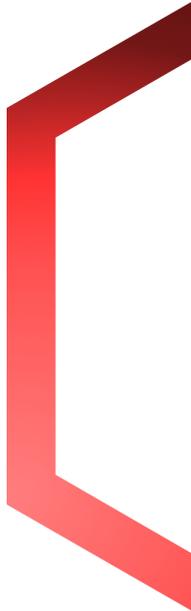


Weekly **Crypto** Market Wrap

12 January 2025



ZEROCAP.COM

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

Week in Review

- Florida advances proposal for standalone [Bitcoin Reserve](#) ahead of 2026
- [Ripple-linked ETFs](#) see highest trading volumes while BTC/ETH funds face outflows
- Indica tightens [KYC requirements](#) for crypto user onboarding
- [Morgan Stanley](#) files for Bitcoin, Ethereum and Solana ETFs
- Oil [edge](#) up as Iran supply risk counters Venezuela export resumption
- Federal inquiry into Powell dramatically [dials](#) up Trump-Fed clash



Technicals & Macro

Markets

We are back and ready for more!

2026 kicked off with a level of geopolitical and economic drama that few expected, even by recent standards.

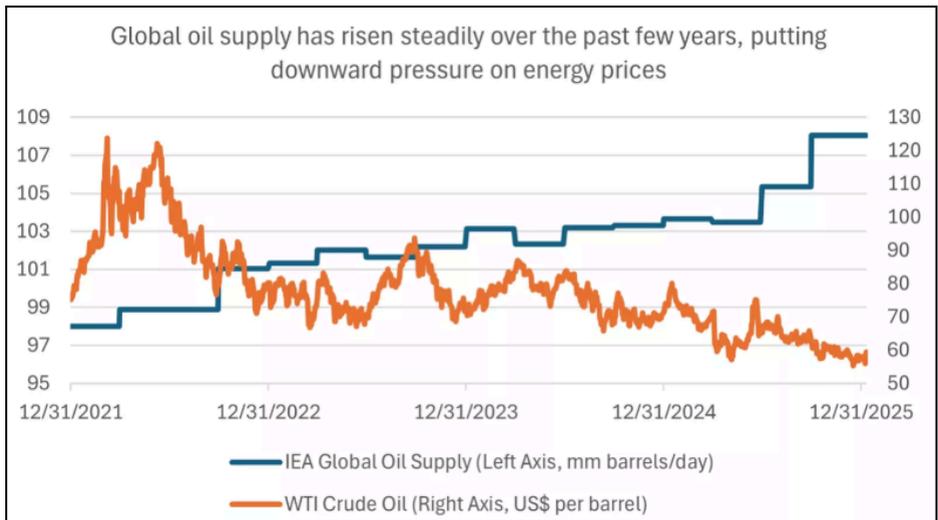


Source: TradingView

Between a regime change in the Americas, a cooling U.S. labor market, and a looming Supreme Court decision on trade, the markets have had a lot to digest in just five trading days. Despite the noise, the S&P 500 still managed to grind out a 1.8% gain for the week.

The Venezuela wildcard

The most jarring headline was undoubtedly the U.S. military intervention in Venezuela to capture Nicolas Maduro. Beyond the political implications, the “takeover” of a country sitting on 17% of global oil reserves is a potentially massive long-term structural shift.

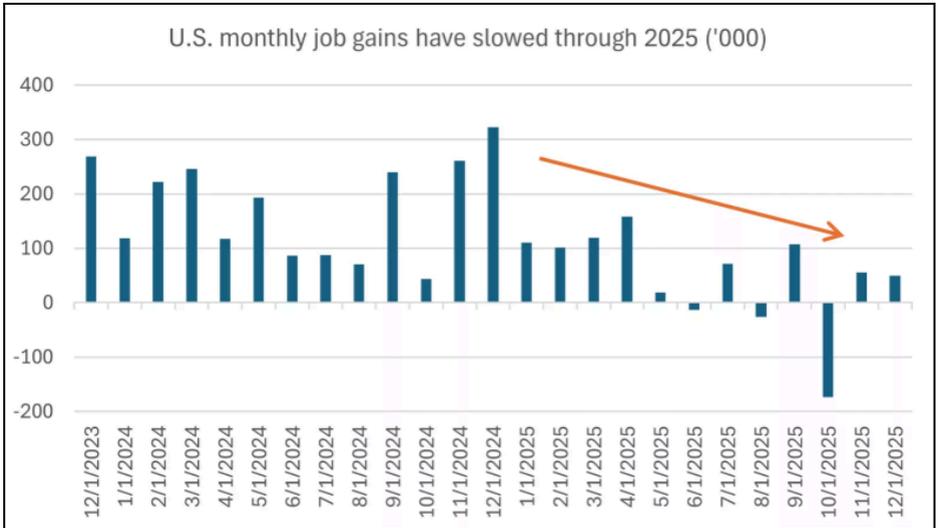


Source: Bloomberg

Surprisingly, the immediate market reaction was relatively contained. Venezuela might have the oil, but their infrastructure is so degraded that they currently contribute less than 1% of global production. The U.S. administration's plan to rebuild this sector (a project that could cost \$100bn+ over a decade) actually creates a strange dilemma for energy markets. We are currently in a period of multi-year lows for oil and global oversupply, partly driven by China's aggressive pivot to EVs. If the U.S. successfully brings Venezuelan supply back online, it could keep a lid on energy prices for the foreseeable future.

U.S. Labour Market: Cooling on cue

Late last week, we finally got a look at the U.S. labor market without the distortion of government shutdowns. The reality could be that the “great cooling” is underway. December's NFP (Non-Farm Payrolls) came in at just 50,000, missing the market and accompanied nearly 76,000 in downward revisions for previous months.



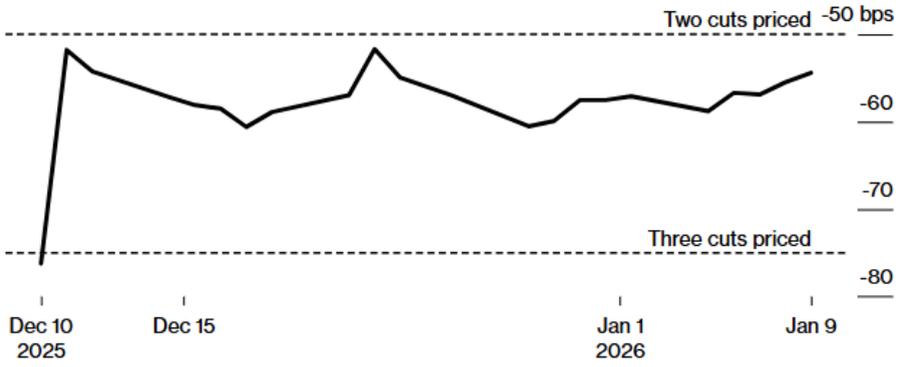
Source: Bloomberg

When you look at the 2025 average of 49,000 jobs per month versus the 168,000 we saw in 2024, the trend is undeniable. However, we aren't seeing a spike in distress yet; the unemployment rate is holding steady at 4.4%. For the Federal Reserve, this arguably points to a 'Goldilocks' scenario - it's weak enough to justify one or two rate cuts this year, but strong enough to keep the "soft landing" narrative alive.

Two Fed Rate Cuts in 2026

Traders still see 50bps of cuts despite weaker-than-forecast jobs growth

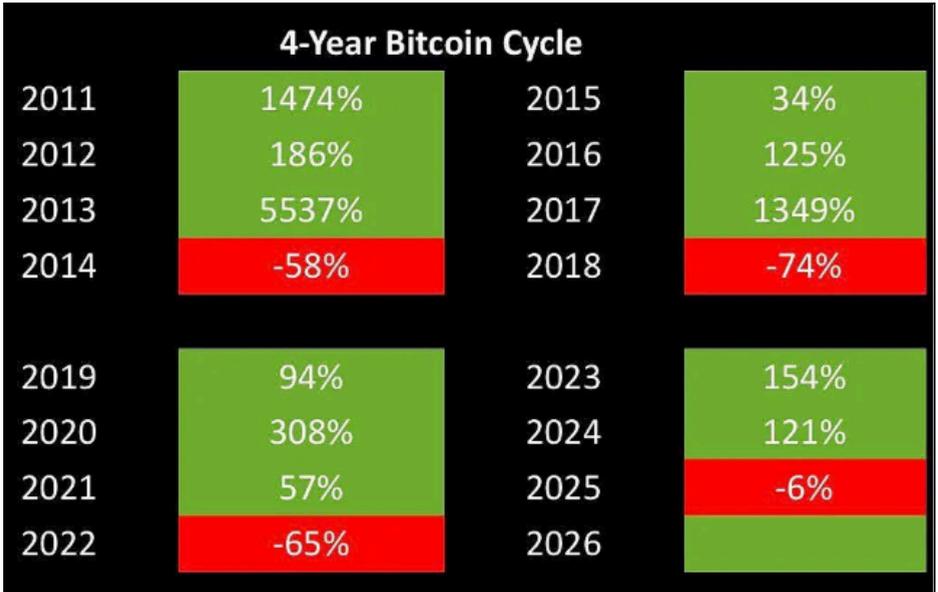
✓ Cumulative interest-rate pricing by Dec 2026



Source: Bloomberg

The market is now looking toward the January 13 CPI print to see if inflation (expected at 2.7%) stays on its behavior-modifying path toward the 2% target.

End of the four year cycle? 2026 and beyond

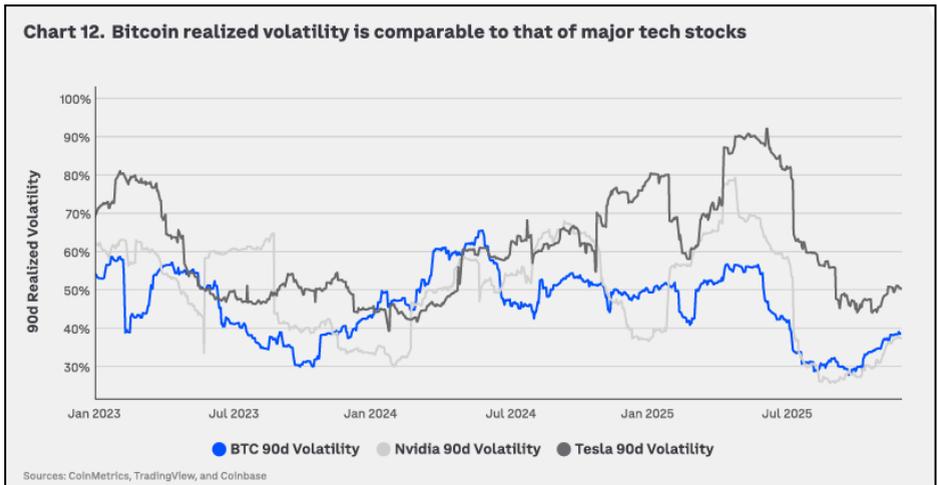


Source: Livewire Markets

Where does that leave crypto land for the rest of the year?

For over a decade, the “halving” was a North Star for crypto investors. But as we move into 2026, it’s become clear that the rhythmic four-year boom-bust cycle is effectively broken. In previous cycles, we’d be bracing for a multi-year “crypto winter” right about now. Instead, we’re seeing a market anchored by “patient capital”. It’d be

hard to ignore that institutional participation has fundamentally changed the math on the asset class. BTC ETFs alone now hold about \$140bn (about 7% of total supply) - and issuance has dropped below 1% annually.



Source: Coinbase Institutional

While Bitcoin is currently consolidating around the \$90,000-\$94,000 range (down from its October 2025 peak of \$126k, post October 10th's massive deleveraging episode), it's clear that BTC's volatility is no

longer an outlier among other assets; it's on par with major high-growth tech stocks at the end of 2025.



Now we are now entering 2026 with the Gold-to-Bitcoin ratio sitting back at early-2024 levels. This may signal a major "catch-up" trade brewing. If Bitcoin follows the path gold has already paved, we could see a significant upward re-rating as investors diversify their debasement hedges. Even if the path is less exponential than in years past, the "milder corrections" reflect an asset class that has finally found its place in the global financial order.

We believe Bitcoin is well-positioned to challenge new all-time highs in 2026 as institutional participation continues to deepen!

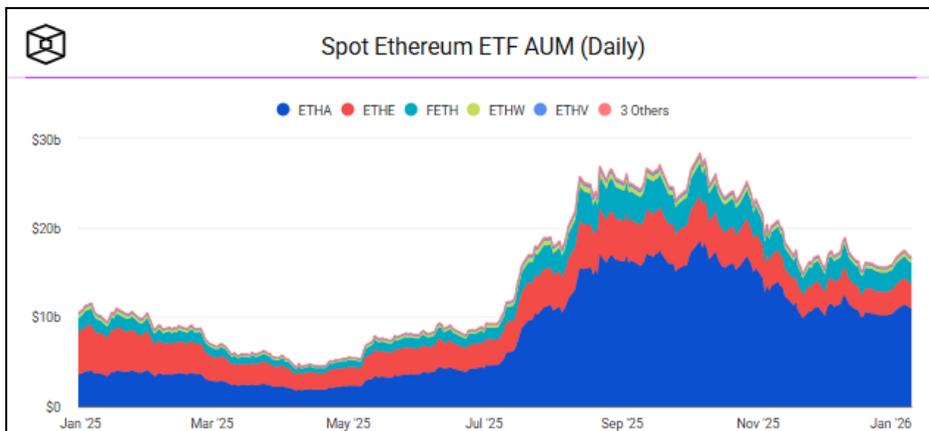
ETH



Source: rwa.xyz

Ethereum enters 2026 with a firmer fundamental base than prior cycles. RWAs have become a durable source of demand, with tokenized treasuries and on-chain credit anchoring baseline blockspace usage and fee generation even as speculative flows ebb.

Despite some reallocation to other chains, ETH still captures roughly half of the RWA market.



Source: The Block

Looking into 2026, we think a renewed uptrend in ETF inflows likely hinges on macro tailwinds (lower interest rates, firmer risk appetite, and friendlier financial conditions) will reengage the ETH ETF buyer base.

SOL



Solana peaked early in 2025 alongside the memecoin super-cycle, with SOL selling off sharply as activity faded before finding support at \$100. Momentum improved midyear with the launch of SOL staking ETFs and xStocks, alongside a number of network upgrades which helped stabilize SOL/BTC. However like we saw with every other altcoins, macro-driven BTC weakness ultimately overwhelmed fundamentals.

We think that in 2026, alts are still likely to take their directional cue from Bitcoin, particularly while BTC dominance remains elevated.

That said, SOL enters the year in a materially stronger position than most peers. A more mature staking base, expanding institutional touchpoints, and continued ecosystem growth leave SOL well-placed to outperform on relative strength once BTC stabilizes or breaks higher. In that case, SOL looks less like a high-beta trade and more like a core alt exposure for the next phase of the cycle.

Much to be excited about this year!

Emir Ibrahim, Analyst



Spot Desk

Client flow dynamics materially shifted leading up to the end of the year and into early 2026 after a run of firm Australian data and hawkish RBA signalling. Core inflation momentum and tighter money markets have seen market pricing push toward a 25-30% chance of a February 2026 hike and a ~75% probability of at least one move by May, keeping short term AUD interest rate differentials in Australia's favour. In the US, softer US rate cut expectations have weakened the USD, leaving AUD/USD probing multi week highs, trading at USD 0.67 after rallying through December. As a result, USDT/AUD flows across our trading desk have been heavily skewed towards the offer. Last week, trading frequency on the offer was at a significant 91% of all USDT/AUD trades done (while the bids made up the other 9%), but interestingly the volume on each side of the book was closer to 50/50. The rest of the market appears to be skewed in the same direction, as we have noticed that the broader market is structurally pricing in a discount on the bid side.

Stablecoin/USD flow remains consistent with previous trading weeks, particularly in USDT. On the other hand, USDC/USD flow was

subdued relative to the increasing demand we noticed throughout Q4 2025. In Australian stablecoins, AUDD remained actively traded in larger parcels and we also had some flow and enquiries in another Aussie stable coin AUDM. We are very well placed to trade both of these tokens which are excellent options to transact in AUD pegged stablecoins outside of traditional Australian banking rails. Feel free to come through the live chat to discuss any enquiries you have surrounding AUDD or AUDM!

Crypto flow was predominantly tied up in the majors reflecting a cautious tone early into 2026; Activity in BTC and SOL was skewed bid side while ETH was offered. Zerocap as a house has a structurally long view leading into the end of Q1, and we anticipate demand for both majors and alts to pick up as interest returns back to the market. In addition to our usual crypto spot activity, we saw significant interest in larger block orders swapping BTC into IBIT. The OTC desk continues to offer tailored cryptocurrency liquidity solutions and competitive pricing across majors, stablecoins, and altcoins, paired with key fiat currencies. With T+0 settlement, we ensure seamless trading and settlement.

Oliver Davis, OTC Trader

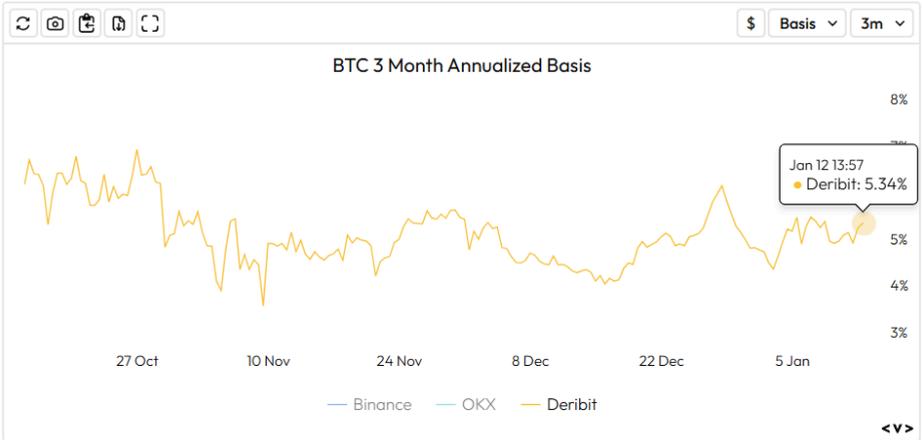


Derivatives Desk

WHOLESALE INVESTORS ONLY

Basis rates have trended modestly higher since the start of the year, suggesting a potential shift in market sentiment.

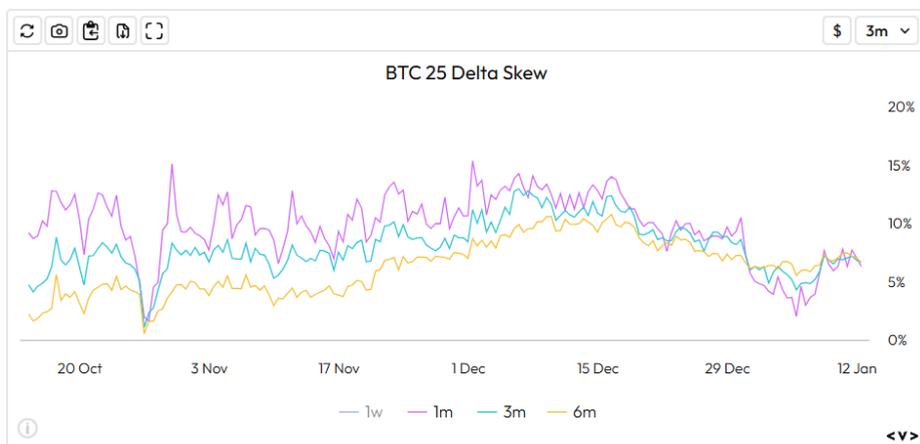
The BTC 90-day basis rate currently stands at 5.34%, offering an attractive premium relative to the risk-free rate. Meanwhile, the ETH basis rate has moved up to 4.06%, reflecting a similar upward bias in yield expectations.

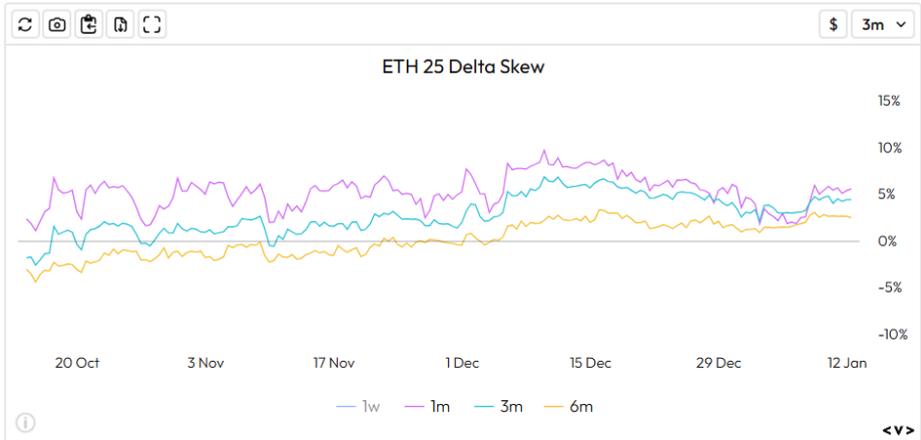


Source: Velodata

While basis rates have trended higher, the outlook remains nuanced. We are observing a persistent skew toward puts on both BTC and ETH at the moment.

This divergence indicates that while futures markets are pricing in higher yields, options participants remain cautious, maintaining a preference for downside protection.





Source: Velodata

Trade Idea:

BTC <> IBIT Swap:

The core objective is to exchange physical Bitcoin (BTC) for the iShares Bitcoin Trust (IBIT). This allows institutional holders to transition from native crypto-assets into a regulated, exchange-traded product without exiting their market position.

Structure:

- Physical Delivery (Non-Cash Settled): Client delivers physical BTC to Zerocap; Zerocap delivers physical IBIT shares to Client
- Infrastructure: Zerocap clears via its Prime Broker to your nominated brokerage account.
- Mechanism: The swap involves a coordinated exchange where native BTC is delivered in return for IBIT shares.
- Pricing: Bitcoin is converted into IBIT which is based on the CME CF Bitcoin Reference Rate - New York Variant (BRRNY).
 - This is a once a day benchmark index price for Bitcoin.
 - It is the pre-eminent index price for Bitcoin risk settlement that is synchronized to the traditional US financial market close of 1600 New York Time.

What to Watch

TUE: AU Westpac Consumer Confidence Change

WED: US CPI MoM/YoY, US Inflation Rate MoM/YoY, CN Balance of Trade, AU Building Permits MoM/YoY

THUR: US PPI MoM (Oct and Nov), US Retail Sales MoM, US Existing Home Sales

FRI: US Import/Export Prices MoM

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