

Weekly Crypto Market Wrap

26th August 2024



ZEROCAP.COM

AUSTRAC REGISTERED DIGITAL CURRENCY EXCHANGE SERVICE PROVIDER DCE100635539-001
Zerocap Pty Ltd ABN: 99 164 874 597

Zerocap is a market-leading digital asset firm, providing **trading, liquidity and custody** to forward-thinking institutions and investors globally. To learn more, contact the team at hello@zerocap.com or visit our website www.zerocap.com

This is not financial advice. As always, do your own research.

Week in Review

- Goldman Sachs report lowers [US recession risk](#) to 20%.
- 75% of all Bitcoin available has been ["hodled" by investors](#) for over six months.
- BlackRock and Fidelity's spot Bitcoin ETFs rank in [top 15 global ETF inflows](#).
- Coinbase's BASE blockchain reaches [4 million](#) active on-chain users.
- Tether (USDT) [halts blockchain launch](#), cites concern over market conditions.
- Telegram founder and CEO [Pavel Durov arrested](#) in France under currently undisclosed circumstances - TON crypto [down 14%](#).
- [Jackson Hole](#): Fed Chair Jerome Powell reaffirmed Reserve's commitment to 2% inflation target, indicating possible rate hikes amid global economic uncertainties.
- [FOMC minutes](#): Fed signals rate cuts likely coming in September.
- DNC: Kamala [officially accepts nomination](#), campaign raised \$540 million since Biden stepped out of race.

Technicals & Macro

BTCUSD

We got the wedge breakout to the topside, and are trending higher to the 66,000 range low. The macro events over the past week were largely dovish - most notably Powell's comments that the "time has come" for lower rates, cementing a cut next month. Bond traders are betting on the size of the cut, but we are clearly in dovish territory now, even if it's a rocky ride down with upcoming data points bound to provide volatility.

Geopolitical unrest this week should be noted, with Israel attacking Hezbollah sites in southern Lebanon over the weekend. Asian equities today (Monday) seem to be taking the cues from Powell rather than the unrest though, with a rally starting off the week. On balance, if the Middle East crisis gets worse, this is inflationary and negative for global growth, and often it's the straw on the camel's back that can send markets into a tailspin.

On balance though, we have strong sentiment and momentum behind the Fed and intermarket risk moves, so we expect a positive week in the absence of geopolitical escalation. A wildcard to the topside would be Kamala Harris further outlining positive policy direction for the crypto space should she be voted in as President in November.



Source: TradingView

Key levels

50,000 / 55,000 / 66,000 / 72,000 / 73,794 (ATH!)

ETHUSD

Same comments as last week again - 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.

Further comment from last week - the technical move higher could begin to close the breaking point gap from 3,200. I don't think we get to highs nearly as fast as BTC, but there's a nice technical set-up for a move higher from here in the absence of geopolitical risk this week.



Source: Tradingview

Key levels

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

Spot Desk

We saw balanced flows between on and off-ramping activity this week, as USDT continued to trade above par most of the week. Similarly, AUD continued to rise a decent amount (2% on the week), fuelled by Jerome Powell’s dovish stance at Jackson Hole.

There was a slight pickup in trading activity in the majors, with a buy skew for BTC and ETH, and quiet flows on altcoins.

BTC consolidated for the week and broke through 61,500 on Friday on the back of the Jackson Hole symposium. We’re keen to see if the higher volatility continues throughout this week as the market looks more buoyant with a clearer policy stance from the Fed.

The desk remains strategically positioned to offer competitively priced stablecoin/AUD and USD pairs and T+0 settlement. Corporates, exchanges and other desks are encouraged to reach out with any interest.

Derivatives desk

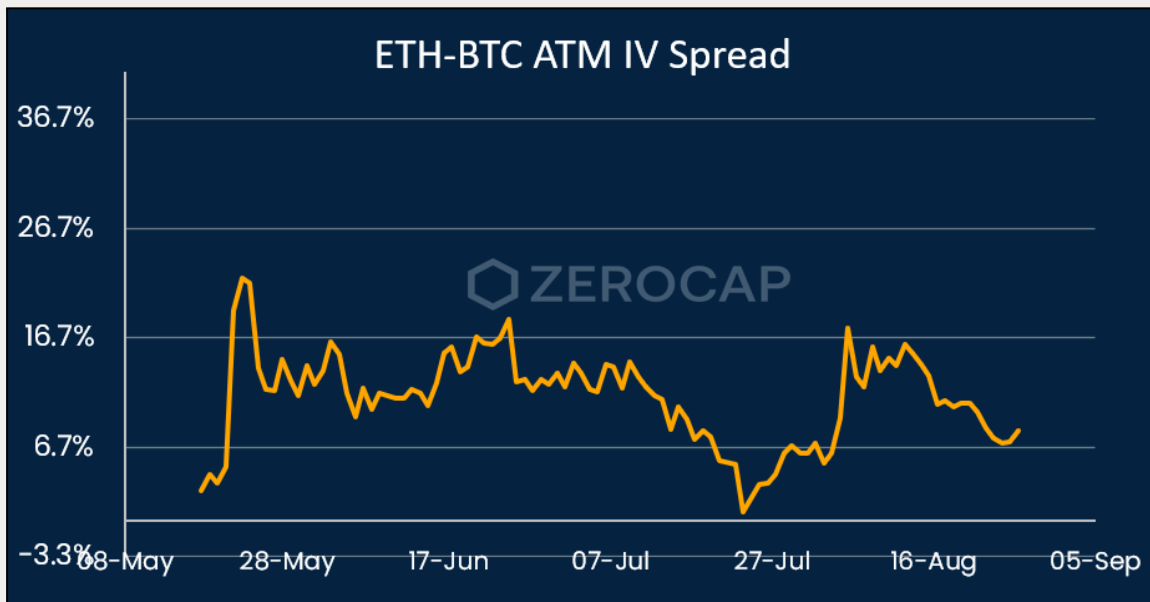
WHOLESALE INVESTORS ONLY

Despite the spot moves over the weekend, basis rates for BTC and ETH are relatively unchanged for the week.

- BTC's 90-day annualised basis rate is currently sitting at 9.7%.
- ETH's is 200 bps lower at 7.7%.

ETH's skew at the front end of the curve has been showing a bias towards puts for several weeks now, and BTC's front-end skew has been towards calls. However, BTC's front-end skew flipped this morning and is now showing bias towards puts (meaning calls are cheaper).

Below is a chart of the Implied Volatility spread between ETH and BTC on 30-day contracts over the last few months.



As can be seen, there is a volatility premium priced into ETH option contracts at the moment. ETH's entire term structure is trading at a premium to BTC which is contrary to BTC's heavy outperformance over ETH of late.

If one believes that (i) BTC will continue to outperform ETH and (ii) there are further legs to this recent market rally; one could sell ETH volatility and buy upside volatility on BTC.

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

What to Watch

- US CB consumer confidence report, on Tuesday.
- German preliminary monthly CPI, US preliminary quarter GDP and unemployment claims, on Thursday.
- Canadian monthly GDP and US core PCE price index, on Friday.

Disclaimer

This material is issued by Zerocap Pty Ltd (Zerocap), a Corporate Authorised Representative (CAR: 001289130) of Gannet Capital Pty Ltd (GC) AFSL 340799.

Material covering regulated financial products is issued to you on the basis that you qualify as a "Wholesale Investor" for the purposes of Sections 761GA and 708(10) of the Corporations Act 2001 (Cth) (Sophisticated/Wholesale Client), or your local equivalent.

This material is intended solely for the information of the particular person to whom it was provided by Zerocap and should not be relied upon by any other person. The information contained in this material is general in nature and does not constitute advice, take into account financial objectives or situation of an investor; nor a recommendation to deal. . Any recipients of this material acknowledge and agree that they must conduct and have conducted their own due diligence investigation and have not relied upon any representations of Zerocap, its officers, employees, representatives or associates. Zerocap has not independently verified the information contained in this material. Zerocap assumes no responsibility for updating any information, views or opinions contained in this material or for correcting any error or omission which may become apparent after the material has been issued. Zerocap does not give any warranty as to the accuracy, reliability or completeness of advice or information which is contained in this material. Except insofar as liability under any statute cannot be excluded, Zerocap and its officers, employees, representatives or associates do not accept any liability (whether arising in contract, in tort or

negligence or otherwise) for any error or omission in this material or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this material or any other person. This is a private communication and was not intended for public circulation or publication or for the use of any third party. This material must not be distributed or released in the United States. It may only be provided to persons who are outside the United States and are not acting for the account or benefit of, "US Persons" in connection with transactions that would be "offshore transactions" (as such terms are defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")). This material does not, and is not intended to, constitute an offer or invitation in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. If you are not the intended recipient of this material, please notify Zerocap immediately and destroy all copies of this material, whether held in electronic or printed form or otherwise.

Disclosure of Interest: Zerocap, its officers, employees, representatives and associates within the meaning of Chapter 7 of the Corporations Act may receive commissions and management fees from transactions involving securities referred to in this material (which its representatives may directly share) and may from time to time hold interests in the assets referred to in this material. Investors should consider this material as only a single factor in making their investment decision.

* 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

Contact Us

Zerocap is a market-leading digital asset firm, providing **trading, liquidity and custody** to forward-thinking institutions and investors globally. To learn more, contact the team at hello@zerocap.com

