

Weekly Crypto Market Wrap

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Zerocap Pty Ltd ABN: 99 164 874 597

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Week in Review

- SEC officially [drops years-long investigation](#) into Ethereum as a security - SEC's crypto division head [David Hirsch resigns](#) after 9 years of service.
- Bitcoin dips below short-term holder realised price, falling under the critical \$65.8k level; [CryptoQuant data](#).
- Australia Van Eck's spot Bitcoin ETF [starts trading](#) on the ASX.
- USDT issuer Tether introduces [Alloy](#), its new gold-backed stablecoin.
- US asset managers [update proposals](#) for spot Ether ETFs, eyeing July launch.
- Stablecoin [transfer volume](#) increased 16x over the past four years.
- Bitcoin blockchain climbs to [third post in NFT sales](#), behind Solana and Ethereum - network reclaims [blockchain dominance](#) post-halving.
- MicroStrategy [acquires 11.9K more Bitcoin](#) for \$786 million, currently holding 226,331 BTC worth ~\$15 billion.
- Hitting a US 3.34 trillion market cap, [Nvidia](#) reached top podium as the most valuable company in the world.
- UK inflation drops to [2% target](#) for the first time since 2021 - BoE decides to [hold rates](#) despite hitting inflation target.

Technicals & Macro

BTCUSD

The bleed lower continues in crypto, with altcoins feeling the brunt of the pressure due to a mixture of token unlocks (Venture Capital selling), and tokenomic design. Solana for example is inflating by 75,000 tokens per day. A raging bull market can absorb these supply curves, but we are in uncertain territory right now and the alts are feeling the heat.

BTC and ETH are actually holding up surprisingly well given the rest of the market, with key support at 63,000 and 3,400 respectively, and still clearly within the price range over the past few months. It's likely we bleed through this support given peripheral market factors this week.

On the macro front over the past week, we've seen mixed indicators - Retail Sales lower, Services and Manufacturing PMIs higher. The coming week has some highlights - CAD CPI, AUD CPI, and Final GDP Growth. However, the one to watch will be the Core PCE Price Index - the Fed's preferred inflation measure. This has the potential to spill into the weekend if we get a crazy print here. An outlier number inferring the Fed could be higher for longer could see risk-off moves into weekend markets (read crypto markets).

We are seeing some (very) early signs of rotation out of tech in equity markets. Nothing to write home about, but keep a keen eye on the narrative - crypto is often bucketed in with tech when the media gets involved. This has not stopped the AI frenzy though - with record inflows into tech-based funds. Contrarian signal perhaps? I wouldn't be shorting the rally just yet, but we are getting to an area of exhaustion in technology which is noteworthy.

BTC did not hold the range above 66,000 as we expected last week - instead dragged down to 63,000 - with 60,000 and 57,000 support levels not too far away. Given intermarket forces, these could be solid targets for shorts or good entries for the long-biased.



Source: Tradingview

Key levels

57,000 / 60,000 / 66,000 / 72,000 / 73,130 (ATH!)

ETHUSD

ETH is in a similar boat, but closer to key support. A break of 3,350 could see ETHUSD close the gap to 3,150. However, we do have some different factors at play - notably, the Ethereum spot ETF is due to launch soon and with any luck, we see similar futures market unwinds and then the spot buying that the BTC spot ETF saw post-launch. Keep an eye on the ascending trendline support from earlier in the year as a target.



Source: Tradingview

Key levels

3,150 / 3,350 / 3,700 / 4,000

Spot Desk

With the price of BTC taking a hit, the weekly high being at 67,200 and currently hovering at 63,000, it offered investors an opportunity to bid, or wait for a further dip. USDT was trading below parity for most of the week, and AUD/USD trended higher. We saw muted flows on the desk across stables and majors, but were active in alts in terms of volume.

Our clients were trading various altcoins such as PEPE, RUNE, AR, OM, TRX, ALEX, SOL, AAVE, UNI, COMP, SUSHI, SNX, YFI, DOT, REN, ALPHA. Clients were skewed towards selling BTC, with more buyers of ETH.

On June 19, 2024, the SEC dropped their investigation into whether the ETH token should be classified as a security. Asset managers such as VanEck, BlackRock and Grayscale submitted revised proposals for an Ethereum ETF to the SEC on the 21st, eyeing an early July launch. Hopefully, this keeps us buoyant in July for the longer-term investors!

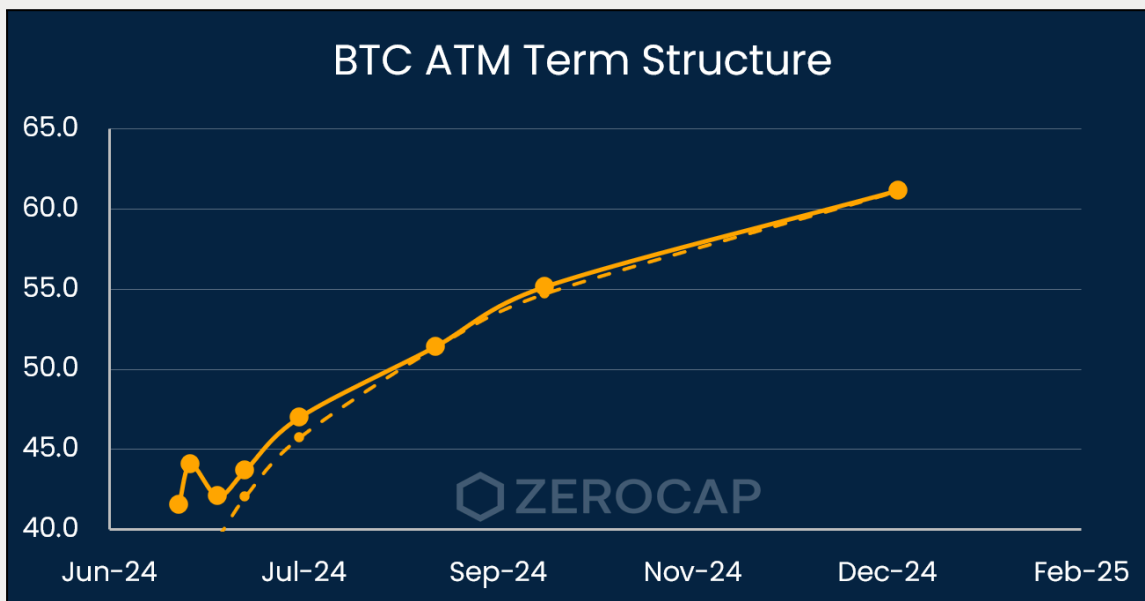
Hit the spot desk for any axes and interest.

Derivatives desk

WHOLESALE INVESTORS ONLY

BTC and ETH Basis rates have been heading lower over the past week - on the 30-day tenor, BTC's Basis Rate is sitting at 7.8% (annualised) and ETH at 9.0%.

Implied volatility is dropping off and the term structure on BTC and ETH is in steep contango - a pattern we tend to observe heading into the US Summer Holidays.



Given the trend of a sell-off in vol and slightly heightened premiums at the back-end of the term structure - discount notes could be an attractive prospect. For investors wanting to get exposure to BTC and ETH at a discounted level to the current price, they could look at the following discount notes (priced on ETH):

	27-Sep-2024 Expiry		
Discount %	-5.0%	-7.5%	-10.0%
Cap Price	125.0%	112.5%	105.0%
Max Return	31.6%	21.6%	16.7%

For this product (using the 7.5% Discount, 112.5% Cap Price as an example), there are two potential payout outcomes on the 27th of September:

1. If the price of ETH is above the Strike Premium, then investors would receive a fixed return of 21.6% (112% p.a.).
2. If the price of ETH is below the Strike Premium then the investor would have bought ETH at a 7.5% discount to today's price.

Hit the derivs desk for pricing!

What to Watch

- US consumer confidence report and AUS yearly CPI, on Tuesday.
- US final quarter GDP report, on Wednesday.
- US Core PCE Price Index, CAD monthly GDP and US revised consumer sentiment, 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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