

Weekly Crypto Market Wrap

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Week in Review

- Fears of US recession [rattles global markets](#) in brutal crash.
- Bitcoin Open Interest hits [record \\$39.4 billion](#) against previous March ATH.
- SEC [drops requests](#) to label Solana (SOL), Cardano (ADA) and Polygon (MATIC) as securities.
- TRON (TRX) [surpasses Ethereum](#) in 7-day revenue stats.
- Trump suggests [accumulating Bitcoin](#) to help pay off the US' \$35 trillion debt.
- Hong Kong's largest broker [launches Bitcoin and Ethereum trading](#) to 22 million users.
- [Trust Wallet partners](#) with The Open Network (TON) towards Telegram blockchain adoption.
- Bank of England [cuts rates](#) for the first time in four years.
- FOMC [holds rates steady](#), Fed Chair Powell states a September cut is possible.
- Jolts report shows [available US jobs](#) declining more than expected - [jobless claims](#) rise to one-year highs.
- Bank of Japan [raises interest rates](#) to 0.25%.

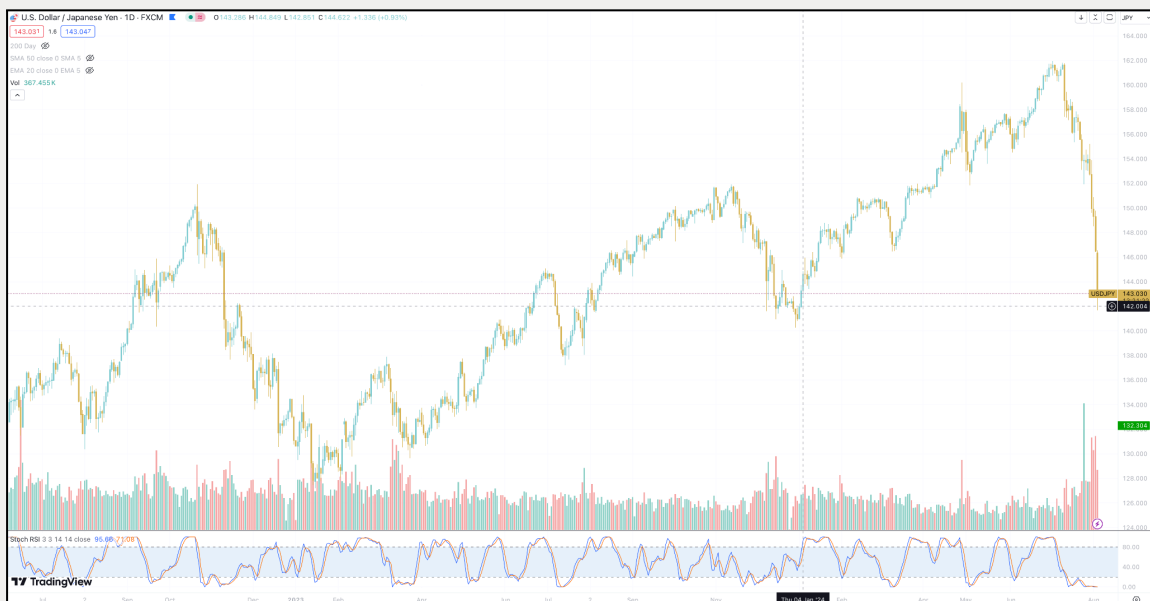
Technicals & Macro

BTCUSD

Dreams of all-time crypto highs last week faded alongside almost every other market on the globe. Friday saw equities begin the selloff, which spilled into weekend risk assets (read crypto). Monday is an absolute bloodbath. What we are seeing is one giant carry trade unwind.

For decades investors have relied on low interest rates in Japan to borrow the underlying currency, and buy higher-yielding currencies and assets. This trade has become so pervasive, that the entire financial system is somewhat exposed. With the threat of higher rates in Japan, and concerns around a recession in the US, we are seeing substantial selling of the USDJPY, in order to pay back these carry trades.

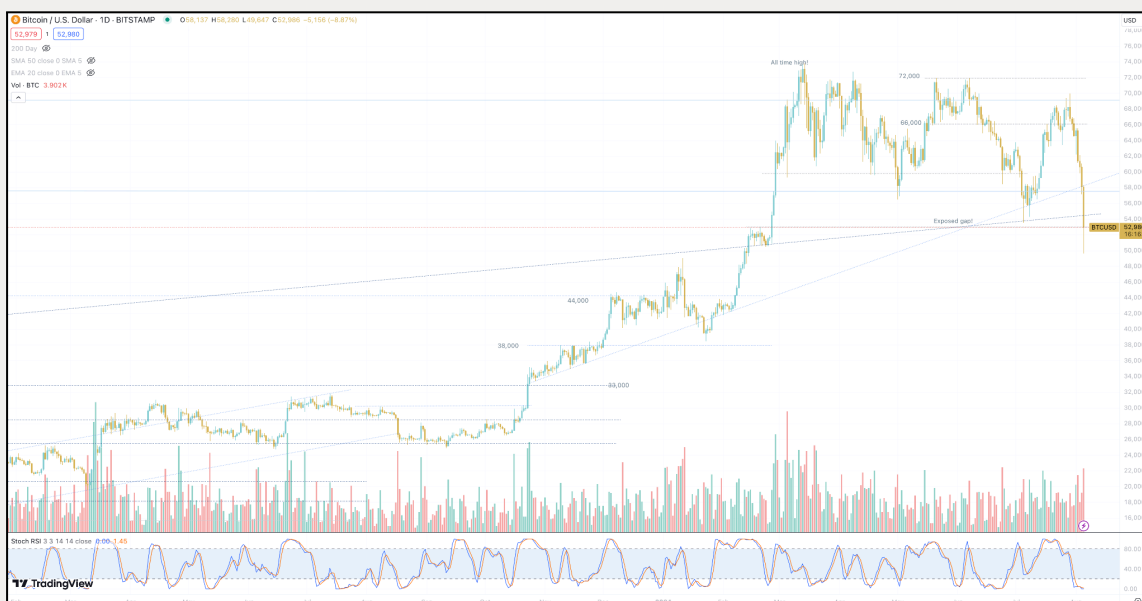
The quantum of this trade is massive - JPY carry trades are north of US \$20 Trillion in exposure, and we are seeing the early stages of unwinding now. USDJPY is only at Jan 2024 levels - which is a concern in the short to medium term. The US wakes up tonight, and they may very s&#!t the proverbial bed when they see the unwind from today.



Source: Tradingview

The crypto space is feeling the pain with the market dumping as a beta play on risk. I expect to see strong buying below the 50K level in BTCUSD, and at some point, the market may (should?) take heed of the presidential odds around Trump, who could come in as a very strong buyer of BTC as part of the strategic reserve proposals floating around. If this happens, we may see the hedge narrative begin to take hold, and along with it, a gold and BTC rally.

Technically, the exposed gap from Feb 2024 has filled, and broken below two key ascending trendlines, prior to now taking a breather back into the range. I told the team 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. These moves have not changed my view one bit - I think we have a long way to go for BTC in particular, but also for ETH as a proxy for ecosystem growth. I do, however, owe beer to the team for a bullish call earlier last week.



Source: Tradingview

Watch your leverage during these kinds of moves - illiquidity will be an issue in these wild markets.

Key levels

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

ETHUSD

ETH taking a bigger hit than BTC on the back of risk beta. Our view is that structural shorts on ETHBTC make sense given risk spillover, and the order flow expectations for BTC should we see a Republican president - or the Democrats successfully “reset” relations with the crypto space.



Source: Tradingview

Key levels

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

Spot Desk

AUD/USD remained weak throughout the week, as the desk saw continued high volumes of USDT/AUD off-ramping activity. We also observed steady pickup in clients accumulating BTC, ETH and SOL amidst the market decline, with less interest in altcoins.

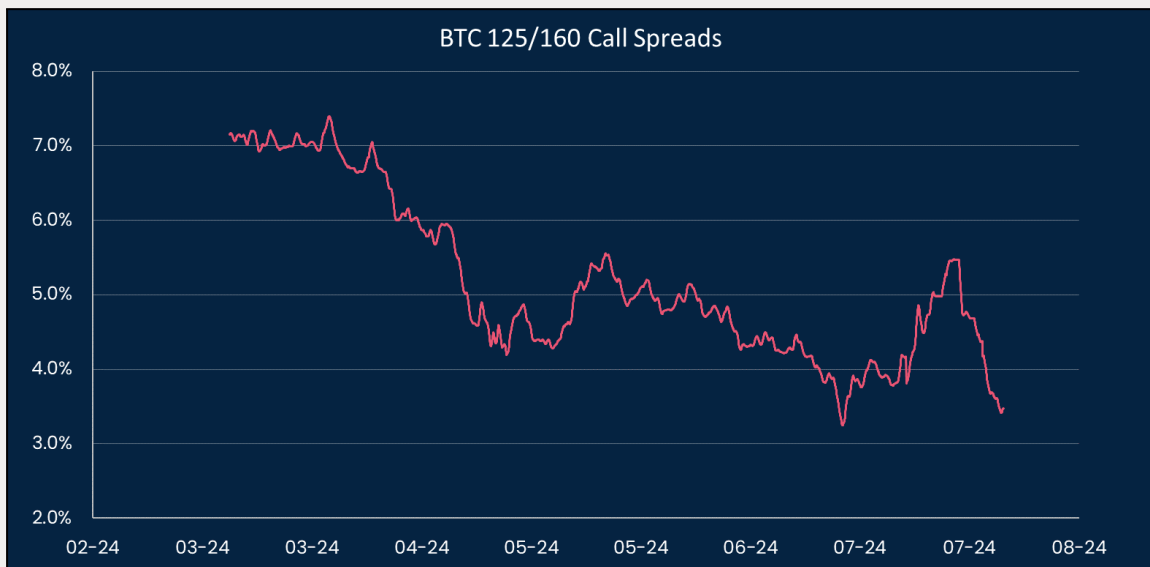
Global markets took a toll towards the end of last week as the Yen rallied spectacularly, unwinding liquidity as carry trades saw the massive wind (outlined above. We do expect selling pressure to continue in the broader markets for the week and for offramps to continue with strong volumes given the weak AUD backdrop

Feel free to hit up the desk for quotes!

Derivatives desk

WHOLESALE INVESTORS ONLY

After a busy week of Central Bank decisions implied vols have drifted lower. Futures basis levels have also dropped this could be a good entry time for long call spreads leading into the US elections where crypto is looking to be a significant talking point.



BTC's 3-month 125%/160% call spreads are now priced at around 3.5% which is as cheap as they have been for 6 months (pricing from Friday).

Hit the derivs desk for variations and pricing!

What to Watch

- US ISM services PMI, on Monday.
- AU rate reports and monetary policy statement, on Tuesday.
- 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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