

Weekly Crypto Market Wrap

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Week in review

- Ethereum network successfully executes [Dencun Upgrade](#), seeks to drastically reduce data fees and enhance scalability.
- London Stock Exchange to [accept applications](#) for Bitcoin and Ethereum ETNs.
- Grayscale files for ["mini" spot Bitcoin ETF](#), aims tax-free exposure to Bitcoin.
- Judge rules Australian computer scientist [Craig Wright is not Satoshi Nakamoto](#), following years-long legal battle.
- Meme coins strongly correlated to network growth, states [Franklin Templeton](#) on a recent investor bulleting release.
- Hong Kong officially starts phase 2 of its [CBDC pilot](#).
- [US CPI](#): gasoline, shelter costs boost inflation data.
- Hopes of UK leaving recession rise as [m/m GDP report](#) shows surge.

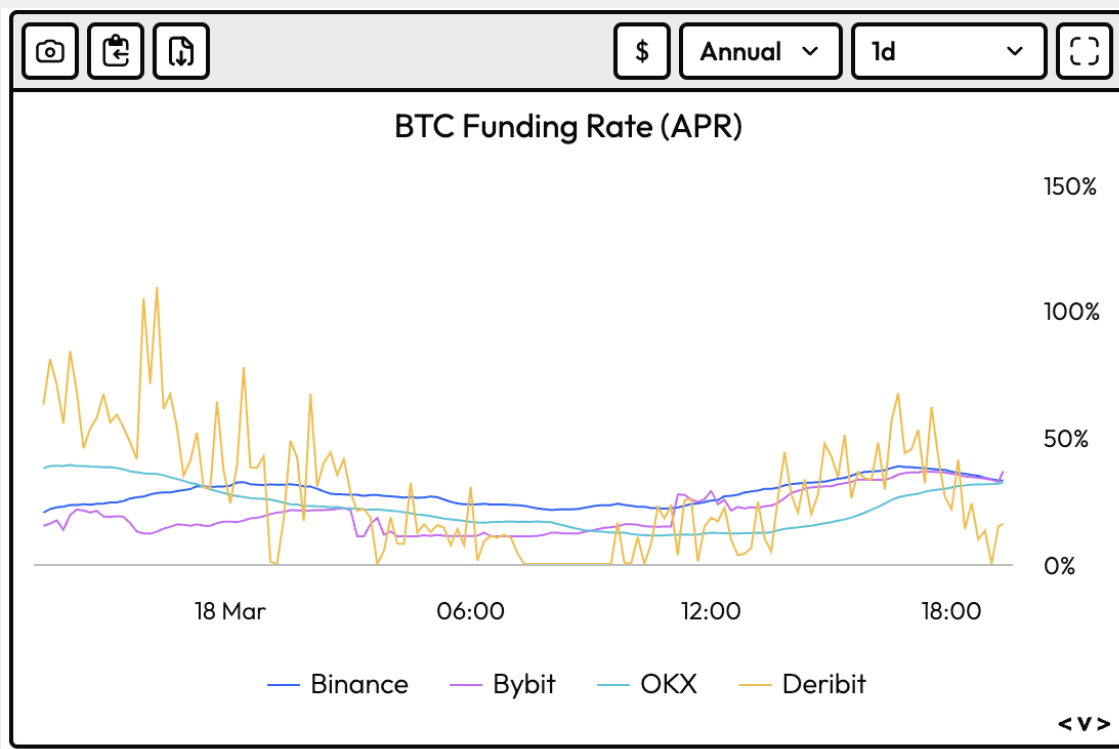
Technicals

BTCUSD

We are seeing the price supported by the 20-day EMA after some light liquidations in leverage.



Open Interest is still fairly elevated across crypto exchanges, but perpetual funding rates have eased somewhat. “Somewhat” is still running historically hot at 35% annualised. A break below the EMA (65,000 level) could open the door for some short-term pain, but there seems to be an endless stream of real money buyers on these dips. The ETF issuers and market makers are not messing around - and we are still seeing the BTC basis holding neutral or compressing on the CME - which we think is from ETF market makers are using the basis curve to accumulate BTC and remain delta-neutral.



Over the past week on the macro front, we've seen elevated inflation figures, and lower-than-forecast retail sales. High inflation and low growth is a tough scenario for central banks, and the media is already jumping on the stagflation narrative again. Signs of stagflation could derail risk assets - and we additionally expect volatility over the FOMC meeting this week as the market comes to terms with the upcoming Fed minutes. The Central Bank is looking for "greater confidence" in inflation before normalising its policy stance, but there are still some economists who think normalisation could come earlier. So in short, a few considerations that the market will need to digest this week!

Medium-term to long-term expectations are still very bullish for BTC. The ETF market makers all need to build spot inventory to sate the insatiable flows into the ETFs. We could potentially see an ETH and SOL ETF this year. All these factors lead to speculative and longer-term spot buying in the lead-up to and after the BTC halving.

Key levels

50,000 / 65,000 / 69,000 / 70,000 / 80,000

Spot desk

BTC leads desk flows

The desk had a clear buy-skew for both majors and altcoins as we witnessed BTC continue to rip higher, almost hitting 74,000.

Notably, Solana (SOL) has also been on an absolute tear. The Layer-1 blockchain has defied gravity, and we've seen notable flows alongside SOL-related tokens, with GRT, PYTH and newer tokens like JUP on the bid.

ETH upgrade a success

Ethereum's Dencun upgrade went live on Wednesday, which reduces the cost of transactions on Layer-2 chains such as Arbitrum, Optimism and Starknet. Some of the merits may have been factored into the price, but we'll be keen to see how prices react from this point given there is a true value unlocked here. It's a pivotal shift in the Ethereum business model - further enabling scaling and growth via third-party chains.

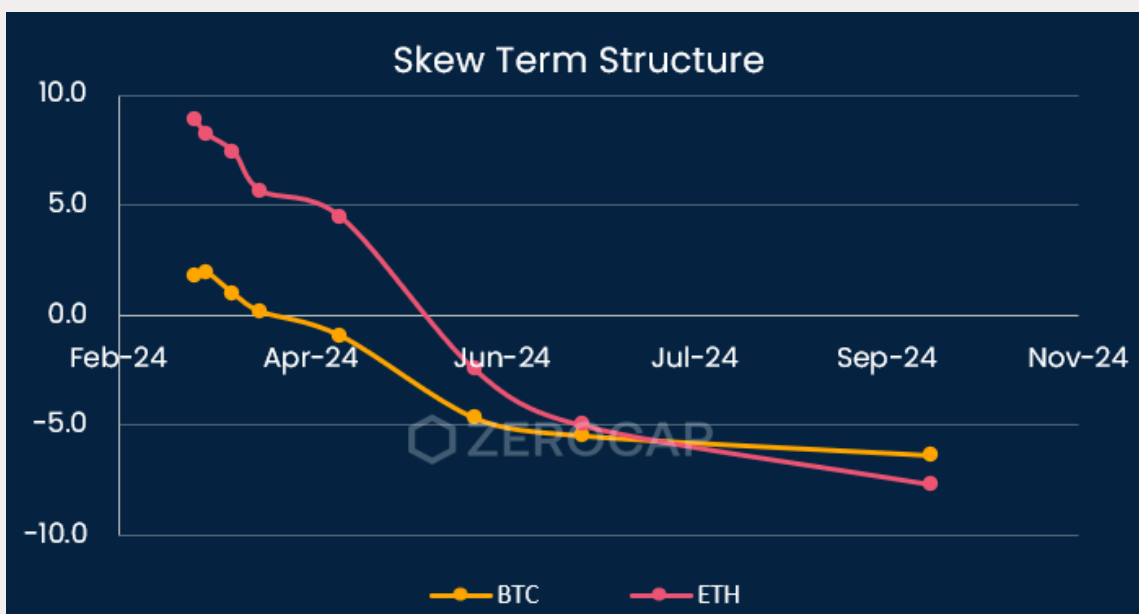
No trade ideas in spot today guys - but keep a look at our previously mentioned plays which are on the move: STX, SSV and ACE.

The spot desk is ready to facilitate trades for anyone looking to gain exposure to majors or alts, just flick us a message!

Derivatives desk

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Skew continues lower on longer-dated expiries despite the recent downtick. This would be due to naturally sticky IV on OTM call strikes but it also suggests that the market is still structured for bullish moves in the medium-to-long term. The positive skew in the short term is evidence that traders are seeking protection in the short term from a liquidation cascade - given there are still high amounts of leveraged long positions out there.



We like the idea of Yield Entry Notes at these levels given the short-term bias towards the downside. If the market continues to fall, investors would get a spot position at a discount to the current levels - positioning them well for the prospect of a continued bull market in the medium-to-long term.

| 1- Month Yield Entry Notes | | | |
|----------------------------|----------|-------|-------|
| Coin | Strike % | | |
| | 95% | 90% | 85% |
| BTC | 4.08% | 2.75% | 1.82% |
| ETH | 4.10% | 2.87% | 1.97% |

Contact the derivatives team at derivatives@zerocap.com for more information.

What to Watch

- Bank of Japan monetary policy statement, on Monday.
- Bank of Japan press conference and Canada's monthly GDP, on Tuesday.
- FOMC press conference and federal funds rate, on Wednesday.
- France, Germany, UK and US' manufacturing and flash services PMIs, on Thursday.
- Euro Summit, on Friday.

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* Index used:

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|---------|----------|----------------|----------------------|----------------------------|-------------|----------------|
| Bitcoin | Ethereum | Digital Assets | Equities | High Yield Corporate Bonds | Commodities | Reserve Assets |
| BTCC | ETH | DXG | S&P 500, ASX 200, VT | HYG | PGSCI | 10Y |

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