

Weekly Crypto Market Wrap

9th September 2024



ZEROCAP.COM

AUSTRAC REGISTERED DIGITAL CURRENCY EXCHANGE SERVICE PROVIDER DCE100635539-001
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This is not financial advice. As always, do your own research.

Week in Review

- Ripple Co-Founder endorsed Kamala Harris to be the future US president.
- U.S. CFTC filed an emergency motion in an attempt to block prediction market Kalshi from listing election contracts for two weeks.
- Stablecoin supply reaches \$162 billion with rising institutional demand
- Magic Eden's multi-chain NFT trading volume surged.
- U.S. Bitcoin and Ethereum ETFs drop to new lows after a bearish week. Bitcoin ETF's saw \$211 million in outflows.
- Coinbase must face a shareholder lawsuit over SEC risks.
- Binance's head of financial compliance has been detained in a Nigerian prison since February in a dispute with the Nigerian government, a decision on his bail will be made next month.

Technicals & Macro

BTCUSD

We saw equities play catch up to crypto last week, with the S&P and Nasdaq taking 3.5% and 5.5% knocks. We mentioned that technically for BTCUSD, 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. We got down to 52,550 before trading back into the range to where we are now at 55,000. Our Head of Sales managed to get long at 53,000, which I'm sure we'll hear about for the rest of the week, or month (ha!).

I said it the last time we were at these levels - given the institutional adoption curve we are seeing at the moment (stablecoin market cap at \$162B!?!), the upcoming US election and the macroeconomic environment, it's tough to see BTCUSD trade below the 50's for any long period of time.

We've spoken at length about institutional adoption and recently on the US election. The shifting macro environment, however, is key to this week's moves. Last week's US jobs data was weak - and it has left traders at odds about what the Fed will do at the September FOMC. The futures market bounced around between a 25% probability of a 50 bps cut to a 35% chance, and back again. It's looking more and more like a 25 bps cut on market pricing, but we are cautious on this. The weak job numbers could spur a signal from the Fed that they are indeed serious - and it wouldn't be the first time the use of a surprise meeting outcome was used to cement the Fed's stance.

Key to market pricing this week will be the US CPI and PPI figures. If these are elevated - we could begin to see the media jump on the stagflation narrative, which will frankly totally confuse markets. If these inflation numbers come in under expectation however - it could cement the 50 bps cut.

Risk assets could be all over the place this week, be warned!

BTCUSD is technically trading so well at the moment. We expect lower, or on expectation CPI and PPI numbers, to see BTCUSD trade back into the high 50's, and potentially 60's. Elevated numbers could see risk assets dump, and in the short-term, BTCUSD. Medium to long-term, we still believe the market will position to capture the scarcity premium in Bitcoin. The challenge with this thesis is time (how long?) and leverage (will you get wiped in the short term?)

The lesson? Hodl as the degens would say.



Source: TradingView

Key levels

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

ETHUSD

We saw the ETHUSD move almost hit last week's target of 2,100. Despite ETHBTC sitting at multi-year lows, we are still short-biased given the environment for BTC. Interestingly if you take into account ETH's staking rewards, you get a better risk adjusted picture, but it still doesn't compete on

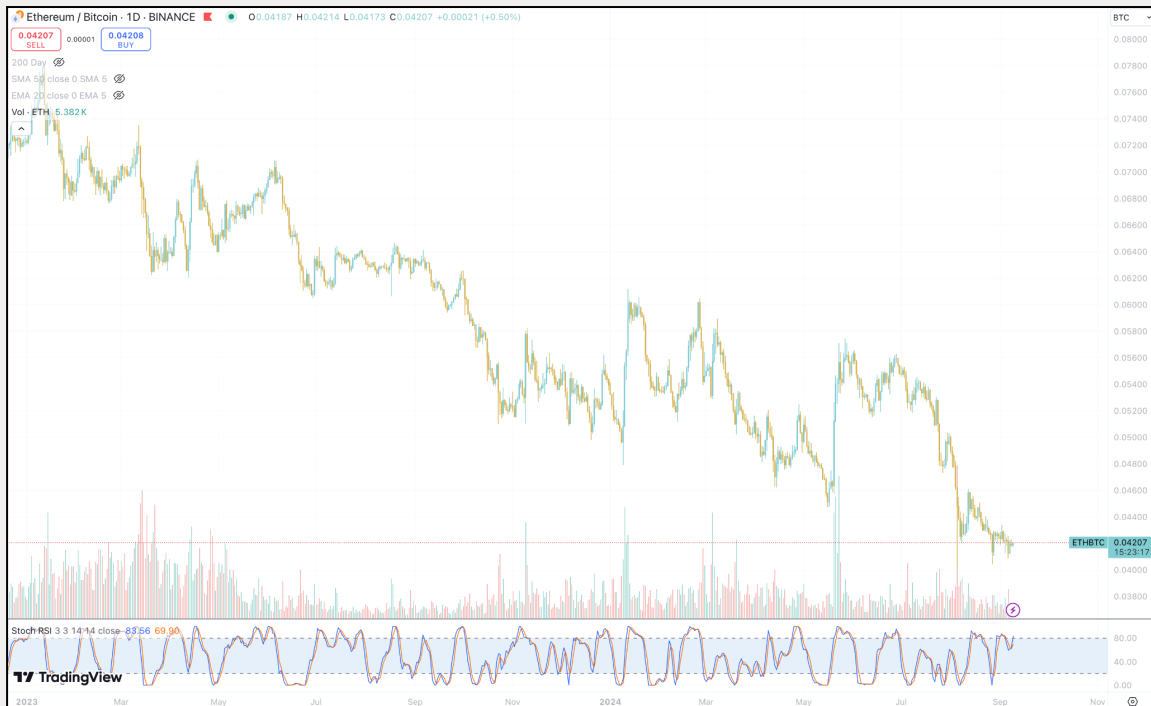
the bigger overall structure against BTC's scarcity value heading into the end of the year.



Source: TradingView

Key levels

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



Source: TradingView

Spot Desk

AUD retreated as the USD dollar rallied last week on the release of the U' employment figures. This buoyed demand for AUD offramping.

Flows were balanced on the majors, with a buy skew towards SOL. Alts were lightly offered throughout the week.

Seems like the crowd is increasingly skewed towards quality, as altcoins in general have not been able to manage a decent bounce in recent weeks.

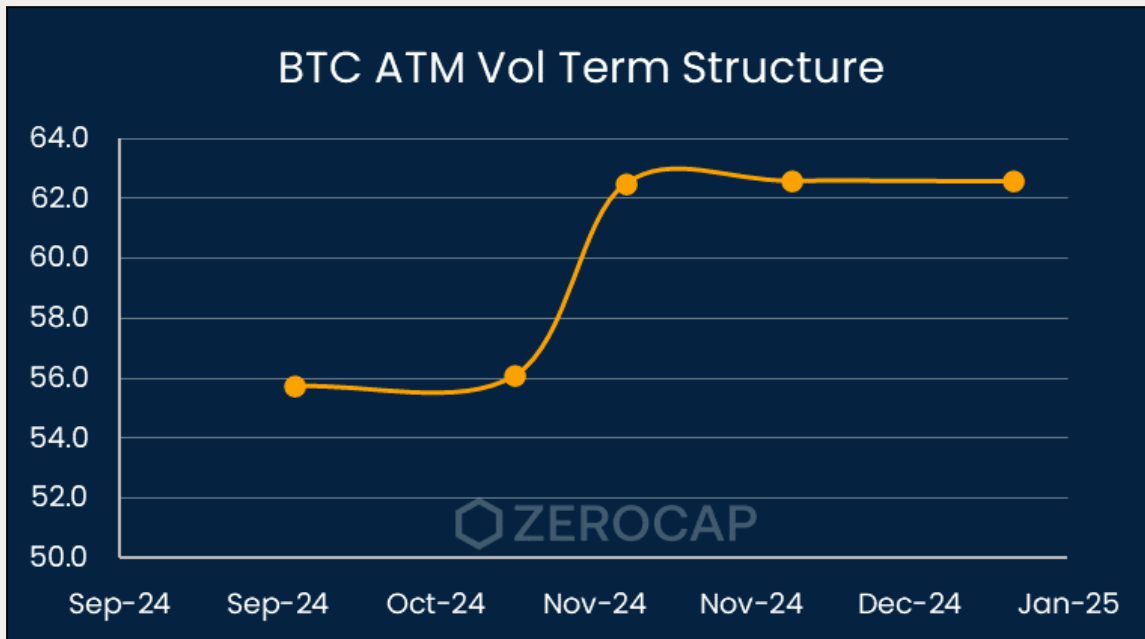
Looking ahead, the mid-week CPI release will be a big catalyst for volume as the Fed prepares to make its first rate cut decision.

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

As the US election draws closer options markets are pricing in significant volatility over the first week of November, as can be seen in the kink of Implied Volatility (IV) between October and November expiries.



With the prospect of a Trump win, bullish for crypto, investors could take advantage of the election premium via discount notes. Discount Notes allow investors to take advantage of higher than usual upside option premiums by providing two predefined outcomes at expiry: if BTC is below the cap price then the investor gets to buy BTC Spot at a discount, and if it is above the cap price the investor receives a fixed USD return.

See the below table for current indicative payouts and hit up the derivs desk for live pricing.

Coin	Expiry	Discount	Cap	Max Return	Max Return (APY)
BTC	27/11/2024	7.50%	110%	19%	123%
BTC	27/11/2024	5.00%	120%	26%	194%

What to Watch

- Chinese CPI and PPI data, on Monday.
- UK unemployment change rate and average earnings index, on Tuesday.
- Bank of Canada Governor Tiff Macklem is due to speak at the Canada / UK Chamber of Commerce in London, on Tuesday.
- US CPI data, on Wednesday.
- US PPI and unemployment rate, 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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