

Weekly Crypto Market Wrap

29th April 2024



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

- Hong Kong's spot Bitcoin and Ether ETFs [to start trading tomorrow](#). Zerocap is one of the key market makers for the Hong Kong ETFs.
- Bitcoin reaches new transaction high of [926,842 transactions](#) in a single day.
- Bitcoin mining revenue [peaks at \\$107 million](#) during the halving day
- Franklin Templeton launches [Ethereum ETF](#) on the DTCC, move does not guarantee SEC approval.
- [Runes](#) making up 68% of all Bitcoin transactions since its launch; [Dune Analytics](#).
- Quincy, Massachusetts issues first ever blockchain [municipal bond](#), issued on JP Morgan's Onyx blockchain.
- US presidential candidate [RFK Jr.](#) wants the entire US budget on a blockchain.
- PayPal proposes ["cryptoeconomic"](#) rewards for sustainable crypto miners.
- US advance quarter GDP shows [sharp economic slowdown](#) to 1.6% pace - [inflation rose](#) to 2.7% in March as prices remain high.
- US 10-year [treasury yield slips](#) following inflation data report.
- Bank of Japan keeps [monetary policy unchanged](#), as Yen falls to [34-year low](#).

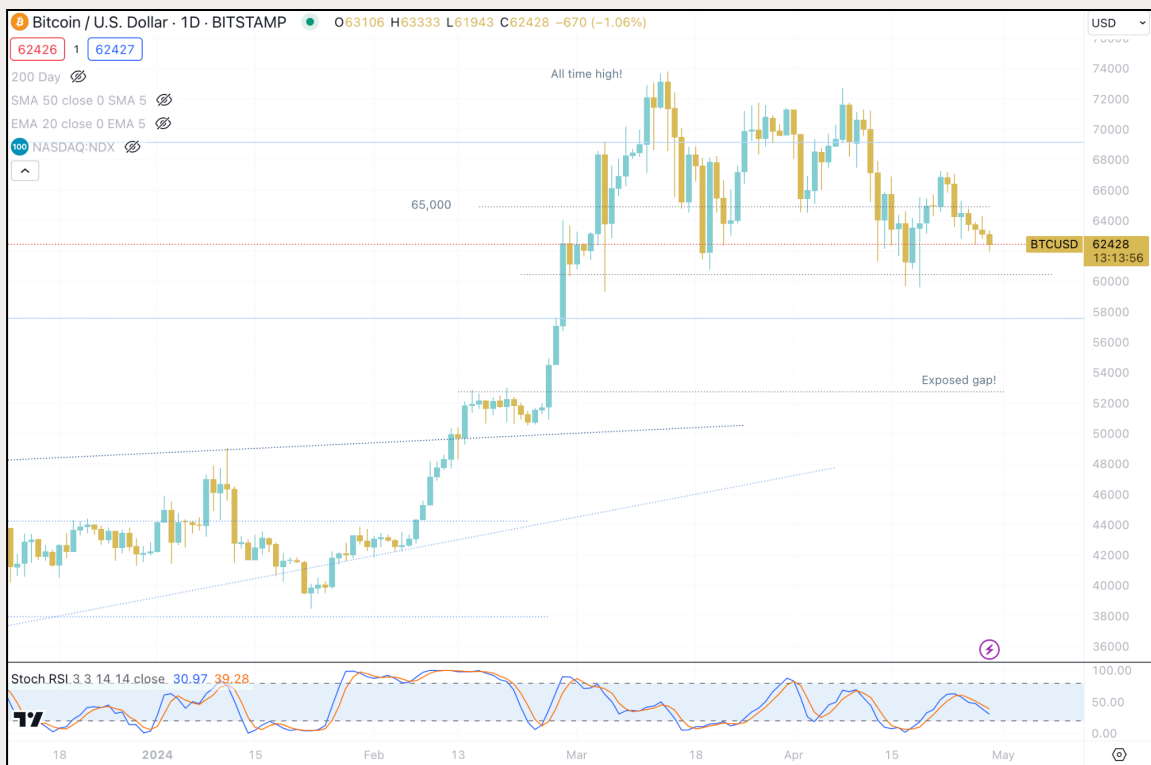
Technicals

BTCUSD & musings

A week of shifting expectations. Higher inflation figures over the past two months, combined with outlier lower growth figures from the recent Advanced GDP print last week, have led to the ugly stagflation narrative rearing its head again. Combine this with the potential for even less cuts in 2024 (zero?) than the market was expecting at the start of the year, and you have the recipe for risk-off moves. And yet markets are being fairly resilient in the face of all of this - earnings season is underway and we are seeing outperformance in tech (AI particularly), and broadly across the S&P 500. In fact, the percentage of companies in the S&P reporting positive earnings surprises, and the magnitude of these surprises are well above their 10-year averages.

So what are we left with? A market with more levers than we've seen during past macroeconomic challenges. Some of this is feeding into the crypto space, but cryptocurrency is managing to stand on its own two feet with the sheer amount of institutional adoption happening right now. Just today we saw the Hong Kong BTC spot ETF launch successfully, which could open the door for mainland China via the Southbound Stock Connect program. There are talks of the ASX approving Australian spot BTC ETFs by the end of 2024, which could open up the Superannuation retirement pools of capital. Combine this with the BTC halving just complete and you have a fairly buoyant market.

Short-term technicals tell a different story - the gap down to 53,000 is looking pretty exposed here, and would be a good target if we find excessive leverage growing (not yet) or stagflation surprises from the Fed this week at the FOMC meeting. But with no surprises, I think we hold the range.



Key levels

53,000 / 60,000 / 65,000 / 70,000 / 73,130 (ATH!)

Spot desk

Flows

AUD grinded higher throughout the week as offramp activity tapered on the desk. The desk has generally seen a sell-skew on altcoins this week. We are axed to sell USDC/USD or against other fiat currencies.

Halving/ Hong Kong ETFs

The first week after BTC's halving has seen balanced flows on both BTC and ETH on the desk. We could possibly see a break from the range-bound activity

next week (either side) as the Hong Kong Bitcoin and Ethereum ETFs have started trading. We're keen to see the flows into these assets and how the market reacts to them going forward.

Hedera and Real World Assets

HBAR saw some very volatile movements this week on news that BlackRock was to tokenise its ICS US Treasury money market fund on-chain through the Hedera network. This was then clarified by BlackRock not to be the case.

As a result of the above, HBAR skyrocketed ~105% and retraced ~40% from the highs, in a matter of 3 days. The bigger picture sheds light on the market's interest in tokenisation of real-world assets (RWA) and the apparent euphoria behind the slightest hint of the next big winner in the RWA space.

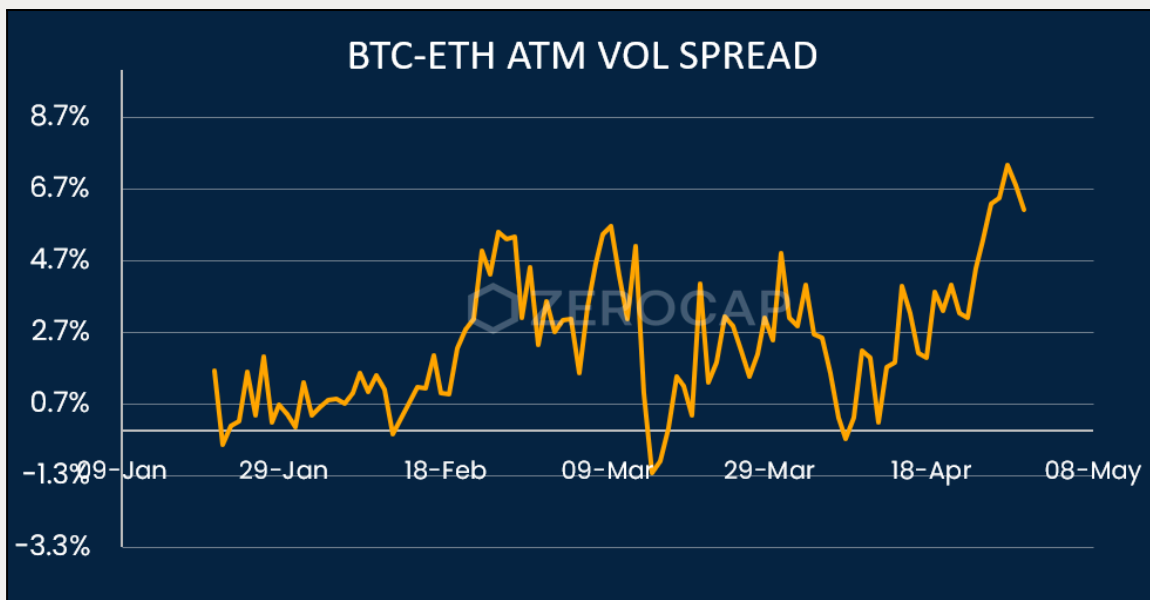
With many tokens in the category, our desk could facilitate trading for clients looking to participate in this narrative.

Derivatives desk

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The difference between ETH and BTC's at-the-money implied volatility is at its YTD low. We think there could be further divergence here, given the potential for the narrative to shift from BTC to ETH.

With the halving and the BTC Spot ETF events passing, there could be less noise around BTC. On the flip side, Ethereum's spot ETF is yet to be approved. There is also further uncertainty surrounding Ethereum given theories of an SEC probe into the Ethereum foundation and the Consensus lawsuit.



A trade idea is to play the vol spread between BTC and ETH - by selling upside BTC volatility and buying upside ETH volatility.

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

What to Watch

- Hong Kong's newly-launched spot Bitcoin and Ether ETFs, on Tuesday.
- Canada's m/m GDP and US' consumer confidence report, also on Tuesday.
- US' federal funds rate, JOLTS job openings and FOMC press conference/statement, on Wednesday.
- US unemployment claims, 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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