

Weekly Crypto Market Wrap

19th February 2024



ZEROCAP.COM

AUSTRAC REGISTERED DIGITAL CURRENCY EXCHANGE SERVICE PROVIDER DCEI00635539-001
Zerocap Pty Ltd ABN: 99 164 874 597

Zerocap provides digital asset liquidity and custodial services to forward-thinking investors and institutions globally. For frictionless access to digital assets with industry-leading security, contact our team at hello@zerocap.com or www.zerocap.com

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

Week in review

- Bitcoin ETFs currently pulling [10x more BTC](#) than crypto miners can produce - BlackRock's surpasses [100,000 BTC](#) under management.
- VanEck admits to [ETF marketing violation](#), agrees to SEC's fine of \$1.75 million.
- Ethereum gas transaction fees hit [8-month high](#) as "NFT-hybrid" ERC-404 token hype continues.
- Bankrupt Celsius [distributes \\$2 billion](#) worth of crypto to 172k creditors.
- Australian cop accused of [stealing 81 BTC](#) during Melbourne police raid.
- [US prices](#) rose more than expected for January, strong inflation persists.
- UK economy in [technical recession](#) following GDP results for 2023 - Bank of England [governor Bailey](#) sees inflation data as "good news".

Technicals

BTCUSD

We called the 50,000 level going last week on BTCUSD, and the momentum shot us straight up to 52,000. We've taken a very shallow breather, before moving higher again. Technically, price is very bullish - looking at a run for 55,000 this week. If we see price moderation, a retest of 49,000 coinciding with the ascending trendline break from mid-2021 would be a stellar entry point, however with the current sentiment in the market I wouldn't be surprised if we leave 49,000 for dust in the short to medium-term. The fundamental narrative leading up to the halving is gaining speed, and equity markets are not seeing much of a response to the repricing of the Fed Funds curve, which is risk-on.. for now. Swaps pricing is showing around 90 basis points of rate cuts in 2024 — a far cry from the 150 basis points at the start of February.

Notably, the fuel behind this fire is also its greatest risk - if the goldilocks risk pricing is off, and we continue to see elevated inflation numbers, I'd expect to see some downside across all risk assets.



Key levels

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

Spot desk

Spot flows were muted over the Chinese New Year period, with AUD flows dominating the desk. From hedge funds and real money investors we saw strong spot BTC flows, and some cautiously building ETH positions prior to an expected ETF announcement this year. Nothing is for certain though, so be careful trading the ETH Ethereum Trust (ETHE) basis - we think this has the potential to blow out if we get any shaky responses from the SEC.

SSV Network (SSV)

ETH infrastructure tokens are looking very promising. There has been a constant surge in activity noticed across Layer-2s (OP/ARB/Base). The ETH Dencun upgrade is scheduled around the 13th March, it will introduce blob transactions and transient storage, which will help Ethereum better support Layer-2 networks. These features are expected to improve scalability and reduce costs. Combine this with the (expected) upcoming ETH ETF, and a growing staking curve (over 25% of ETH is now locked staking), and you have a strong foundation for growth.

SSV.Network is a permissionless protocol on Ethereum that enables the splitting of validator duties to trust-minimised node operators to increase resilience, uptime and liveness. The idea behind the platform is that it allows node operators to split their nodes, creating new staking economies across the ETH network. There is an airdrop coming up, and given the airdrop FOMO right now, we think that SSV network is a reasonable short-term momentum play, albeit with strong fundamentals given growth in ETH staking.

If you'd like to take a position, consider entering on momentum with initial targets at 38 and 42 (50% of position), with a stop loss below the ascending trendline. Trade duration 1 to 3 months, potentially holding 50% of position for longer if ETH is still on a bull run.



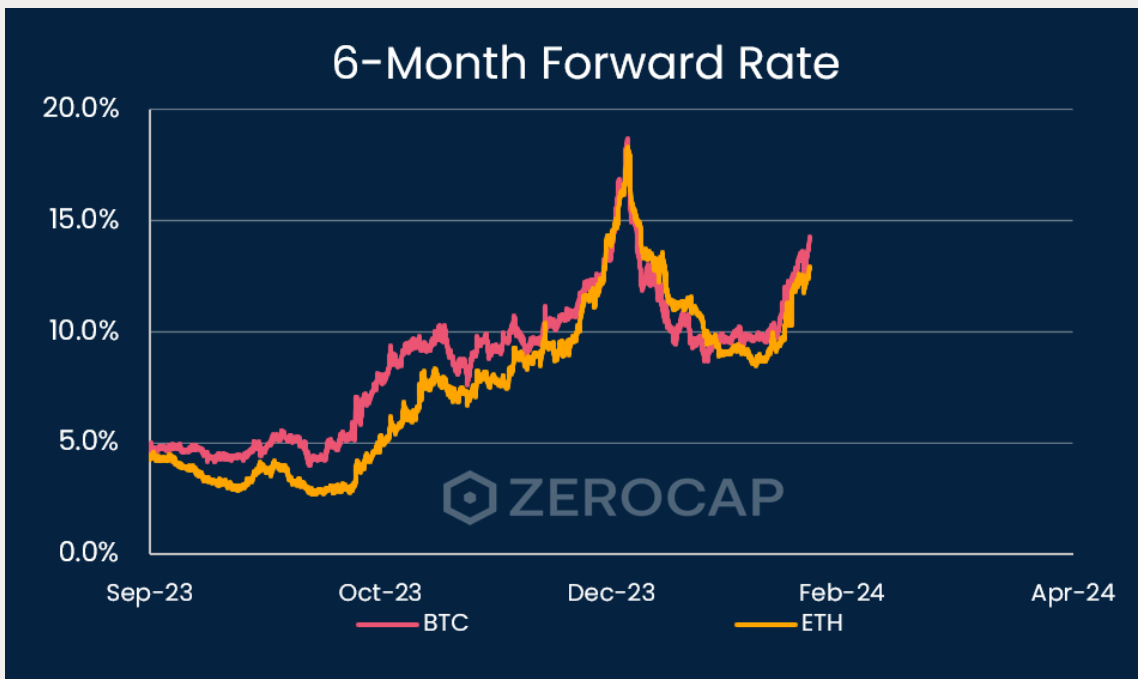
* Zerocap, and members of its staff, currently hold this position.

Derivatives desk

WHOLESALE INVESTORS ONLY

Basis Rate gets interesting

Basis rates are heightened again - comparable to levels we saw during the Spot ETF mania in January. Investors looking to capture some of this yield premium could look into putting on a 6-month Basis trade which is paying roughly 14-15% annualised at the moment.



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

What to Watch

- US consumer confidence report, on Tuesday.
- US preliminary quarter GDP, on Wednesday.
- Canada's monthly GDP and US unemployment claims, on Thursday.

Disclaimer

This material is issued by Zerocap Pty Ltd (Zerocap), a Corporate Authorised Representative (CAR: 001289130) of Gannet Capital Pty Ltd (GC) AFSL 340799.

Material covering regulated financial products is issued to you on the basis that you qualify as a “Wholesale Investor” for the purposes of Sections 761GA and 708(10) of the Corporations Act 2001 (Cth) (Sophisticated/Wholesale Client), or your local equivalent.

This material is intended solely for the information of the particular person to whom it was provided by Zerocap and should not be relied upon by any other person. The information contained in this material is general in nature and does not constitute advice, take into account financial objectives or situation of an investor; nor a recommendation to deal. Any recipients of this material acknowledge and agree that they must conduct and have conducted their own due diligence investigation and have not relied upon any representations of Zerocap, its officers, employees, representatives or associates. Zerocap has not independently verified the information contained in this material. Zerocap assumes no responsibility for updating any information, views or opinions contained in this material or for correcting any error or omission which may become apparent after the material has been issued. Zerocap does not give any warranty as to the accuracy, reliability or completeness of advice or information which is contained in this material. Except insofar as liability under any statute cannot be excluded, Zerocap and its officers, employees, representatives or associates do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this material or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this material or any other person. This is a private communication and was not intended for public circulation or publication or for the use of any third party. This material must not be distributed or released in the United States. It may only be provided to persons who are outside the United States and are not acting for the account or benefit of, “US Persons” in connection with transactions that would be “offshore transactions” (as such terms are defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”). This material does not, and is not intended to, constitute an offer or invitation in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. If you are not the intended recipient of this material, please notify Zerocap immediately and destroy all copies of this material, whether held in electronic or printed form or otherwise.

Disclosure of Interest: Zerocap, its officers, employees, representatives and associates within the meaning of Chapter 7 of the Corporations Act may receive commissions and management fees from transactions involving securities referred to in this material (which its representatives may directly share) and may from time to time hold interests in the assets referred to in this material. Investors should consider this material as only a single factor in making their investment decision.

* 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

Contact Us

Zerocap provides digital asset investment and custodial services to forward-thinking investors and institutions globally. Our investment team and Wealth Platform offer

frictionless access to digital assets with industry-leading security. To learn more, contact the team at hello@zerocap.com

