



Hi there, your weekly market recap for this week:

We also have a podcast version of our Weekly Commentary. You can access this by clicking on the Spotify at the end of this report.

All data as of Thursday January 19th

BTC Price: \$20,800	Open Interest: \$9bn, 435k BTC (-6%)
7d return: 13%	
30d return: 24%	
ETH Price: \$1,530	Average Daily BTC spot volume: \$10.8bn (114%)
7d return: 9%	
30d return: 27%	30-day correlation, NDQ: 0.30 (-0.21)

Seven day performance
Top 50 by Market Capitalization

Top 3		Worst 3	
1	MANA (63%)	1	APE (-7%)
2	APTOS (52%)	2	XMR (-6%)
3	SAND (36%)	3	LUNC (-1%)

Sources: Coinbase, Coinglass, Bitwise 10, Tradingview, Coingecko

Headlines

- [Genesis creditors negotiating prepackaged bankruptcy](#) The Block
- [Peter Thiel's fund wound down 8-year bitcoin bet before market crash](#) Financial Times
- [Bitzlato founder arrested for allegedly processing \\$700 million in illicit funds](#) The Block
- [EU's final vote on MiCA regulation postponed until April](#) The Block

Bitcoin has proven resilience by recovering to levels from before the FTX collapse after a massive week accompanied by several incidents of short squeezes, contributing to exaggerating the recovery. After BTC pushed above \$20,000, open interest stabilized as short traders appeared to retreat. The recent rally has predominantly been led by BTC, as BTC has increased its crypto market dominance from 40% to 41.3% in the last week. Momentum has been extremely strong, pushing BTC's daily RSI towards 90, a level not seen since January 2021, which will be elaborated on later.

The improved sentiment is also visible in derivatives. CME's BTC and ETH futures have begun to trade at premiums to the spot market, and Binance's BTCUSDT perp saw its first

incident of funding rates above neutral levels since December 4th, 2021. Options market sentiment generally appears positive as calls are currently richer than puts for the first time since early January 2022. Meanwhile, implied volatility in options has recovered substantially over the past week, as the market finally saw a substantial move after prolonged stagnation.

Correlations between crypto and other asset classes are falling, but certain events still significantly affect the crypto market. The -0.1% CPI release was the initial catalyst behind the strong market push over the weekend. However, in the last few days, we have seen signs of deflationary economic data leading to recession-related fears in the market. Crypto has never traded in a recessionary environment. In response to the recession, there might be more accommodative policies concerning the crypto markets. On the other hand, new budget constraints from households may lead to a reduced ability to invest in crypto, which could be a net negative for crypto.

Wednesday provided a shocker PPI of -0.5%. If this tendency persists, PPI may force the FED's hands into a pivot. Nonetheless, the current environment represents a very challenging environment for the FED. In the '80s, the FED famously pivoted too early after deflationary signals, creating a double peak in inflation. Per the FED's current rhetoric, taming inflation remains the key concern, making the outlook of a near-term pivot unlikely.

In the last week, we saw several intraday incidents of open interest surging following strength in BTC as shorts expected prices to fall. This exacerbated BTC's next legs higher, as over-leveraged shorts were forced to cover. After BTC pushed above \$20,000, open interest stabilized as short traders became cautious about betting against BTC. Currently, open interest in BTC perps sits at 315,000 BTC, on par with levels from June 2022.

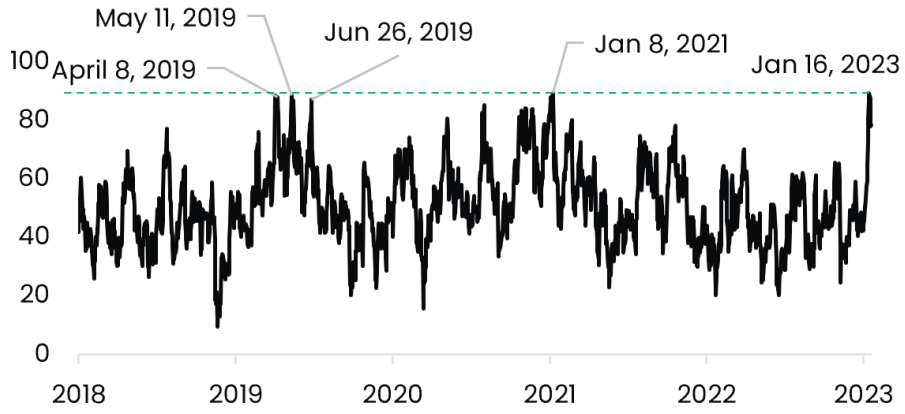
BTC Perps: Open Interest



Source: Laevidas

Momentum is solid as BTC's daily RSI has surged towards 90, a level not seen since January 2021. In the short term, this could indicate that the rally is over-extended. Nonetheless, this has been a strong indicator of momentum in BTC price, with the current market reaction resembling BTC's initial recovery in 2019.

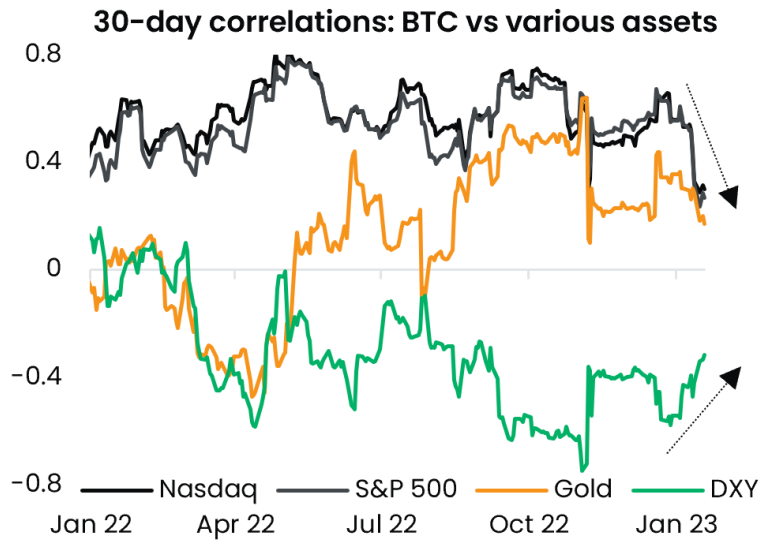
BTC: Daily RSI



Source: Tradingview

Correlations have softened between BTC and U.S. equities. One of the key sources behind the falling correlation has been outsized returns occurring during Asian trading hours, as BTC has experienced an 18% upside since November during Asian hours (00-08, CET).

Due to the Chinese New Year, Chinese and Hong Kong markets will be closed next week, and South Korean and Singaporean markets will also be closed on Monday and Tuesday. There could be closer correlations to the U.S. equities over this short period.



Source: Tradingview

Week ahead

Date	Event
Mon, Jan 23	Markets closed in China, Hong Kong, South Korea and Singapore due to New Years Day.
Tue, Jan 24	Markets closed in China, Hong Kong, South Korea and Singapore due to New Years Day.
Wed, Jan 25	Markets closed in China and Hong due to Chinese New Year.
Thu, Jan 26	U.S. GDP (Exp: 2.8% QoQ) Markets closed in China and Hong due to Chinese New Year.
Fri, Jan 27	Markets closed in China and Hong due to Chinese New Year.



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