# Weekly Crypto Market Wrap

3 February 2025

ZEROCAP

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

## Week in Review

- Tether integrates USDt into Bitcoin and Lightning Network via Taproot Assets, enhancing scalability and security.
- Grayscale files for an $XRP ETF with the New York Stock Exchange.
- El Salvador rushes to amend Bitcoin law to comply with the IMF deal.
- Illinois introduces Bitcoin Reserve Bill, joining other states.
- Coinbase secures regulatory approval to expand services into Argentina.
- Bitwise files for spot Dogecoin $DOGE ETF.
- Metaplanet plans to buy 21,000 Bitcoin by 2026, raising $745 million.
- Crypto.com will delist USDT and nine other assets in the EU by January to comply with MiCA regulations.
- Trump Media launches a new fintech platform, Truth.Fi, focusing on cryptocurrencies and ETFs.
- India may change crypto policy and impose a 70% tax penalty on undisclosed gains.

# Technicals & Macro

## BTCUSD

Source: TradingView

### Key levels

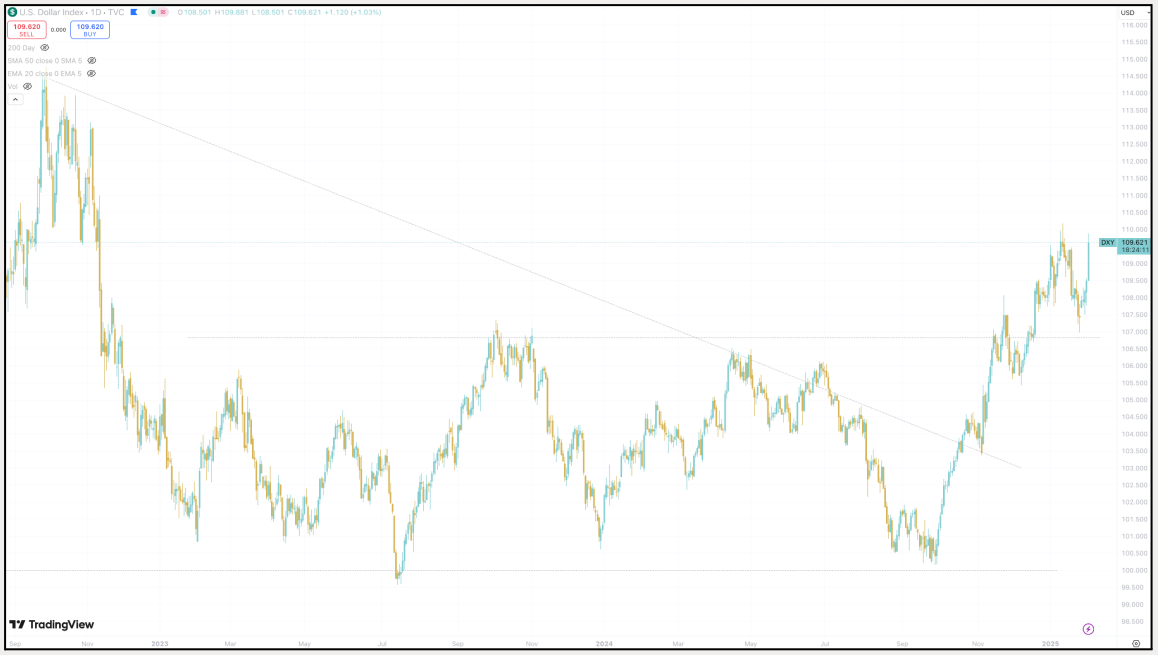
66,000 / 72,000 / 92,000 / ~110,000 (just north of the all-time high)

Whoooooaaaa! Big moves across markets as I write - BTCUSD down 6% and recovering, SOLUSD down 14% and recovering, with poor ETHUSD down 24%, and recovering, but still down compared to its peers.

We mentioned keeping an eye on volatility around Trump's first 100-days, and the first few weeks are already bringing the fireworks to markets. The spark today has been an escalation in the trade wars - with Trump enacting tariffs on Canada, Mexico and China. This is fueling a rally in the US dollar, with markets betting that tariffs will inflame inflationary pressures and keep rates elevated. Notably, the market bet is that this will hurt foreign economies more than the US, creating a dynamic long-dollar trade. US economic strength,

USD safe haven, USD strength on a slower rate cutting cycle - not a bad trade, for now. This could be the excuse to take the greenback to its strength a few years back.

### Dollar index heading skyward

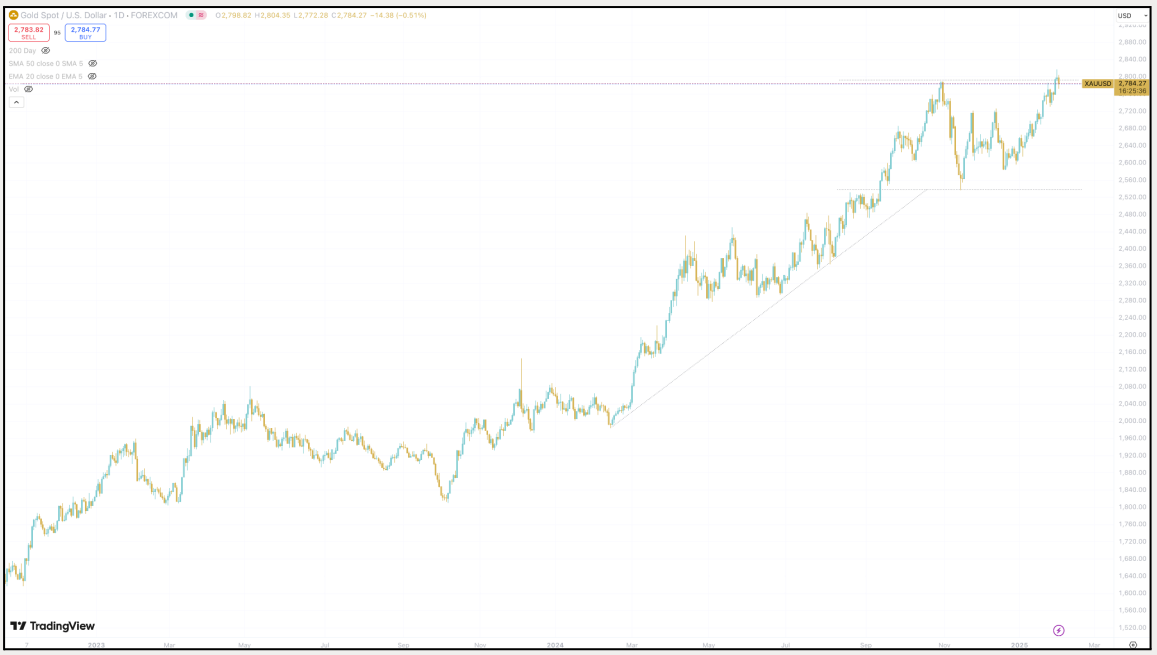



There is a risk with Trump in the short to medium-term though. The President elect has moved on tariffs (increasing credibility), but there has been jawboning elsewhere that is near impossible, for example Trump talking about moving the entire population of Gaza to Egypt and Jordan. The more we see off the cuff remarks that are unrealistic, the more the market will discount the edge cases that he may actually implement. All of this leads to great uncertainty; read: **volatility.**

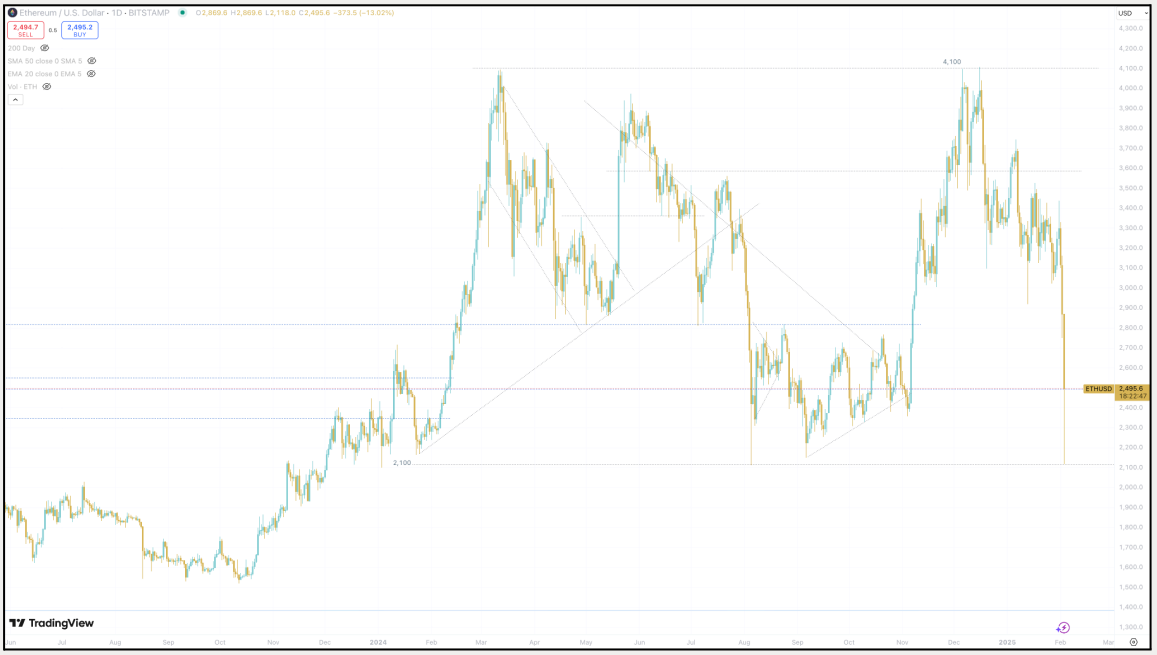
Source: X (Twitter)

Right now we are seeing sell madly during Asia, and ask questions later. Gold is rallying on safe haven/scarcity bidding, but given bitcoin's run, the relative value trade in market capitalisation is still a rational bet if you believe that BTC will take on more of the properties of gold over time. With real money corporate, sovereign and mutual fund buyers - the hedge narrative is increasing, and the media's portrayal of BTC's likeness to gold is getting stronger. A leveraged version of gold? Either way - dynamics are very important as the institutional crypto adoption increases.

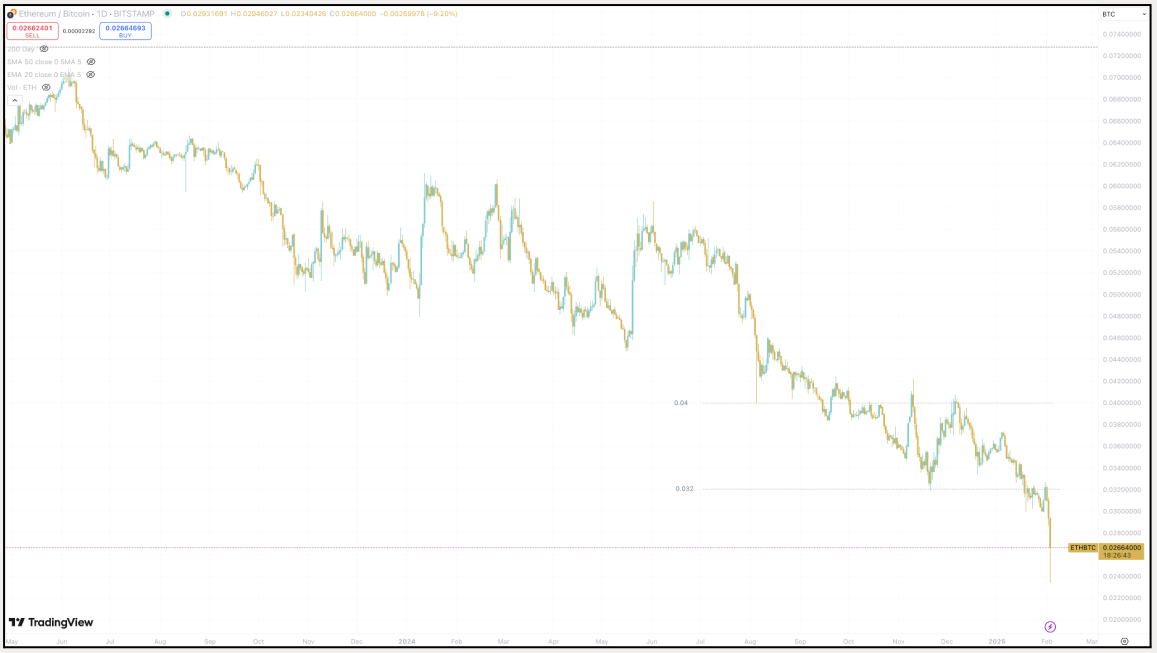
## Gold poking above highs




## ETHSUSD



## ETHBTC




Ethereum is not so lucky - an unbelievable move today, down over 24% at its daily lows. There would've been some leverage built up prior to this, and ratio trades against BTC, but we did not expect this kind of move.

The next few days will be telling - keep an eye out for shifting FOMC expectations. Are these tariffs *that* inflationary? Or do we find a middle ground?

Safe trading out there!

Jon de Wet, CIO

## Spot Desk

This week we saw blockbuster new foreign economic policy, key annual inflation prints (CPI) and Federal Reserve rate decisions headline another eventful period for global markets, whilst a new competitor in the AI arms race out of China, DeepSeek-R1, shook the case for US tech exceptionalism that has helped keep US equity markets soaring in recent months - with Nvidia (NVDA) notably opening the week down 17% amidst a steep broader selloff.

The Australian Dollar (AUD) continued to exhibit the weakness that headlined the closing months of last year's trading, opening the week at 0.6292 and closing at 0.6223 against the US Dollar (USD) before gapping down to start this new week at 0.61575. This marked its lowest weekly open since 2020 - as traders internalised weekend turbulence of new sitting President Donald Trump following through with sweeping new tariffs on all imports from Mexico, Canada and China - sparking trade war, inflation and global supply chain disruption concerns. The Federal Reserve held rates steady at 4.25% – 4.50% in line with expectations, while speculation over a Reserve Bank of Australia (RBA) rate cut grew amid cooling Australian inflation.

Bitcoin (BTC) and Ethereum (ETH) experienced continued mixed sentiment, with some buyers taking advantage of choppy rangebound markets to accumulate in anticipation of regulatory headwinds of a new pro-crypto regime in the US pushing markets to new highs whilst more conservative players reduced exposure and derisked into an unpredictable macroeconomic landscape - leading to relatively balanced flows across the week.

In altcoins, we continued to observe heightened interest in Solana (SOL) and its ecosystem - with AI agent tokens (such as AI16Z) and infrastructure coins (RAY, JUP) experiencing increased flows as traders sought ways to find beta

exposure to Solana’s continued outperformance of Ethereum & Base in native token price, DEX volumes and user metrics across the board.

Despite Bitwise’s filings for a spot Dogecoin (DOGE) ETF tempting fresh speculation and exuberance; broader sentiment remained cautious amid macro uncertainty, with the desk seeing traders' appetite for rotation into altcoin plays being characterised by a selective particular interest in ecosystems demonstrating real utility and growing adoption.

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Ben Mensah, Trading Analyst

# Derivatives Desk

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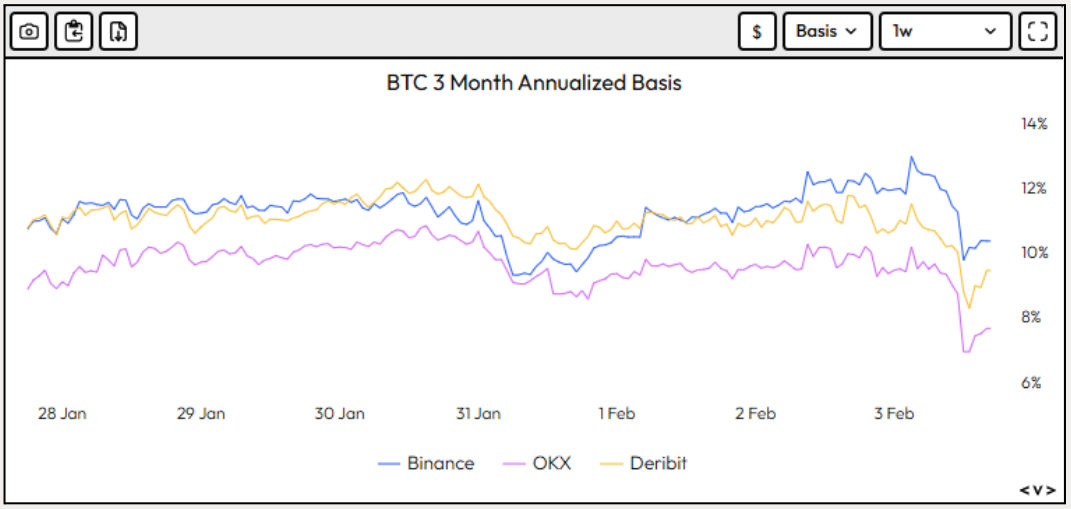
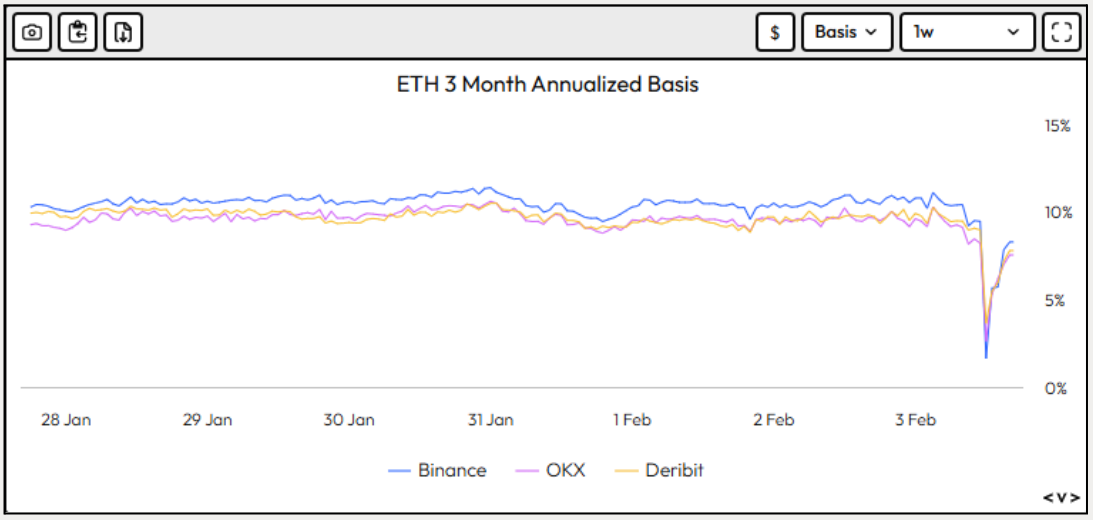
Basis Rates on BTC and ETH are lower on the week:

- 90-day annualised Basis Rates are currently 9.42% (BTC) and 7.59% (ETH)




Source: Velo Data

## Trade Idea: Long February  ETH Straddle

The widespread sell-off in risk assets, triggered by Trump's tariff announcement, has led to ETH dropping 20% in the last 24 hours. The end-of-February ATM straddle is priced at just 16.5%. We think that the implied monthly move is relatively cheap considering price movement over the last 24 hours and given the ongoing potential for volatility. Buying the Straddle would take a view to capitalise on continued market turbulence.

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## What to Watch

- **Chinese Final Caixin Manufacturing PMI (Mon) & Services PMI (Thu)**
  China's economic health remains a critical indicator for Australia, given strong trade ties. Manufacturing and services data will provide insight into the strength of Chinese domestic demand and industrial activity.
- **OPEC+ JMMC Meeting (Mon)**
  While not a decision-making session, any recommendations on oil output will be closely watched. Market participants will assess supply-demand dynamics, particularly with ongoing concerns over global energy demand and geopolitical developments.
- **Eurozone Flash CPI (Mon)**
  Inflation data from the Eurozone will offer clues on the region's price pressures and potential shifts in ECB policy. Markets are watching whether disinflation continues or if persistent core inflation alters expectations for rate adjustments.
- **US ISM Manufacturing (Mon) & Services PMI (Wed)**
  These surveys will provide a pulse check on US economic momentum in both the goods and services sectors. Any divergence from expectations could influence broader market sentiment around growth and inflation.

- **New Zealand Labour Market Report (Wed)**

  NZ's employment figures will offer a view into labour market strength and wage pressures. This is particularly relevant in assessing regional economic health and potential central bank policy moves.
- **US Jobs Report (Fri)**

  The January payrolls data is a key gauge of US labour market resilience. Markets will be looking at headline job gains, unemployment, and wage growth to assess economic momentum and potential implications for monetary policy.

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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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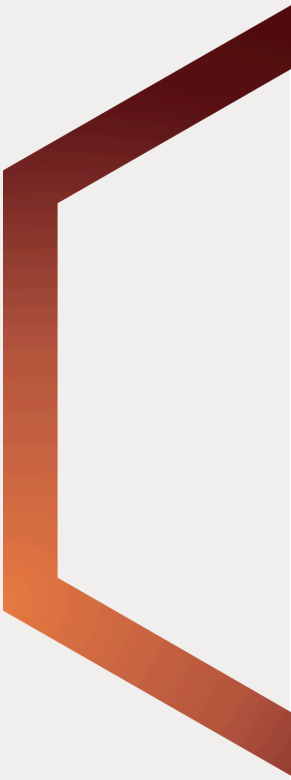
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