

Weekly Crypto Market Wrap

22nd April 2024



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Week in review

- Fourth [Bitcoin halving](#) is completed - mining rewards went from 6.250 BTC to 3.125 BTC per block.
- Hong Kong approves first spot [Bitcoin and Ether](#) ETFs.
- Top five Bitcoin miners [did not sell holdings](#) prior to halving - whales bought [\\$1.2 billion in BTC](#) before event, when the asset buckled just below \$60k.
- UK to propose thorough crypto regulations by July; [IFGS 2024](#).
- Mango Markets DeFi hacker [found guilty](#) of \$110 million fraud, faces up to 20 years in prison in the first-ever US crypto manipulation case.
- Bitcoin supply on exchanges may run out in nine months following the halving; [Bybit report](#).
- Germany's largest federal bank to offer [crypto custody](#) services.
- "Satoshi-era" Bitcoin wallet moves funds [after 14 years](#) of dormancy.
- US stock market dips with S&P 500 in [longest losing streak](#) since January.
- Fed chair Jerome Powell [dials back expectations](#) for rate cuts, says current policy needs more time.
- UK CPI: inflation falls [less than expected](#), down to 3.2% in March.

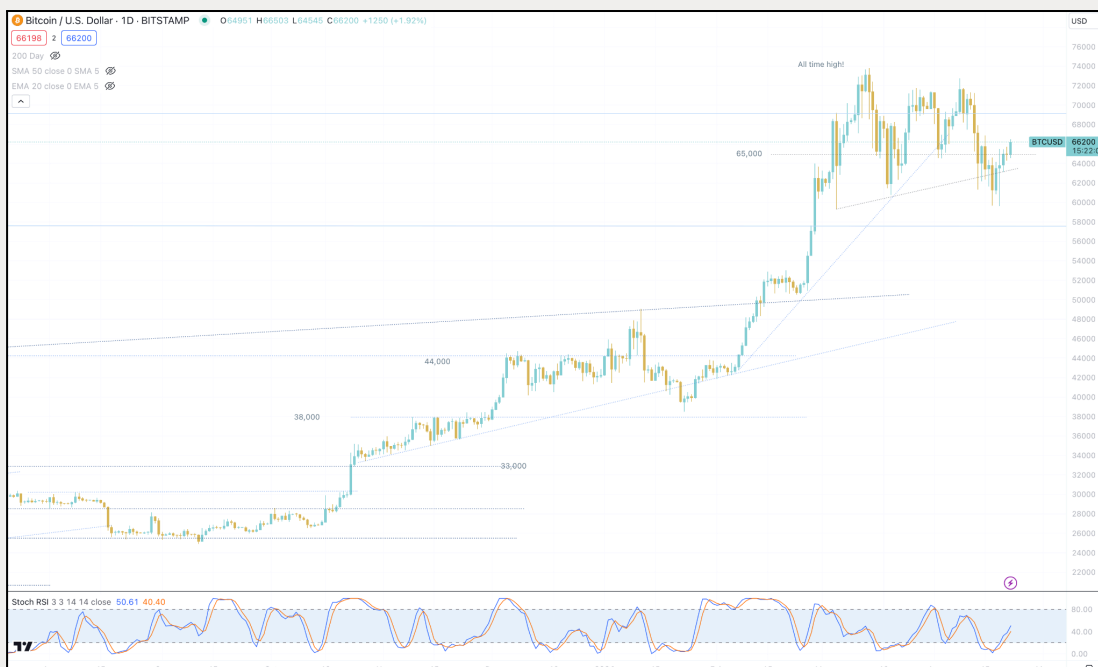
Technicals

BTCUSD

Double bounce after a false break of the recent ascending trendline, and then at the 60,000 level before finding some peace in the range above 65,000 after the halving. Traders playing the breaks are getting chewed up on both sides of this range, whilst the market makers are enjoying some respite from the trends. Although BTC has broadly been following risk trends most recently with the Israel / Iran conflict and inflation concerns from last week, we do have some catalysts in the short term that could keep Bitcoin elevated.

The Hong Kong BTC and ETH ETFs were greenlighted which is a big deal. It opens the door for mainland China to buy Bitcoin in a regulated way via the Southbound Stock Connect program. Combine this with a general slowdown in the Chinese economy, a devaluing Yuan, and less hype on the Chinese property market, you get a fairly liquid cohort all looking for alternatives. Further to this, media sentiment around a post-halving rally could lead to a nice confluence of events.

Downside risks are centred around USD Advance GDP data on Thursday. The advance report is the earliest of the three reports and tends to be more market-moving. The broader market is looking for signs of stagflation - keep a close eye on this!



Key levels

60,000 / 65,000 / 70,000 / 73,130 (ATH!)

Spot desk

Flows

This week the desk observed a buy-skew for BTC and ETH from private clients as BTC approached 60,500. This is a price level that we're keeping an eye out for, as Bitcoin has found support here multiple times since it broke above 60,000 back in March.

With altcoins having high betas relative to Bitcoin, the market saw pretty strong selling across the board. Unsurprisingly, we observed a definitive sell-skew in altcoins as the week went by, following the risk-off sentiment

across markets

Token 2049

We could see a pickup in altcoin interest in the coming week as the hot TOKEN2049 event in Dubai could bring a catalyst for new narratives to unfold post-event. TON rallied ~23% prior to and into the announcement by Tether CEO Paolo Ardoio during the event that USDT would go live on the TON network.

Bitcoin Halving

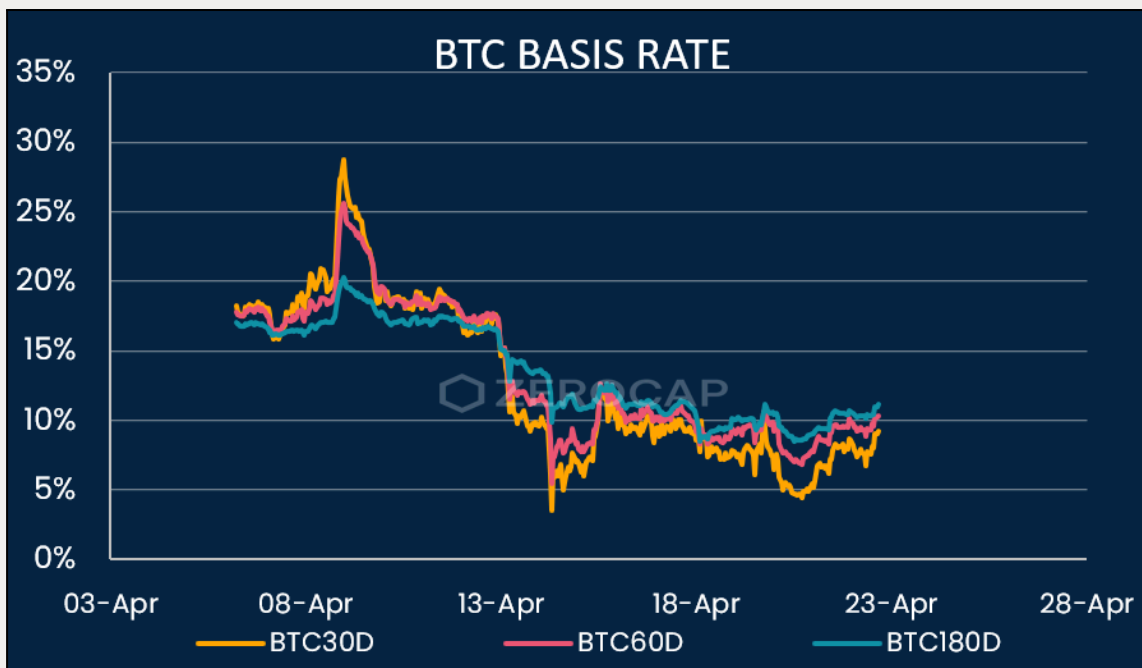
The Bitcoin halving came at a time when sentiment turned negative for risk assets following the Fed's slight change in its stance on rate cuts following last week's inflation figures, combined with Iran launching attacks on Israel on April 13. Wall Street saw its worst week since January as big tech, which had done a great job propping up the stock market, began retracing.

As of writing, volatility has remained stable into the halving event, but all eyes are on the coming days and weeks as the effects on its supply start taking shape in the market

Derivatives desk

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BTC's basis rate is still sitting at the lows despite the rally in spot price over the weekend. Currently, the 30-day basis rate (annualised) for BTC is sitting at 9.3% p.a (see below). The front end of the term structure has come off since the halving, but the back end is relatively flat for the week. In terms of skew, the short-term skew towards BTC puts has faded away but the long-term bias towards calls is still apparent.



As a trade idea, the derivatives team are looking at bull-call spreads. Now that the halving is over, we believe that longer-term volatility is potentially trading at a discount - especially given BTC's historical outperformance in the year following a halving. We also note that calls are likely cheaper than usual at the moment, given the lower basis rate. We are looking at 80k/120k bull-call spreads in the September expiry - costing roughly 11% or \$7,500 USD.

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

What to Watch

- France, Germany, UK and US' flash manufacturing/service PMIs and Australia's quarterly and yearly CPI reports, on Tuesday.
- US advance quarter GDP and Bank of Japan's monetary policy rate and statement, on Thursday.
- Bank of Japan's outlook report and US' revised consumer sentiment, on Friday.

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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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