

Weekly Crypto Market Wrap

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ZEROCAP.COM

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Week in Review

- Bitcoin spot ETF volume hits 7-week high; [Sentiment data](#) - inflows [top \\$303 million](#), buoyed by Fidelity and GBTC (with its first day of inflows in a week).
- FIT21 bill [heads for final vote](#) this week - potential act seeks a thorough legal regime for digital assets in the United States.
- US Senate rejects [SEC's crypto decree](#) that could damage custody services.
- [Deutsche Bank](#) joins Singapore's Project Guardian on tokenisation, seeks to "exceed their expectations" with the tech.
- Over 600 firms [reveal](#) combined US spot Bitcoin ETF investments.
- Bitcoin [mining costs drop](#) significantly - JPMorgan report attributes to inefficient miners exiting operations.
- Hong Kong's [digital yuan trial](#) allegedly lacks peer-to-peer capabilities.
- Phantom wallet climbs to [third position](#) of Apple's App Store "Utility" category.
- US Justice Department [busts \\$73 million](#) and operators behind shell companies tied crypto scams.
- US [consumer inflation](#) resumes its previous downward trend.

Technicals

Macro & BTCUSD

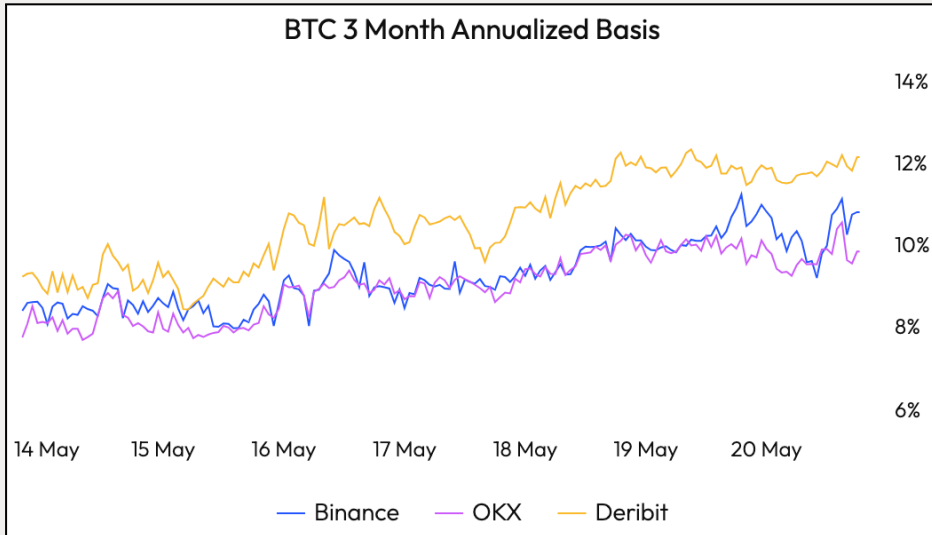
Last week we got the more dovish CPI data in the end, which gave the market an excuse to bid up. All three major US equity indexes hit all-time highs at the same time. The broader markets are really looking for any excuse to bid up right now. It's a fascinating time. There is still the threat of underlying inflation spikes combined with low growth, which is a risky situation for the Fed and other Central Banks, but for now markets seem to be winding up for a move higher.

The false break at the 60,000 level is now validated, and technically this could lead to a continuation of bullish momentum with easing inflation as the key narrative. As I write, BTCUSD is tapping over the 67,000 level within the range, which should lead to a move higher to 69,000 as Europe wakes up given the MSCI AC Asia Pacific Index has rallied today (for its 7th in a row). Immediate downside risks are centred around risk spilling over given the news that Iran's president and the foreign minister were killed in a helicopter crash earlier today.



Source: Tradingview

On balance, given risk did not spill over in Asia, we see fundamental orderflow driving the market higher. The BTC 3M basis has shot above 10% over the weekend, and perpetual funding rates are on the rise. The market is building positive sentiment.



Source: Velodata

Key levels

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

Spot Desk

The desk is looking at the SEC's deadline on their decision to approve or reject a spot Ethereum ETF late this week as a potential volatility event in crypto markets. Although the market is pricing for a rejection, surprises are everywhere in cryptoland. Given ETH positioning, we'd see this as an excuse to run ETH above 4,000 in fairly quick succession. Keep an eye on volatility around this event!

Flows

AUD grinded higher throughout the week, buoyed by a weaker dollar post last week's inflation release. The desk saw renewed interest from private clients to purchase altcoins - a number of clients were looking at VELAR and ALGO over the past week. Traders are beginning to tiptoe back into the market after an idle couple of weeks to put some capital back to work.

Inflation

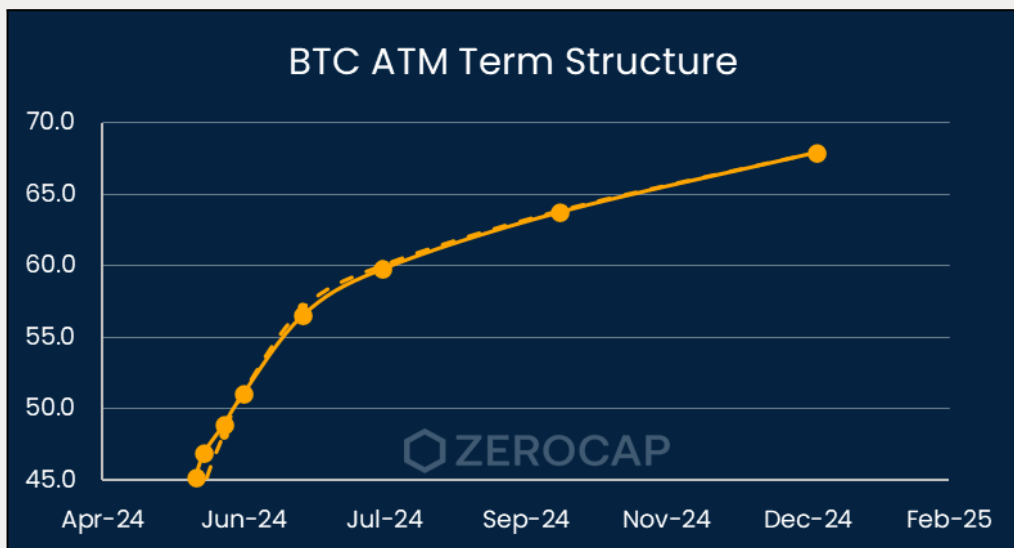
As mentioned above, the major event of the week was US inflation tapering. The annual inflation rate saw its first month-on-month easing of the year, which sent risk assets including cryptocurrencies higher on the announcement as it fuelled increased bets on a quicker rate cut cycle. Some solid volatility around this event - we were active throughout, ready to quote or price electronically for our clients.

Reach out to our spot desk as we are ready to provide efficient execution of crypto majors and many altcoins.

Derivatives Desk

WHOLESALE INVESTORS ONLY

Since CPI last week, BTC's basis rate has increased, sitting in the 11-13% p.a. range. ATM IV has remained relatively flat with a slight skew towards calls in the medium-to-long term. Options IV is trading at a heavy discount in the short-term (see chart) and we see this as a potential 'buy' given some of the price catalysts in the coming week - FIT21 House Vote, FOMC Minutes plus heavy price momentum in precious metals at the moment.



We would be looking at buying upside volatility (delta-hedged) via 1-2 month option contracts in anticipation of a potential breakout if the FIT21 House Vote comes in as a positive result.

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

What to Watch

- SEC's decision on spot Ethereum ETFs, sometime this week.
- Final votes for the FIT21 US bill, sometime before the end of May.
- FOMC members speak at several conferences and Australia's monetary policy minutes, on Monday.
- Bank of England governor Bailey speaks at London School of Economics, on Tuesday.
- FOMC meeting minutes, on Wednesday.
- France, Germany, UK and US flash PMI reports, 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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