

Weekly Crypto Market Wrap

9th October 2023



ZEROCAP.COM

AUSTRAC REGISTERED DIGITAL CURRENCY EXCHANGE SERVICE PROVIDER DCEI00635539-001

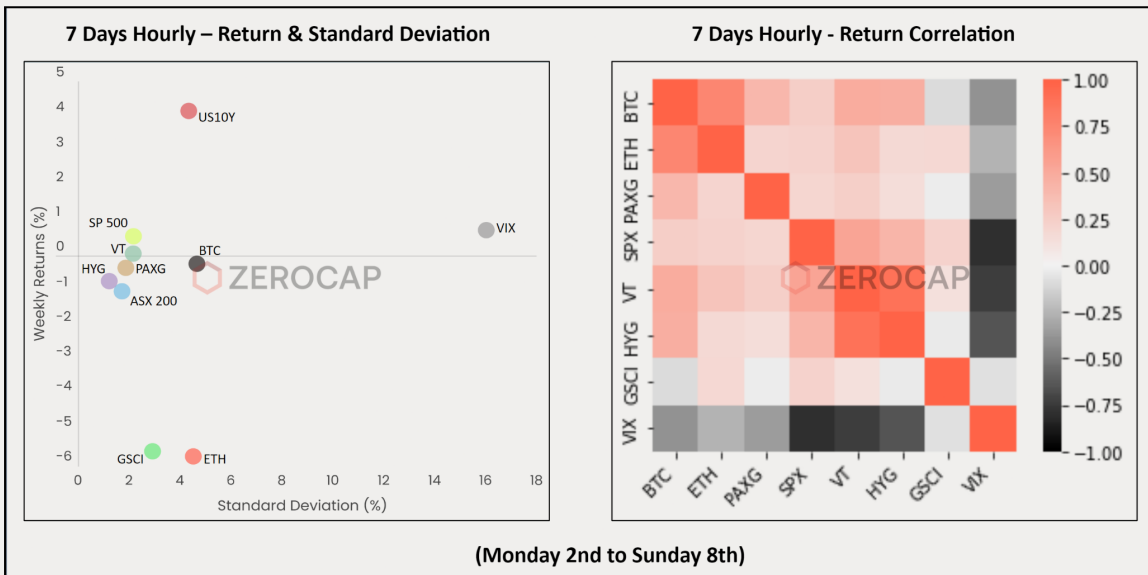
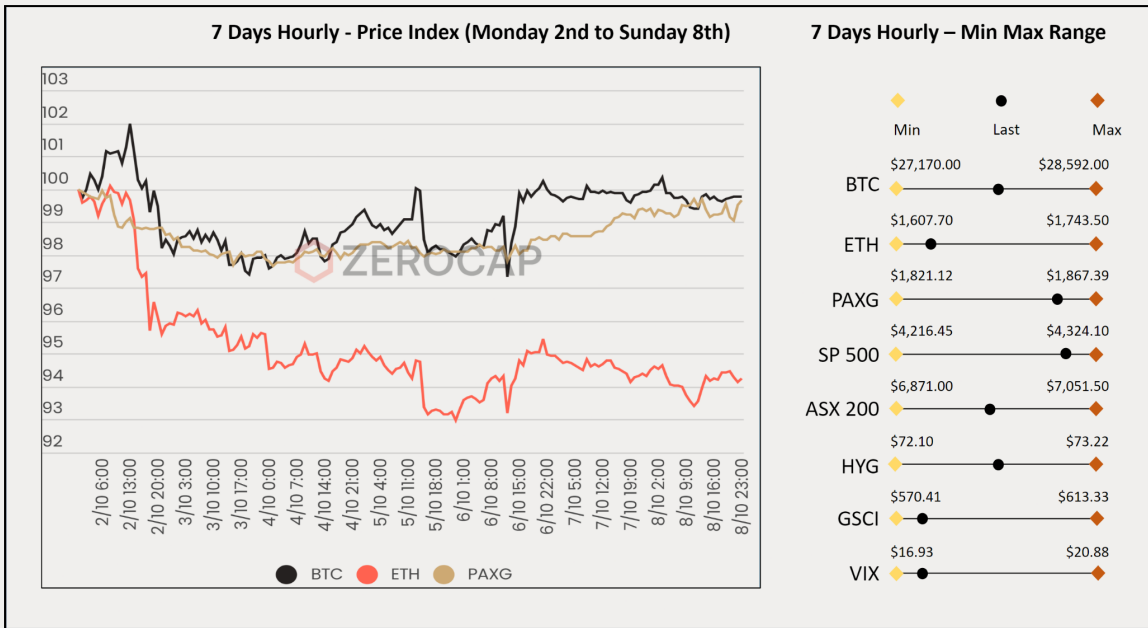
Zerocap Pty Ltd ABN: 99 164 874 597

Zerocap provides digital asset liquidity and custodial services to forward-thinking investors and institutions globally. For frictionless access to digital assets with industry-leading security, contact our team at hello@zerocap.com or www.zerocap.com

Week in Review

- Israel [officially at war](#) with Hamas following surprise attacks, likened to 9/11.
- SEC's court motion to file appeal against Ripple [denied](#) by judge.
- Binance states it will [operate under UK rules](#) despite previous withdrawal - Exchange plans to [shutdown BUSD stablecoin lending](#) by October 25.
- FTX co-founder Sam Bankman-Fried's [trial begins](#) - FTX exploiter [moves \\$36 million](#) in Ether as trial starts.
- EU regulator releases [new consultation](#) on Markets in Crypto Assets (MiCA) mandates.
- Polygon (MATIC) [co-founder steps down](#) to contribute "from the sidelines."
- Thorchain (RUNE)'s [Thorswap](#) goes into "maintenance mode" to counter illicit funds.
- Taiwan seeks to have [thorough crypto laws](#) by November.
- X platform faces backlash in crypto community following [pro-XRP user's](#) account suspension without clear reason.
- FED Chair [Jerome Powell states](#) US economy still working through impacts of pandemic crisis.
- US job openings [jump to 9.6 million](#) in August, against expected 8.8 million - meanwhile [jobless claims](#) only increase slightly.

Winners & Losers



Data source: TradingView

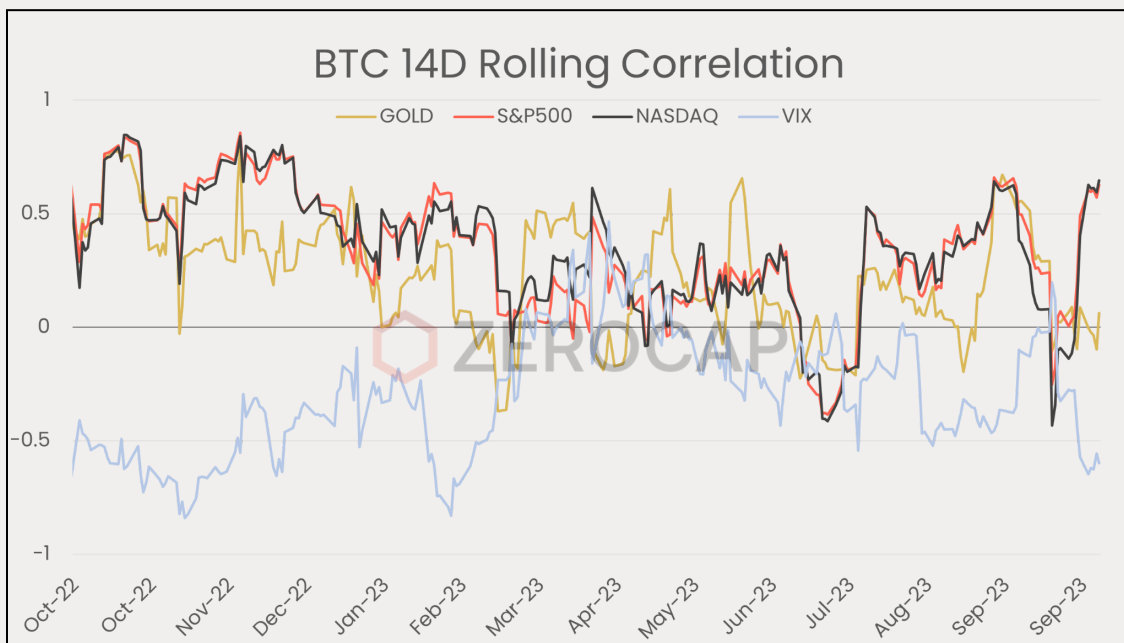
Market Highlights

- Last week, Bitcoin's 6% gain from Oct 1st to 2nd was followed by an immediate 4.5% drop. Unable to breach the 28,500 resistance, BTC's decline was driven by the lacklustre performance of the newly introduced ETH futures ETFs on Oct 2nd, which fell short in trading volume compared to the \$1 billion launch of the ProShares Bitcoin Strategy ETF. The results of which tempered investors' expectations for an eventual Bitcoin spot ETF inflow.
- Adding to market unease were concerns about the U.S. economy, as Oct 3rd labour market data revealed a significant increase in job openings in August. This raised expectations of further Federal Reserve contractionary measures. Fed Chair Jerome Powell's prior comments at the Jackson Hole Economic Symposium in August about a potential monetary policy response to labour market conditions heightened these concerns. In response to unexpected U.S. non-farm payroll data, which showed a substantial job increase of 336,000 for September, Bitcoin rapidly retested 27,000 on Oct 6th. This suggested labour market resilience despite the ongoing inflationary defensive measures employed by the Fed, in the form of interest rate hikes. As a consequence, market expectations shifted toward a 25-basis point hike in Nov. Yet, with BTC rebounding from the 27,000 level. Participants now closely watch the 28,000-resistance level.



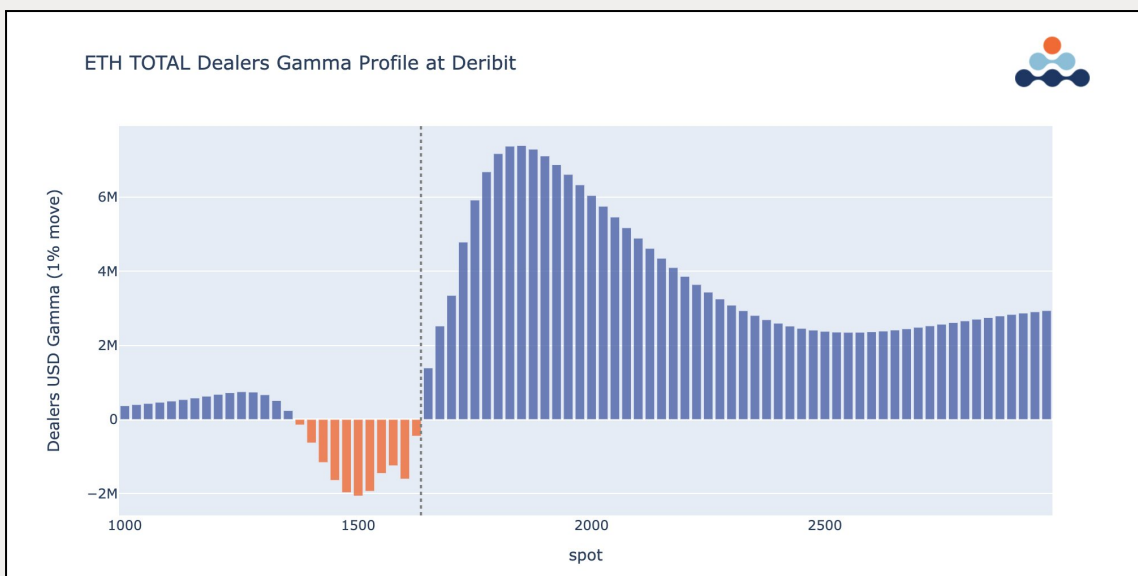
Data Source: TradingView

- Although Bitcoin's correlation with TradFi assets like high beta equities has been diverging for the most part of 2023, this week was a strong reminder of the overarching influence of macroeconomic factors on BTC. The price drop on Oct 3rd stemmed from impending economic concerns of a downturn and responses from the Federal Reserve's monetary policy. While BTC's divergence from traditional assets can be advantageous for portfolios, recent events reminded participants that shifts in macroeconomic expectations will still remain a driving force behind the overall market direction and sentiment for the short term.



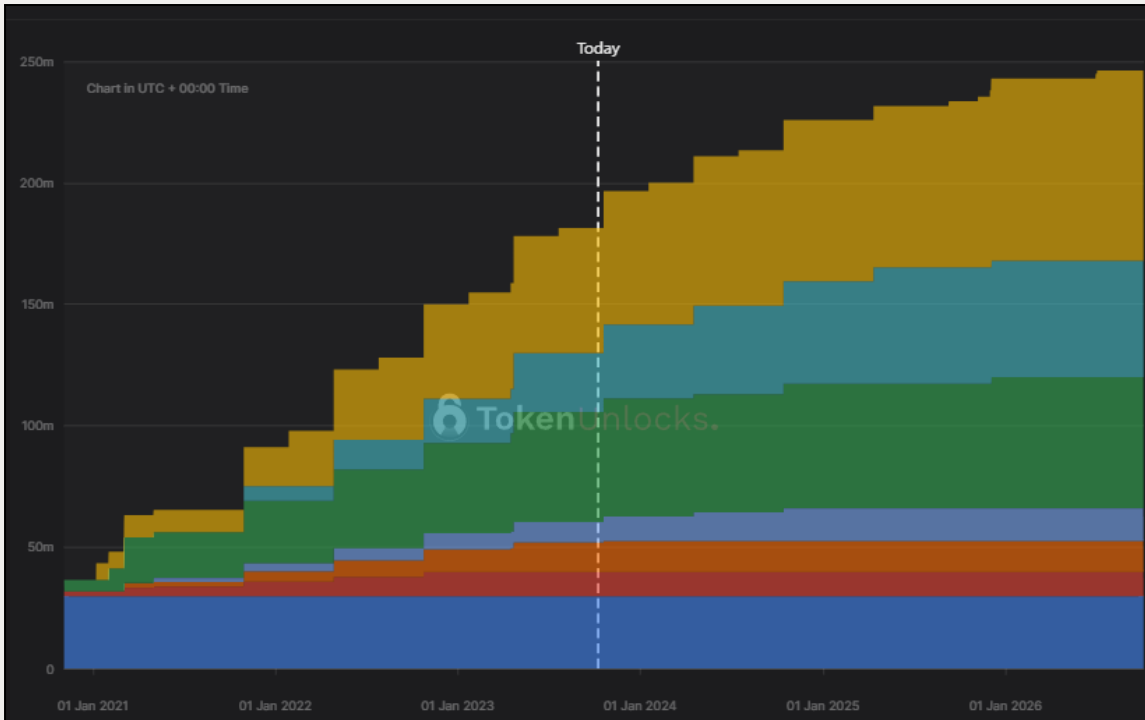
Data Source: TradingView

- Despite the geopolitical events over the weekend, Ethereum's Implied Volatility (IV) has stayed relatively flat, while Bitcoin's volatility noticeably climbed across the strip. In the latter stages of the week, there was a consistent positive trend in BTC options being traded, although again continued to see massive sell-off of ETH calls in the \$1.7k - \$1.8k range, underscoring a lack of confidence in Ethereum's performance against Bitcoin. A notable overwriter discarded 60k+ ETH calls in the range above, amounting to approximately a 30 million notional delta, and this severely impacted ETH's term structure and arguably explains the stagnation in IV over the weekend. Another headwind for Ethereum upside centres around ETH dealer positioning, with long Gamma in the higher strikes, which could dampen any potential uptick in Ethereum's price.



Data Source: Amberdata, Twitter: GravitySucks

- There are a number of sizable token unlocks that are expected to take place in October. Token unlocks usually release a portion of the previously locked supply to investors, foundations, teams, and communities. Generally, because they dilute the holdings of current token owners, these events are perceived as bearish. Historically, they've triggered unique price movements and behaviour, particularly in derivatives contracts both in the lead-in and post-event. The most significant unlock this October pertains to the AXS token, scheduled for the 20th. While past AXS unlocks have prompted downward price movements, this month's might be different. The composition of the unlocking groups plays a crucial role. This time, the tokens will be released primarily to the AXS Foundation and the team, as opposed to investors who have historically been prone to sell during such events. That being said, we are keeping an eye on this one to see how it plays out closer to the event.



Data Source: TokenUnlocks

What to Watch

- FED's FOMC meeting minutes, on Wednesday.
- UK GDP and US CPI, on Thursday.
- Bank of England governor Bailey speaks, on Friday and Saturday.
- FRAX v3 deployment has started and will be completed in the coming weeks.
- The Binance SEC hearing is scheduled for Thursday.
- 23.8M worth of \$APT will be unlocked on Thursday.
- Radiant Capital's launch on Ethereum was rescheduled to Sunday.

Disclaimer

This material is issued by Zerocap Pty Ltd (Zerocap), a Corporate Authorised Representative (CAR: 001289130) of Gannet Capital Pty Ltd (GC) AFSL 340799.

Material covering regulated financial products is issued to you on the basis that you qualify as a "Wholesale Investor" for the purposes of Sections 761GA and 708(10) of the Corporations Act 2001 (Cth) (Sophisticated/Wholesale Client), or your local equivalent.

This material is intended solely for the information of the particular person to whom it was provided by Zerocap and should not be relied upon by any other person. The information contained in this material is general in nature and does not constitute advice, take into account financial objectives or situation of an investor; nor a recommendation to deal. Any recipients of this material acknowledge and agree that they must conduct and have conducted their own due diligence investigation and have not relied upon any representations of Zerocap, its officers, employees, representatives or associates. Zerocap has not independently verified the information contained in this material. Zerocap assumes no responsibility for updating any information, views or opinions contained in this material or for correcting any error or omission which may become apparent after the material has been issued. Zerocap does not give any warranty as to the accuracy, reliability or completeness of advice or information which is contained in this material. Except insofar as liability under any statute cannot be excluded, Zerocap and its officers, employees, representatives or associates do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this material or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this material or any other person. This is a private communication and was not intended for public circulation or publication or for the use of any third party. This material must not be distributed or released in the United States. It may only be provided to persons who are outside the United States and are not acting for the account or benefit of, "US Persons" in connection with transactions that would be "offshore transactions" (as such terms are defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")). This material does not, and is not intended to, constitute an offer or invitation in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. If you are not the intended recipient of this material, please notify Zerocap immediately and destroy all copies of this material, whether held in electronic or printed form or otherwise.

Disclosure of Interest: Zerocap, its officers, employees, representatives and associates within the meaning of Chapter 7 of the Corporations Act may receive commissions and management fees from transactions involving securities referred to in this material (which its representatives may directly share) and may from time to time hold interests in the assets referred to in this material. Investors should consider this material as only a single factor in making their investment decision.

* 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

Contact Us

ZeroCap provides digital asset investment and custodial services to forward-thinking investors and institutions globally. Our investment team and Wealth Platform offer frictionless access to digital assets with industry-leading security. To learn more, contact the team at hello@zerocap.com

