

# Weekly Crypto Market Wrap

2nd September 2024



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**ZEROCAP.COM**

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

## Week in Review

- Nasdaq [seeks SEC approval](#) for Bitcoin index options.
- Coinbase's [BASE blockchain](#) hits 1 million daily active addresses.
- MakerDAO (MKR) [rebrands to Sky](#), schedules USDS stablecoin launch.
- Argentina introduces [Ethereum blockchain education](#) in high schools.
- [X goes offline in Brazil](#), 6th country with most X users, following refusal to comply with controversial Supreme Court demands - local internet users face [\\$9,000 daily fine](#) when accessing the platform with VPNs.
- Mark Zuckerberg [releases statement](#) claiming White House pressured Facebook to censor Covid-19 and Hunter Biden content.
- Telegram CEO [Pavel Durov released](#) following \$5.56 million bail - TON blockchain hit with [several outages](#) following DOGS' meme coin launch.
- US [consumer sentiment rises](#) for first time in five months.

# Technicals & Macro

## **BTCUSD**

Last week, we forecasted a positive week in the absence of geopolitical unrest, and were wildly wrong on this one. That's a case of beer owed to the team - on me.

Entering the spring season, we've been seeing buying in Asia and dumping in the US session for BTCUSD, and more generally, the top 10 coins. Altcoins on the other hand are having a tougher run, particularly in AI. This cycle is very different to prior crypto cycles - BTC has been a clear outperformer, and we haven't seen altcoins take on much steam as seen historically. The altcoin market cap is still below the 2021 altcoin market cap, whereas BTC has clearly made multiple new highs. Looking on-chain we can see an increasing number of longer term wallets dormant. Over 75% of BTC has not moved in 6 months, a bullish signal from supply curve dynamics.

Equities held up relatively well this week, with the S&P500 flat and the Nasdaq down 0.5% for the week. So what is holding us down in crypto land? Order flow from Mt Gox creditor distributions has to be playing into this - from both the actual flow, and sentiment driven flow. We also have the upcoming US election in November, and the odds are swinging between each candidate. Harris is taking a lead now at 45% to 41% (Trump). She is yet to come out with any material new policies for the crypto space, but has indicated a desire to "reset" relations. The track record is not good for the democrats - Gary Gensler (SEC) is seen as destructive to the industry, and there is talk of a proposed tax on unrealised gains (all assets) for taxpayers worth over 100M. Even though this doesn't affect most of the US, the sentiment is clear - higher taxes for speculative assets. Trump on the other hand is a long on energy, banks, bitcoin trade when based on policy indications.

All of this is in the backdrop of a Fed interest rate cut in September, with the market considering whether we see a 25bps or 50bps cut. Odds are around

70/30 respectively, and with the non-farm payroll report this week, likely to swing either side of these probabilities based on the numbers.

Technically, the ascending channel from October 2023 is the next long-term level of support which intersects at around 55,000, before the 53,000 breaking point and range high from Feb 2024. If we are heading lower, it's a good target. A break higher would have some chop to get through, but would ultimately be targeting recent highs at 65,000. The NFP report will be important for all markets, and could provide the volatility on either side for BTCUSD.



Source: TradingView

## Key levels

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

## ETHUSD

We are still short-biased on ETHBTC. A move lower would be targeting 2,100, whilst a move higher could begin to close the breaking point gap from 3,200.

The price is looking heavy, so will likely need some stimulus to fire either way. Again, NFPs may bring this up later in the week.



Source: Tradingview

### Key levels

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

## Spot Desk

AUD stayed strong, coupled with a declining Tether throughout the week to below par, domestic off-ramping appetite was dampened.

The 5% dump in BTC early in the week saw volatility take a breather towards the latter half, and there was a slightly cautious stance amongst our clients going into the weekend.

Similar to last week, there was a continuation in trading of majors, with a buy skew for BTC, ETH as well as SOL.

Amongst alts, we saw some rotation back into the RWA space such as OM.

We're looking forward to the initial jobless claims and unemployment figures coming out towards the end of this week.

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.

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## Derivatives desk

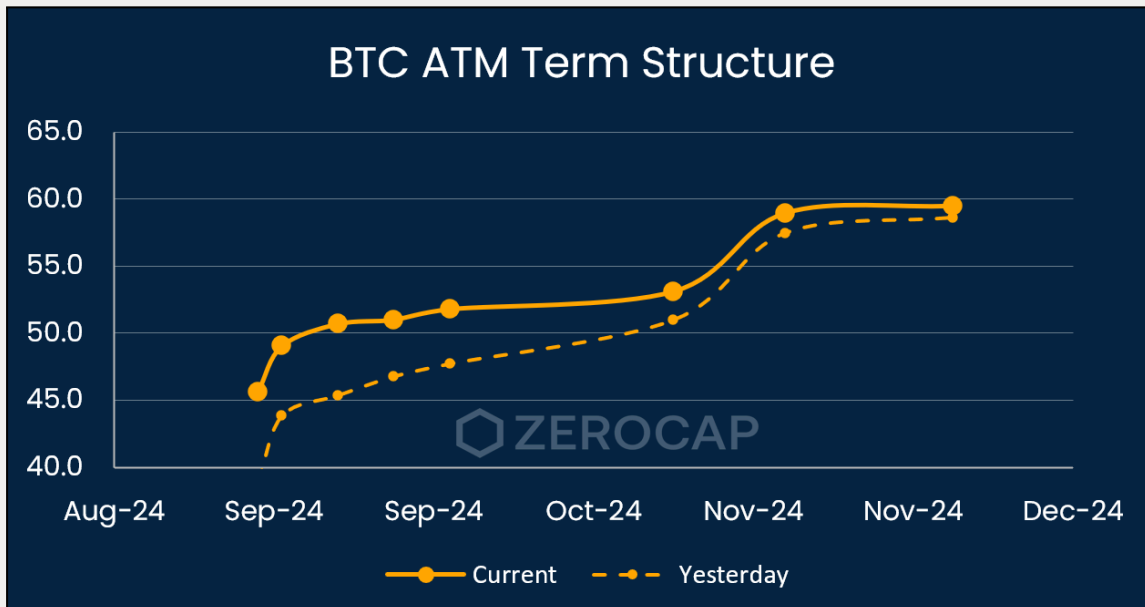
### WHOLESALE INVESTORS ONLY

Basis rates on BTC and ETH have dribbled down over the week:

- BTC's 90-day annualised basis rate is currently sitting at 7.9%.
- ETH's is 130 bps lower at 6.6%.

The front end of the term structure is elevated currently:

- One-month ATM IV on BTC is up 6 vol points overnight and ETH's is up 5 vol points.
- It appears as if traders are looking to buy short-term protection as skew is now heavy towards puts on both BTC and ETH on short-term options contracts.



Given the demand for short-term protection, now might be a good time to consider collaring up spot BTC and ETH holdings to protect from any further downside moves. One could put on an 80/120 or 70/130 and earn a premium for doing so. See below for some indicative pricing.

	Term	
	90	180
80/120	1.38%	3.43%
70/130	1.47%	4.11%

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

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## What to Watch

- US ISM manufacturing PMI, on Tuesday.
- Bank of Canada rate statement and US JOLTS job openings, on Wednesday.
- US unemployment rate, 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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