

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

- A regulatory [bill on US crypto market structure](#) will get a House vote next month.
- The Philippines central bank will [begin controlled trials](#) of a national stablecoin pegged 1:1 to the local peso.
- Jack Dorsey states Bitcoin price could go beyond \$1 million in 2030, [according to CoinDesk](#).
- Binance registers with India's financial intelligence unit as it [seeks to resume operations](#).
- A cryptocurrency nonprofit has launched a new political action committee to endorse crypto-friendly politicians, [according to Reuters](#).
- A publicly listed investment firm in Japan [announced](#) that it has adopted bitcoin as its strategic reserve asset.
- VC's are looking towards crypto startups founded by academics, [according to Bloomberg](#).
- Major AI-related tokens rallied, [according to The Block](#).

Technicals

BTCUSD

Technically, we now have the higher low at the 60,000 level, with a view to trading back into the range. We expected a move above 65,000 last week, but instead, we got a false break above, which combined with a relatively muted week, saw BTCUSD trade into the lower bound of the range. This upcoming week does not have the same feeling as we kick off Monday, with US PPI figures scheduled for Tuesday and CPI on Wednesday, aiming to really test the mettle of the Fed if we get outlier numbers. Higher than expected CPI should cause a media flurry and lead to short-term declines in risk assets, given the concerns around stagflation at the moment.

From a pricing perspective, this leaves us fairly exposed down to the 57,000 level, and if this broke, the exposed gap down to 53,000. On the flip side, trading back into the range on dovish data should see BTCUSD above 65,000.



Key levels

53,000 / 57,000 / 60,000 / 65,000 / 70,000 / 73,130 (ATH!)

Spot Desk

Flows

Altcoin action on the desk was rather muted last week as we saw more consolidation in both majors and altcoins following the FOMC meeting. USDT traded below parity for most of the week. Couple this with a rising AUD, fiat off-ramps took a breather.

Upcoming Inflation Figures

As mentioned above, given that risk assets have been very reactive to macroeconomic data and Federal narratives, the inflation data could have a high impact. The market is expecting a slight tapering of inflation to 3.4%, and alongside this we should keep a close watch on multiple Federal speakers this week as the figures may shift their views on monetary policy.

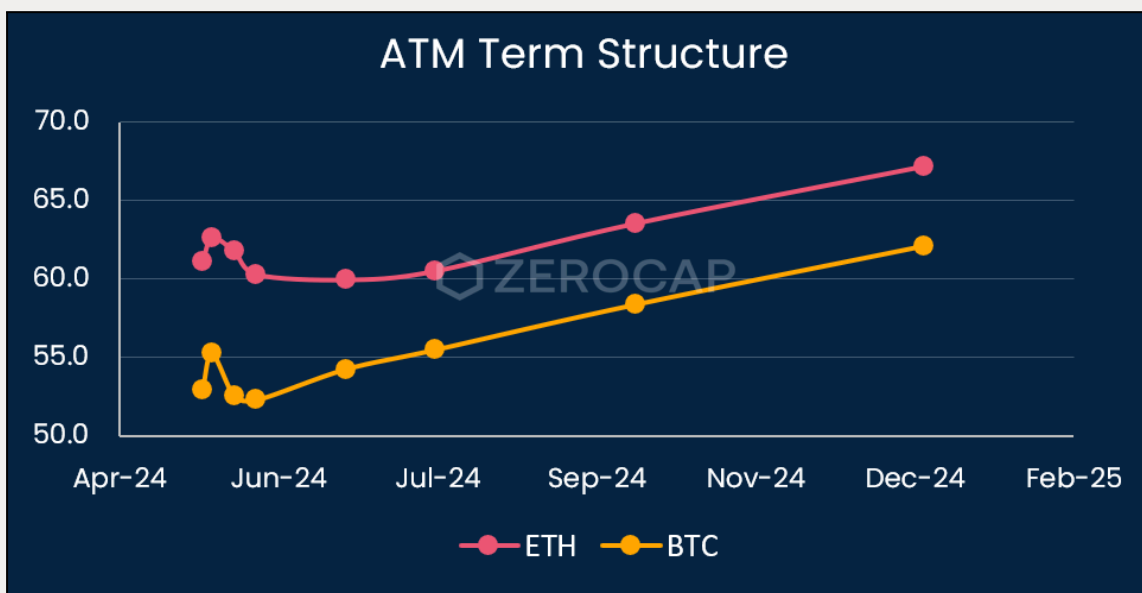
Hong Kong ETF Follow-Up

Hong Kong ETFs had their first full week of trading, and data shows that inflows were modest, with some days recording net outflows. This is in contrast with the US ETFs, which only recorded net outflows months after they first began trading in the market. We are expecting larger flows in the coming weeks as more participants gain access - a BlackRock executive recently revealed that sovereign wealth funds are showing interest in Bitcoin and could begin trading in the coming months.

Derivatives Desk

WHOLESALE INVESTORS ONLY

The Basis has come off since last week with BTC trading at 8.2% p.a. (30-days) and ETH trading at 6.4%. Both BTC and ETH's term structures are sitting in contango with highest IV's at the backend of the curve. ETH's ATM IV (67.0) is sitting higher than BTC's (62.0)



For investors looking to get exposure to ETH at a discounted level to the current price. One potential option would be the ETH discount note with the following terms:

- Expiry Date: 27-Dec-2024
- Strike Premium: 20%
- Discount: 10%

For this product, there are two potential payout outcomes on the 27th of December:

1. If the price of ETH is above the Strike Premium, then investors would receive a fixed return of 33% (58% p.a.).

2. If the price of ETH is below the Strike Premium then the investor would have bought ETH at a 10% discount to today's price.

Not a bad trade!

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

What to Watch Next Week

- US PPI and CPI data on Tuesday and Wednesday.
- AU unemployment rate on Thursday.
- Any whispers from Michael Saylor on the SEC, and whether ETH could be classified as a security.

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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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