

Weekly Crypto Market Wrap

23rd September 2024



ZEROCAP.COM

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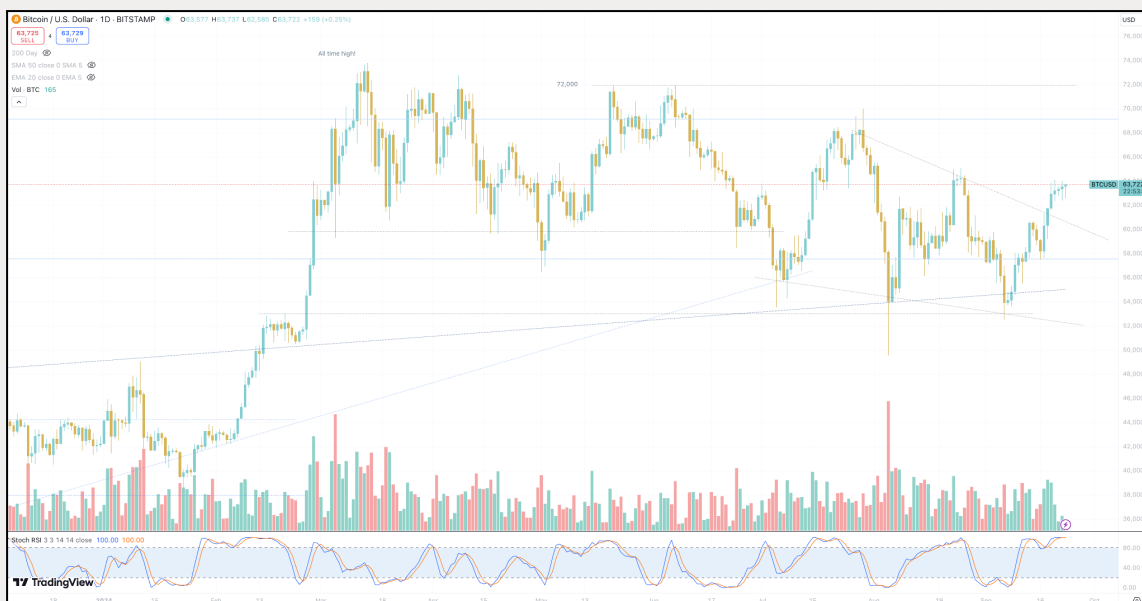
This is not financial advice. As always, do your own research.

Week in Review

- Kamala Harris [spoke publicly](#) about digital assets for the first time.
- Gold hit a new all time high as bitcoin rallied to this month's peak [above \\$64K](#), and the US dollar [strengthened](#) against the yen.
- Altcoins [pumped](#) after the Fed lowered interest rates.
- SEC [approved](#) Nasdaq to list options on iShares Bitcoin Trust ETF, an important milestone in derivatives trading.
- US spot bitcoin ETFs recorded [inflows](#) worth \$92 million on Friday.
- YouTube channel of the Supreme Court of India [was compromised](#) and used for streamed crypto ads.

Technicals & Macro

BTCUSD



Source: TradingView

Key levels

53,000 / 55,000 / 66,000 / 72,000 / 73,794 (ATH!)

We got the 50 bps cut last week from the Fed and are off the races. The Nasdaq and S&P equity indexes saw all-time highs, as did gold, and now BTCUSD is on the way to 65,000. We've now broken the technical descending wedge, and are heading higher with a little gusto. Fed's Funds Futures are now pricing in a 50/50 chance of another 50 bps cut (vs 25 bps), which signals we are well into the rate cutting cycle.

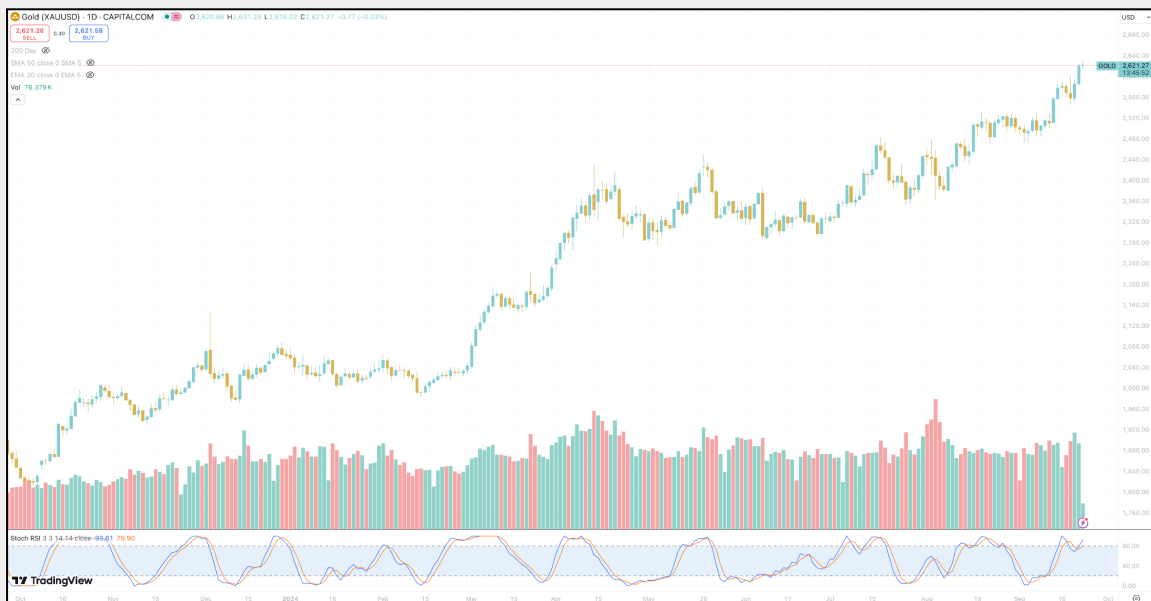
Bitcoin has a lot going for it right now. The upcoming US election has been buoying, and then compressing prices, depending on the Trump/Harris polls. Trump's stance is clearly long energy, banks and bitcoin. Harris' crypto stance has been less forthcoming, however on Sunday (22 Sep) she indicated some positive sentiment with comments, "We will encourage innovative technologies like AI and digital assets, while protecting our consumers and investors.". It's not a slam dunk on policy like Trump, but she can clearly see voters' desire for better free markets in emerging technologies.

The other key catalyst to BTCUSD upside is what we are seeing in risk markets and gold - which are up with some conviction. The gold thematic is rallying on the repricing of bond returns and USD weakness, but there is also the scarcity narrative that bitcoin shares. Easing monetary policy, more liquidity and a seemingly endless desire to quantitatively ease when times get tough is leading to more interest in assets that hold a scarcity premium. Gold's market cap is ~ USD \$17.8T while bitcoin's is ~ USD \$1.2T. This represents close to a 15x gap to close - and our analysts believe we could get there in the next 10-years. This would represent a BTC price of ~950K USD.

Michael Saylor's latest assertions are that bitcoin currently accounts for 0.1% of global capital, but could eventually target 7%. This opens the possibility for some massive growth even if he is only partly right.

In any event, this week will be an interesting one to watch as the market digests the Fed cuts, and looks towards final GDP data and the Fed's preferred inflation gauge - the Core PCE Price Index this week.

Gold continues to blast



Source: TradingView

ETHUSD



Source: TradingView

ETHBTC



Source: TradingView

Key levels

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

Last week we mentioned that we are still short biased on ETHBTC, despite it hitting multi-year lows and seeing levels not touched since 2021. We also mentioned that despite this, it was tough to make the case for a momentum trade when it's already come this far on a short-term basis. We are now seeing

some reversion on the back of orderflow - the ETHBTC ratio has come a long way, and at some point it needs to rebalance.

Longer-term, we still see short ETHBTC as a solid long BTC proxy trade.

Jon de Wet, CIO

Spot Desk

The Australian dollar strengthened this week, reaching its highest weekly close of the year. This was driven by anticipation for a hold by the Reserve Bank of Australia's meeting on the back of inflation and monetary conditions.

The desk primarily facilitated on ramping during the week. Following the US Federal Reserve's rate cut decision, the week saw an uptick in volume. There was a notable demand for major cryptocurrencies, especially bitcoin, ethereum, and solana.

Additionally, some altcoins, like OM and Sei, also attracted interest.

In the coming weeks, volatility is expected as the US elections approaches and lower interest rates help boost the economy.

Altcoin in focus

\$TAO (Bittensor)

Bittensor is a system that uses blockchain technology to create a decentralised network for machine learning. Machine learning models in this network work together, and they are rewarded with a cryptocurrency called TAO based on how useful their information is to the whole network. Users can also access this network and get information from it, while also customising it to fit their specific needs.

TAO has exhibited a remarkable surge, gaining nearly 100% in just a week. This impressive rally has not only broken through key resistance levels but has also transformed them into solid support zones. RSI is well placed above 70+ on H12 time frame, depicting strong buying strength. Such a strong upward trend suggests that a momentum-based trading strategy could be effective,

but beware that this will be volatile - and it should only be attempted with no leverage and a fundamental underlying belief in the token.

Investors seeking to capitalise on TAO's bullish momentum might consider buying on dips, assuming the overall trend remains intact. Levels between \$450 and \$480 could offer attractive entry points for accumulation.



Source: TradingView

* Note that some Zerocap staff hold this token.

The spot desk is strategically positioned to offer competitive rates for stablecoin/Australian dollar and stablecoin/US dollar pairs, along with T+0 settlement.

Arpit Beri, Operations Analyst

Derivatives Desk

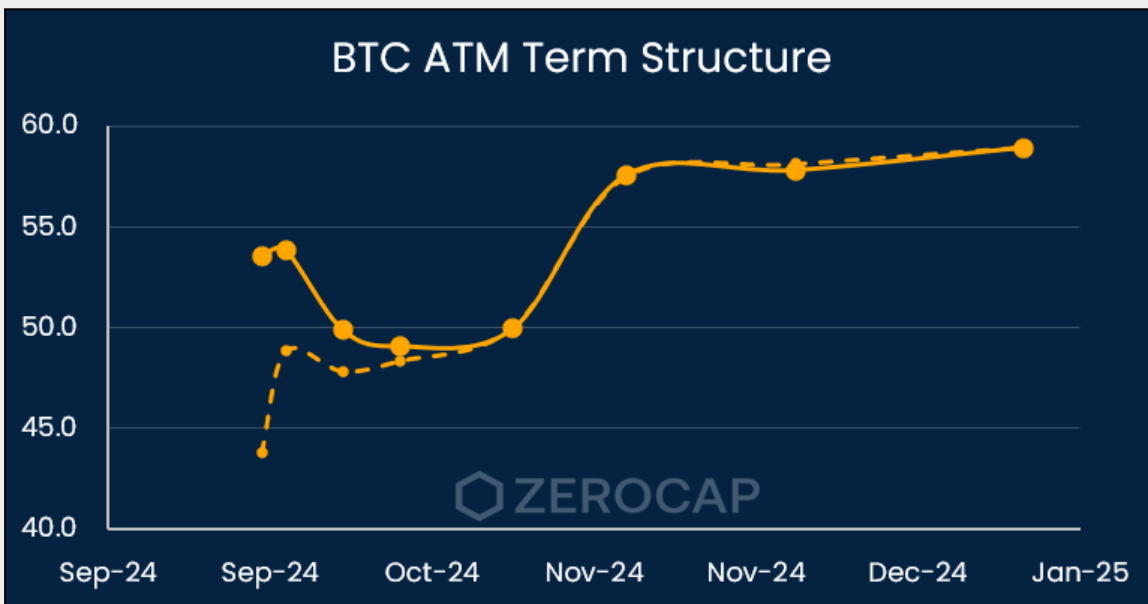
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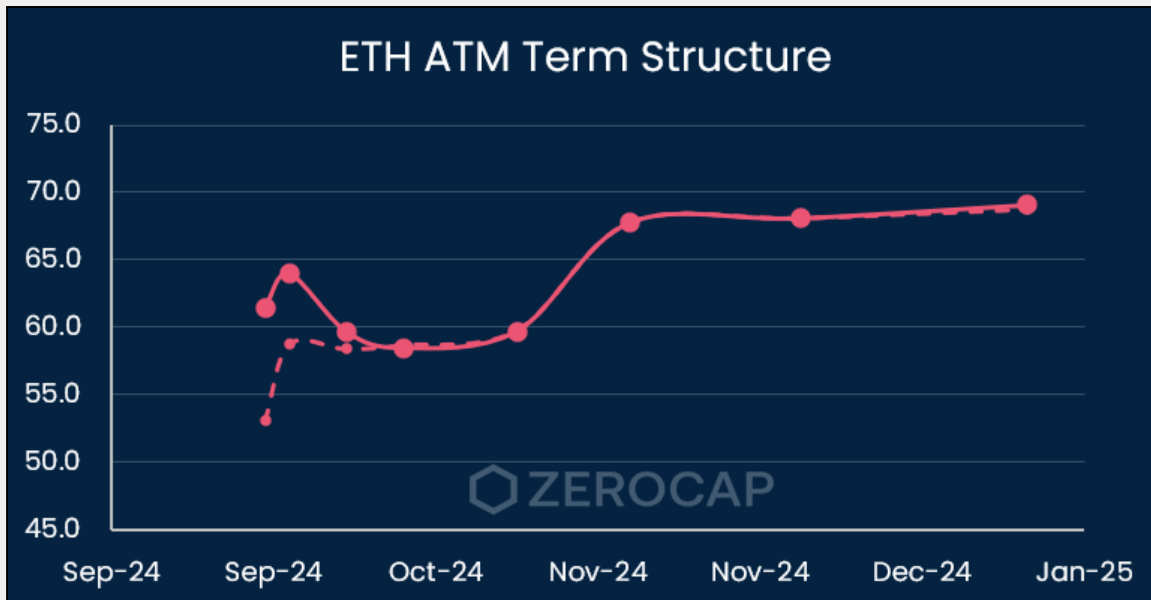
Basis rates on BTC and ETH are relatively unchanged despite the rally in spot prices over the week:

- BTC's 90-day annualised basis rate is currently sitting at 7.5%.
- ETH's is 130 bps lower at 6.1%.

Recent spot moves are being reflected in the term structure with a slight spike in front-end ATM IV.

- One-week ATM IV on BTC and ETH is being priced roughly 4 vol points above one-month ATM IV.





7-day/30-day calendar spreads could be an interesting trade if one believes that the term structures on BTC and ETH will quickly revert back to the mean.

Berkeley Cox, Derivatives Analyst

What to Watch

- British, US, French & German PMI figures, on Monday.
- Australian Interest Rates, on Tuesday.
- US Consumer confidence report, out on Wednesday.
- Australian CPI figures, on Wednesday.
- Swiss Bank Interest Rates, on Thursday.
- The US Federal Chair is speaking and the US GDP and Unemployment Claim figures are out, on Thursday.
- Canadian GDP figures and CPI figures, 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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