

Weekly Crypto Market Wrap

28th October 2024



ZEROCAP.COM

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Week in Review

- The [total holdings](#) of retail investors have increased by 18K BTC since its previous local bottom on July 3, bringing the total to 1.753 million Bitcoin.
- BTC ETF [net inflows](#) for the week amounted to \$997.7 million, marking the 3rd consecutive week of positive flows, signalling robust institutional demand.
- The way BTC [options](#) trading on Deribit are currently priced suggests a 9.58% chance of prices rising above \$100,000 by Dec. 27.
- Microsoft urges shareholders to vote against a [proposal](#) to assess Bitcoin as a diversification investment.
- A [criminal investigation](#) is looking into whether Tether is being used by third parties for illicit activities such as terrorism and hacking
- Denmark's [tax authority](#) has recommended a "mark-to-market" taxation on crypto assets as part of its upcoming legislative proposal.
- Cryptocurrency exchange Coinbase has launched a new tool called "[Based Agent](#)," claiming it allows crypto users to set up their own artificial intelligence agent with a crypto wallet in under three minutes.

Technicals & Macro

BTCUSD



Source: TradingView

Key levels

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

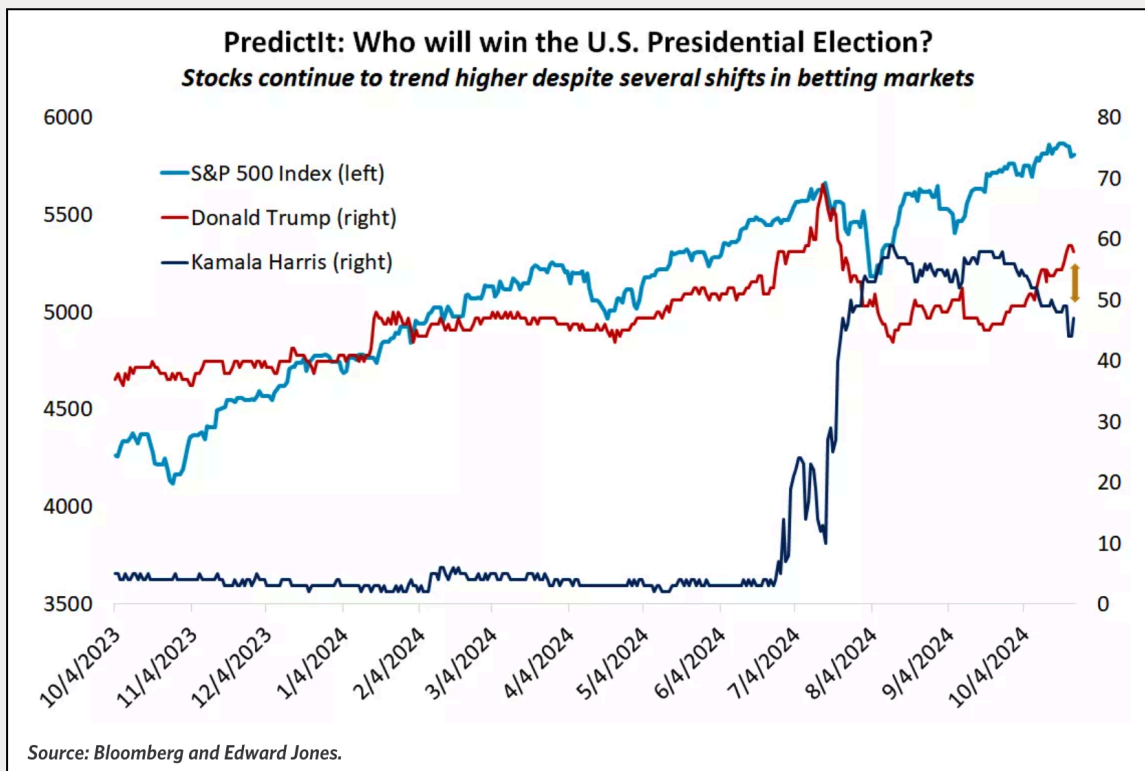
With geopolitical pressure heating up, markets and the world had a wild week. Israel struck Iran as a show of force, but importantly, struck in a way that has left some room for negotiation. Israel targeted military sites across various regions, in retaliation for Iranian attacks, which included a barrage of ~200 ballistic missiles fired towards Israel on Oct 1. The VIX volatility index (fear gauge) is back above 20, but still fairly contained given the geopolitical upheaval in the middle-east.

BTCUSD began dumping on Wednesday as bond yields rose on interest rate expectations, and rumours began circulating that Israel was getting ready to fire, but rebounded quickly forming pinbars off the descending trendline from June. The USDT Tether probe by the DOJ also did not help, but what is most telling about BTCUSD's structure right now is the velocity at which it is being bid on down moves. There are clearly real money buyers waiting in the

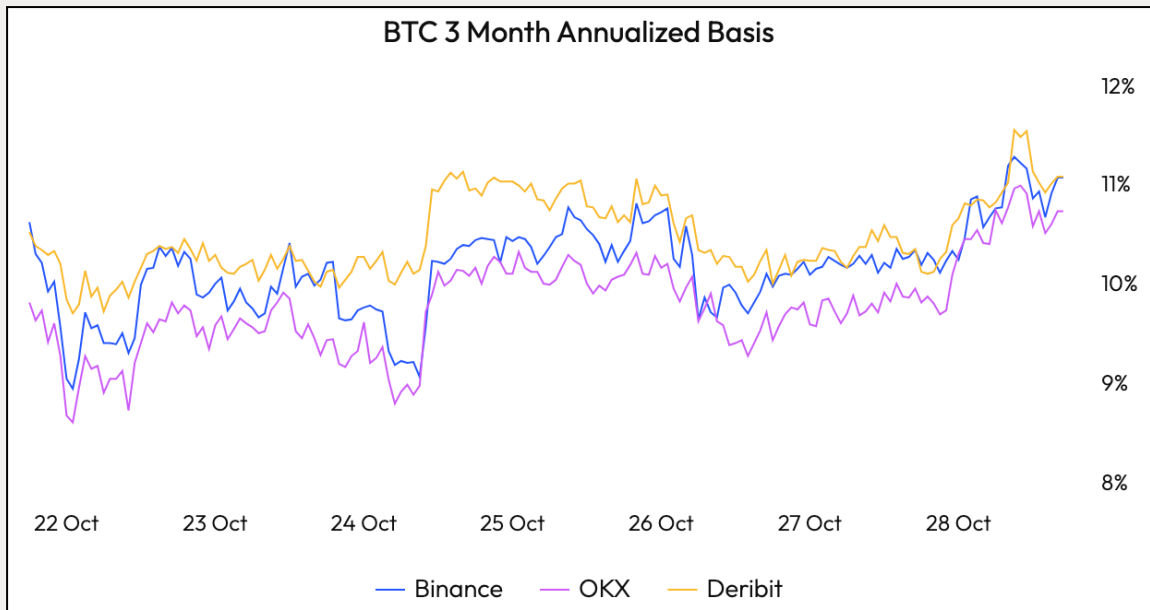
sidelines, and we are still watching the 70K and 72K zone channel as being a precursor for momentum buyers to take us above all-time highs.

The US election could be the powder keg that lights the next move. At this stage it is neck and neck, and both represent very different worlds. One of more striking numbers is that of forecasted debt in the US - under a Harris administration, It's expected to grow debt by \$3.5T, whilst under Trump, \$7.5T. This substantially shifts the bond yield dynamic - and under a Trump presidency, pours some gas on the long energy, banks, bitcoin trade.

Stocks driving higher despite shifting betting odds on US election, however a Trump win looks to be the driving factor



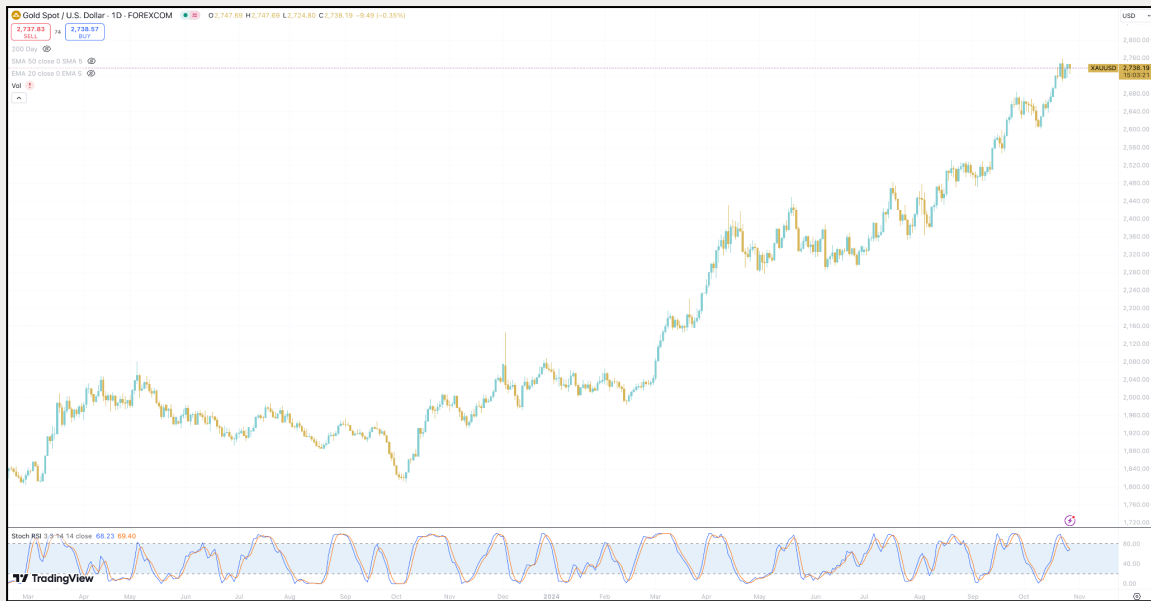
Basis looking stronger week on week



Source: VeloData

The futures basis curve continues to float higher, indicative of growing bullish sentiment and leverage.

Gold still unstoppable



Gold holding a tight range looking for the next move. There's a triple whammy here - rising geopolitical risk, repricing of bond yields and a general push to scarcity. We think Gold goes higher, and with it, the relative value trade with BTC - sitting at about a 13x gap right now.

ETHUSD



Source: TradingView

Key levels

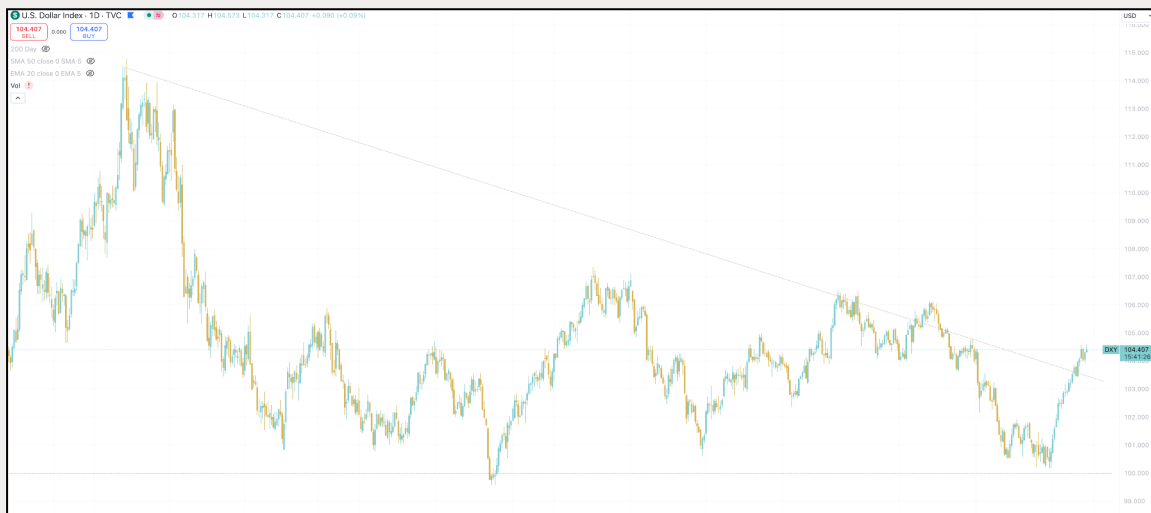
2,100 / 2,800 / 3,600 / 4,000

ETH had found its base, but has broken down against BTC, validating the ETHBTC proxy short.

ETHBTC breaking down on risk shifts



DXY rebound continuing on shifting yields and geo risk



Source: TradingView

Downside risks are still centred around wild stuff prior to the election, such as assassination attempts, or the crisis in the middle-east growing and spilling further into US political dialogue. The USD trade is a fairly safe haven on this, and we expect more strength until after the US election.

Jon de Wet, CIO

Spot Desk

The Australian dollar continued to decline for the fourth consecutive week against USD, driven by strong USD demand amongst geopolitical tensions, marking a 4.8% drop from local highs. Further, the Australian monthly CPI indicator on Wednesday is forecasted to drop from 2.7% to 2.4%. Market participants will also be on the lookout for any surprises surrounding the US non farm payrolls and unemployment rate on Friday 11:30pm AEDT.

As AUD continued to slide against USD, 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 persist 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 broader crypto market rally leading up to the US election as Trump takes a commanding lead (66%) on PolyMarkets. We saw clients bidding on Layer 1s such as SUI, FTM, and STX. Additionally we saw an increased demand for smaller caps, which seems to be building each week among positive market sentiment. Notable alts clients were buying were RON, GOG, FET, IMX, CELO, AR and TAO.

The desk announced our support for a variety of memecoin assets for both custody and OTC trading, and as such we saw clients coming through for quotes on SHIB, GOAT and DOGE. Feel free to hit us up with any queries surrounding this!

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

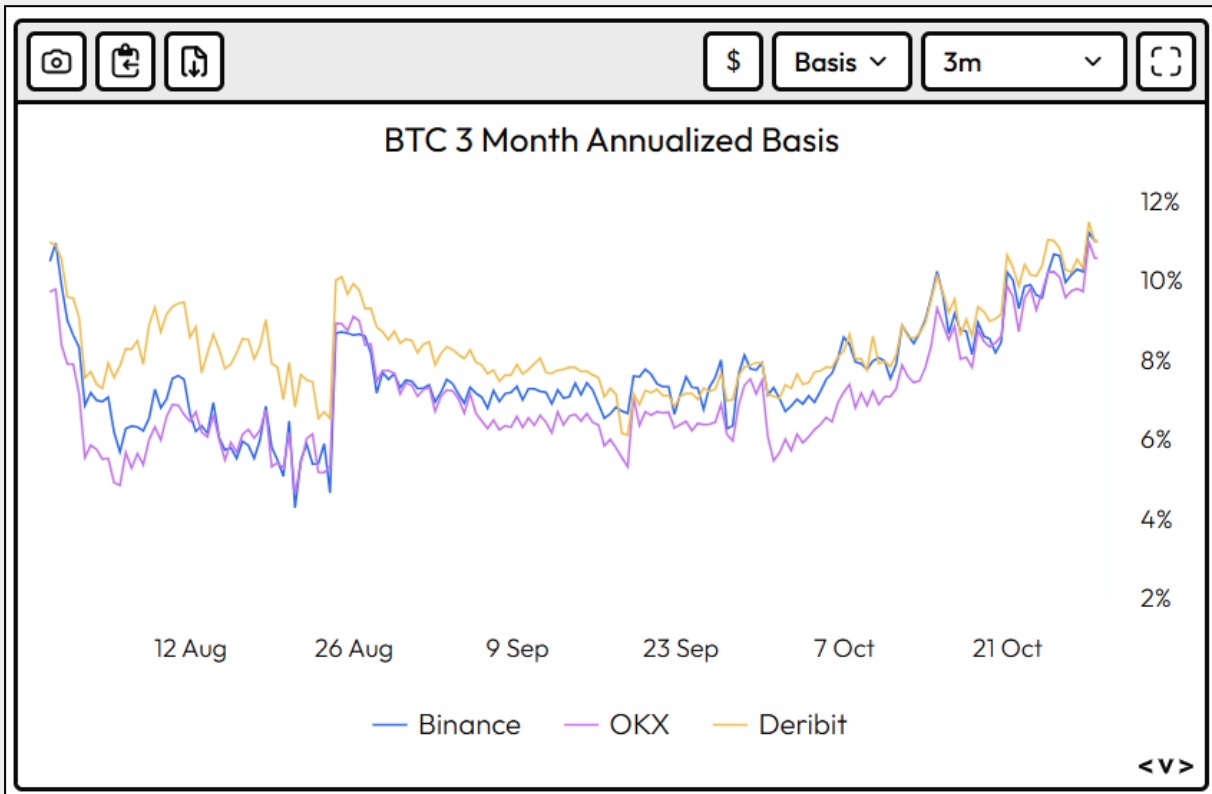
Oliver Davis, Trading Analyst

Derivatives Desk

WHOLESALE INVESTORS ONLY

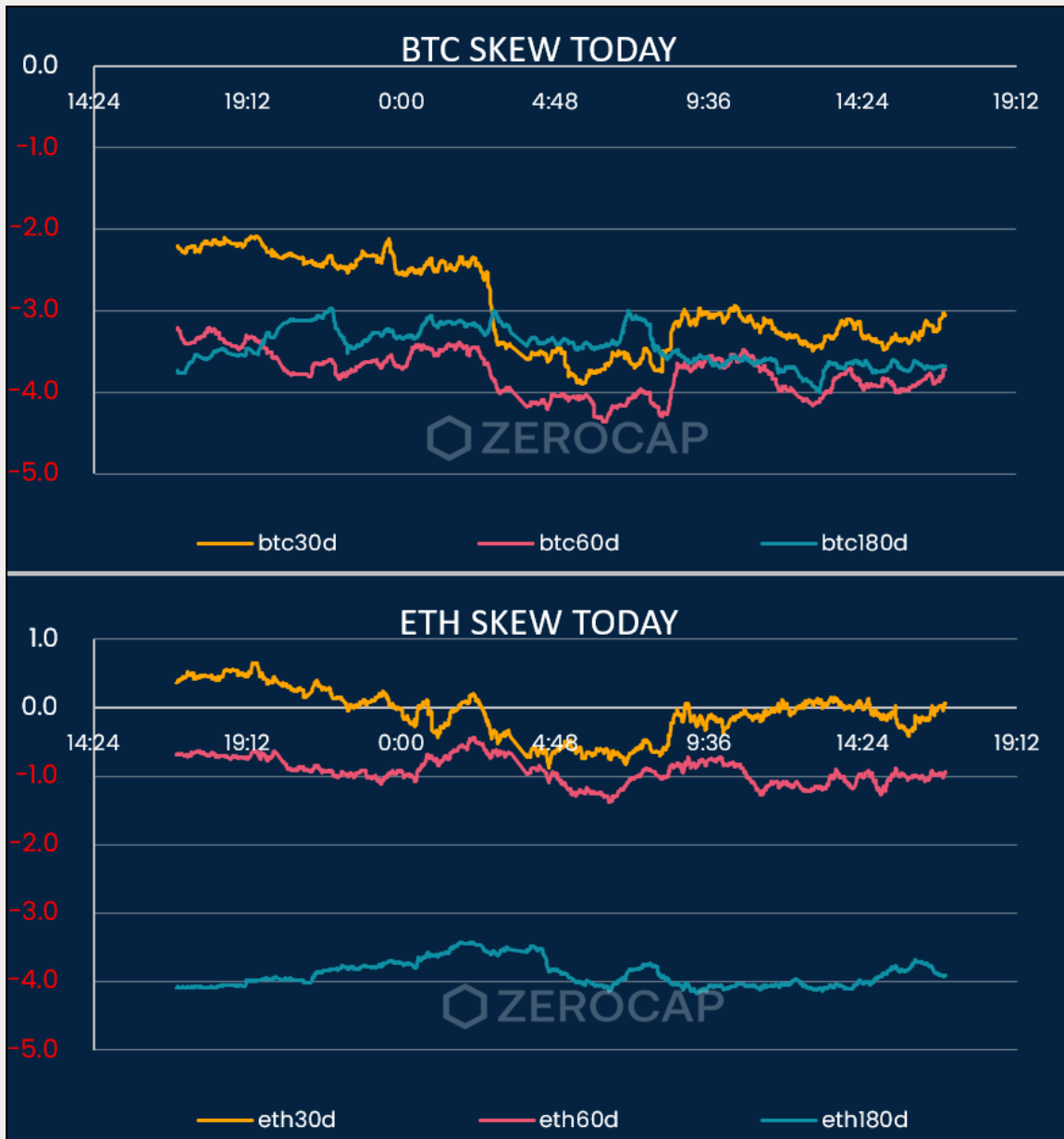
Basis rates on BTC and ETH continue to edge higher:

- BTC's 90-day annualised basis rate is up 30 bps to (11.1%).
- ETH's is up 80 bps (9.7%).



Source: Velo Data

In the short term, BTC options exhibit a skew towards calls by 3-4 vol points, indicating a market preference for BTC upside volatility. Conversely, the short-term skew in ETH options remains more neutral, reflecting less emphasis on ETH's directional volatility in the lead up to the election.



Trade ideas for the election next week:

- **Trump Victory:** Investors anticipating a Trump win might consider call spreads expiring later in the year - as it is widely accepted that a Trump victory could lead to further upside volatility in crypto markets.
- **Harris Victory:** Betting markets appear to be overpricing a Harris victory compared to the polls, with Polymarket assigning only a 34% chance of her winning. This could present a trading opportunity for those who see value in that discrepancy.

- **Uncertainty About the Outcome:** Those uncertain about the result might consider delta-neutral structures. For example, the basis trade is currently elevated, offering returns of around 11% p.a. on 90-day contracts.

Berkeley Cox, Derivatives Analyst

What to Watch

- This week, the [United States](#) will release:
- the preliminary value of the Q3 real GDP annualised quarterly rate;
- the preliminary value of the Q3 core PCE price index annualised quarterly rate, the September core PCE price index annual rate;
- and the most important data - the October unemployment rate and October seasonally adjusted nonfarm employment population.

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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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