

Weekly Crypto Market Wrap

28th August 2023



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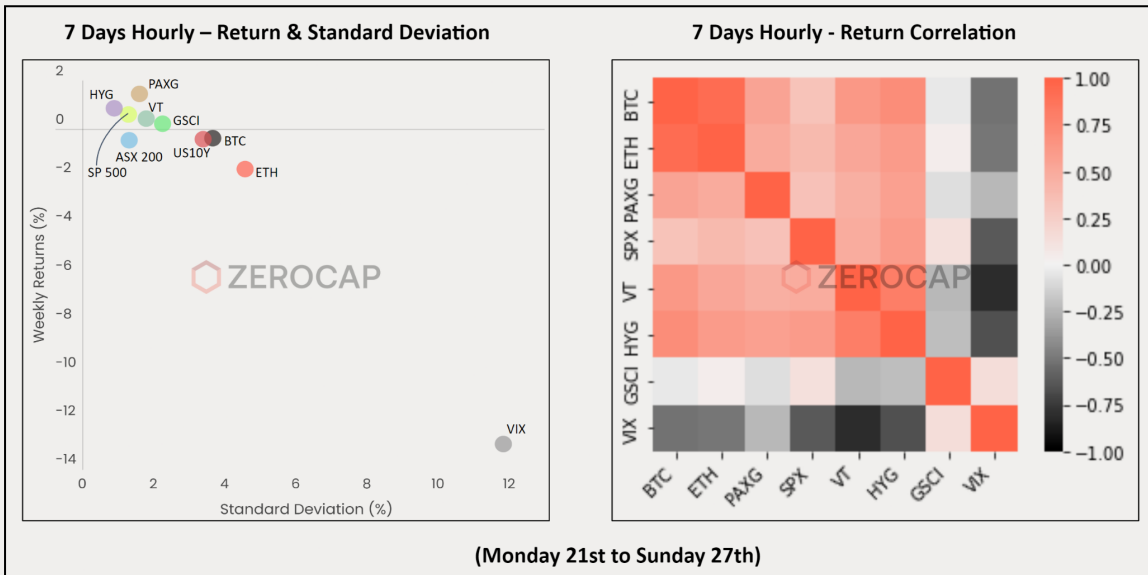
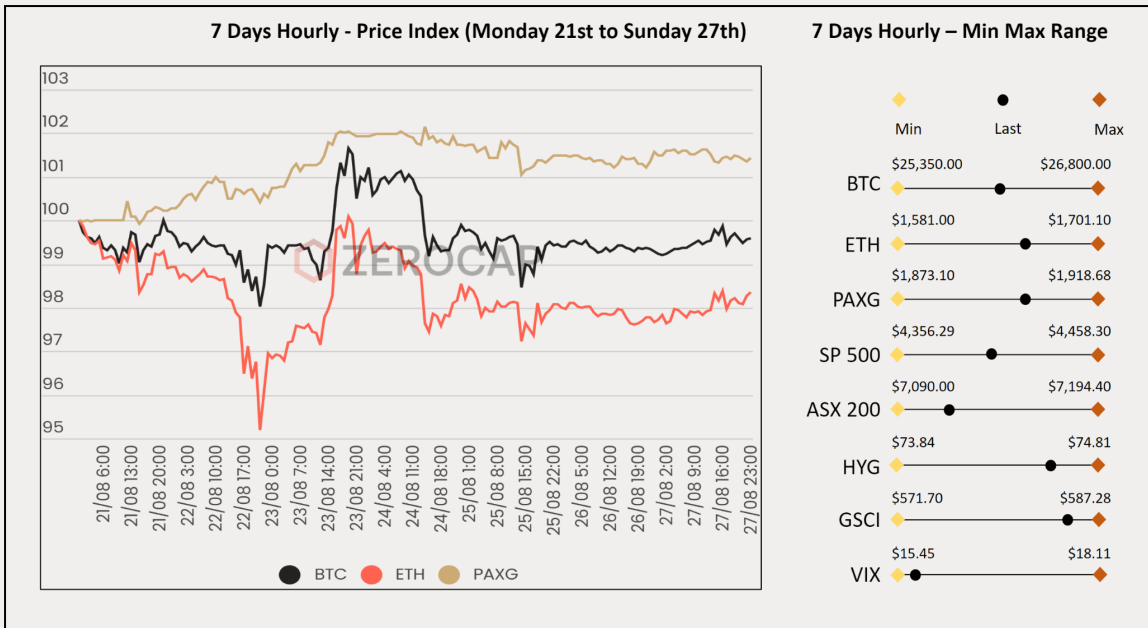
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Week in Review

- Biden administration unveils [new crypto tax reporting rules](#) - US citizens will need to pay taxes on digital asset sales under proposed reform.
- JPMorgan sees [“limited downside”](#) for crypto near-term following recent drop.
- Reserve Bank of Australia wraps up its [CBDC pilot](#), releases thorough report.
- Bitcoin mining difficulty [hits new records](#) as miners ignore recent price dip.
- Mastercard, Visa end Binance [crypto card partnership](#) in Latin America.
- Bitcoin [Ordinals](#) still make up the majority of network transactions despite recent price drop.
- Bitcoin aligned to reach 148k by the end of next halving cycle; [Pantera Capital](#).
- Chinese official Xiao Yi sentenced to [life in prison](#) for operating \$329 million bitcoin mining enterprise.
- Bitcoin wallet accruing \$3 billion in 3 months [identified as Robinhood's](#).
- UK considers [“blanket ban”](#) on investment cold calls, including crypto.
- Pepecoin (PEPE) faces [insider trading](#) claims following coin theft.
- [Jackson Hole](#): FED Chair Jerome Powell calls inflation “too high”, warns they are “prepared to raise rates further”.
- BRICS group [welcomes new members](#) Saudi Arabia, Iran, Ethiopia, Egypt, Argentina and UAE in push to “reshuffle World Order”.

Winners & Losers



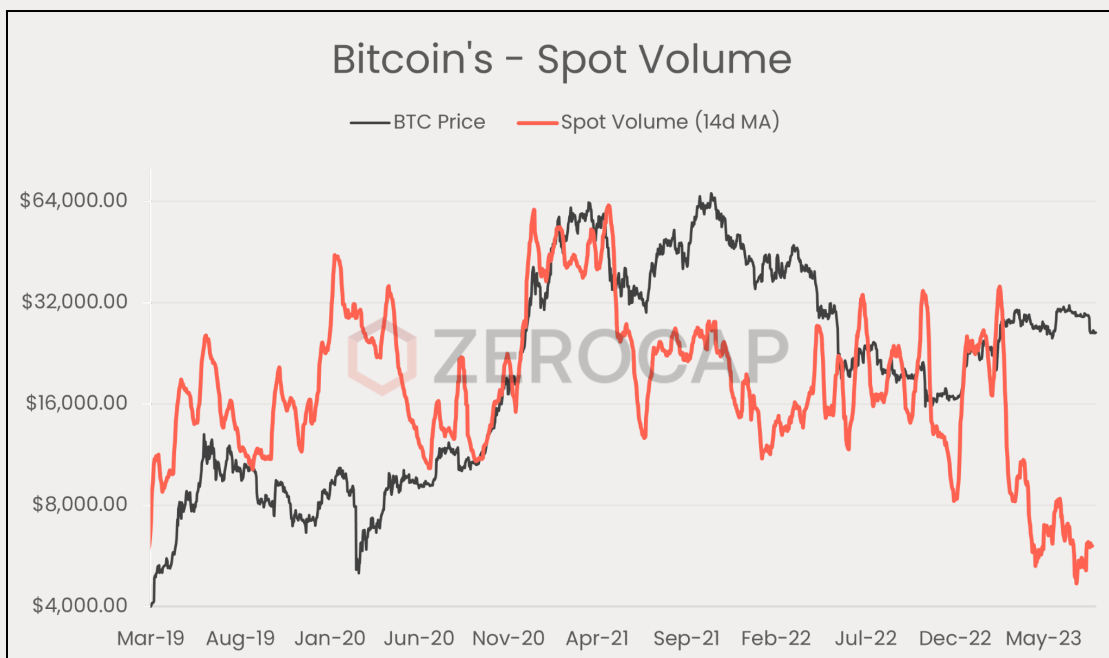
Data source: TradingView

Market Highlights

- BTC is positioned with growing anticipation of 2024's halving event, alongside the ongoing hawkish discourse from the Federal Reserve. The Fed's September meeting looms as a determinant for the future path of the U.S. benchmark interest rates. While Bitcoin's market structure exhibited signs of improvement earlier in 2023, recent price dynamics, compounded by a notable long liquidation occurrence last week, have steered the market to a bearish to neutral profile. Bitcoin has encountered renewed resistance at \$27K. This pattern has confined the price within the \$25,500 to \$26,800 range since mid-August.

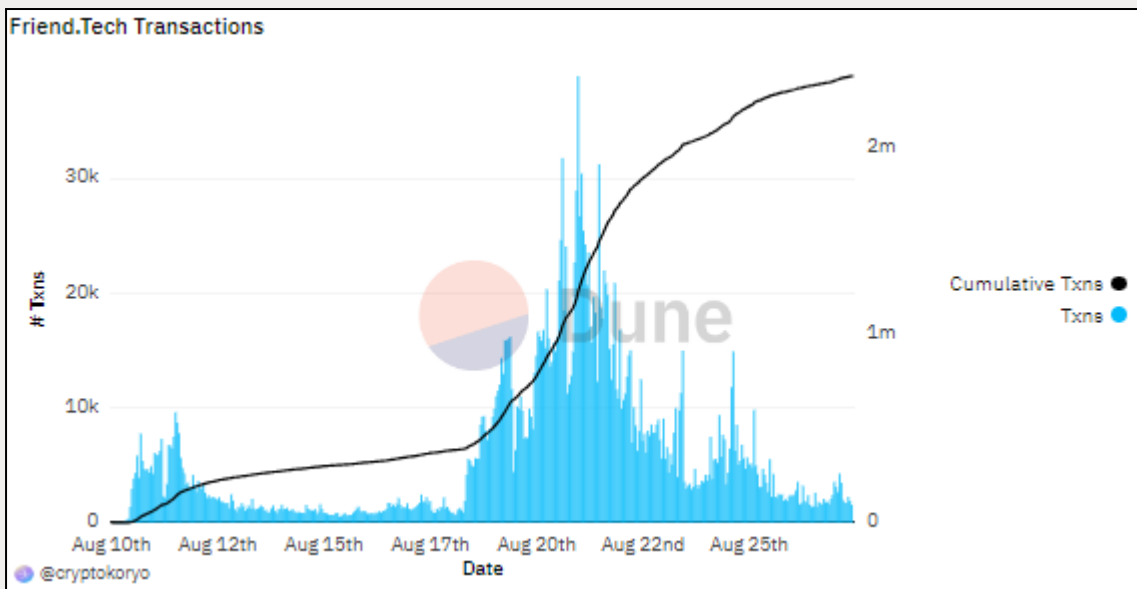


- During his Jackson Hole speech, Federal Reserve Chair Jerome Powell emphasised that inflation levels remain elevated and noted the potential for ongoing rate hikes. Powell's statements should cap short-term bullish risk moves. However, any moderation of expectations should steepen the yield curve and bring some life into the crypto space. We saw this notion directly impact price action this week, resetting now above 26,000, an increasingly relevant support level.



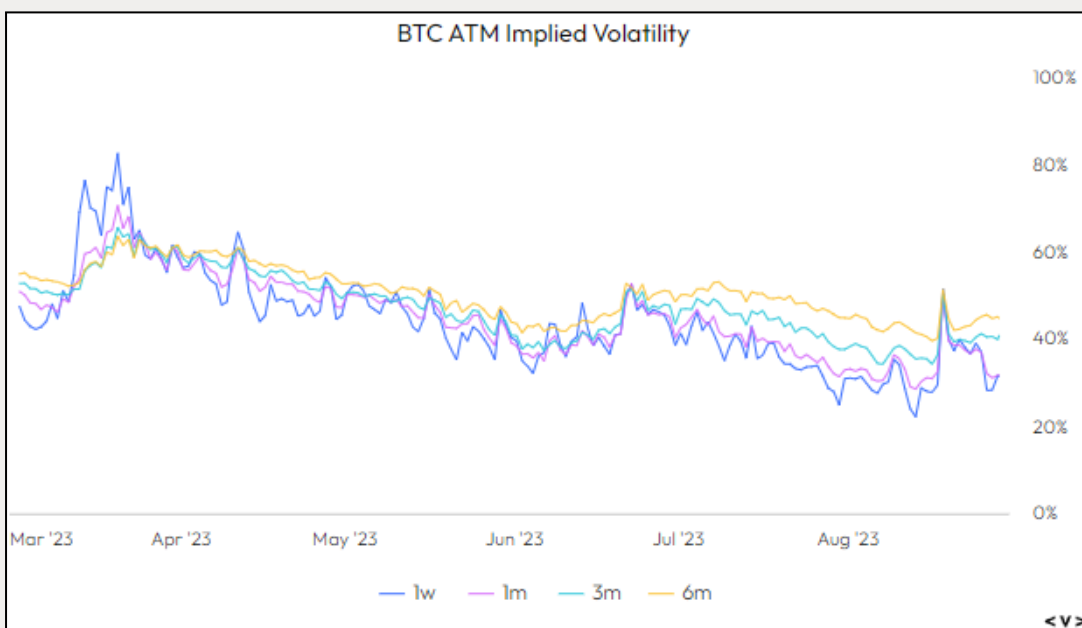
Data Source: Coingecko

- As Bitcoin's halving draws closer, on-chain metrics like miner behaviour have garnered attention. Alongside this, it's vital to also consider BTC's current market positioning. Bitcoin's implied volatility persists at historically low levels, with the 14-day moving average of BTC spot volume significantly declining, now reminiscent of levels last observed in early 2019. The combination of reduced liquidity, subdued volatility, and a flush out of leverage, should maintain consolidation at these levels until we get a spark or moderation in inflation concerns.
- Friend.tech, a viral social platform on Coinbase's L2, Base, recently sparked a record surge in transactions on the new chain. This uptick resulted in an impressive average of 15.88 transactions per second (TPS) over one day, outpacing Ethereum and other L2 blockchains like Arbitrum and Optimism. Within a short time since its launch, Friend.tech, which lets users trade shares in public figures, has garnered over 100,000 users since launching. But after this initial burst, transactions on Friend.tech have fallen dramatically. Though still in its early days, the market is intrigued about whether this platform will have staying power or if it will be another fleeting project in the crypto world.



Data Source: Dune Analytics, CryptoKoryo

- Bitcoin's implied volatility (IV) spiked when price nosedived two weeks ago, although we're seeing a return to the obscure 'normal' of lower implied volatility (IV) settling back into the term structure. Intriguingly, while short-term IV has declined alongside Bitcoin's tepid price movements this week, longer-dated IV has drifted upward. The rapid sell-off in short-term IV can largely be attributed to the absence of any significant price catalyst, with many pinning their hopes on a decision regarding the Grayscale ETF in the short term. There still seems to be value in the volatility of longer-term expiries, particularly those at or beyond anticipated Bitcoin halving dates, with IV still trading at historically low levels in the longer-dated maturities.



What to Watch

- US Jolts Job openings and S&P/CS Composite, on Tuesday.
- Germany's preliminary CPI and US' preliminary GDP, on Wednesday.
- US core PCI and unemployment claims, on Thursday.
- Canada's GDP, on Friday.

Research Lab

- [Decentralised Blockchain Governance - Mental Models to Capture the Failure of Current Approaches and a Proposed, Frictionless Framework:](#)

Innovation Lead Nathan Lenga dissects the intricacies of decentralized blockchain governance in this latest Zerocap piece. From the emergence of on-chain governance to the application of game theory and mental models, this article provides a multifaceted perspective on a critical aspect of blockchain's evolution.

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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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