

# Weekly Crypto Market Wrap

4 November 2024



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Zerocap Pty Ltd ABN: 99 164 874 597

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

## Week in Review

- Democrat nominee Kamala Harris has [eaten away](#) at Republican rival Donald Trump's lead on Polymarket, however the betting site still gives a significant premium to Trump's odds of winning compared to polls.
  - An options-based measure of expected price swings in bitcoin (BTC) has hit a [three-month high](#) amid indications from betting markets of a tightly contested U.S. presidential race in crucial swing states.
  - Last week, from October 28 to November 1, [Bitcoin spot ETF](#)'s had a net inflow of \$2.22 billion, the third largest weekly net inflow in history. BlackRock ETF IBIT had a weekly net inflow of \$2.15 billion.
  - Two weeks ago Stripe [acquired](#) Bridge, a stablecoin-focused payments platform, for an impressive \$1.1 billion. Building on this momentum, Bridge itself acquired Triangle earlier this week — a web3 wallet-as-a-service platform.
  - Investment bank UBS has [launched](#) its first tokenized investment fund, a money market fund on the Ethereum blockchain, joining BlackRock and Franklin Templeton in exploring tokenization of real world assets.
  - Daily bitcoin (BTC) mining revenue and gross profit [dropped in October](#) for a fourth straight month, JPMorgan (JPM) said in a research report Friday.
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# Technicals & Macro

## BTCUSD



Source: TradingView

### Key levels

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

We got mighty close to all-time highs last week, shy by a few hundred bucks. The 70 to 72K zone did provide a quick sweep through as we thought, but didn't manage to break through the sell-wall above highs.

We are now one day away from the US election, and it is close to a coinflip. This has been an election campaign steeped in social media to capture the silent voters, and those that normally wouldn't turn up to elections. Trump has been vying for the 'bro' vote, who as a cohort tend to vote less, but favourable toward Republicans. Harris has been gunning for the youth vote through connections to young musicians and influencers. Ultimately the voters in just seven swing states could decide who becomes the next US President. On November 3rd, the aggregated betting odds moved from Trump holding a slight lead, to Trump taking a convincing win in the race. The

proprietary polls models (FiveThirtyEight, The Hill, Economist/Columbia) were less definitive - but were still supporting a Trump win.

How about the financial markets? The Nasdaq, S&P and crypto took some heat on the back of disappointing earnings figures with the “Magnificent Seven” tech group shedding nearly \$500 billion in market cap. Despite this - if the early polling moves towards a clearer Trump win, the long energy, banks bitcoin trade would likely see some love and potentially buoy broader markets. If Harris manages to come through, we still believe we see a rally in stocks - simply because it provides certainty in the face of uncertainty, as markets crave certainty. Further to this the Harris administration is expected to grow debt by \$3.5T, which is a boost for liquidity. Notably, under Trump the number is north of \$7.5T

The caveat to a dual rally scenario is that if Trump calls a ‘stolen election’ or vote rigging, and does not concede - this would increase volatility and potentially blast the risk-on mood.

For crypto, in a Trump scenario, we see BTC breaking highs over the following weeks. Harris, a reversion into the range, with some buoyancy from broader risk markets.

Broader market downside risks are centred around further escalation in the Israel / Iran conflict. We are not out of the woods, and Iran is threatening ‘more powerful’ weaponry in the fight. The VIX is still historically less elevated given this impending risk, and the crisis does have the potential to escalate, and fast.

## Gold continues to soar, with some recent reversion on USD strength



The triple whammy continues - rising geopolitical risk, repricing of bond yields and a general push to scarcity. We still think Gold goes higher, and with it, the relative value trade with BTC - sitting at about a 13x gap right now.

## ETHBTC continuing to break down on BTC dominance



Watch your leverage over this period, it's going to be volatile this week!

Jon de Wet, CIO

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## Spot Desk

The Australian dollar continued its decline for the fifth consecutive week, slipping another 1.3% against USD, as persistent geopolitical tensions and demand for safe-haven currencies keep the USD strong. The Australian quarterly CPI indicator came in slightly below forecast at 2.1%, down from 2.7% the previous month, which provided limited support in halting the AUD's slide. In the US, Friday's non-farm payrolls fell below expectations and registered the worst headline reading since 2020, causing brief volatility in USD. However, the greenback ultimately remained resilient.

The desk observed a heavy skew towards off-ramping, as AUD continued to fall against USD. Major cryptocurrencies – Bitcoin, Ether, and Solana – remained in demand, with clients continuing to show confidence in the broader crypto market.

Altcoin interest surged, with notable client activity in SAND, JUP and AAVE as clients positioned themselves for a potential market rally. With the US election fast approaching on Wednesday, November 6 (AEDT), and betting markets fluctuating, speculative buying in alts has increased.

Memecoins continued to see a strong demand, as clients sought quotes on DOGE, PEPE, WIF and MOCHI, exploring diverse trading strategies. The desk's support for memecoin custody and OTC trading remains a key offering - please reach out for any specific inquiries.

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

Reshad Nahimzada, Trading Analyst

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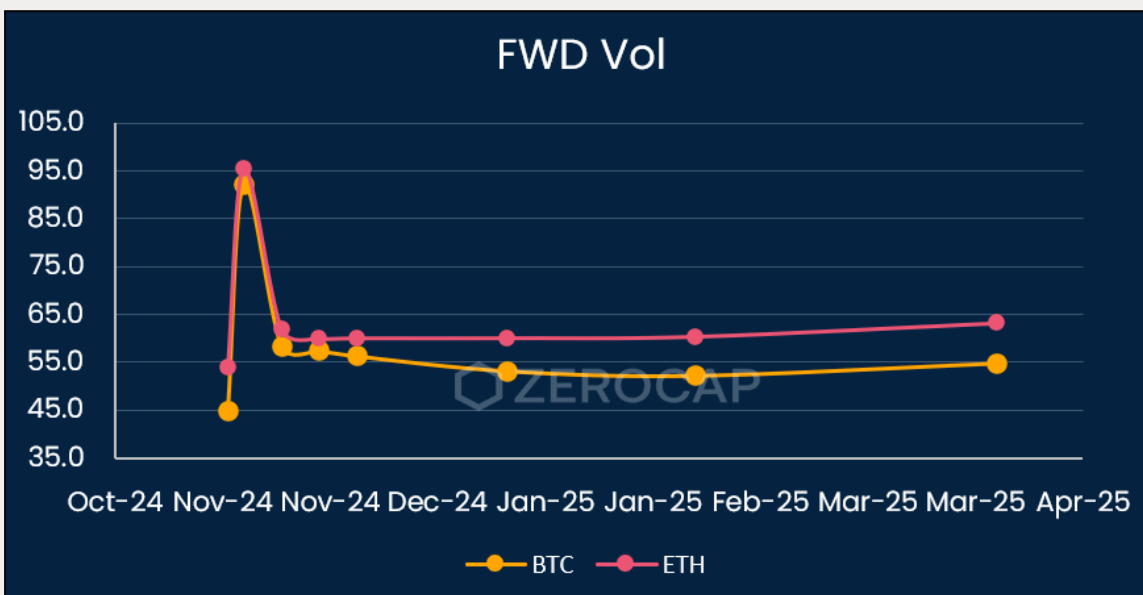
## Derivatives Desk

WHOLESALE INVESTORS ONLY

Basis rates on BTC and ETH retrace slightly:

- BTC's 90-day annualised basis rate is down 60 bps (10.5%).
- ETH's is also down 60 bps (9.1%).

Over the weekend Forward Vol baked into the Nov 8 options contracts has spiked to its highest point during the lead up to the election:



Trade ideas:

### **Election Bull - 100k Binary Call Option**

For investors anticipating a sustained bull market following the U.S. election and into the end of the year, a straightforward binary call option presents an appealing risk-reward profile. Purchase a binary call option for BTC at \$100, set to expire on December 27, for an upfront cost of just 9.5% (with BTC currently priced at \$72,500).

- Cost: \$9.50 upfront for a potential \$100 payout.



- Payout: If BTC is equal to or greater than \$100,000 on December 27, you will receive \$100; if BTC is below \$100,000, you will receive nothing.
- Max Loss: Limited to the initial premium of \$9.50.
- Max Return: 10.5 times your investment if BTC is at least \$100,000 at expiration.

### **Election Bear - Protective Collar**

With the markets being in "risk on" mode coming into the election, some traders have started to question if this will be a "sell the news" event. If you hold BTC directly and are interested in managing potential downside risk whilst keeping some upside exposure, you could consider a protective collar strategy - such as an 80/120 or 90/110 zero-cost collar.

Berkeley Cox, Derivatives Analyst

## What to Watch

- **US PRESIDENTIAL ELECTION (TUE):** On Tuesday, November 5th, Americans will go to the polls to vote in the Presidential Election with the winner taking office in January 2025 for a four-year term.
- **RBA POLICY ANNOUNCEMENT (TUE):** The RBA is expected to keep the Cash Rate unchanged at 4.35% in its meeting next week with money markets pricing a 96% probability for the RBA to remain on hold and just a 4% chance for a 25 bps cut.
- **ISM SERVICES PMI (TUE):** Analysts expect the October ISM services PMI will ease to 53.3 from 54.9 in September.
- **FOMC POLICY ANNOUNCEMENT (THU):** The FOMC's policy announcement will be on Thursday, November 7th, rather than the usual Wednesday update, given the Presidential elections on November 5th.
- **BOE POLICY ANNOUNCEMENT (THU):** Expectations are unanimous that the BoE will cut its Base Rate by 25bps to 4.75%.
- **CANADIAN LABOUR MARKET REPORT (FRI):** The BoC's October statement noted that the labour market remains soft.

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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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