

Weekly Crypto Market Wrap

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ZEROCAP.COM

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Week in review

- Bitcoin processed its one billionth transaction 15 years after it began.
- After 80 days of outflows Grayscale Bitcoin ETF grew by \$63 million, according to CoinGlass.
- Coinbase faces a new lawsuit over alleged investor deception asserting tokens are securities.
- ASIC won a court case against BPS Financial, accused of deceptive practices in connection with its non-cash payment facility, powered by the Qoin token.
- UK's Vodafone plans to integrate crypto wallets with SIM cards.
- SEC delays decision on 7RCC's eco-friendly Spot Bitcoin and Carbon Credit Futures ETF until June 24.
- The dollar fell to a three-week low against the yen on Friday after data showed U.S. jobs growth slowed more than expected in April.
- Binance founder CZ was sentenced to four months in prison.
- Altcoins ORDI, TON, and BONK were among the top performing gains.
- Striving for mainstream adoption, MoonPay users can now buy crypto via PayPal.

Macro & Technicals

BTCUSD

We warned of downside risks associated with the upcoming Advance GDP figures a few weeks ago. The report indeed kicked off stagflation concerns given the outlier depressed growth numbers. We saw an extension of these concerns early last week, just prior to the Fed's FOMC announcement, which ended up surprising with a less hawkish stance.

The market was not positioned for this, leading to a risk rally. Essentially, the Fed rejected calls for further hikes, instead offering an easing of their quantitative tightening program by deploying MBS capital into treasuries. Risk is back on - with stocks rallying and crypto back in the driver's seat.

The end of the week's Non-Farm Payrolls (NFPs) were lower than expected (less jobs), further cementing the short-term view that we are looking for more rate cuts in 2024. The markets are back-and-forth at the moment, following macro-driven moves. Keep an eye out for any geopolitical risk from Iran/Israel - this still has some fire in it unfortunately.

On the back of last week's risk reversal, BTCUSD didn't close the exposed gap down to the 53,000 level. Instead, it reached the 56,500 region before retracing back into the range above 60,000.

Given the quiet this week from scheduled event risk, I'd expect us to move into the higher end of the recent range above 65,000. We should see some further spillover after Friday's late NFPs as Europe opens tonight. We won't be breaking highs in our opinion, instead setting up for a fairly low volatility week in the absence of geopolitical issues kicking off.



Key levels

53,000 / 56,000 / 60,000 / 65,000 / 70,000 / 73,130 (ATH!)

Spot desk

Flows

Off-ramps saw a slowdown in activity on the desk as AUDUSD inched higher during the week. We tend to see increased buying at the lower ends of the ranges, particularly down below 0.65.

There was a pickup in accumulation of BTC and ETH as clients came through with resting orders to capture discounted prices relative to what they were trading at for the past 2 months.

Hong Kong ETFs Launch

This week marked the first day of trading for the Bitcoin and Ethereum ETFs in Hong Kong on 30 April. Coincidentally (or not), that day marked a local top in the majors as BTC sold off thereafter, similar to 11 Jan, the day the US ETFs first started trading. That day also marked a local top, where BTC proceeded to decline ~20%. BTC broke below the heavily monitored 60k in last week's sell-off on markedly high volume, prior to the shift in Fed sentiment leading to the rebound.

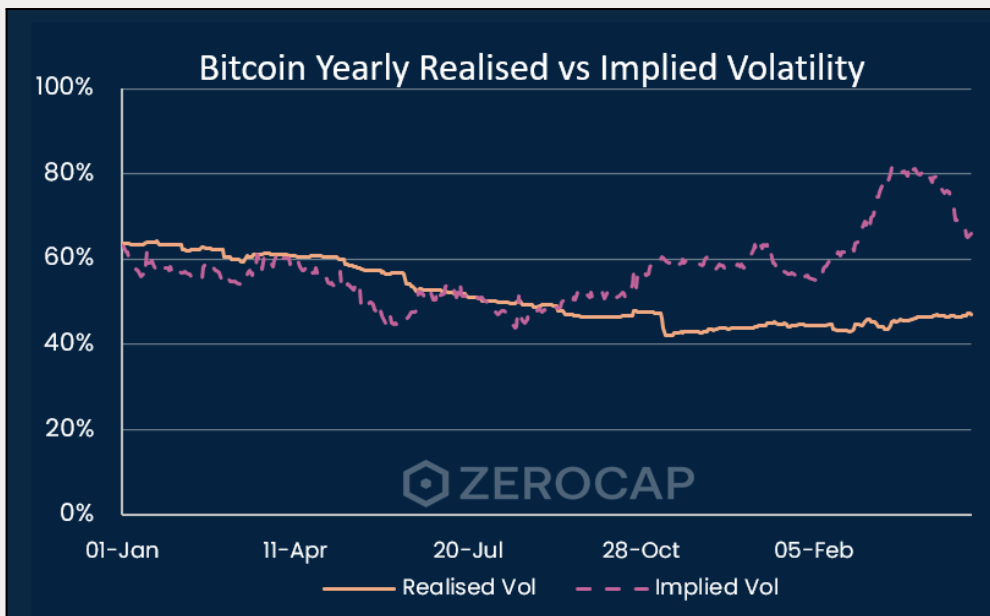
Zerocap is proud to be one of the market makers for the Hong Kong BTC and ETH ETF flows - it's a huge testament to institutional crypto adoption growing.

Derivatives desk

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The risk-on move that followed the dovish NFP data on Friday is currently being reflected in the crypto derivs space. BTC Basis is back above 10% across the forward curve (both front and backend). We've also seen an uptick in BTC's at-the-money implied volatility, with skew moving further towards calls.

The relationship between BTC's realised and implied volatility is interesting at the moment given the heavy premium implied volatility is trading at. If we plot this relationship across a 365-day timeframe, we can see the significant spread that has been forming since October last year (see chart).



If you believe that this trend is going to revert to the mean, we could sell volatility and capture some of this premium. We would look at selling 1-year call spreads on BTC - selling an at-the-money call and buying an out-the-money call. By selling call spreads (instead of naked calls) we are protected against wild moves to the upside but would earn an attractive premium if BTC realised volatility stayed at current levels.

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

What to Watch

- The **Reserve Bank of Australia** Monetary Policy Statement and Interest Rate Statement, on Tuesday.
- **Bank of England** Monetary Policy Report, on Thursday.
- **Canadian** unemployment claims, on Friday.
- The **US 30 year Treasury Auction** results, 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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