

Weekly Crypto Market Wrap

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Zerocap Pty Ltd ABN: 99 164 874 597

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Week in Review

- [Bitcoin dips](#) after spot ETFs break 19-day green winning streak - BTC [futures open interest](#) stays close to \$35 billion.
- Crypto investment products hit [\\$2 billion inflows](#) in June.
- [ASX's first Bitcoin ETF](#) gets green light in landmark listing.
- TON flips Ethereum in [daily active addresses](#), hits all-time high.
- May institutional crypto investments [hit \\$1 billion](#), driven by ETH and Notcoin.
- Trump wants all remaining Bitcoin to be "[made in the USA](#)", believes asset can help country win the AI arms race.
- Binance reaches [200 million users](#), nearly 1/3 of crypto holders worldwide.
- Former Binance CEO CZ [owns 64% of BNB](#)'s circulating supply.
- Terraform Labs to [shut down](#) following \$4.5 billion SEC settlement.
- [FOMC conference](#): Fed Chair Powell states the central bank is not ready to cut rates yet, projects a single cut this year amid cooling Mat [inflation](#).
- Bank of Japan to [trim bond buying](#), keeps rates steady as Yen weakens.
- UK economy "flatlines" in most recent [monthly GDP](#) report.

Technicals & Macro

BTCUSD

We ended up getting the break lower against the backdrop of the FOMC meeting last week. The Fed is holding tight for now, bringing Fed Officials' forecasts down to one rate cut in 2024. Conversely, the market seems to be breaking the old adage "don't fight the Fed" - last week we saw over \$2B of flows into risk assets, notably listed technology stocks. The inflation data is clearly not having the market impact it normally would, or the market is choosing not to believe.

The question then becomes whether the Fed would cut with a stock market so elevated. Since 1980, they've cut 20 times against an all-time high stock market, and the S&P 500 was higher a year later on every occasion. In our view, this doesn't necessarily mean the Fed will cut this year - in fact, we think it's likely we see no cuts in 2024. The risk of a policy mistake leading into an election has a considerable impact. But 2025 is a different story.

The next question becomes - if stocks are rallying against this backdrop, why is crypto range bound, if not slightly bearish? Notably, we also have strong ETF inflows, and an ETH ETF launching soon. On-chain data shows that long-term holders are selling into strength, corroborating centralised data showing that delta-neutral carry trades are skewing futures shorts. The carry trades are leading to increasing ETF inflow volume, which is being met with short CME positions. As Ilan from Marex notes, the unwind of these delta-neutral trades is price-neutral, but not sentiment-neutral. The media jumps on the ETF outflow bandwagon, causing cascading flows from sentiment-driven players. It looks like the ETF flow narrative could end up causing some further unwind in the short term.

BTCUSD broke 66,000 on this backdrop, but was quickly rejected as a false break. Technically the price looks to range between 66,000 support and 72,000 resistance until we get the next catalyst.



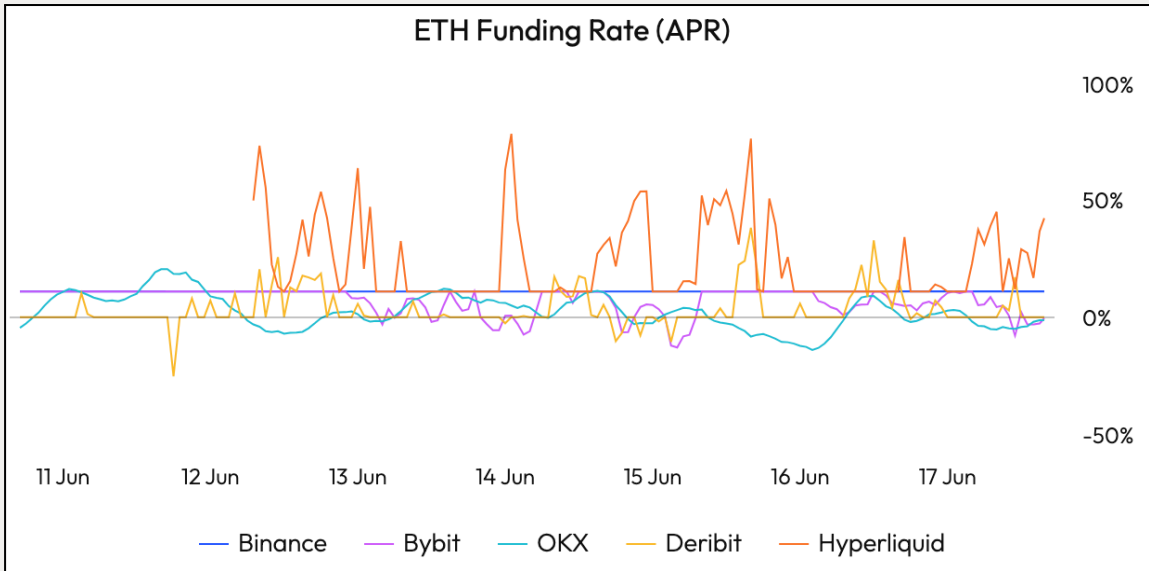
Source: Tradingview

Key levels

60,000 / 66,000 / 72,000 / 73,130 (ATH!)

ETHUSD

Ethereum is correlating less to BTC as the order flow dynamics are different in the lead-up to the ETH ETF launch. There is hedging flow, both in spot and derivatives, but also some ratio trading which we are seeing on the desk - with sectoral rotation into ETHBTC in an attempt to front-run ETF flows, which can be seen in relatively stronger perpetual futures rates. This said, these rates are compressed on a multi-month basis presenting opportunities for the derivatives traders (outlined in the derivs section).



Source: Velodata



Source: Tradingview

Key levels

3,100 / 3,360 / 3,700 / 4,000

Spot Desk

With the price of Bitcoin struggling to crack through critical resistance, the crypto market took a moderate hit, with bitcoin touching 65K and some major altcoins including ETH, SOL and BNB all falling in the range of 10-20%.

The desk witnessed balanced two-way flows on BTC and ETH this week, more balanced than the most recent price action would suggest. Some clients were buying small-cap altcoins including FLT and FTM. AUD/USD largely remained above 0.66, which led to muted comparable volumes week on week, but saw an increase in AUDD flows (Novatti's stablecoin).

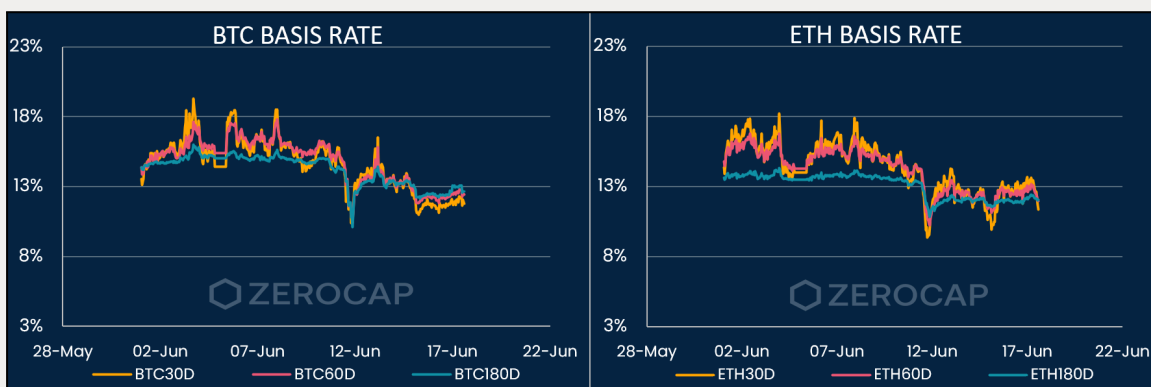
The spot desk was also managing Hong Kong ETF flows last week, with two-sided orders.

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

- The Basis Rates are sitting at multi-month lows - around 12% for both BTC and ETH (30-day annualised).
- Since Bloomberg analysts moved their over/under date for launching Ether Spot ETFs to July 2nd, there is a slight kink in ETH's term structure between June 28th and July 5th.
- For now, skew is still showing a bias towards calls for both BTC and ETH on short and long-term expiries.



Given puts are still cheaper than calls, now might be a good time to consider collaring up spot BTC and ETH holdings to protect from any further downside moves. One could put on an 80/120 or 70/130 collar out to September and earn a premium from the skew.

Hit the derivs desk for pricing!

What to Watch

- US' Empire State manufacturing index, on Monday.
- AUS' cash rate, RBA rate statement and US' retail sales report, on Tuesday.
- UK's yearly CPI report, on Wednesday.
- UK's monetary policy and official bank rate, on Thursday.
- EU, UK, Germany and US' flash manufacturing and services PMI, 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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