

Weekly Crypto Market Wrap

6th November 2023



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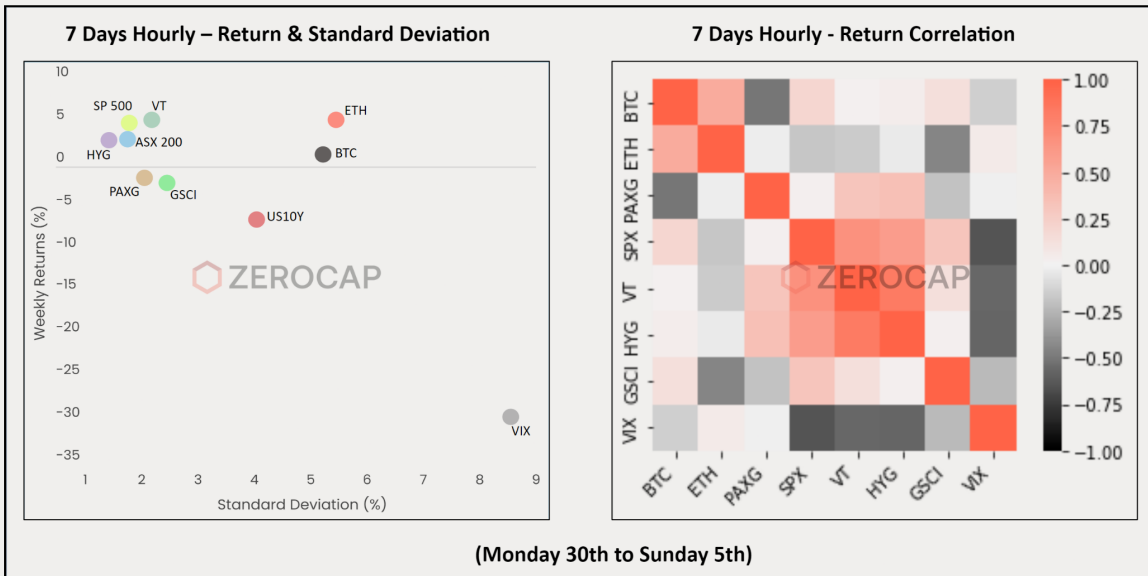
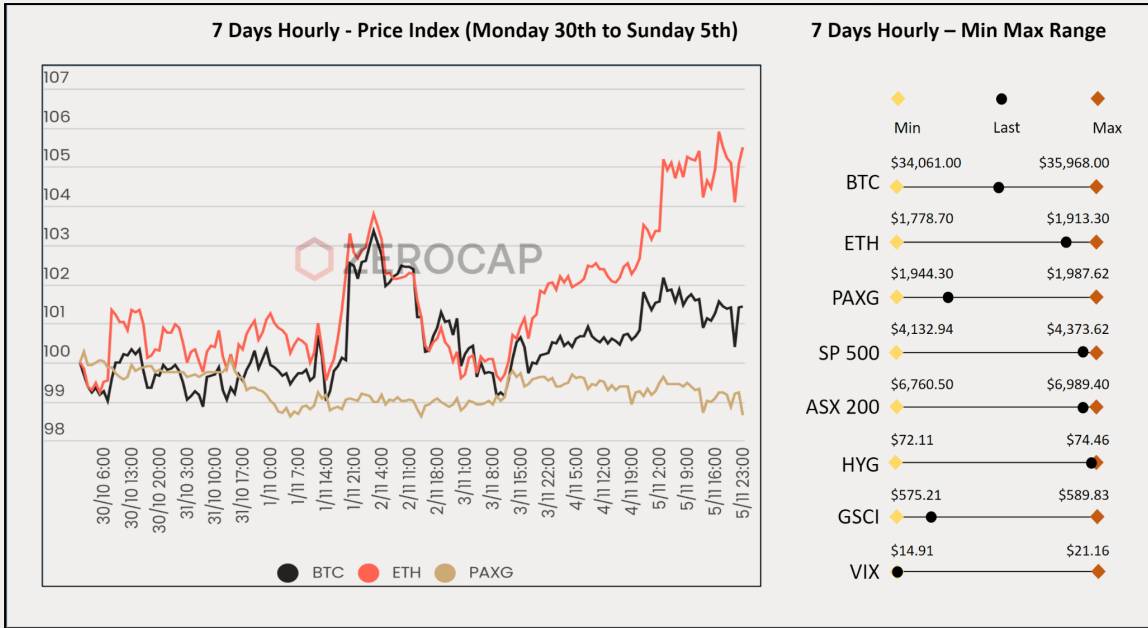
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Week in Review

- Sam Bankman-Fried [found guilty](#) on all 7 criminal fraud counts - FTX founder will be sentenced on 28th March, facing up to 120 years in prison.
- UK Treasury publishes [thorough plan](#) for stablecoin regulations.
- 80% of [global Bitcoin addresses](#) are in profit, setting a new all-time high.
- UN report emphasises [Bitcoin price](#) and mining energy use highly correlated.
- US crypto exchange [Kraken will share data](#) of 42,000 users with the IRS.
- Visa completes [Hong Kong's digital dollar test](#) with local banks.
- USDT use [soars in Brazil](#), makes up 80% of crypto transactions in the country.
- SEC seeks [summary judgement](#) in Do Kwon and Terraform Labs case.
- Ripple Labs (XRP) [will power Georgia's](#) central bank digital currency.
- [FOMC](#): FED holds rate steady, upgrades economic growth assessment.
- Bank of England [keeps rates](#) at 15-year high.
- [Yen rallies](#) as Bank of Japan reports on lifting yield cap.
- [US jobs](#) remain elevated, layoffs hit nine-month low.

Winners & Losers



Data source: TradingView

Market Highlights

Geopolitics

Strikes continue with force from Israel into Gaza. Things are becoming less clear globally, with the US now also urging Israel to take a humanitarian pause. Netanyahu has been clear in his messaging, that "[t]here will be no ceasefire without the return of our hostages." The world is becoming more divided every day - on the one hand very few back Hamas' actions, but the military response now has the world's eyes - and it's estimated that at least half of those killed in Gaza have been children.

It's an impossible situation in many ways - Israel and the world cannot sit by and watch any group act in the way Hamas did. Israel has been forced into a corner, where action is the only possible response. The challenge will be weighing this response in a way that does not lose support from their largest allies.

We are watching US Secretary of State Antony Blinken's visit to Palestinian authorities in the West Bank to shed some light on how the US is thinking about this evolving situation. Amazingly, the VIX has fallen back below 15, which suggests some market complacency on a potential breakdown of global relations.



Macro

Powell spoke with dovish undertones following the Federal Reserve's decision to maintain interest rates for the second consecutive meeting on Tuesday. The Fed Chair hinted at a willingness to keep the option for future rate hikes open but missed several opportunities to take a more hawkish stance. "Immaculate disinflation" could be on the horizon. Economists love buzzwords, and this one has been making the rounds - an attempt to explain a situation where inflation cools or turns negative, without causing a spike in unemployment.

Although some signs of job market weakness have arisen this week, on the whole, they are still robust - and this week's numbers have just accelerated talks of the countdown to potential rate cuts. This led to a rally in risk assets, with notable changes in various markets: BTC +1.3%, ETH +5.7%, NDX +5.95%, and a slight decline in Gold by -0.7%. Importantly, the premise of rate hikes saw BTC behave in line with risk-assets, a relationship that has recently broken down.

BTC

Having approached the \$36,000 mark earlier in the week, the ascending wedge is closing in on a significant break. Technicals look primed for a topside move, particularly alongside event risk (BTC ETF announcement) and a falling VIX (risk asset buoyancy). A catchup of market alignment to geopolitical risk could be a catalyst for a downside move. Topside resistance beyond 36,000 sits at 38,000, dating back to levels in mid-2022. On the downside, retesting 31,000 (the prior highs) would be possible, filling the gap from the initial push higher a few weeks back. On balance, we see gamma hedging from options dealers as potentially driving prices higher from this point.



Data Source: TradingView

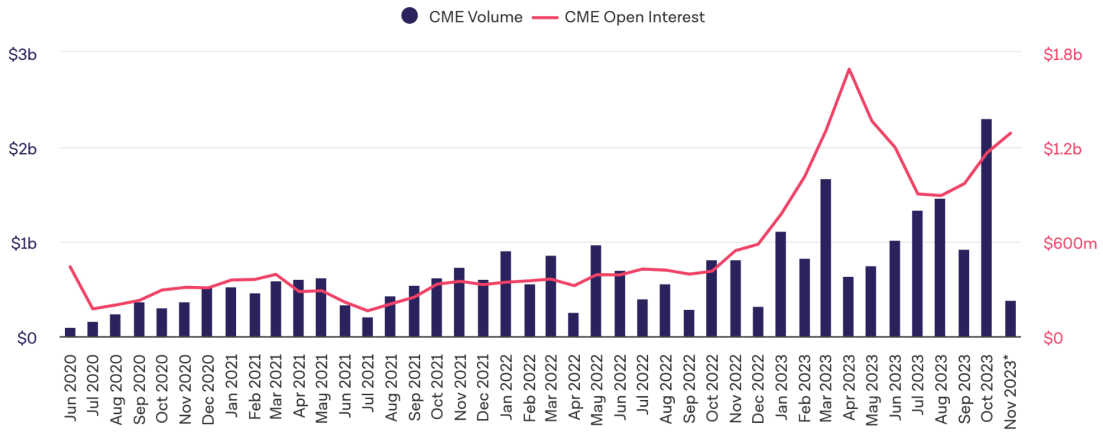
Derivatives

The CME volumes continue to pump, signalling some serious institutional adoption. Coinbase has also opened up crypto futures trading to US investors - which means that CME, CBOE and Coinbase are the only licensed venues for trading futures in the US. Combine this with an expected spot ETF BTC decision - and we have the recipe for a more regulated landscape for trading and hedging, particularly in the US. JP Morgan is calling for BTC at 125K USD by the end of 2025, and Standard Chartered is holding course on its more aggressive forecast of 120K USD by the end of 2024.

It's tough not to see a higher crypto market cap over the next few years - Apple's market capitalisation ballooned as it was embedded into more and more ETFs (Apple currently sit in 337 of them). The medium-term catalysts are there - the BTC halving in 2024. And the short-term catalyst for a break above 36K is there, from a derivatives orderflow perspective - the options dealers need to hedge their gamma above 36K - with an estimated 20M of buying for every 1% move. 20M doesn't necessarily move the market, but the prop funds tend to front-run this kind of orderflow leading to strong breaks.



Volume and OI of CME Bitcoin Options



SOURCE: COINGLASS
UPDATED: NOV 6, 2023

All in all, we've got some major catalysts to keep an eye on into the Christmas lull. Don't blink, or you miss it!

Best of luck trading out there!

What to Watch

- Australia's RBA rate statement, on Tuesday.
- US unemployment claims and FED chair Powell speech, on Thursday.
- UK monthly GDP report, on Friday.

Insights

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

"Market sentiment in the space is actually at an all-time high."

In this latest Ausbiz interview, Zerocap CIO Jonathan de Wet dissects the surge in Bitcoin's value and investor optimism around the potential US Bitcoin ETF approval. He also addressed the broader crypto market trends, institutional interests, and the impact of current global events on crypto dynamics.

For a clearer picture of Bitcoin's trajectory and insights into the digital currency landscape, watch the full interview through the link above.

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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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