

Weekly Crypto Market Wrap

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ZEROCAP.COM

AUSTRAC REGISTERED DIGITAL CURRENCY EXCHANGE SERVICE PROVIDER DCEI00635539-001
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This is not financial advice. As always, do your own research.

Week in review

- Bitcoin hits [two-year high](#), as global crypto market cap soars past \$2 trillion.
- BlackRock's spot Bitcoin ETF [breaks milestone](#) with over \$1 billion in daily trading volume - [net inflows](#) of Bitcoin ETFs surpass \$7 billion.
- [US government](#) crypto wallets move nearly \$1 billion of seized Bitcoin.
- Grayscale's Bitcoin ETF records [lowest outflows](#) since conversion.
- BitForex exchange [halts withdrawals](#), stops responding to users.
- UK [law enforcement](#) soon to have more power in seizing crypto assets.
- US [preliminary quarter GDP](#) shows economy at firmer footing into first quarter.

Technicals

BTCUSD

What a week. As I write we have just broken 64,000 - and the price is looking like it'll break all-time highs (in USD terms) tonight. We've already seen it break highs in other currencies over the past week, but the steadfast USD quote currency is what the market will be watching. We were hoping for a retest of 49,000 last week on the back of PCE numbers (the Fed's preferred inflation measure) and the GDP figures. Both came in broadly within expectations, which fired up risk assets for another run. Combine this with the net inflows into the ETF, and right now the major cryptoassets could be poised for more upside.

Technically there is not much wood to chop before the 69,000 all-time-high level. We also have a potential gamma squeeze happening in Bitcoin, with optionality at 65,000 and 70,000 and the 25-delta skew looking more and more weighted to OTM calls. Option market makers will need to delta-hedge their positions into these levels, which could be a large reason we are heading sky-high right now.



Key levels

49,000 / 50,000 / 57,500 / 69,000 / 70,000

Spot desk

Stables

This week we saw off-ramp activity picking up given AUDUSD was trading lower as the week went by. This might also be due to a pickup in activity in Asia as more traders start getting back into the groove after the Chinese New Year festive break.

There was also an observable continuation in profit-taking on BTC and ETH after an incredible rally. With all-time highs being the next logical resistance level in close proximity now, it's no surprise many investors are increasingly taking profits at these levels. Given options market gamma expectations, we could see this run to 70,000 before any discernible dip.

Altcoin Season

Interestingly, we have noticed hedge funds and some private clients rotating from the majors into altcoins, as well as real money bids on alts. Opportunistic rotation into some of the laggards is interesting, particularly on the back of the AI narrative, and the fact that venture capital liquidity is beginning to flood back into the market.

Altcoins like TIA, SEI and RUNE were popular, as well as some lower liquidity alts that are under an NDA investment mandate. Thematically, they are mostly protocol layers and Bitcoin smart contract plays. If you don't have any idea where to start looking for hidden gems, tracking VC activity is a good start, or giving our desk a call for insight on flows. The desk is well equipped to

source liquidity and facilitate the execution of mainstream as well as exotic tokens.

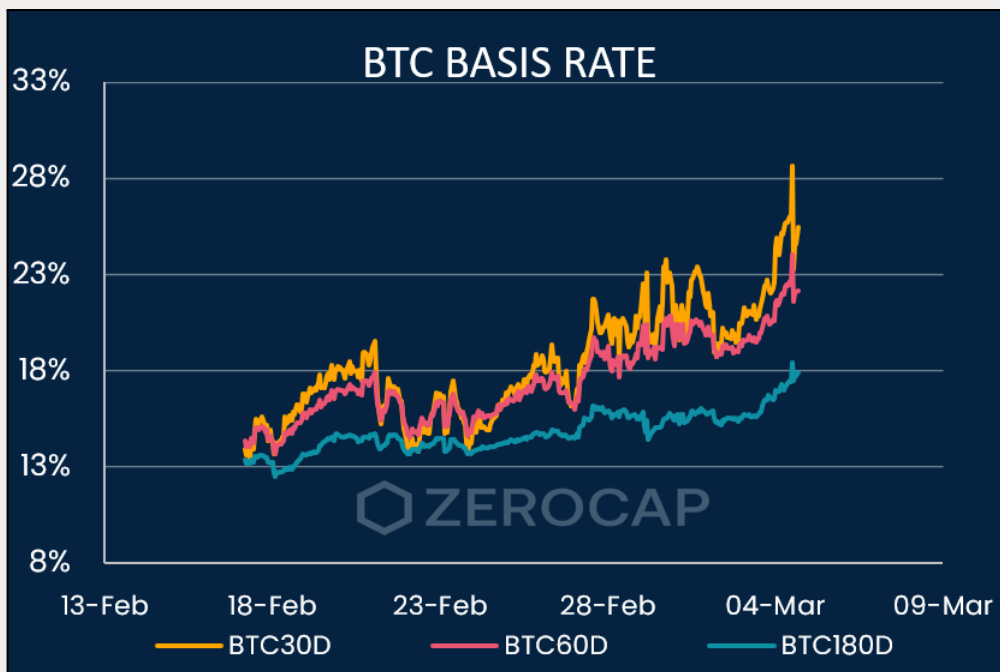
Derivatives desk

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Basis Rate gets even more interesting

We have been watching the Basis rate move all over the place since the Spot ETFs were launched. As seen below the 30d Basis rate reached a high of 28% (p.a.) over the weekend. We are seeing demand to capture the yield premium from this flow via the basis trade.

Simply sell the future and buy spot to earn the rate in USD. You'll need rails into the CME, or crypto native exchanges with high fee tiers to make the most of this trade. Our Structured Product team can package this up as an OTC-wrapped product with the yield embedded, or we can issue a Zerocap ISIN and clear the note via Clearstream Luxembourg (underwritten by Marex - S&P BBB rated balance sheet). It's a great trade for way above benchmark USD yields.



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

What to Watch

- Bank of Japan governor Ueda speaks at FIN/SUM 2024, on Monday.
- Australia's quarter GDP report, on Tuesday.
- Jerome Powell testifies on Semi-Annual Monetary Policy Report, Jolts Job Openings and Bank of Canada Press Conference, on Wednesday.
- ECB press conference, monetary policy statement and refinancing rate, on Thursday.
- US and Canada employment data, on Friday.

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* Index used:

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

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