

Weekly Crypto Market Wrap

7th August 2023



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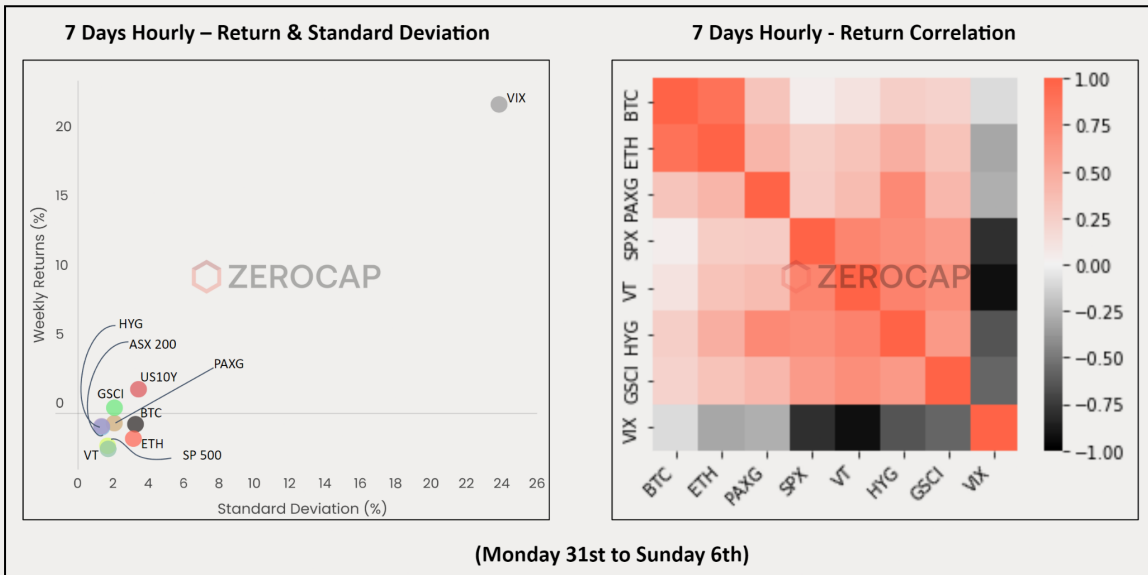
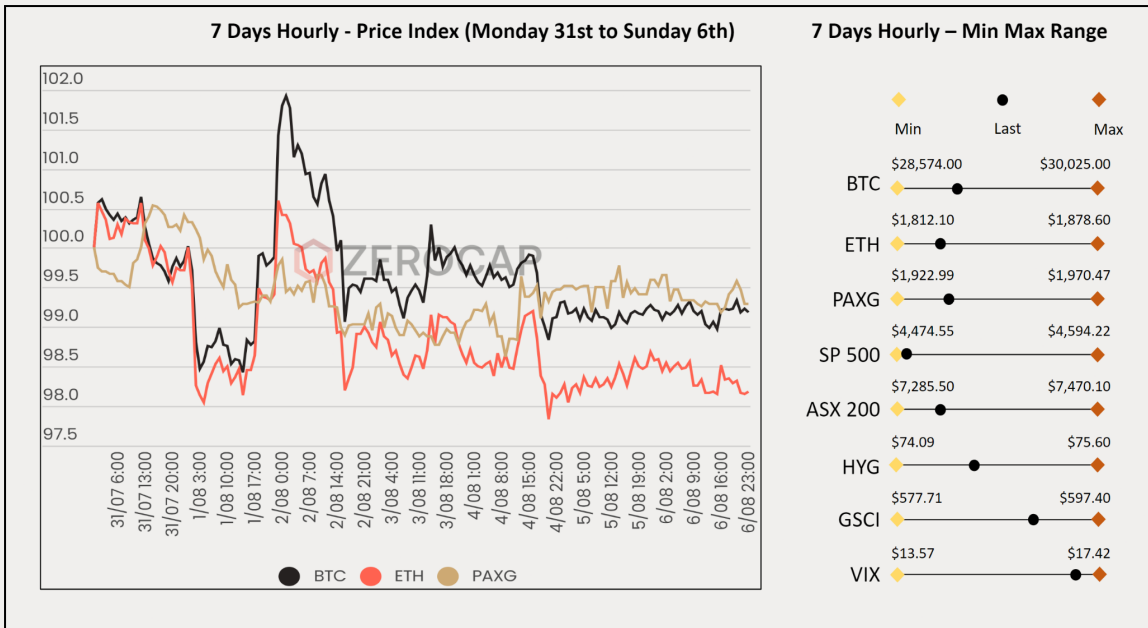
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Week in Review

- Navigating the next 12 months in Bitcoin - Zerocap presents three strategies. ([Article](#)) ([Fact Sheets](#)) ***This offer is available for wholesale investors only.**
- SEC asked Coinbase to [halt trading](#) of every crypto but Bitcoin before suing - Exchange market share [spiked 61%](#) despite SEC's lawsuit.
- Tether (USDT)'s reserves hit [record \\$86.5 billion](#) in second quarter.
- Binance denies [WSJ report](#) of \$90 billion in crypto trades in China - US prosecutors [concerned](#) current charges could bring a run on the exchange.
- Curve (CRV) hacker behind [\\$62 million exploit](#) begins returning funds.
- Former Twitter X now seeks to embed [trading platform](#) into its social media.
- Bankrupt FTX releases its [restructuring plans](#), including an offshore reboot.
- SEC files [complaint against HEX](#) (HEX) founder Richard Heart for allegedly offering unregistered securities.
- Tether unveils mining software "[Tether BTC](#)" to boost capacity and efficiency.
- OpenAI Sam Altman's crypto project Worldcoin [suspended in Kenya](#), as government raises concerns for citizens' safety regarding eye-scanning orb.
- Meta to launch [AI chatbots](#) with different personalities, including Abraham Lincoln's, in new effort to retain user base - Goldman Sachs believes [AI boom](#) will beat electricity and PCs by 2025.
- Michael Saylor's MicroStrategy [in profit again](#), now holding \$4.4 billion in BTC.
- Bank of England [raises interest rates](#) by 25 bps, no longer sees recession.
- US job openings hit two-year low, as labour market still tight; [JOLTS](#).

Winners & Losers



Data source: TradingView

Market Highlights

- The price of Bitcoin remained relatively stable over the past week, closing just under \$29,200, while the broader crypto market pared some of the gains from last week. Ripple's XRP led the decline among large-cap digital assets, dropping nearly 5% to trade at its lowest price since the court ruling last month. Major cryptocurrencies, aside from the drama surrounding Curve Finance, saw minimal news and price movement. We're expecting sideways trends in the crypto market for the foreseeable future until the first batch of BTC ETF rulings are held in early September.



- Last week, the SPX recorded its largest weekly decline since March, falling by 2.27%, while the DXY continued its upward movement, rising 0.3%. Volatility has been increasing in long-dated bonds, with the US 30-Year Treasury bonds falling 3.32%. Inflationary concerns have begun to resurface in the market, driven by strong US hourly earnings data and a recent rebound in oil and energy prices. This week, the market's attention will be focused on inflation data due at the week's end, with the consumer price index (CPI) and producer price index (PPI) set to be released on Thursday and Friday, respectively. The market is anticipating a rise in CPI to 3.3% from 3%. As the market begins to respond to inflationary pressures, a higher-than-expected print could likely push risk assets lower and bond yields higher.

Key Data Releases - Last Week

EU Inflation Rate - Actual: 5.3%, Previous: 5.5%

RBA IR Decision - Actual 4.1%, Previous: 4.1%

BoE IR Decision - Actual 5.25%, Previous: 5%

US NFP - Actual 187k, Previous: 185k

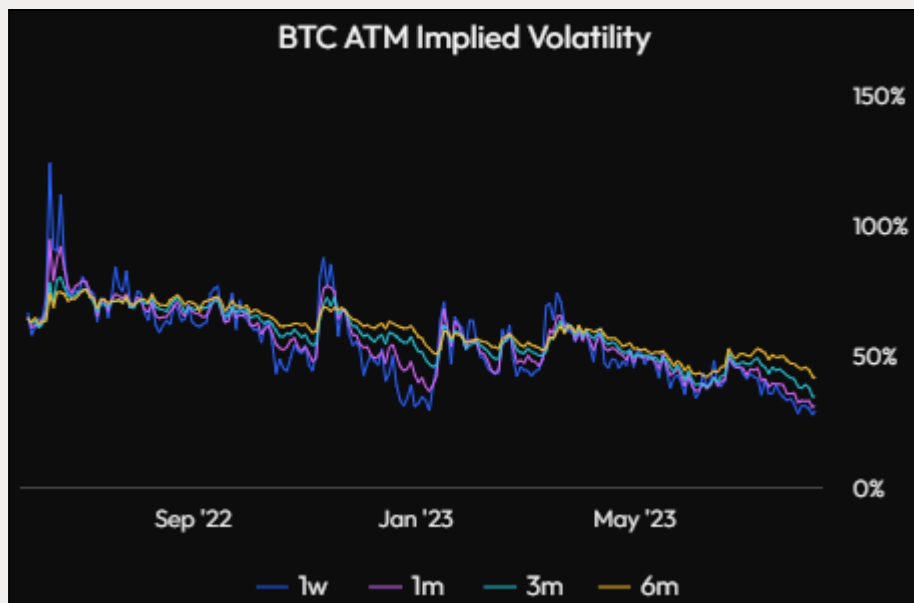
Key Data Releases - This Week

Thurs | US CPI - Forecast: 4.8%, Previous: 4.8%

Fri | GB GDP - Forecast: 0.1%, Previous: -0.1%

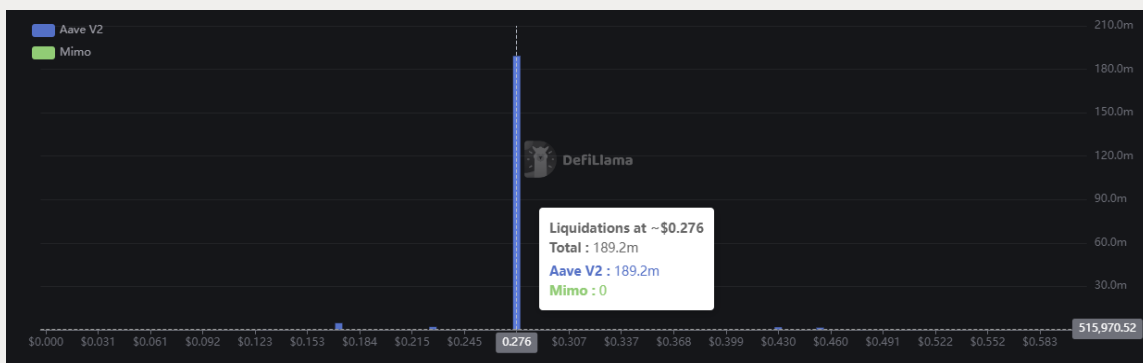
Fri | US PPI - Forecast: 0.2%, Previous: 0.1%

- The race for the first approved Ethereum ETF has begun, with six entities filing applications with the SEC to launch ETH futures-based ETFs, following the surge of interest in bitcoin spot ETFs. If the SEC does not deny these applications, the Ether ETFs will launch 75 days from the filing date, the first set to be on October 12. Historically, the SEC has never approved ETF applications tracking Ethereum futures, with a handful being denied in prior years. The wave of interest in crypto-related ETFs was sparked by big names like BlackRock filing for their spot BTC ETF last month, with Grayscale arguing that the SEC should approve all spot bitcoin ETF applications simultaneously to ensure equal treatment. The positive impacts to Ethereum may be equally beneficial, although there are a few hurdles to overcome before we see a spot ETF, particularly with the SEC's treatment of ETH as a potential security.
- The Implied Volatility (IV) of Bitcoin continues to drop, reflecting the absence of price catalysts that are putting consistent selling pressure on IV. The 180-day IV has reached its lowest level since January 2017, and IV still seems expensive for near-term expiries, as volatility continues to materialise lower than IV in previous weeks. With the ETF rulings not expected until the beginning of September, there are few catalysts to spur near-term volatility buying. However, longer-dated maturities, especially those extending beyond the next Bitcoin halving in June of the following year, appear to offer more value.



Data source: Velo Data

- Following the recent exploit at Curve Finance that led to the theft of 7 million CRV tokens and \$14 million in wrapped ether (WETH), the decentralised exchange's response and its subsequent impact on the DeFi sector have come into focus. The immediate fallout was a significant increase in CRV's open interest and heavy shorting on centralised exchanges, with on-chain withdrawals from Aave V2 totalling \$500 million within hours. Michael Egorov, Curve's founder, managed to prevent the liquidation of his CRV-backed loans by selling millions of CRV in over-the-counter transactions and taking other strategic measures to manage his outstanding loans. However, the situation remains precarious, with his liquidation price now lowered to 0.276 on Aave. The complex interplay between various parties and market dynamics illustrates the fragility and interconnected risks within the DeFi ecosystem.



Data source: DeFi Llama

What to Watch

- China's CPI report, on Tuesday.
- US' CPI and unemployment claims, on Thursday.
- UK's CPI and US' preliminary consumer sentiment, on Friday.

Insights

- [Navigating the Next 12 Months in Bitcoin - Three Tailored Strategies:](#)

In the world of Bitcoin, six to twelve months can bring about significant change. Capture the next 12 months of Bitcoin's potential through three tailored investment strategies - whether you're a conservative, optimistic, or aggressive investor. Learn how upcoming events like Bitcoin's halving, potential US spot ETFs, changes in Central Bank policies, and the Ripple-SEC case could affect Bitcoin's price and your portfolio.

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Research Lab

- [Virtual Machines, Turing Completeness and the Capacity for Infinite Computation:](#)

Immerse yourself in the world of virtual machines and Turing completeness with Beau Chaseling, Innovation Analyst at Zerocap's Research Lab. Learn about the profound influence of these concepts on blockchain technology and modern computation. From the Ethereum Virtual Machine's role in executing smart contracts to the theoretical framework of Turing machines, this article illuminates the intricate workings of these fascinating subjects.

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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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