

Weekly Crypto Market Wrap

4th December 2023



ZEROCAP.COM

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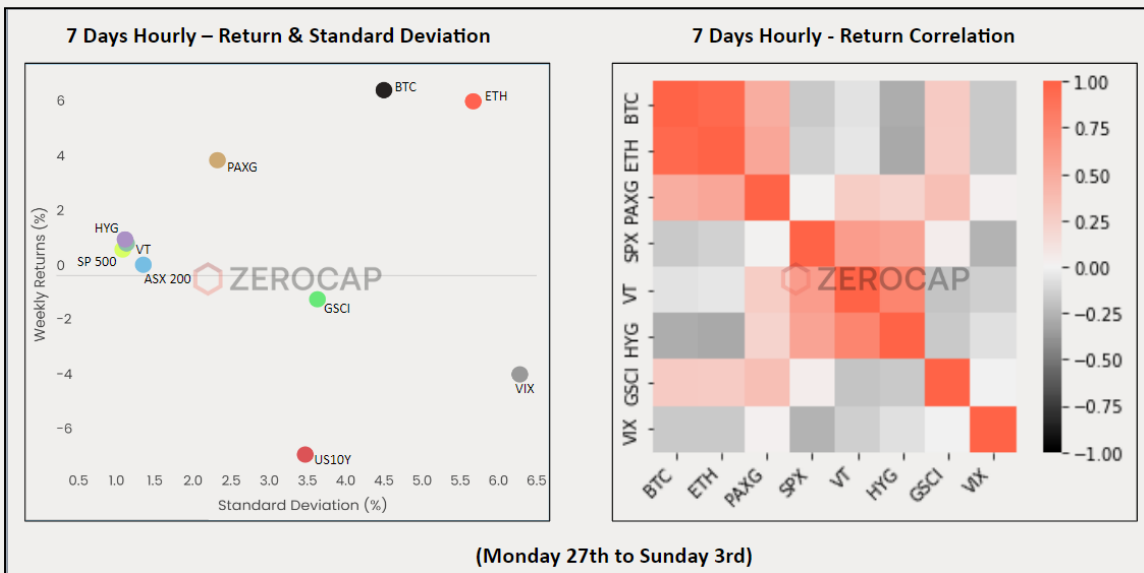
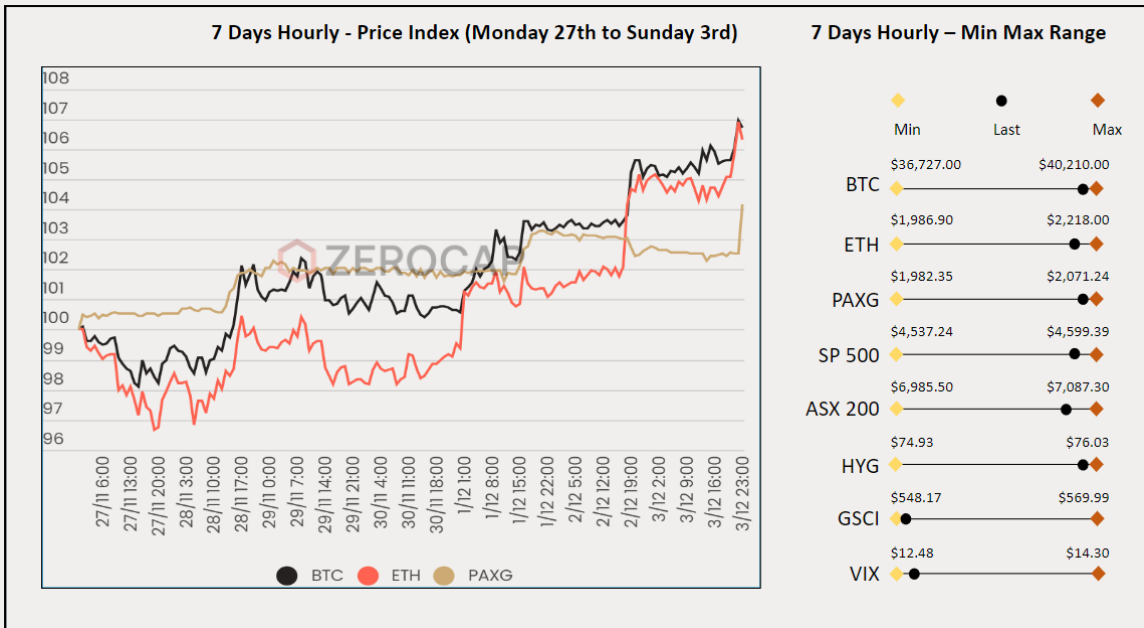
Zerocap Pty Ltd ABN: 99 164 874 597

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Week in Review

- [Zerocap partners with AUDD](#) to integrate the stablecoin into its services.
- Bitcoin sees its [highest monthly close](#) in nearly two years.
- BlackRock meets with SEC, [refines Bitcoin ETF proposal](#) to attract more investors.
- FTX [gets approval](#) to sell \$873 million more in assets to repay creditors.
- Around \$750 million in [locked altcoin tokens](#) to be released in December.
- Cristiano Ronaldo [sued](#) for promoting Binance following exchange fines.
- [Standard Chartered China](#) rolled out e-CNY (China's CBDC) exchange services allowing customers to mint and redeem via their interconnection platform.
- Montenegro court approves [Do Kwon's extradition](#) after he serves 4-months for document forgery.
- Number of [altcoins unlocking](#) towards the end of year, largest unlock occurred on 1st Dec with dYdX unlocking 30% supply ~ 150mm tokens.
- [FED Chair Powell](#): cutting rates would be "premature", more hikes may come.
- ECB [President Lagarde](#) states fight against inflation is not yet done.
- US [consumer confidence](#) rebounds, housing prices still surging - preliminary quarter GDP [exceeds expectations](#) at 5.2%.
- OPEC+ members agree to [additional voluntary cuts](#) to oil production.

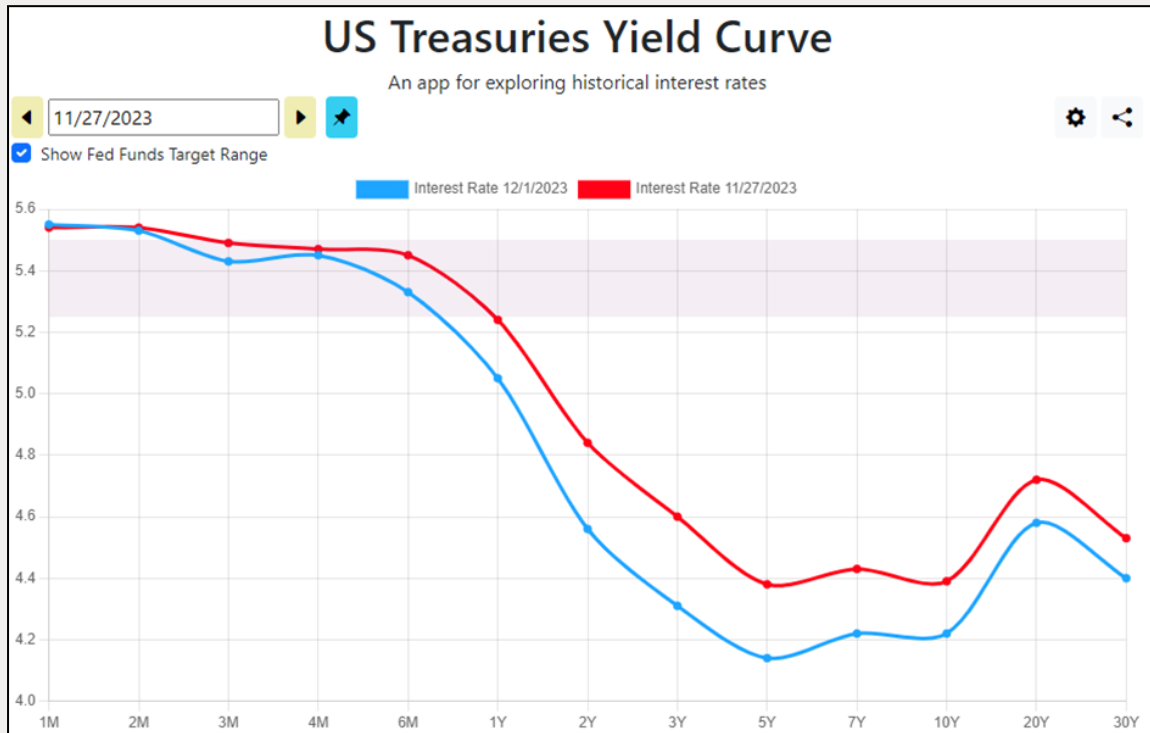
Winners & Losers



Data source: TradingView

Market Highlights

- Last week - a lot of action in US rates. The action began with Fed speaker Waller, who is conventionally a hawk, stating that rate cuts were off the table - expecting a run of soft inflation prints continued into early Q2 2024. As a result, backend curve duration rallied as interest rates fell across the board. The market-wide sentiment was further bolstered with the PCE numbers coming in lower than expected.



Data Source: <https://www.ustreasuryscale.com/>

- Coinciding with a little risk-on action is the expected positive BTC ETF announcement between Jan 5th and 10th from the SEC. Combine this with 4-year seasonality (the halving rally), and we have serious fire in the cauldron. I honestly didn't think we'd be breaking the 40s into the December 'lull', but we are screaming into the 42s as I write this, and it looks like I will end up owing the team that beer. This time.



Data Source: tradingview.com

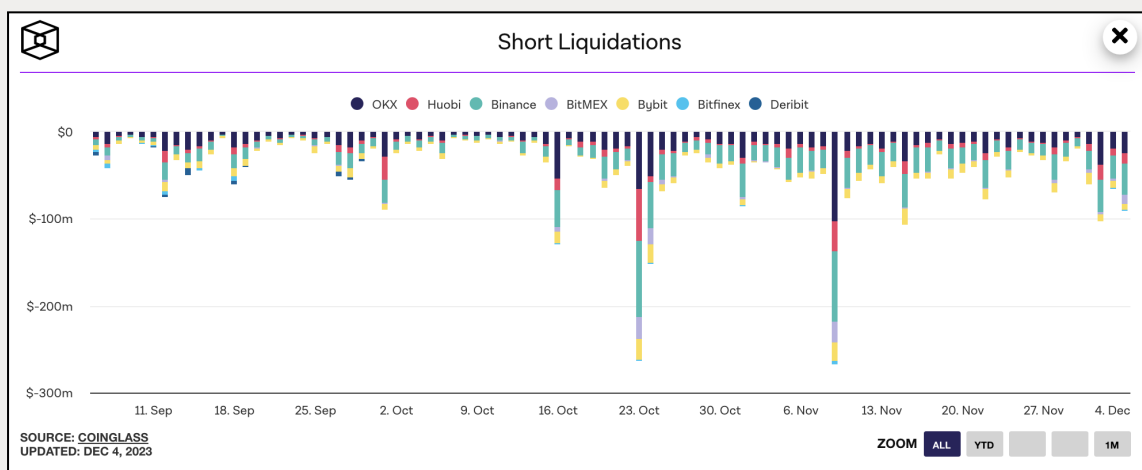
- Technically, you really have to zoom out to see where the next resistance could be. Going back to early 2022, we have prior highs at the 48,000 level which coincides with the trendline resistance from mid-2021. It's a long way off, but with the current momentum, stranger things have happened. If I was betting man, again, I'd say we don't get there this month. There is a Goldilocks scenario being priced into markets right now, and I don't think we are out of the woods just yet. I won't be betting on this one, though.



- MicroStrategy announced they have acquired an additional 16,130 BTC for \$593.3 million at an average price of \$36,785 per bitcoin. Gotta hand it to Michael Saylor, the guy has hands of steel. The media were all over his unrealised losses when BTC was down at 15K, and Microstrategy now holds 174,530 BTC acquired for 5.28 billion at an average price of 30,252 per bitcoin. One in every 138 BTC is owned by Microstrategy. If you follow Saylor's thinking - if the financial system ends up in the place he thinks it will, Microstrategy could be one of the most powerful global entities around - essentially the reserve bank of BTC.

Derivatives

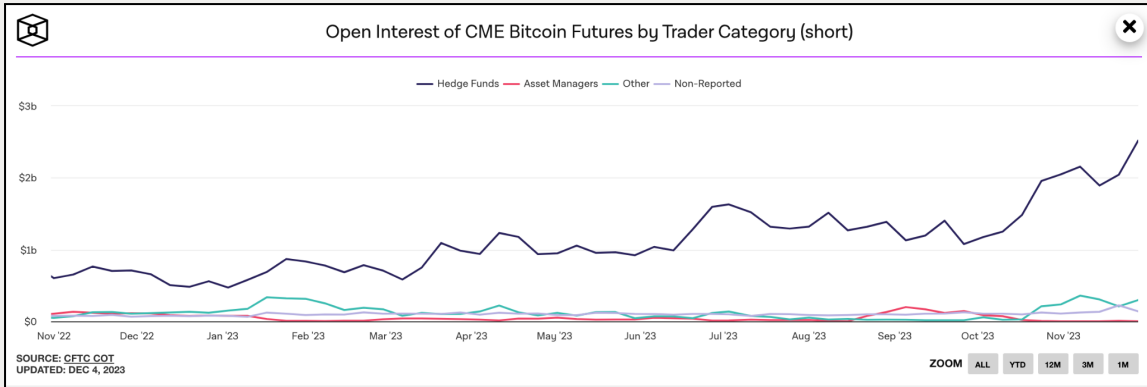
- If I see the short liquidations substantially spike on this move through 40,000, I think we get some reversion back below the figure - but if liquidations stay relatively muted, this move could have some legs. Watch the orderflow for cues.



Data Source: theblock.co

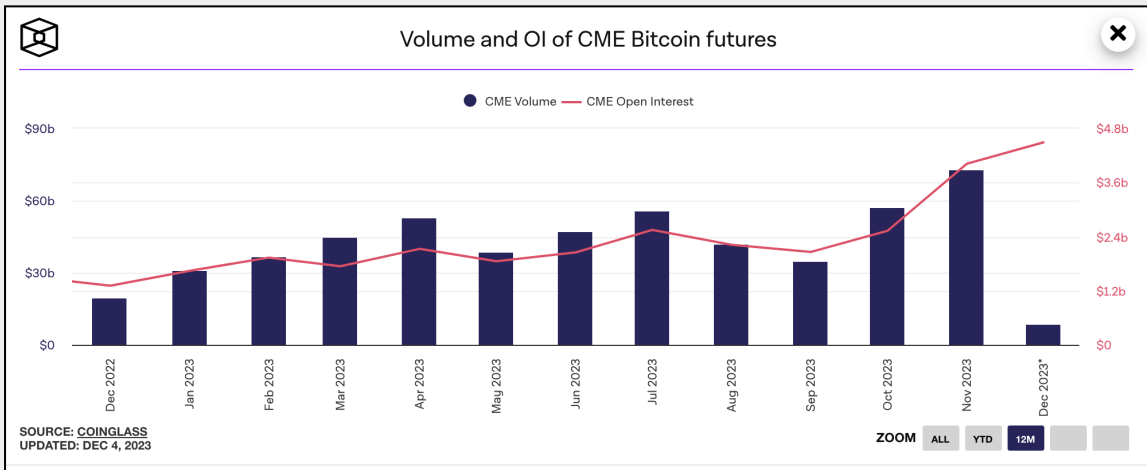
- A good indication of the leverage buildup can be seen in the CME - hedge funds building some notable short exposure. Many would be jumping on the

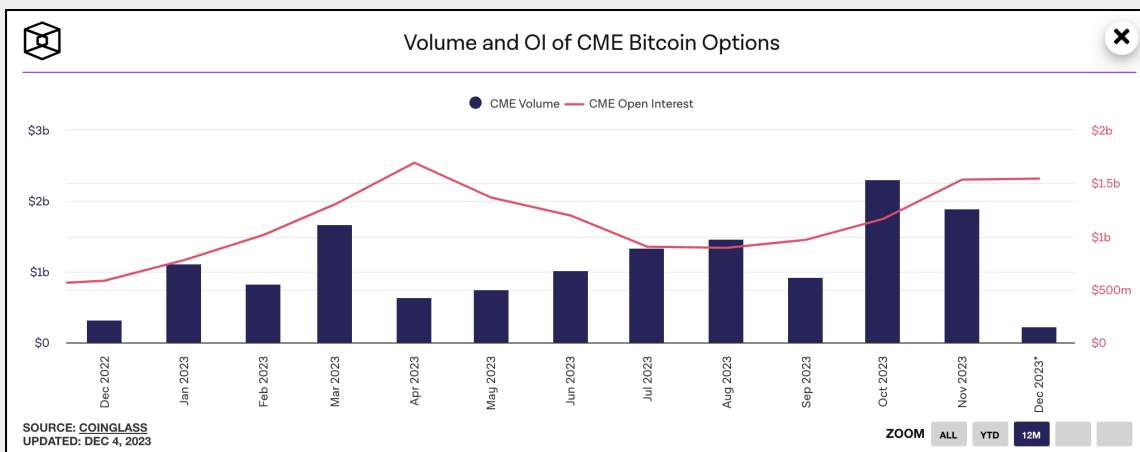
basis trade, but at 3:1 leverage, at least a few would be feeling the burn at these levels. Some short covering is expected as Chicago opens up today.



Data Source: theblock.co

- Speaking of the CME - with all the institutional adoption and fall of just about every centralised exchange founder out there, it's no surprise that CME volumes are catching a bid, both in futures and options. With prime brokers and trading firms (including us) working to close the Crypto/TradFi gap - I expect to see a significant uptick in volumes on the CME, and a compression of the basis arb that we've been seeing over the past few years.

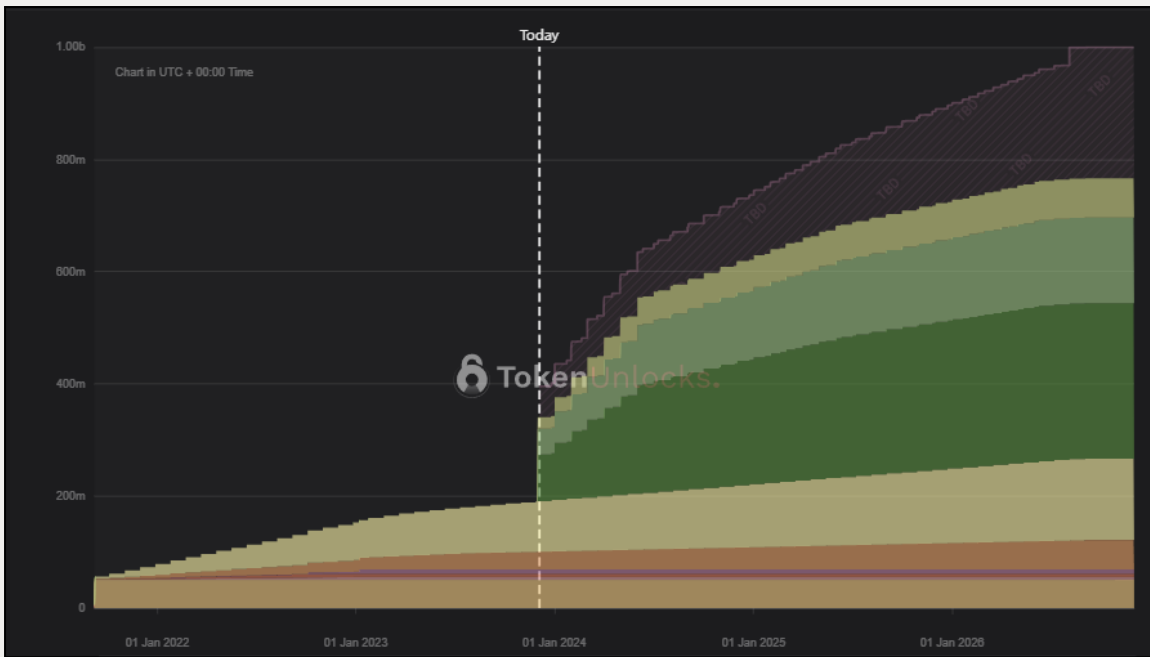




Data Source: theblock.co

Protocols and Alts

- Cosmos is considering a network fork with a new token, \$ATOM1, following the implementation of a 10% inflation cap on \$ATOM, as proposed by co-founder Jae Kwon. If you're interested in a long Sunday read on the topic of Cosmos - our innovation team have put together a comprehensive [overview of the ecosystem](#). Cosmos is a layer-0, which basically means it connects all layer-1 blockchains allowing each to focus on their best parts. Game-changing stuff.
- Chainlink has updated its staking to v0.2, expanding the pool to 45 million \$LINK, with current stakers given priority for migration before it opens to early access users on December 7th, and the general public on December 11th.
- \$DYDX has begun trading on the dYdX Chain, including a \$20 million incentives program over six months, and daily rewards of 50k \$DYDX. This coincides with the unlocking of 84.4% of its circulating supply, valued at \$488 million.



Data Source: TokenUnlocks

Happy trading out there, watch the leverage!

Jonathan de Wet, CIO

What to Watch

- US Jolts Job Openings and AUS quarter GDP, on Tuesday.
- Bank of Canada rate statement, on Wednesday.
- US preliminary inflation expectations report, on Friday.

Insights

- [ZeroCap Partners with AUDD to Integrate the Stablecoin into its Services:](#)

ZeroCap is thrilled to announce our partnership with AUDD. We have integrated the Australian Dollar stablecoin into ZeroCap's offerings, revolutionizing digital asset trading in Australia and APAC.

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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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