

# Weekly Crypto Market Wrap

20th November 2023



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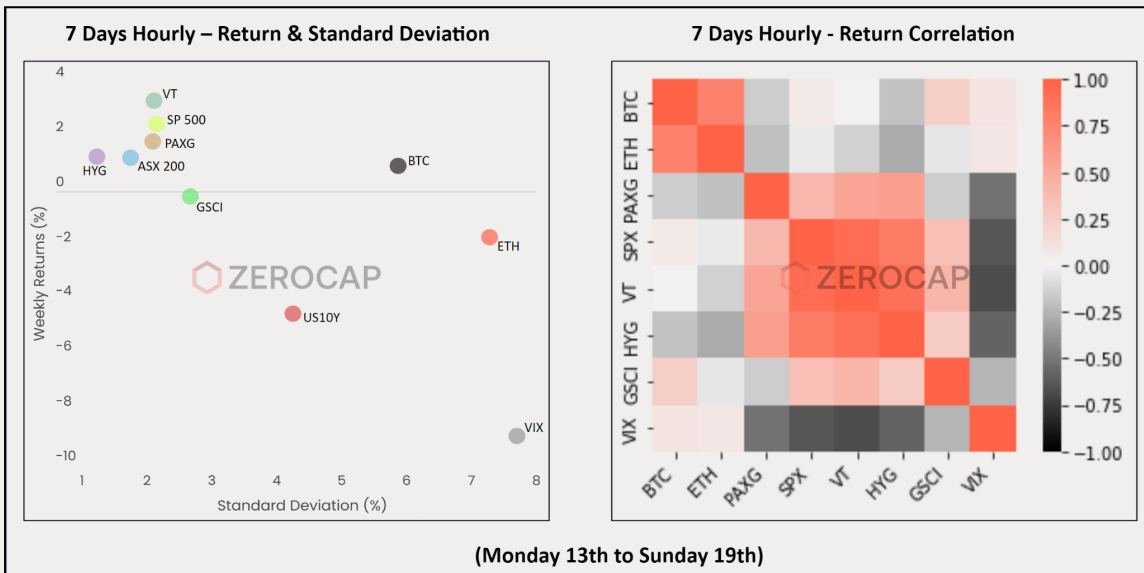
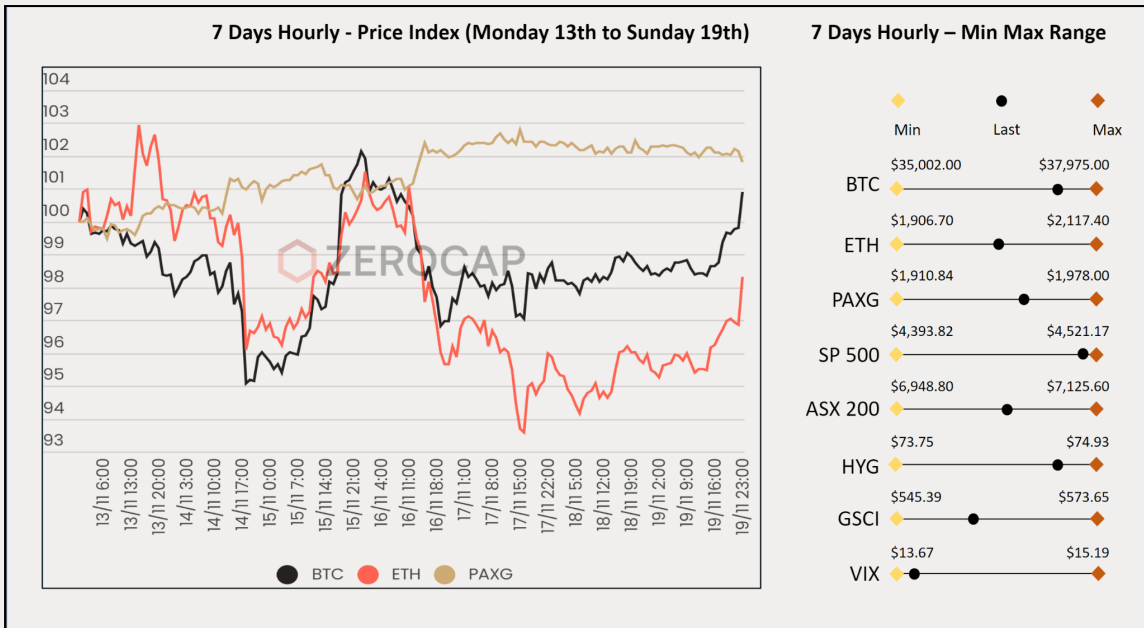
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## Week in Review

- BlackRock files S-1 form for [spot Ether ETF](#) with SEC.
- SEC [delays decisions](#) on a couple Bitcoin ETFs - Bitcoin [futures](#) at risk.
- Bitcoin blockchain [network fees surge](#) by more than 700% compared to last year as the market anticipates ETF approvals. Bitcoin miners reach [record annual earnings](#) at \$44 million in a single day.
- Tether [minted \\$4 billion USDT](#) in a single month, CTO claims replenishing inventory.
- New stablecoin issuer, [Verified USD Foundation](#) launched Verified USD (USDV) stablecoin fully backed by tokenized US T-bills.
- Disney [launches NFT platform](#) with Dapper Labs.
- Former FTX executives [team up](#) to build new crypto exchange.
- ChatGPT's OpenAI CEO [Sam Altman is fired](#) - company claims Altman "was not consistently candid in his communications with the board, hindering its ability to exercise its responsibilities."
- Crypto is the second most popular investment asset in France; [government report](#).
- [Kazakhstan](#) officially launches its central bank digital currency.
- [UBS](#) now allows their HNW clients to trade three crypto ETFs with them in HK.
- Cybersecurity experts back US Senator [Warren's crypto bill](#) in Senate hearing.
- US [consumer price inflation](#) hits two-year lows.

- UK inflation [also falls by more than expected](#) in October to 4.6%, recording its lowest in two years.
- US new [construction data](#) above forecasts, new permit issuance (1.487M vs 1.471M prior) and housing starts (1.372M vs 1.358M prior) both higher than September.
- China shows growth in economic data with [industrial output and retail sales](#) beating market expectations in October +4.6% Y/Y and +7.6% Y/Y respectively.

# Winners & Losers



Data source: TradingView

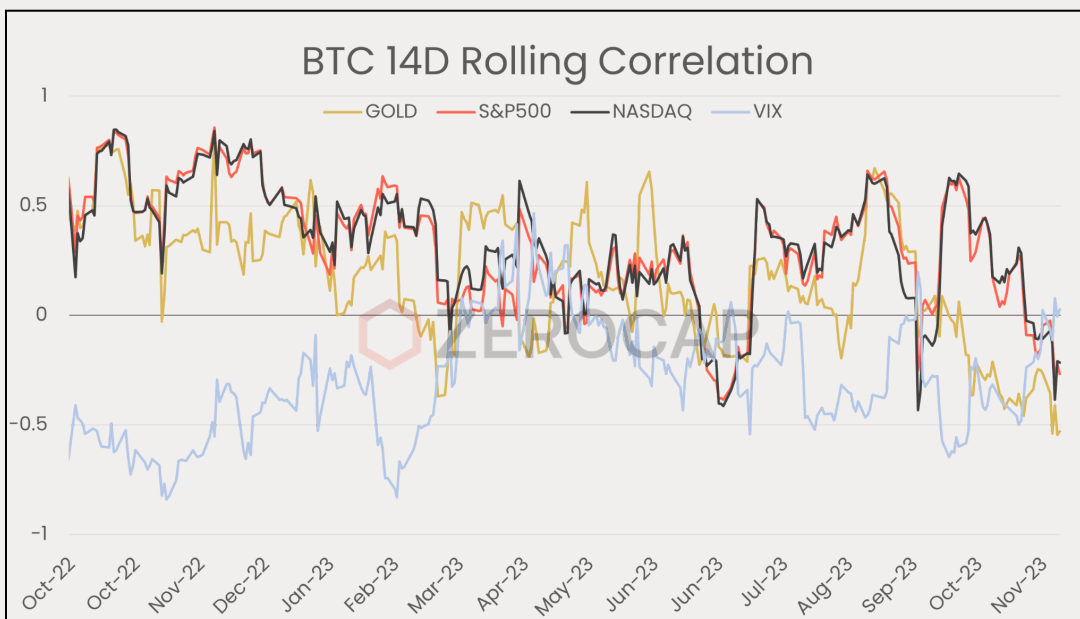
# Market Highlights

- As focus turns to Fed easing, we're seeing the dollar on the backfoot and equities pushing higher (SPX +2.4% and NSDQ +2.4%). It's a seesaw at the moment - any excuse by the market to realign pricing against rate expectations. We can't stop looking at a few things right now - [Mochi ice cream](#) is the first. If you haven't tried these, they are Japanese delights that are frighteningly delicious, and creating waist issues by the day. The other thing is the VIX - equally frightening in its complacency. We are way beyond ZIRP, and corporate bankruptcies are on the rise, yet we are hanging onto equity markets that are on a thread - buoyed by the big 7 - Apple (AAPL), Amazon.com (AMZN), Alphabet (GOOGL), Meta Platforms (META), Microsoft (MSFT), Nvidia (NVDA), and Tesla (TSLA). It feels like any tremors could lead to a vol puke - which makes us think that buying intermarket volatility is an interesting and relatively cheap hedge right now.



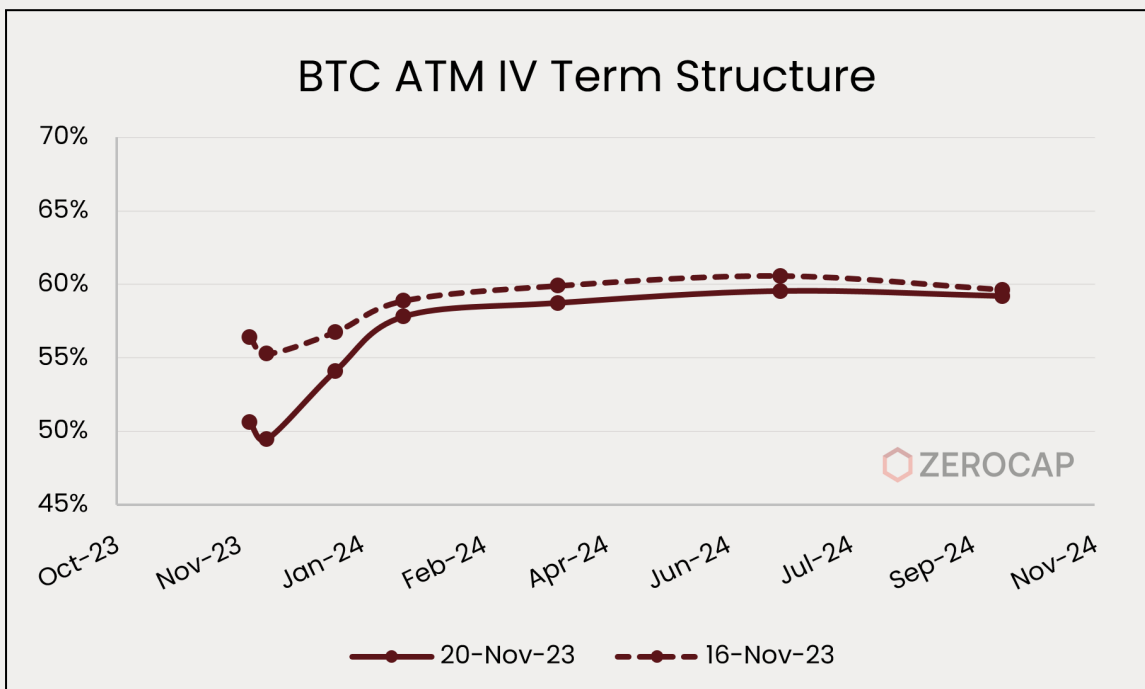
- Despite the risk rally, we are seeing BTC hold a fairly tight range as a result of the pushback of the BTC ETF applications. Last week we called a retest of 36,000 with a move down to 33,000 into the Christmas lull period. Well, we got the 36K retest (ok, actually into 35K), which is now ranging between 35K and 38K. Our team is actually fairly split on what comes next - some are

(personally) buying call spreads into Q1/2024, with others taking collars (hedging value) at these levels. With the delay in the BTC ETF approval, and the market pricing of rate cuts next year, not to mention BTC's notable gains since mid-Oct (+37.5%), we're erring on a move back into the range. At least into NYE, before we get some fresh expected newsflow in January. If we're wrong, 40,000 is the next major topside level on a break of 38,000. Being wrong would also mean having to buy the entire office beer which is never a good end to the year.



## Derivatives

- The options market's response to the "8-day window" for the BTC spot ETF led to some reversion. After some spikes in front-end vol over the past fortnight, term structures are back in contango. The skew is still showing a decent bias towards calls on BTC and ETH (5-10 vol points) for longer-dated options contracts.



- ETH options dealers' gamma positions remain net short, presenting the interesting potential for any more unforeseen Spot ETH ETF announcements. Gamma hedging above 2,140 would see levels not seen since May 2022. This said, on balance a spike to these levels on orderflow would likely not be sustained into the low liquidity Christmas period, leaving the potential for a perfect fade trade of the move.



Data source: Deribit

## Protocols and Alts

- Polygon recently set a record for the highest number of daily transactions, reaching approximately 16.5 million by November 16th, up from 2.5 million on November 5th. The surge in transactions led to soaring gas prices on the L2/Sidechain, with transaction costs peaking at \$5 for swaps, significantly surpassing the normal rates on the network. This sudden increase can be attributed to the substantial minting of PRC-20 tokens (POLS).
- PRC-20 tokens draw inspiration from the Ordinals, a protocol designed for generating tokens and NFTs on the Bitcoin network. Distinct to Ordinals, PRC-20s employ a strategy that utilises transaction calldata to generate tokens or unique NFT-like images embedded within the network transactions.
- While transaction volumes have subsided, if Polygon participants' behaviour is reminiscent of the introduction of BTC Ordinals, we may see some isolated short-term positive price action in MATIC.



## Polygon PoS Chain Daily Transactions Chart



Source: [polygonscan.com](https://polygonscan.com)

Click and drag in the plot area to zoom in

Zoom 1m 6m 1y **All**

May 30, 2020 — Nov 19, 2023



Data Source: *Polygonscan.com*

## What to Watch

- Australia monetary policy meeting minutes, on Monday.
- US FOMC meeting minutes, on Tuesday.
- UK, France and Germany flash services/manufacturing PMIs, on Thursday.
- US flash services/manufacturing PMIs, on Friday.

## Insights

- [Zerocap CIO Jonathan de Wet at Ausbiz:](#)

"Bitcoin and Ether are clearly it. ETH in itself has become a yield-bearing asset as it's moved from its original proof of work mining facility blockchain to now a proof of stake blockchain. This has implications."

In his latest interview with Ausbiz, Zerocap CIO Jonathan de Wet delivers insights on the current state of the markets and cryptoland.

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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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