

Weekly Crypto Market Wrap

11th December 2023



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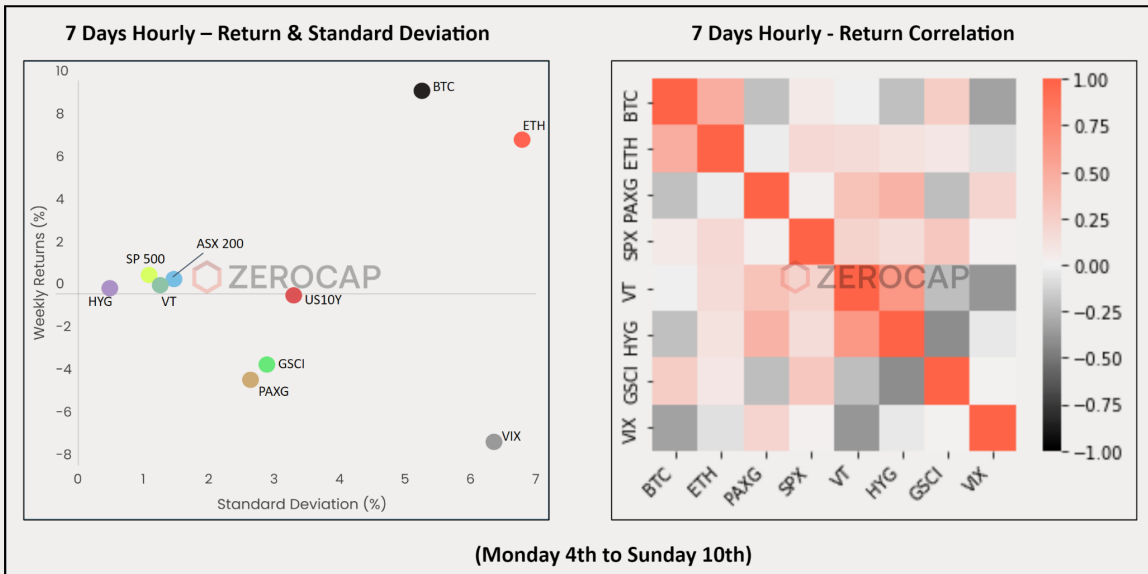
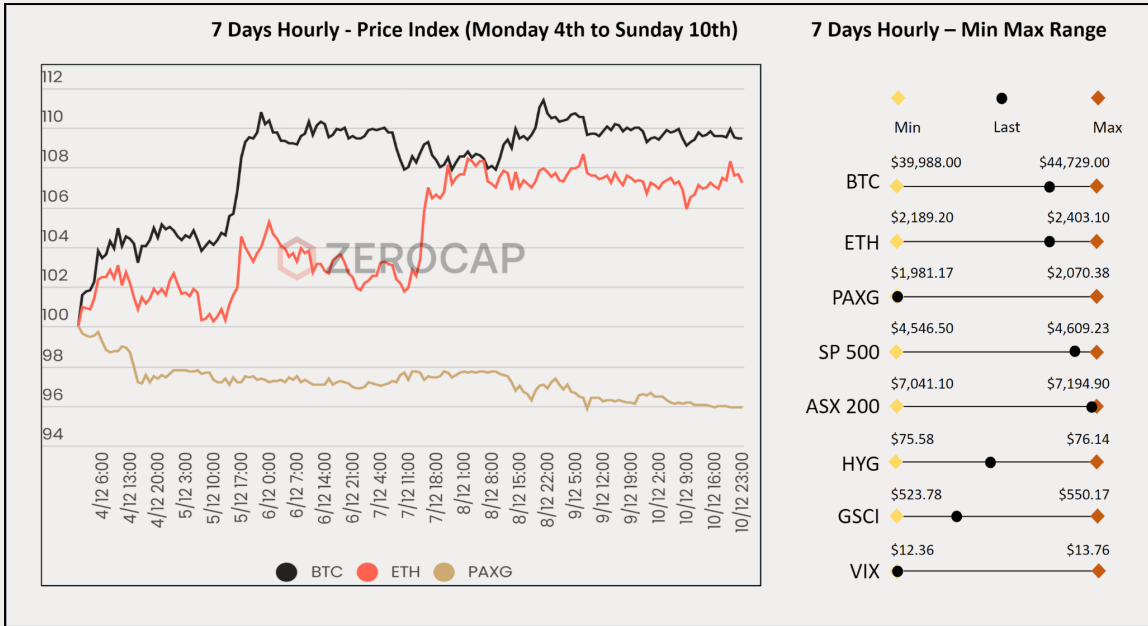
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Week in Review

- New [Binance CEO](#) Richard Teng claims exchange's explosive growth led to compliance failures, resulting in \$4.3B settlement - meanwhile, US judge states former-CEO [CZ must stay in the US](#) until February sentencing.
- Crypto.com received [Electronic Money Institution licence](#) from FCA.
- Coinbase rolls out [new transfer function](#) via links within its own ecosystem.
- [Société Générale](#) becomes first bank to launch euro-backed stablecoin.
- US government [removes two crypto AML rules](#) from national defence bill.
- EU Council and Parliament strike deal for [first official AI rules](#) in the world.
- Brazil's largest bank [Itaú](#) launches bitcoin trading.
- Swiss city of [Lugano](#) now accepts Bitcoin and USDT for municipal taxes.
- Deloitte launched a new logistics service, [KYX](#), that runs on Kilt blockchain.
- [Zodia Custody](#) integrates with Metaco's network with the goal to expand and build a network with multiple custodians linked.
- [Stablecoin market cap](#) surges since May 2022, USDT hitting all-time-high of \$89 billion.
- US job openings hit with [two-and-a-half-year low](#) as the market cools down - meanwhile, consumer [inflation expectations](#) reach the highest level since 2011.
- Australia's [economic growth recedes](#) to 0.2% for the previous quarter.
- Bank of Canada [holds rates policy](#), still very concerned with inflation.

Winners & Losers



Data source: TradingView

Market Highlights

- What a week. We saw the BTCUSD break of 40,000 from the prior week's hold, with gusto, on a support level of 43,000. Leverage had built and the next resistance level was up at 48,000. It definitely felt as if we had some excess building into the move, as altcoins rallied and the Instagram influencers began to shout for 'end of crypto winter'. As of the time of writing, we saw some of that excess flush out in a spike to the downside taking out stops and wiping out some of the leverage.

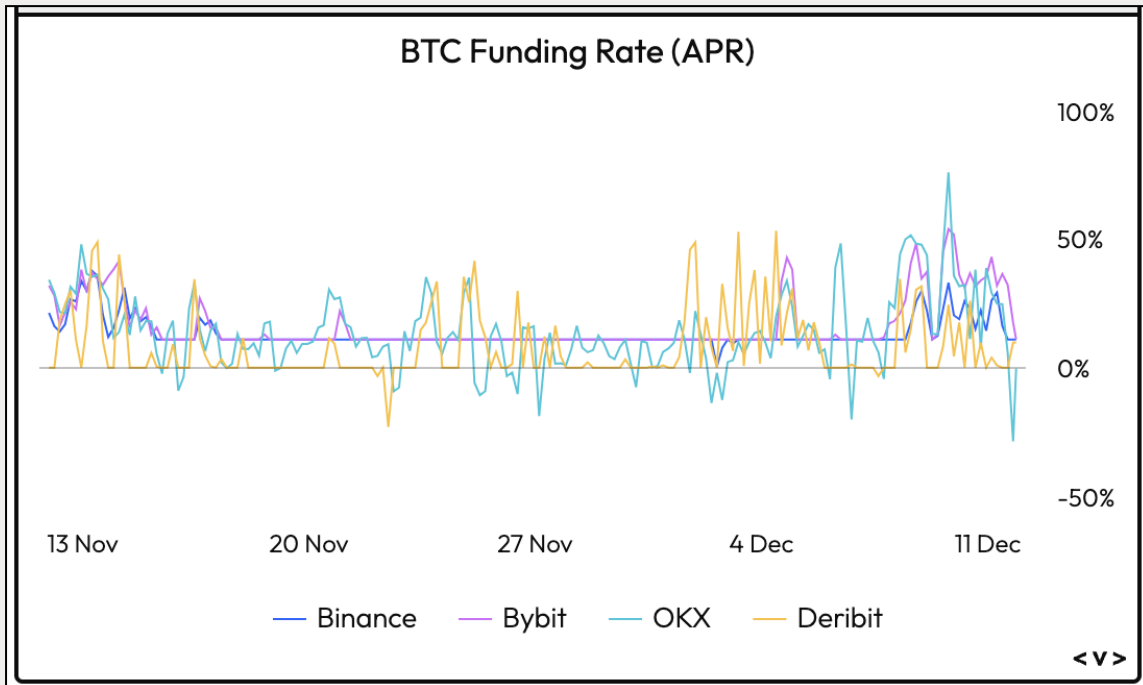


Data Source: TradingView

- Friday's strong US employment data unwound some rate cut hopes. The US employment figures are up 199k, with the unemployment rate dropping from 3.9% to 3.7%. Earnings were higher than expected, with the participation rate also higher. Next week is Super Thursday with several major Central Banks running their final monetary policy meeting for the year. FOMC is expected to keep rates on hold (98.4% probability) - but the big shaker for USDJPY could be the BOJ's potential shift in policy to end negative rates. USDJPY saw a pretty wild squeeze this week, but I'd bet the BOJ doesn't want to smash markets with any major surprises in the December liquidity lull. This macro environment does not necessarily lean well into risk assets, but the markets seem to have a different view right now.

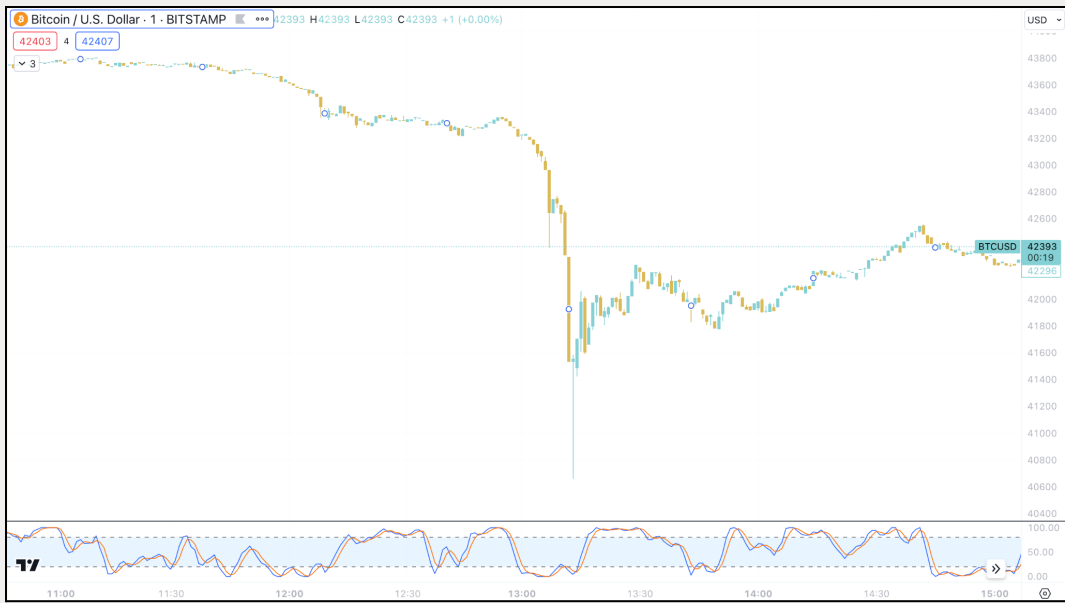
Derivatives

- The BTCUSD gap spike was a tough move to foresee today (Monday 11th Dec). Long perpetual funding rates had gone a little wild which can be a great indicator of leverage, but at the same time, we've got a building supply squeeze in BTC with dormant coins/long-term holders hanging on.



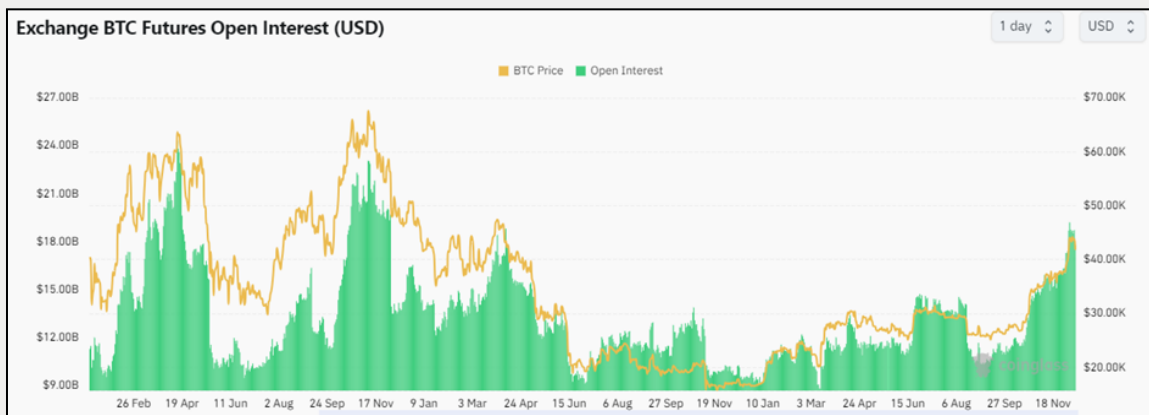
Data Source: Velodata

- BTCUSD began as a slow decline before cascading in the space of about 30 seconds. We were watching the Bybit orderbooks in particular, which showed a significant gap of liquidity before the cascade, and then of course, a fast reversion back into the range. This should at least give the derivatives market some space to breathe this week as we enter the lower liquidity period, but Open Interest is still fairly elevated.



Data Source: TradingView

- Speaking of Open Interest, it had picked up significantly since entering December. Despite today’s move, we still have fairly robust OI which may be cause for volatility into the year-end as market makers wrap up shop and general liquidity conditions diminish. This said, topside moves to 38,000 seem less likely than volatility in the established ranges. Notably, this is the highest BTC Aggregated Futures OI has been since March 2022, and is equivalent to levels depicted in the run-ups of early and late 2021.



Data Source: Coinglass

Protocols and Alts

- Some alts are clearly outperforming the broader market, namely, AVAX, HNT, SOL and ADA, while other majors BNB and XRP are falling behind. There is a

growing relative value division occurring between projects - which is a very positive sign of a maturing market. Given the leverage flush and substantial fund inflows, I'd expect relative value strategies to catch a bid from Hedge Fund names.



Data Source: TradingView

- LayerZero, a blockchain interoperability protocol, has announced the introduction of its native token, planned for the first half of 2024. The token is expected to be distributed through an airdrop, providing governance rights to early users.
- Bitcoin Ordinals has significantly increased Bitcoin's transaction fees, surpassing Ethereum's daily revenue, highlighting the growth of the BRC-20 sector led by \$ORDI. The heightened fees bring attention to the upcoming Nakamoto Upgrade for \$STX, aimed at reducing block times, underscoring the need for scalable Bitcoin solutions.
- FTX's decision to sell \$1 billion in various Grayscale trust funds could temporarily widen the \$GBTC discount. This sale, along with the recent crypto market rally and the potential 2024 relaunch of FTX, improves the outlook for \$FTT and raises hopes for compensating creditors with claims now trading at 70c on the dollar.

Happy trading out there!
Jon de Wet, CIO

What to Watch

- US CPI report, on Tuesday.
- UK's monthly GDP and the US FOMC conference, on Wednesday.
- UK monetary policy summary and ECB press conference, on Thursday.
- France, Germany, UK and US' flash PMI reports, on Friday.

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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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