

Weekly Crypto Market Wrap

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ZEROCAP.COM

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Week in Review

- Crypto market faces [three-day, \\$500 billion wipeout](#) as Bitcoin drops briefly below \$50k.
- Wall Street volatility index VIX reaches [third largest spike in history](#) - markets record [worst trading Monday](#) since 1987.
- FTX, Alameda reach [\\$12.7 billion settlement](#) with CFTC.
- Bitcoin on-chain activity suggests whales have been accumulating heavily over the past month, at [\\$23 billion inflows](#) to permanent holder addresses.
- NYSE has [requested SEC approval](#) to list options on three Ether ETFs.
- Brazil's SEC approves [world's first Solana Spot ETF](#).
- Harris [surpasses Trump](#) on Polymarket betting odds.
- SEC orders Ripple (XRP) to pay [\\$125 million in penalties](#), officially ending the extensive years-long lawsuit.
- US [weekly jobless claims](#) drops lower than expected, calming recession fears - Services sector [rebounds in July](#).
- Australia won't hesitate [raising rates](#) if needed, RBA governor states.

Technicals & Macro

BTCUSD

I mentioned last week that I was the most 'bullish' I'd been this year on BTC after the political meandering at the Nashville Bitcoin conference from key Republicans and Democrats. The market may have heard me with a fairly convincing bounce back into the range shortly after that. We are now seeing some downside in the range bouncing off the 58,000 support level. Japanese equities have been smashed on the JPY carry trade unwind, and I'm not sure we are done yet. We are staring into the eyes of a \$20T trade that has accumulated across banks, hedge funds and investors over two decades. However, the carry still exists even if the BOJ hikes a couple of times - Japan is still at record-low rates relative to other central banks. The real question on how much more unwind we may have is how much unhedged short JPY exposure is out there in the system. Tough one to answer given the complexities of the market.

From the crypto lens, the real question becomes whether these are reasonable entry points. Our house view is that BTC, followed by ETH and then SOL (in that order) make sense given institutional adoption via ETFs and the US political momentum building behind these assets.



Source: TradingView

Key levels

50,000 / 54,000 / 72,000 / 73,794 (ATH!)

ETHUSD

ETH bounced at the 2,100 level, with a strong move back up to key resistance at 2,800. Normally we'd call a beta play here on the back of positive risk - but BTC has the US election potentially bringing a Strategic Reserve bill into the fold, so we are still short-biased on ETHBTC. The caveat to this would be the launch of a staking ETF that we think will eventually provide a dividend/income hedge that changes the dynamics of risk allocation in the listed crypto space.



Source: Tradingview

Key levels

2,100 / 2,800 / 3,600 / 4,000

Spot Desk

The desk saw huge demand for buying the dips in majors early last week when BTC hit a low of 49k. Off-ramping activity was still in full swing as AUD continued trading around the 0.65 levels early in the week.

Given the swift and sharp bounce in the later half of the week, we do expect some profit-taking to come in from short-term players, as well as institutions that were slow to react to the sell-off

The desk also saw trading in L3 from multiple counterparties, an altcoin that just started trading on 30 Jul. Looks like there's still an appetite for new launches in periods of market weakness.

Looking ahead, this week's CPI release will be key to solidifying the direction of inflation policy. The Sep FOMC meeting is looking like a close 50/50 call.

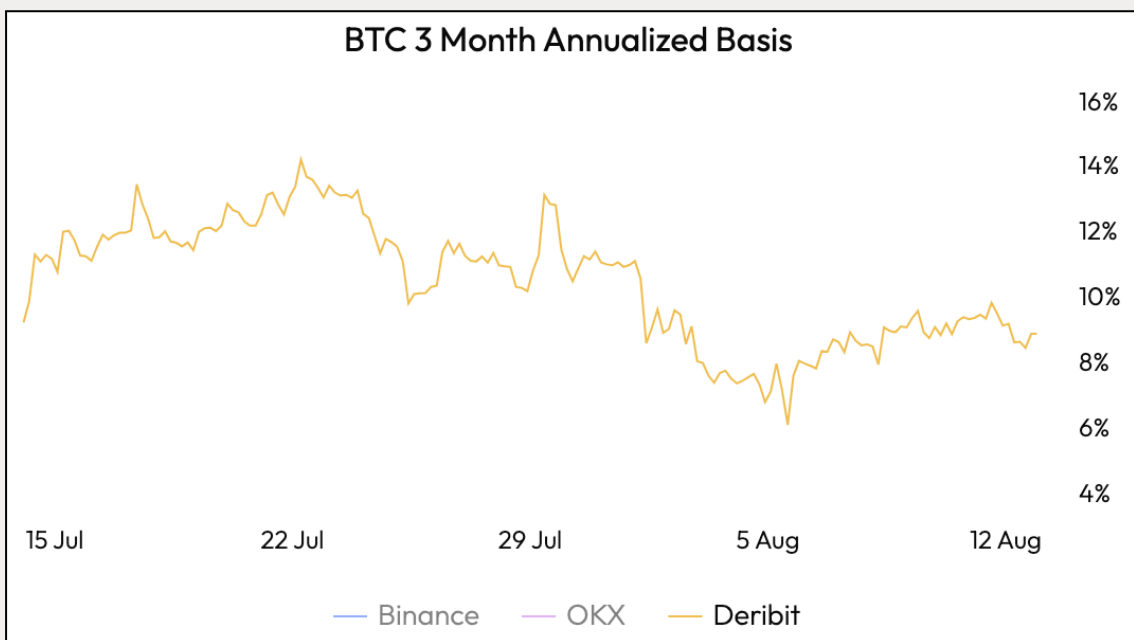
Feel free to hit up the desk for quotes!

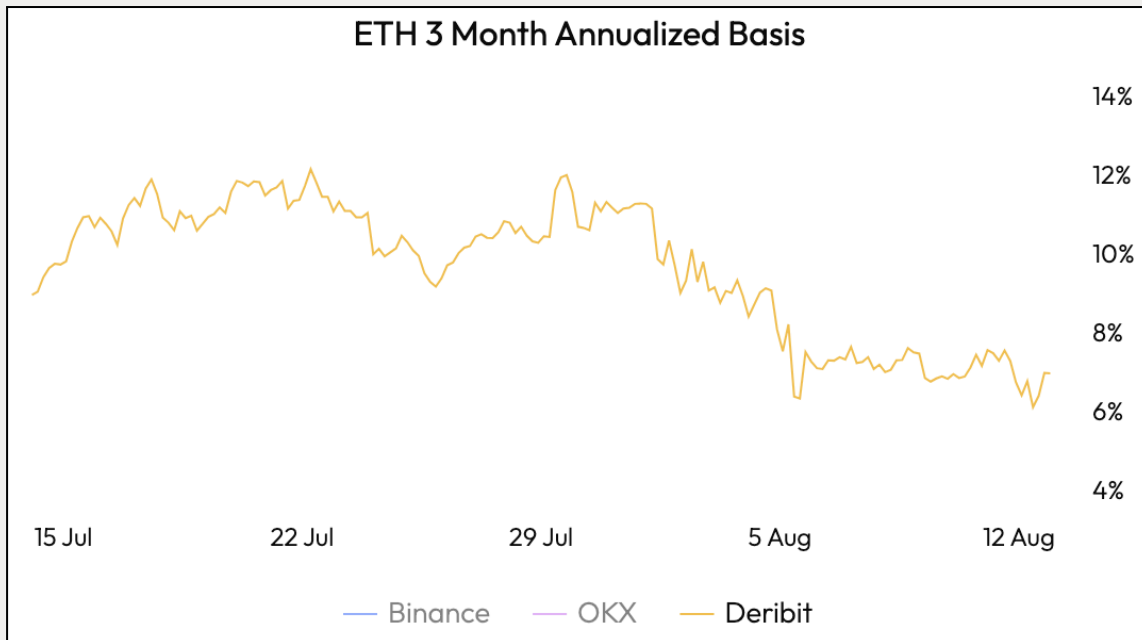
Derivatives desk

WHOLESALE INVESTORS ONLY

BTC's 3-month annualised futures basis was steady throughout the past week, averaging about 8%, compared to that of ETH, which has been in a slow and steady decline, stabilising at 6.65%. Again this leans towards a short ETHBTC bias, and given prior annualised basis curves north of 15% annualised, we think further expansion in the BTC curve vs the ETH curve is possible.

Long BTC futures vs ETH futures 3-month shorts are an interesting spread trade to consider - essentially getting paid for leverage if you're right on the relative value.





Source: VeloData

Hit up the derivs desk if you'd like to package this trade into a Structured Product.

Good luck trading this week!

What to Watch

- UK unemployment claims and US PPI report, on Tuesday.
- UK and US CPI reports, on Wednesday.
- UK monthly GDP report and US unemployment claims, 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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