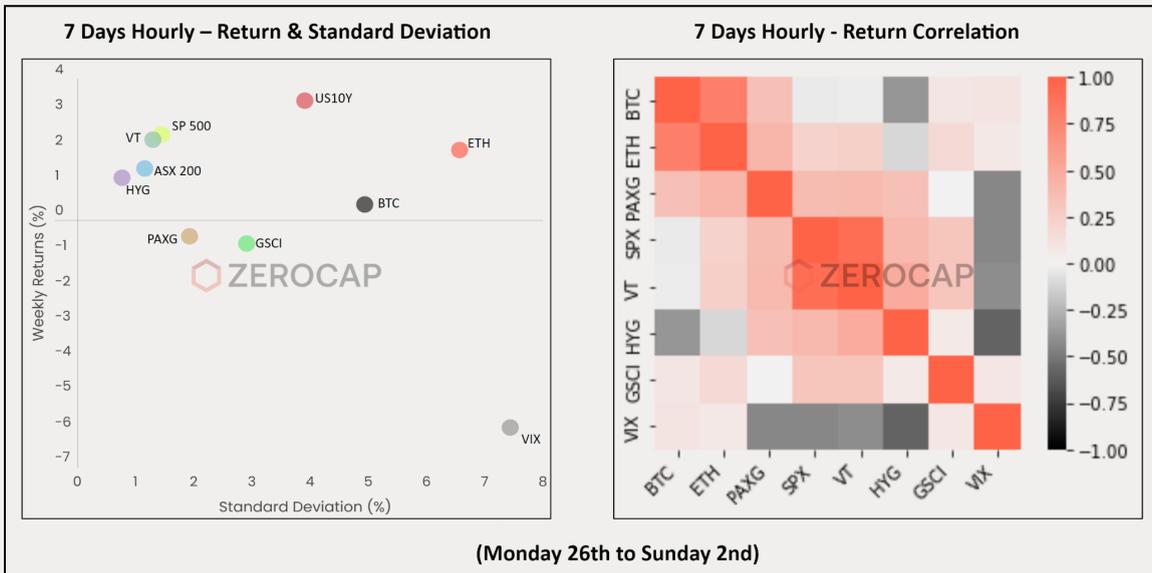
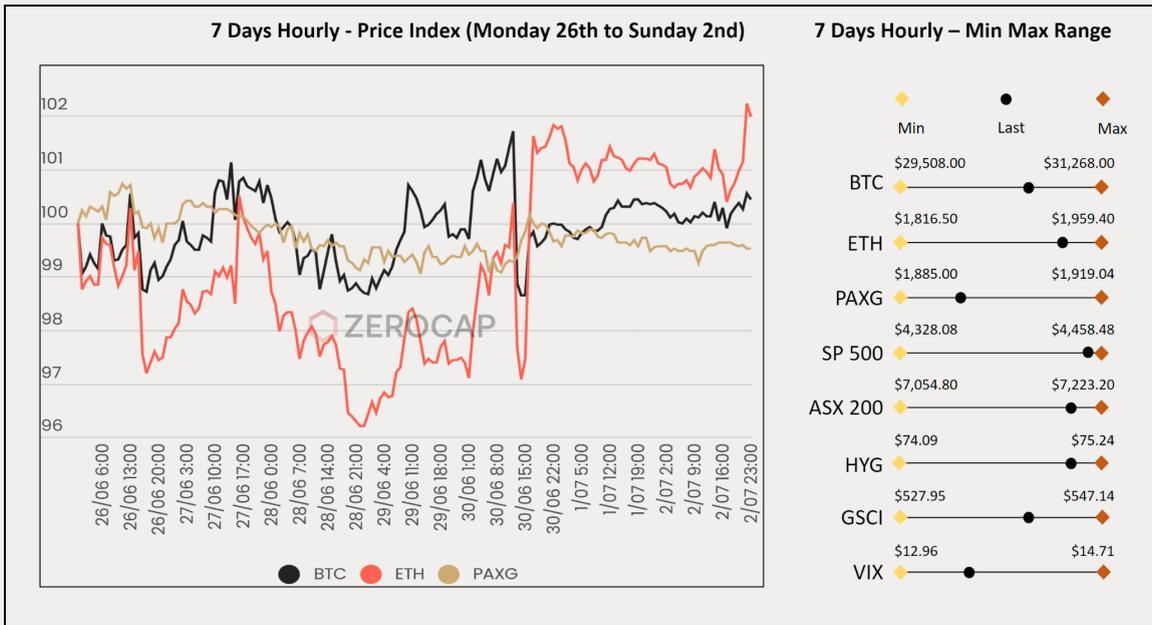
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## Week in Review

- SEC says recent wave of [Bitcoin ETF filings](#) are inadequate and lack clarity.
- Bitcoin miners send [record \\$128 million](#) in revenue to exchanges.
- South Korea passes [crypto bill](#) seeking to tackle unfair trading.
- [FTX “reboot”](#) on the way as CEO holds talks with interested parties.
- Japan and Singapore’s financial regulators [join forces](#) on crypto pilot projects.
- Kraken ordered by US court to [disclose user data](#) to IRS for tax compliance.
- Token issuers in Japan officially [exempt](#) from 30% crypto tax on paper gains.
- Hong Kong sets up government task force to advance [Web3 development](#).
- Bankrupt Celsius Network gets approval to [convert altcoins](#) into BTC and ETH.
- ChatGPT’s [OpenAI](#) hit with class-action lawsuit over alleged data theft.
- Amazon to invest \$100 million in developing [generative AI](#) centre - Inflection AI announces [\\$1.3B in funding](#) mainly led by Microsoft and NVIDIA.
- ECB Conference: President says ECB must [stick with high rates](#), FED Chair [Jerome Powell](#) doesn’t rule out “back-to-back” rate hikes, [BoJ](#) will not alter its monetary policy.
- US’ first [quarter GDP growth](#) at 2% against expected 1.3% following revision - [PCE Price Index](#) fizzled in May edging up 0.3% in May.
- Australian [consumer inflation](#) hits 13-month low - [US consumer confidence](#) at highest level since January 2022.

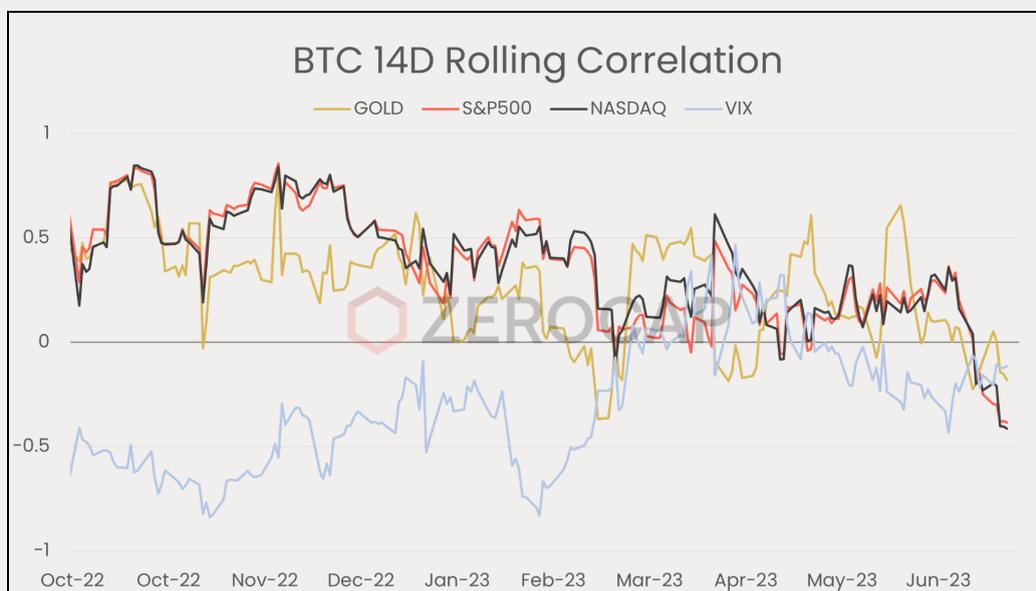
# Winners & Losers



Data source: TradingView

# Market Highlights

- As we approached the end of Q2, 2023, Bitcoin (BTC) has successfully maintained its position above the 30k level. Recent market activity has demonstrated unwavering support at this level, reflecting the growing positive sentiment. Notably, the recent BTC ETF application by BlackRock has sparked considerable interest, leading to a surge in optimism. In a notable trend, several prominent asset managers, including Fidelity (\$4.5 trillion AUM), have joined the queue, further amplifying the positive outlook.
- Bitcoin (BTC) currently finds itself caught between two opposing forces: the persistent positive sentiment specific to the cryptocurrency market and ongoing macroeconomic uncertainties. On one hand, BTC has experienced a notable decrease in correlation with traditional risk assets, as well as a diminishing correlation with gold. However, despite this disconnection from risk assets, BTC remains susceptible to the influence of rate hike expectations. The Federal Reserve's "wait-and-see" attitude toward hikes has placed significant emphasis on macroeconomic prints.
- Recent developments, including better-than-expected jobless claims and hints of a hawkish stance from Powell at the ECB forum, have reignited expectations of future rate hikes. Volatility surrounding the Personal Consumption Expenditures (PCE) data has reinforced this narrative and set the stage for upcoming events such as the release of the FOMC minutes, employment data, job openings, and most notably, the Non-Farm Payrolls (NFP) data from the U.S. These events will likely have a significant impact on BTC's short term action.



*Data source: Tradingview*

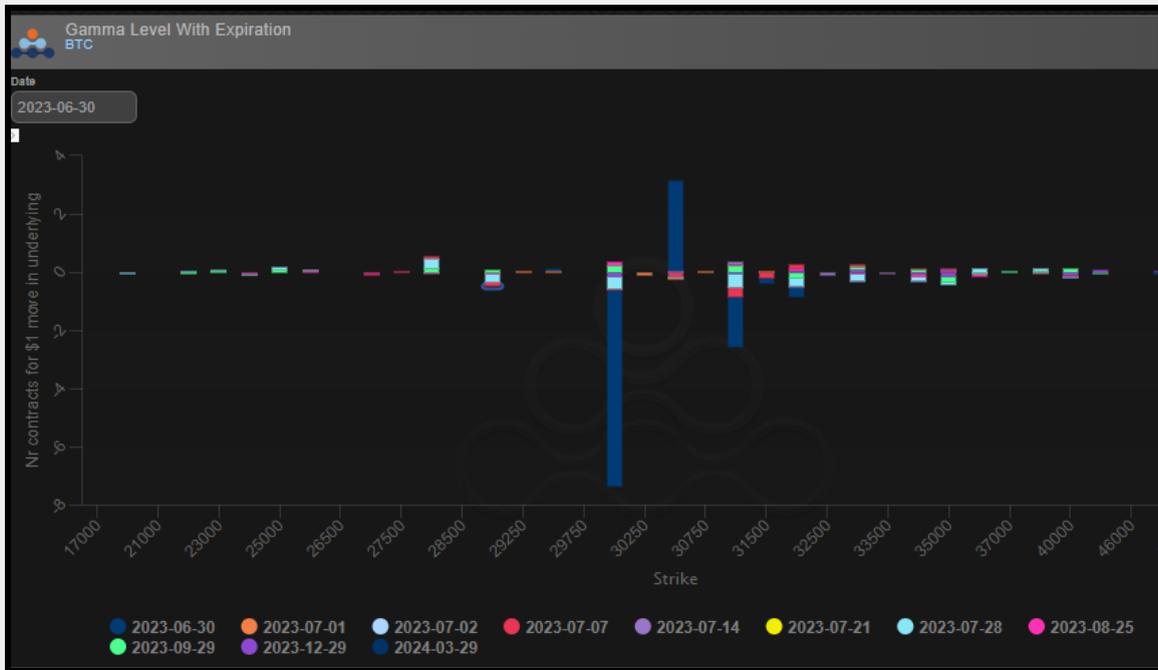
## Growing Momentum for a Spot BTC ETF

- The prevailing narrative now firmly focuses on "when," not "if," a Spot BTC ETF will be approved by the SEC. We are in uncharted territory, with premier asset managers vying to become the first institution to offer a Spot BTC ETF to investors.
- On Friday, the Wall Street Journal reported that the SEC found recent Spot BTC filings lacking, specifically in terms of the Surveillance-Sharing Agreements (SSAs) provided by the firms. Blackrock swiftly amended their filing, re-proposing Coinbase as the Spot exchange counterpart, and other applicants soon followed their lead. Overall, we perceive the SEC's feedback as a hugely positive development, being more receptive to engaging with reputable firms in the traditional sector.
- In prior years submissions, saw ETF filings be extended until their final deadline dates. The clock has started, and the first deadline for approval is the **13th of August**, which is for ARK's 21 Shares ETF. With all ETF filings almost identical, the SEC would likely apply the same ruling across each submission to avoid showing favouritism.



Data source: Pear Protocol - BTC ETF Spot Filing deadlines

- In options, much attention was directed toward the particularly large expiry on June 30th. The speculation primarily revolved around market makers' positioning leading up to the expiry, specifically the potential impact of short gamma exposures around the 30k handle. On Friday, we saw this payout with a squeeze propelling BTC to 31.4k, before a retracement coincided with the well-timed ETF scoop from the WSJ. Looking ahead, we see upside in longer-dated implied volatility if BTC's price can continue its march higher. With arguably even greater focus now on the spot/volatility correlation due to the positive sentiment around the ETF news, there's potential for a sustained increase in longer-dated volatility, especially as we gain momentum with a potential ETF approval in the coming months as well as the BTC halving (expected Mar-2024).



Data source: 30-Jun Gamma Positioning - AmberData

## What to Watch

- OPEC meetings and FOMC Meeting Minutes, on Wednesday.
- US unemployment claims and JOLTS job openings, on Thursday.
- BoE's Governor Bailey speaks at France's Economic Meetings, on Friday.

## Research Lab

- [The Evolution of Token Launches:](#)

Learn essential insights on the dynamic landscape of token launches with Finn Judell's latest article. From the early days of mining to the advent of ICOs, IEOs, IDOs, and LBPs, this Research Lab piece provides a thorough understanding of the evolution and intricacies of token distribution mechanisms.

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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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