

# Weekly Crypto Market Wrap

14th October 2024



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

## Week in Review

- China's highly-anticipated [fiscal stimulus](#) announcement fell short of expectations, deterring capital flows into Chinese equities.
- The Hong Kong Securities and Futures Commission (SFC) plans to approve more [cryptocurrency licences](#) in Hong Kong by the end of the year.
- The FBI creates a [crypto token](#) to catch market manipulators, charging 18 individuals firms in first-ever prosecution for crypto market manipulation.
- World Liberty Financial, the nascent decentralised finance (DeFi) protocol supported by [Donald Trump](#) announced plans to start selling tokens on Tuesday
- Microstrategy plans to turn the company into a [Bitcoin bank](#), now holding over US \$15B in BTC reserves.
- MicroStrategy's net asset value premium hit [2.5 times](#) its bitcoin holdings, which is the highest since February 2021.
- The SEC charges Cumberland DRW for acting as [unregistered dealer](#) in crypto markets

# Technicals & Macro

## BTCUSD



Source: TradingView

### Key levels

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

We've seen a textbook break of trendline resistance, and the bounce this week from trendline support. Despite the US rate cutting cycle moderating and now pricing in a 25bp cut, with a 13% chance of no cut, equities, crypto and risk are on a bit of a tear. The VIX volatility index (fear gauge) is above 20, which is showing that broader markets are a little heightened to upcoming risk factors - namely increasing chances of the middle east tensions growing, the China stimulus program wobble, and perhaps a touch sceptical to a market that is a little over-exuberant in the current context.

Bitcoin has some notable catalysts. Michael Saylor has announced that Microstrategy (MSTR) will pursue being a "Bitcoin bank", offering the ability to leverage BTC into other securities. This is big news - and they have an edge: a Bitcoin inventory that is topping USD \$15B. Microstrategy is trading at 2.5x the value of its crypto holdings, which is punchy - but the vision and clever capital

structure has created some real value to shareholders. The upcoming election is also a critical event, and the polls have swung from Trump to Harris, and now look to be a deadlocked draw. The upside convexity on a Trump win is worth being long, and we are seeing market participants building positions in the lead up. In the absence of an escalating crisis, we see BTCUSD at 70,000 in the coming weeks, continuing off current downside support, with equities breaking further highs.

## ETHUSD



Source: TradingView

### Key levels

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

ETH has found its base and rallying alongside other risk assets, and is overtaking BTC's return on a 7-day and 1-day basis, which is seeing a little respite in the short ETHBTC proxy trade. We still see BTC as outgunning ETH on a relative basis longer-term given BTC structural factors outlined above.

### DXY rebound continues



Source: TradingView

DXY bouncing off the critical 100 level and firing back into the range. Despite this, equities and crypto are still moving higher - suggesting other FX currencies weakening against USD and risk. Keep an eye on the middle-east as this crisis could see USD breaking above the descending trendline and gold building on its momentum.

Jon de Wet, CIO

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## Spot Desk

The Australian dollar continued to decline for the second consecutive week against the US dollar, driven by a strong US payroll report and geopolitical tensions that increased demand for USD. Additionally, the much-anticipated fiscal stimulus from China fell short of expectations, disappointing participants and contributing to the sell-off.

The desk was heavily skewed towards off-ramping, as clients saw value in bidding on AUD during the sell-off. Major cryptocurrencies—Bitcoin, Ether, and Solana—continue to be bid up by clients, following last week's trend, as market sentiment remains positive. Altcoin activity is ramping up in anticipation of a potential Bitcoin breakout from its 7-month range leading up to the US election. We saw clients bidding on Layer 1s such as SUI, FTM, and STX. The desk also noticed some clients rebalancing their altcoin portfolios from majors like BTC and ETH into smaller caps, including HNT, JTO, EIGEN, GEOD, and SAFE.

The spot desk is well-positioned to offer attractive rates for major currencies, altcoins, and stablecoin pairs against major fiat currencies, with T+0 settlement available.

Oliver Davis, Trading Analyst

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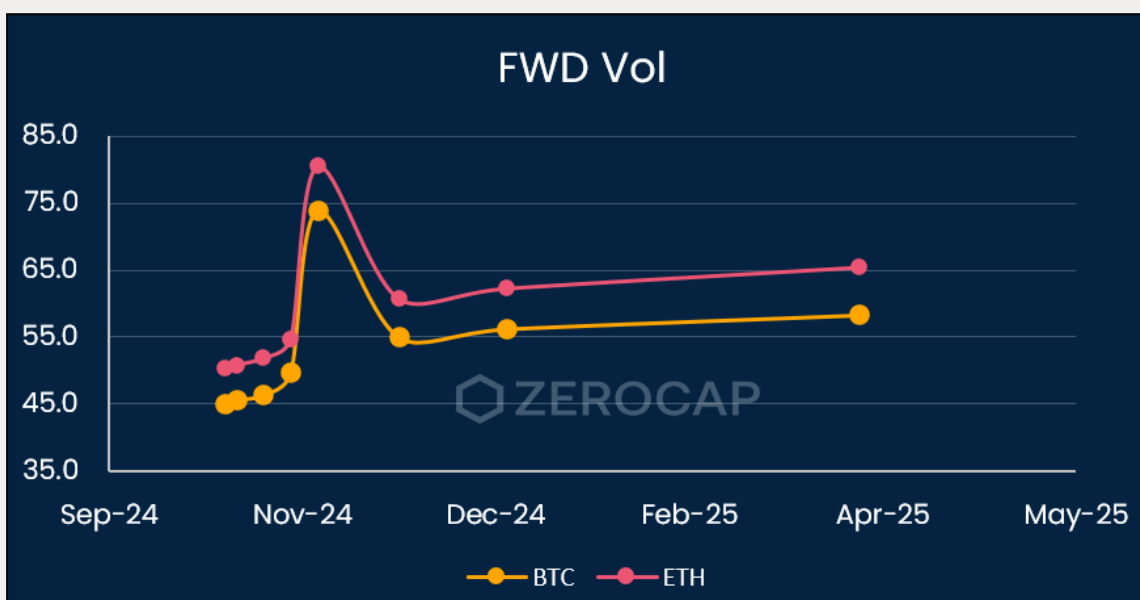
## Derivatives Desk

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Basis rates on BTC and ETH continue to edge higher again (both up 70 bps from last week):

- BTC's 90-day annualised basis rate is up to 9.4%.
- ETH's is up at 7.7%.

Forward Vol priced into the election has moved higher than last week. Comparing to last week's chart, the FWD Vol into the Nov 8 expiry is up roughly 5 vol points on both BTC and ETH:



We have been writing about calendar spreads as an election trade idea for a couple weeks now by “selling the event” through trading volatility.

We still think a calendar spread involving short options around the election could be a play if one wants to cheapen up any bullish bets on price action towards the end of the year. Now might be an attractive time to put this trade on considering the FWD vol has moved higher over the week.

## What to Watch

- UK Claimant Count data on Tuesday. Forecast of claimant counts could signal weakening labour market conditions, influencing the strength of the British pound.
- Canadian CPI data on Tuesday. Forecast suggests inflation is relatively controlled, with moderate price changes over the year and a slight month-on-month decline.
- UK CPI data on Wednesday.
- Australia Employment Change and Unemployment Rate figures released on Thursday.
- European Central Bank to issue Monetary Policy Statement and Main Refinancing rate, and hold an ECB Press Conference on Thursday.
- US Retail Sales Data on Thursday.
- UK Retail Sales Data 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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