

# Weekly Crypto Market Wrap

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**ZEROCAP.COM**

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

## Week in review

- Spot Bitcoin ETF [cumulative trading volume](#) crosses \$200 billion.
- Hong Kong spot [Bitcoin ETFs, Ether ETFs](#) approvals expected today UTC.
- Retail interest in crypto [still low](#) compared to previous bull run.
- Hong Kong [set to approve](#) its first spot Bitcoin ETFs this month.
- SEC files notice of intent to [sue UniSwap Labs](#) over DEX regulations.
- Deutsche Bank crypto [consumer trust](#) levels are increasing substantially.
- Bitcoin surpasses [65 million Ordinal](#) inscriptions.
- Solana's rival, [BASE network](#) reports 400 transactions per second milestone.
- Crypto miners run down inventory in a strategic [pre-halving move](#).
- [FOMC Meeting Minutes](#): Fed wants more confidence that inflation is moving towards 2% target.
- USD CPI data shows [higher than expected](#) rise at 0.4%, totaling 3.5% y/y.
- European Central Bank [signals first rate cut](#), set for June.
- UK economy [grows slightly](#) for second month in a row.

# Technicals

## BTCUSD

Well, we missed the break below 65,000 the prior week, but the recent week has brought some fireworks. BTC touched just above 61,000 amidst a wave of liquidations across derivatives exchanges. The brunt of the selling was over the weekend on the back of the Iranian attacks on Israel. The fact that other markets were closed led to a greater descent than I think we otherwise would have seen. The more access to crypto assets from the broader institutional space, the more we'll see BTC being used as a hedge, risk or "otherwise" asset when other markets are closed. We've normalised somewhat as Monday opened, with markets betting that the crisis can be contained.

This could explode though - have no doubt. Tensions are high, the US is on the election trail, and alliances are being tested. Given the spotlight on Israel and Gaza, and the US response, unfortunately we may see more aggression from Iran.



Watching the technicals, we are trending higher again after a false break of 65,000. I've said this time and time again over the last few months; real money buyers are continually coming in on these gaps lower, and it is primarily ETF flow-derived. And now we have a Hong Kong ETF in the wings, potentially being approved this week. This is a really, really big deal, and I genuinely think we are underpriced at these levels given the potential impact. The Hong Kong ETF opens the door for mainland China to buy Bitcoin in a regulated way. 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. The Hong Kong spot gold ETF has recently traded at a 30% premium for this very reason. The real money BTC buyers could 10x if we get a Hong Kong ETF announcement, and it could be this week.

### **Key levels**

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

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## Spot desk

### **Balanced two-way flows back in the majors, but is inflation back?**

The CPI release sent BTC down sharply in a knee-jerk reaction, which lasted less than an hour before it went on a tear and surged a solid 6%, again from buoyant real money buyers in the 60s. This resulted in the desk seeing a massive increase in offramp activity post-release due to some interesting mechanics.

Firstly, it took USDT higher as demand for the stablecoin typically increases as BTC rallies. Secondly, the hotter-than-expected CPI pushed the dollar higher and consequently sent AUD lower. This made for good offramp flow dynamics as USDTs worth in AUD was buoyed by both sides.

## Ethena

Ethena Finance has been the talk of the town recently after their massive airdrop. They have also just onboarded BTC as a backing asset for USDe, which no doubt would further boost interest in the project. It's a super interesting, yet simple concept - decentralised yields derived from centralised and decentralised exchanges. Right now, the futures basis trade is yielding strong returns - and Ethena managed to nail a \$2.5B TVL. And they now have a stablecoin.

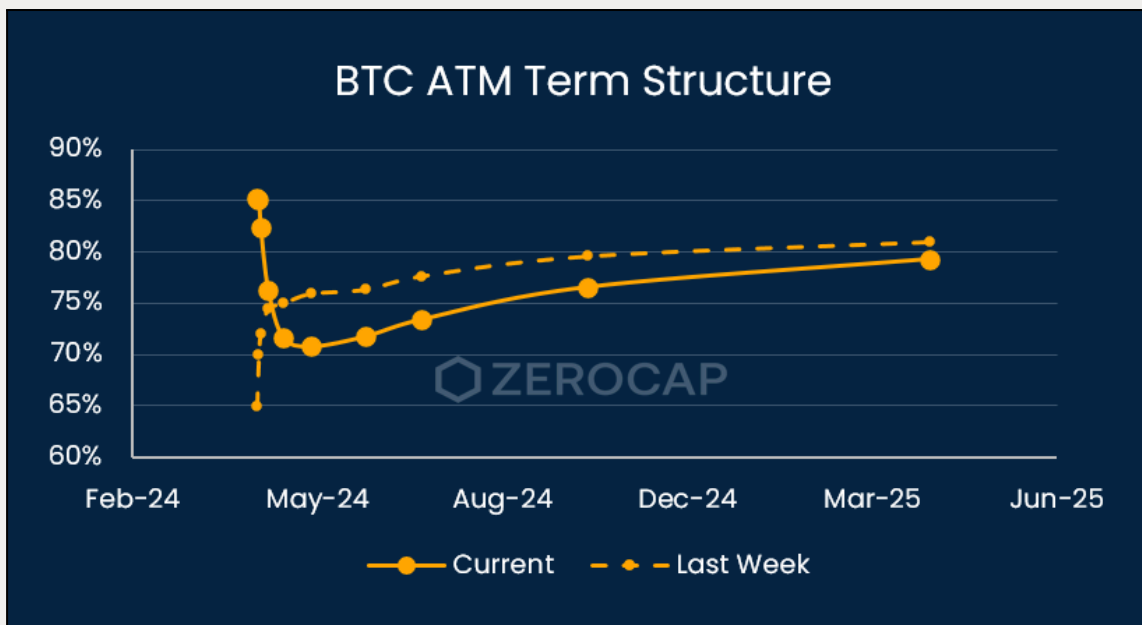
The desk has seen interest in purchasing Ethena's USDe stablecoin, and should be able to facilitate purchase of the token shortly.

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## Derivatives desk

### WHOLESALE INVESTORS ONLY

The sell-off over the weekend saw the basis rate get flushed out, dropping to below 7% p.a on the 30-day futures contract for BTC. We also saw the term structure flip into backwardation, with not only a spike in the front end, but also a sell-off in the back end implied volatility.



We see this is as an interesting prospect for calendar spreads, particularly on the topside. We think short-term options are now overpriced for the halving but see value in longer-term call options, given they are at a heavy discount to levels that we have seen all year.

Traders could sell short-term, out-the-money call options and buy longer-term out-the-money call options, giving them exposure to BTC's upside in a structure that is made cheaper by selling options premia in the front end. This structure will benefit from the basis rate coming back up if some of the leverage that was flushed out over the weekend comes back into the system.

Contact the derivatives team at [derivatives@zerocap.com](mailto:derivatives@zerocap.com) for more information.

## What to Watch

- The Bitcoin halving, sometime at the end of this week or the next.
- US monthly retail sales, on Monday.
- UK governor Bailey and Fed chair Jerome Powell speaking on Tuesday.
- UK's yearly CPI and governor Bailey visit to Washington, on Wednesday.
- US unemployment claims, on Thursday.
- UK's monthly retail sales, 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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