

Weekly Crypto Market Wrap

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ZEROCAP.COM

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Zerocap Pty Ltd ABN: 99 164 874 597

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This is not financial advice. As always, do your own research.

Week in review

- Spot Bitcoin ETFs hit [\\$10 billion milestone](#) just one month after approval.
- BlackRock and Fidelity Bitcoin spot ETFs [reach top 10](#) in January flows - BlackRock's reach [top 0.2%](#) of all January's ETF performances.
- Solana faces a major [5-hour outage](#).
- North Korean crypto attacks [rake in \\$3 billion](#), allegedly aimed to build nuclear weapons; UN report.
- MetaMask adds [Robinhood](#) wallet integration.
- Chinese stock market [crashes](#) 8% in mere hours - [government intervenes](#).

Technicals

BTCUSD

Happy Year of the Dragon! We got the break higher from last week - and with some gusto. Risk was bid up, the S&P 500 screamed through 5,000 for the first time ever, and despite some hawkish undertones from Central Banks, the market has strongly made it known where it thinks things are going. The CBs have a challenge here.. asset inflation is, well, inflationary, but putting the brakes on too hard could cause a little chaos, so they'll deal with this through the meeting minutes and speaking slots, hopefully throwing some water on the fire.

BTCUSD is sitting at 48,000, looking poised to make a run at 50. It's come a long way, and I'd expect some volatility either way with the USD docket this week. US CPI, retail sales and PPI should create some directionality in risk. This said, with the BTC ETFs topping \$10B this week, there is significant momentum building and we wouldn't be surprised if we broke the 50 level this week.

The topside ascending trendline runs back to July 2021 - and is significant. If we get a break here, we've got a fairly clear run to 55,000. The biggest risk to this would be a substantial shift in monetary stance driven by outlier US data.



Key levels

40,000 / 44,000 / 49,000 / 50,000 / 55,000

Spot desk

Flows leading up to the Lunar New Year holiday remained focused on off-ramping, primarily in AUD and USD. We saw strong interest from customers offloading USDC as the new fee structure came into play. Circle has a challenge - and that's net outflows, so a fee on some redemptions has been put in place.

Some BTC-related profit-taking flows took place from the Family Office and High Net Worth client group, while altcoin accumulation remained strong, particularly in meme coins. Venture Capital clients were also seeing their token investments unlock, which led to spot selling and taking forward NDFs to hedge risk. Given ETF momentum, we are seeing growing interest in BTC-related projects.

Reports suggest 75 million crypto investors remain active in China despite

little to no government support for the industry. Thus, the Lunar New Year holidays will most likely reduce activities related to the Asian time zone.

Spot trade idea: STX (Stacks)

Stacks is a blockchain platform that extends Bitcoin's functionality, enabling smart contracts and decentralised applications (dApps) on Bitcoin. It leverages Bitcoin's security while offering more programmability, aiming to create a decentralised internet and digital economy. Transactions are secured by the Bitcoin network, arguably the most secure blockchain in the world.

This ecosystem is driven by sBTC, a token that is pegged to the price of BTC and can be used to pay for goods and services on the Stacks blockchain. The Nakamoto upgrade of Stacks is on the way in April, coinciding with the BTC halving - and we think the market is underpricing the value of this chain.

Technically we've found support at 1.27, where we are seeing higher lows across the trendline from December. Price is currently having a shot at all-time highs. 1.72 has been retested, but we may get another shot given that BTCUSD is currently taking a breather at the 48,000 level.

Could look for an entry at 1.72, or ride the moment with a view to break highs around 2.05. This is a trade we are looking to hold until April. As always, do your own research! This is a higher risk trade given the variables.



* Zerocap, and members of its staff, currently hold this position.

Derivatives desk

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Option skews getting bullish

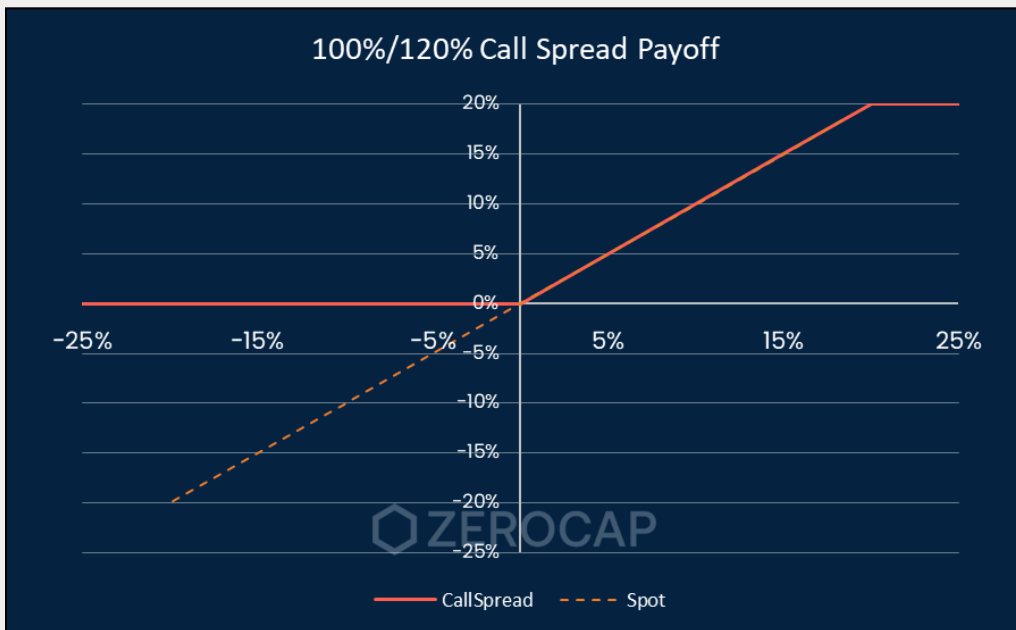
As the BTC recovers back to near-the-spot ETF highs, option traders are positioning for more upside price action, with call IVs getting steadily bid over puts again. While they are still below the mid-October highs when BTC broke through the 30k mark, there has been a recent bias towards call buying, with the 50k & 55k strikes most popular.



Trade idea

Take advantage of the relatively low implied volatility and high skew with a 30-day BTC 100% / 120% call spread. It's a leveraged play with a defined downside, that takes advantage of the current momentum in BTC.

Cost: 5% for a max 20% payoff



Get in touch with the derivatives team at derivatives@zerocap.com for more information.

What to Watch

- Bank of England governor Bailey speaks, on Monday.
- US monthly and yearly CPI reports, on Tuesday.
- UK's yearly CPI and Australia employment rate, on Wednesday.
- UK's monthly GDP and US sales report, on Thursday.

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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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