



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

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BITCOIN-RELATED



NYDIG: Bitcoin rallied 10.7% this week, shrugging off concerns about the Mt. Gox situation in favor of the upcoming Bitcoin 2024 conference and the growing excitement surrounding Trump's interest. Trump's endorsement of Bitcoin and his performance in the polls recently have reignited enthusiasm for the asset. Despite turbulence in the stock market, Bitcoin's upward trajectory pointed to little signs of correlation with equities.

German authorities confirmed on July 17 that it sold nearly 50,000 Bitcoins, netting around \$2.9 billion as part of a plan to offload seized assets from the film piracy site Movie2K.

Defunct Bitcoin exchange Mt. Gox transferred ~\$5.8 billion in Bitcoin to unknown addresses in a series of significant transactions ahead of anticipated creditor payouts. (15+ users reportedly had login notifications, suggesting that an unknown individual was trying to log in to creditors' Mt. Gox accounts.)

Crypto exchange Kraken, one of five firms selected to manage Mt. Gox creditor repayments, received a pair of Bitcoin and Bitcoin Cash transfers from the Rehabilitation Trustee on July 16. In an email to clients confirmed by The Block, Kraken said that it would work to distribute funds as soon as possible, despite having up to 90 days to do so, anticipating they would hit creditors' accounts in 7 to 14 days.

A dormant Bitcoin address containing 1,000 BTC, now worth over \$60 million, transferred funds for the first time in nearly 12 years on July 14. The wallet, first identified by Whale Alert, received the Bitcoin in 2012 when it was worth just \$12,000 and has seen an approximate 500,000% increase in value during the period of inactivity. The reason for the transfer remains unknown, as does the identity of the wallet's owner.

QCP Capital analysts said traders are betting on a potential Bitcoin upswing surrounding the US elections, with significant long positions in Bitcoin options. Bitcoin options open interest shows a concentration of calls with a strike price of \$67,000 expiring at the end of July and \$100,000 expiring at the end of December, they noted.

Metaplanet purchased another 21.88 Bitcoin – worth ~\$1.2 million – per a July 16 statement. The Japan-based firm's Bitcoin holdings now total 225.6 BTC, valued at \$14.6 million.

DeFi Technologies (DEFTF), a Canadian fintech company, acquired another large batch of Bitcoin after making the asset a core part of its treasury strategy last month. The company announced that it had purchased another 94.34 BTC for its balance sheet, adding to the 110 BTC it first acquired in June. The firm also announced an expansion into altcoins, purchasing 12,775 SOL tokens and 1,484,148 CORE tokens for the first time.

BlackRock CEO Larry Fink reiterated his belief that Bitcoin is an asset that everybody should consider holding as part of their portfolio. In an interview with CNBC, Fink said: “My opinion five years ago was wrong. I believe Bitcoin is a legitimate financial instrument.” Fink's CNBC appearance coincided with BlackRock's Q2 results, which topped analyst estimates as AUM increased 13% year-over-year to \$10.6 trillion. A minor contributor to the company's AUM figure was iShares Bitcoin Trust (IBIT), which has accumulated more than \$18 billion since its January launch, including \$4 billion in Q2.

In a Bloomberg interview, Donald Trump said JPMorgan CEO Jamie Dimon has ‘changed his tune a little bit’ on Bitcoin. (Previously, Dimon criticized Bitcoin as a fraud and Ponzi scheme.) Trump also hinted that Dimon is being considered for US Treasury Secretary under his administration.

Jack Dorsey’s hardware wallet Bitkey to integrate MoonPay for Bitcoin purchases, allowing its Bitkey hardware wallet users to purchase Bitcoin via major payment methods, including debit and credit cards, bank transfers, Apple Pay, Google Pay, and PayPal.

Donald Trump’s new running mate JD Vance disclosed in 2022 that he owns between \$100,001 and \$250,000 of Bitcoin.

Barstool Sports chief Dave Portnoy said he took “a big portion” of his sponsorship deal with the crypto exchange Kraken in Bitcoin. Kraken paid him directly in Bitcoin, along with dollars, the pair said. Neither party wanted to discuss how much money changed hands.

Maelstrom Fund, the crypto investment fund led by BitMex cofounder Arthur Hayes, announced a new grant program aimed at supporting Bitcoin developers.

An open-source initiative led by Weikeng Chen of venture firm L2 Iterative, with sponsorship from infrastructure company Starkware, achieved the first implementation of a zero-knowledge verifier using Bitcoin script.

Leading Latin American crypto exchange Bitso is teaming up with Lightspark to bring faster, cheaper Bitcoin Lightning transactions to Bitso's 8 million users.

INDUSTRY ADVANCES



Stripe enabled cryptocurrency purchases, including Bitcoin and Ether, for European users through a widget for online vendors.

Crypto derivatives exchange Deribit is providing Bitcoin and Ether options that enable investors to customize bets for right after the conclusion of the upcoming US presidential election. The exchange is offering contracts that expire on November 8, three days after US citizens cast their presidential ballots.

Kraken’s expanding its institutional business unit’s crypto custody services to Australia and the UK.

Italy's Cassa Depositi e Prestiti and Intesa Sanpaolo completed a 25 million euro (\$27.2 million) digital bond issuance on the Polygon blockchain as part of a European Central Bank trial, settling the transaction using the Bank of Italy's TIPS Hash Link tool.

State Street, a Boston-based asset management and banking giant, is exploring creating tokenized deposits and stablecoins to settle transfers on blockchain rails.

The Arca US Treasury Fund is now available for trading on Securitize's Secondary Market, leading the way for tokenized funds within the US regulatory framework.

Cypherpunk Holdings increased its Solana bag to over 63,000 tokens and will run its own Solana validator, staking a majority of its tokens using its own node.

Polygon Labs announced that Plonky3, the latest version of its ZK proving system, is now "production-ready" for developers. Plonky3 will be used in Polygon's upcoming AggLayer, an interoperability layer designed to facilitate unified liquidity and security across the Polygon 2.0 network of Layer-2 chains.

Fileverse unveiled a decentralized Google Docs competitor, dDocs.

Jambo, with an assist from Solana and Tether, will offer blockchain-based financial services on its JamboPhone, aiming to empower the unbanked in Southeast Asia, Africa, and Latin America.

Moonshot debuted, allowing users to buy and sell memecoins with Apple Pay.

Telefónica has repurposed over 19 million routers and STBs using blockchain technology – making progress towards its goal of being "zero waste" company by 2030.

Metallicus, the core developer of Metal Blockchain, a foundational Layer-0 blockchain, announced Gesa Credit Union's – and Glendale Area Schools Credit Union's – enrollment in its Banking Innovation Program.

MINING



Analysts at research and brokerage firm Bernstein said a "Goldilocks scenario" is emerging for Bitcoin miners amid the "Trump factor" following the failed assassination attempt. The crypto market interprets a Donald Trump win as "more positive" for crypto, according to Bernstein, including advocating for self-custody and Bitcoin mining. Analysts noted: "Bitcoin's price is positively correlated with the probability of a Trump presidency and will remain sensitive to election updates," expect mining stocks to follow suit. Additional tailwinds for miners include an extensive pipeline of power access, AI diversification opportunities, and greater mining technology in the US.

Russia's president Vladimir Putin warned unchecked Bitcoin mining could overload the country's electrical grid and trigger blackouts. (Earlier this month, Russia's central bank encouraged the use of Bitcoin and crypto to counter Western sanctions imposed over the Ukraine conflict.)

B Riley upgraded Core Scientific (CORZ) to buy from neutral and raised its price target on the shares to \$13 from \$0.50. The broker said it was updating its estimates for Core Scientific to reflect the CoreWeave deal and potential future HPC agreements.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES

Data from Glassnode showed that balances across US spot Bitcoin ETFs sat at an all-time high of 900,636 BTC on July 18 – equates to over \$63 billion across the 11 funds.

Fidelity's Wise Origin Bitcoin Fund (FBTC) fund hit the \$10 billion AUM milestone, becoming just the third spot Bitcoin ETF (IBIT, GBTC) offering to reach that level.

According to Bloomberg ETF Analyst Eric Balchunas, the SEC has asked issuers to return their final S-1 application for spot Ether ETFs on July 17. Then on July 22, they will request effectiveness for a launch on July 23rd, though there could be unforeseen last-minute issues.

Grayscale announced the launch of its newest private placement investment product, the Grayscale Decentralized AI Fund. This diversified, thematic fund was designed to give investors exposure to the potential growth of protocols at the intersection of blockchain and artificial intelligence – including a basket of decentralized AI crypto protocols, like including Bittensor (TAO), Filecoin (FIL), Livepeer (LPT), Near (NEAR), and Render (RNDR).

CME Group and CF Benchmarks announced plans to launch two new cryptocurrency reference rates and real-time indices for Ripple XRP (XRP) and Internet Computer (ICP), which will be calculated and published daily by CF Benchmarks starting July 29.

FUNDRAISING & OTHER FUNDING (\$5 MILLION OR MORE)

Singapore's latest blockchain initiative, Net Zero-X, introduced a specialized exchange for institutional and accredited investors focused on green, clean, and climate tech projects. Net Zero-X initially identified 60 sustainability projects in need of investment, with plans to expand to 500 projects over the next five years. This growth strategy is expected to channel more than \$10 billion in impact capital into sustainable projects over the next decade.

Crypto trading firm Wintermute is in talks to raise fresh money in a funding round, discussing a share sale of \$100 million.

Sentient Labs, a UAE-headquartered startup at the intersection of blockchain and AI, raised \$85 million in seed funding – led by Peter Thiel's Founders Fund and Pantera Capital.

Kleiner Perkins-backed Allium secured \$16.5 million in Series A funding to expand its enterprise-grade data platform, particularly aiding firms entering the digital asset sector.

Blast-based token distribution protocol ZAP announced that it raised \$15.1 million in total funding.

Chainbase secured \$15 million in Series A funding to expand its omnichain data network, aiming to deliver unbiased and transparent data across the cryptocurrency spectrum – backed by investors such as Tencent and Matrix Partners.

Crypto-AI startup Mira emerged from stealth, raising \$9 million in a seed funding round – co-led by Bitkraft Ventures and Framework Ventures.

DeFi fixed-rate lending protocol Term Finance announced it raised \$5.5 million – led by Electric Capital.

IPOS, M&A, PARTNERSHIPS & DEALS



Galaxy Digital acquired nearly all the assets of blockchain node operator CryptoManufaktur, in a deal that will increase the company's Ethereum assets under stake by about 43%. Terms weren't disclosed.

Cipher Mining is reportedly exploring a potential sale after receiving takeover interest, people familiar with the matter said, as soaring demand for data centers make Bitcoin miners takeover targets.

Propy, a real estate tokenization platform, and Parcl, a DeFi protocol specializing in real estate data, announced a strategic partnership aimed at improving analytics for on-chain real estate. The two are teaming up to enhance the PropyKeys platform, which has already tokenized over \$10 billion worth of US homes and is projected to surpass \$50 billion by the end of the year.

Kraken announced a global brand partnership with Tottenham Hotspur football club on July 16. The exchange will become the first official crypto and Web3 partner and the official sleeve partner for the club's men's and women's teams.

AlgoBharat (the Algorand Foundation's India initiative) and Lok Swasthya announced plans for the development of a Digital Health Passport. The blockchain-based solution would provide users with a secure and immutable record of their verified credentials to more efficiently access health benefits and social safety net programs.

Bitcoin Magazine is thrilled to announce the launch of the newly enhanced Bitcoin Magazine Pro in partnership with Look Into Bitcoin. This strategic collaboration involves rebranding Look Into Bitcoin and relaunching it as Bitcoin Magazine Pro, bringing real-time data and market-leading chart intelligence to users while significantly enhancing the capabilities and reach of Bitcoin Magazine Pro.

DEFI



Uniswap Labs launched its wallet browser extension, supporting 11 blockchains including Ethereum and Arbitrum, which had over 793,000 users on its waitlist.

TON Teleport BTC, a trustless DeFi bridge facilitating secure Bitcoin transfers to and from The Open Network (TON) blockchain, launched.

Digital asset service provider BitGo has launched support for the Stacks blockchain to enhance Bitcoin functionality, the latest sign of institutional adoption for Bitcoin-native DeFi.

Polygon announced that the migration from MATIC to POL tokens will occur on September 4, with POL becoming the new gas and staking token on the Polygon proof-of-stake network.

CBDCS & STABLECOINS



The People's Bank of China and the National Bank of Kazakhstan signed an agreement to collaborate on CBDCs.

Blockchain developer Soramitsu Labs said it is developing a CBDC demonstration project for Papua New Guinea.

Global stablecoin supplies grew \$860 million in the past week to nearly \$163.33 billion on July 18 – the highest point since TerraUSD collapsed in May 2022.

Standard Chartered Bank (Hong Kong), Animoca Brands, and Hong Kong Telecom have united to participate in Hong Kong Monetary Authority's stablecoin issuer sandbox. Leveraging Zodia Custody's digital asset capabilities, the collaboration aims to promote sustainable and transparent growth in the digital asset market.

Hong Kong's Financial Services and the Treasury Bureau will soon publish the results of a stablecoin consultation as part of its legislative proposal to regulate stablecoin issuers, following the launch of a stablecoin sandbox in March.

NFTS, BLOCKCHAIN GAMING & METAVERSE



Weekly NFT volumes have hit their lowest point in at least two years: \$32.3 million, down from \$39.4 million in the prior period.

Former US President Donald Trump teased a fourth NFT launch.

Pokémon is set to launch official Pokémon NFTs that enable "users" to trade digital cards on blockchains. The company allegedly filed a patent application, "WO2024090317A1," which uses smart contracts to manage transactions and rewards, thereby improving player engagement and service integration.

Travel company Trip.com terminated its Trekki NFT project.

Telegram CEO Pavel Durov announced plans to bolster its blockchain initiatives by introducing a mini app store and an in-app browser with Web3 support. (The messaging app has become a popular portal to play tap-to-earn games like Hamster Kombat, Notcoin, and Yescoin, potentially earning crypto using the TON blockchain.)

The Open Platform (TOP) invested an undisclosed sum in Akedo Games to support its development of Telegram games in TON's blockchain ecosystem.

Crypto game developer Delabs also released a Telegram game, called GIGA CHAD BAT.

JOB MOVEMENT



After Civil War and Anti-Immigrant Tweets, Messari CEO Ryan Selkis was advised by his company's leadership to temper his social media activity. Shortly after, Selkis stepped down as CEO of Messari.

A former 31-year executive at Charles Schwab, Rich Kerr, joined Bitcoin financial services firm Onramp as president of its managed wealth division.

Former Chainalysis chief economist Philip Gradwell joined Tether as its head of economics.

Bitcoin miner Ionic Digital appointed John Penver as its chief financial officer. Penver was previously the CFO of TSS.

Ex-CFTC official Joshua Sterling joined Milbank LLP. His practice is set to focus on regulatory and enforcement issues tied to derivatives, financial market infrastructure, and crypto.

Daniel Schoenberger, former chief legal officer at the Web3 Foundation, is now general counsel at Mina Foundation – a public benefit foundation that supports the Mina Protocol.

Polymarket, the decentralized predictions market platform, hired statistician and journalist Nate Silver as an adviser while it looks to build out more forecasts around news events.

REGULATIONS, RULINGS & COMMENTARY



In a recent Bloomberg Businessweek interview, Donald Trump said that the US should take the lead in the global cryptocurrency race before China does. He stated: "If I throw it aside, it's going to be picked up in another country, most likely China. So, you have to look at it – what I want, again, is what is good for the country." The Republican presidential nominee added that crypto is "not going away."

Donald Trump has put the price of a seat at a roundtable event with him during the Bitcoin 2024 Nashville Conference, at which he'll be speaking, at ~\$845,000. Not coincidentally, that's the maximum combined campaign contribution to the Trump campaign and the Republican National Committee that's allowed under campaign finance laws. If that's too steep, people have also been offered the chance to attend a "VIP event" ahead of Trump's speech, including a photo opportunity with Trump, priced at just under 1 Bitcoin (\$60,000 per person) or \$100,000 per couple. (Learn more, [here](#).)

Ethereum cofounder Vitalik Buterin argued against voting in elections on crypto issues only as Fairshake, a super PAC backed by some of the biggest crypto companies, tops the spending charts for PACs in this election cycle Buterin said: "By publicly giving the impression that you support 'pro-crypto' candidates just because they are pro-crypto, you are helping to create an incentive gradient where politicians come to understand that all they need to get your support is to support crypto."

Regulators in the E issued new guidelines allowing relevant market participants to classify cryptocurrencies and digital assets under the Markets in Crypto-Assets (MiCA) Regulation. On July 12, three European Supervisory Authorities – the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority — released a consultation paper intended to standardize and clarify the classification of digital assets across the region.

The South Korean Financial Services Commission's inaugural law to protect crypto investors came into force on July 18. The Virtual Asset User Protection Act aims to target unfair trading practices following incidents of bygone years including the likes of the Terra-Luna crash and FTX's collapse.

South Korea's right-wing political party has proposed delaying the taxation of cryptocurrency gains by three years. If passed, the country's crypto gains taxation will be pushed back from the beginning of 2025 to 2028. The South Korean National Assembly's website said: "As at the moment, the investor sentiment for crypto is negative, most investors are expected to leave the market if the country imposes an income tax on an asset that has higher risks than stocks."

Representatives from Coinbase, Ripple, and Andreessen Horowitz reportedly met with lawmakers at the RNC this past week. These companies have poured millions into pro-crypto candidate super PACs and also plan to send delegations to the Democratic National Convention in August.

~100 people donated crypto to Donald Trump's presidential campaign last quarter. Notable names included the Winklevoss twins and Kraken co-founder Jesse Powell. Crypto made up 1% of donation volume. Trump's acceptance of crypto has had a positive media impact on the crypto industry.

Coinbase narrowed its subpoena for SEC Chair Gary Gensler's communications to only cover his tenure at the agency, following concerns from a New York judge overseeing the case.

The entities behind Binance.US received approval from Judge Amy Berman Jackson to invest certain customer fiat assets custodied at BitGo in US Treasury bills as part of an order setting conditions for the crypto exchange.

BUGS, OUTAGES, HACKS, SCAMS, ALLEGATIONS, INVESTIGATIONS, ENFORCEMENTS & WRONGDOINGS

A Dutch court denied bail to Tornado Cash developer Alexey Pertsev as he prepares to appeal his money laundering conviction for laundering \$2.2 billion through the platform.

WazirX was hacked for \$230 million, largely in SHIB, as Elliptic said North Korea was behind the attack. The Indian exchange halted withdrawals as a result.

Guo Wengui, an exiled Chinese businessman, was convicted on nine counts, including racketeering, wire fraud, and a scheme that raised hundreds of millions of dollars from investors through a crypto asset security referred to as "H-Coin."

Tether blacklisted a wallet holding \$29.6 million worth of USDT stablecoins connected to online marketplace Huione Guarantee, after analytics firm Elliptic released a report alleging criminals have laundered billions via Huione.

The LI.FI bridge was drained of ~\$10 million via wallets. The wallet address that exploited the DeFi protocol's smart contract has since transferred out the vast majority of the drained funds.

The US Attorney's Office in DC initiated a "civil forfeiture" to recover \$2.5 million in USDT lost to pig butchering scams, aiming to seize crypto from Thai accounts linked to fraudulent investment schemes.

CoinStats revealed that \$2.2 million in crypto was stolen in June by "a sophisticated attacker," believed to be the Lazarus Group.

The Bitcoin network is facing increased "mempool sniping," where sophisticated traders front-run transactions to dominate Ordinals trading, making it difficult for less experienced traders to secure bids.

A Russian market is reportedly selling anonymous headshots for Bitcoin, enabling fraudsters to bypass KYC checks on crypto exchanges and other services.

A data breach at decentralized identity startup Fractal ID affected approximately 0.5% of its 1 million users, impacting crypto projects such as Gnosis Pay, due to a compromised operator account.

Plaintiffs in a class action lawsuit against Tether and Bitfinex filed a new, streamlined complaint accusing the companies of manipulating crypto markets and violating anti-trust laws.

Crypto exchange BitForex said it will open for withdrawals following a five-month outage spurred by an investigation by the Jiangsu Province police in China.

Judge Eric Vitaliano sentenced the founder of the Bitzlato cryptocurrency exchange, Anatoly Legkodymov, to 18 months for running an unlicensed money-transmitting business.

Ethereum developer Virgil Griffith had his sentence reduced by seven months after pleading guilty to North Korean sanctions violations in 2021.

Craig Wright, who claimed to be Bitcoin inventor Satoshi Nakamoto, was referred to the Crown Prosecution Service (CPS) to be considered for perjury charges for evidence he presented in a case brought by the Crypto Open Patent Alliance.

MISCELLANEOUS

Some crypto exchanges are cracking down on brokerages that bundle clients' orders to enjoy lower VIP trading fees. In a letter reviewed by CoinDesk, OKX, the second-largest exchange by volume, recently asked prime brokers for details of subaccounts including the names of the entities or individuals that control each subaccount and the jurisdiction in which they are located. The letter said: "A failure to do so may result in undisclosed subaccounts being restricted from trading and/or subaccount closure."

Ethereum's validator count hit a new all-time high of 1,034,051, up 65% since this time last year.

OKX is ending services in Nigeria by the end of August.

Worldcoin's token unlock for early contributors, including investors and team members, starts on July 24. However, the unlock schedule for 80% of tokens held by lead developer Tools for Humanity's team has been extended from three to five years.

Iggy Azalea denied accusations of insider trading and dumping \$2 million worth of MOTHER tokens.

Dozens of new crypto tokens named after internet services company CrowdStrike and the infamous Microsoft “Blue Screen of Death” (BSoD) error were issued on the Ethereum and Solana blockchains amid a global internet outage that disrupted several real-world services.

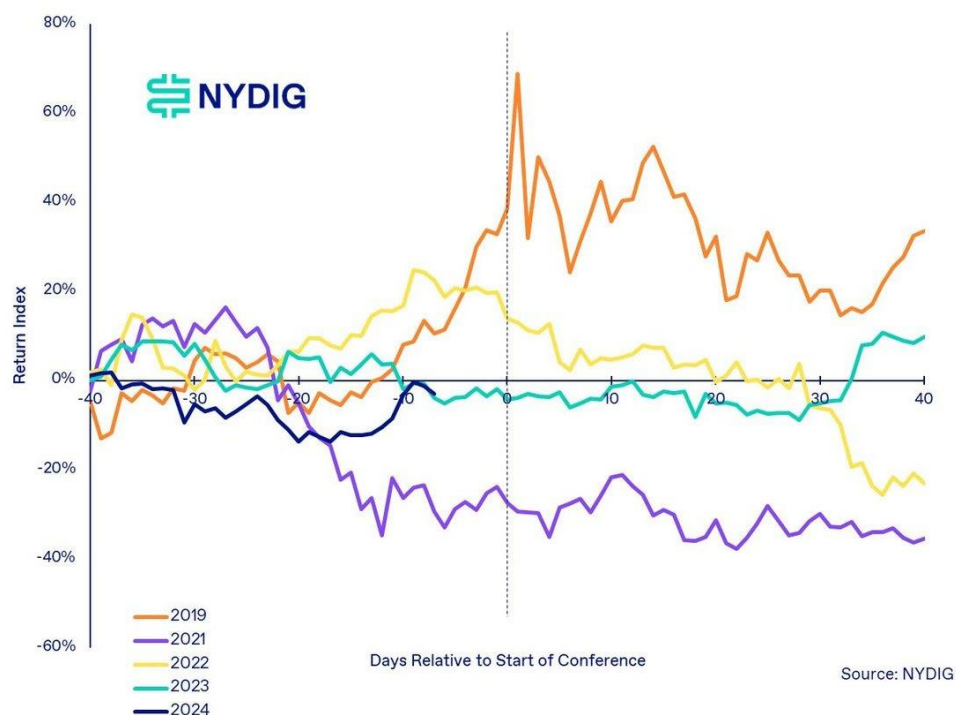
CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

ARK Invest released “The Bitcoin Monthly: June Report.” (Download the 22-page report, [here](#).)



NYDIG: All eyes on Nashville, but the Conference is rarely a price catalyst. Despite bringing Bitcoin enthusiasts from around the globe together, the aftermath of the event often sees prices drop, even with all the exciting announcements and activities during the conference.

Returns Around Bitcoin's Biggest Conference



The upcoming film *God Bless Bitcoin* premieres at The Bitcoin Conference next week on July 25 and releases worldwide for free the same day. (Watch the trailer, [here](#).)



Forbes and NYDIG both posted some details on the planned US spot ETH ETFs...

Name	Ticker	Starting Fee	Post Waiver Fee	Waiver Lenth	Waiver Amount	Exchange	Custodian
Grayscale Ethereum Mini Trust	ETH	0.00%	0.15%	6 Months	\$2.0 Billion	NYSE	Coinbase
Franklin Ethereum ETF	EZET	0.00%	0.19%	Until 01/31/25	\$10.0 Billion	CBOE	Coinbase
VanEck Ethereum ETF	ETHV	0.00%	0.20%	1 Year	\$1.5 Billion	CBOE	Gemini
Bitwise Ethereum ETF	ETHW	0.00%	0.20%	6 Months	\$0.5 Billion	NYSE	Coinbase
21Shares Core Ethereum ETF	CETH	0.00%	0.21%	6 Months	\$0.5 Billion	CBOE	Coinbase
Fidelity Ethereum Fund	FETH	0.00%	0.25%	Until 12/31/24	UNLIMITED	CBOE	Fidelity
iShares Ethereum Trust	ETHA	0.12%	0.25%	12 Months	\$2.5 Billion	Nasdaq	Coinbase
Invesco Galaxy Ethereum ETF	QETH	0.25%	0.25%	None	None	CBOE	Coinbase
Grayscale Ethereum Trust <i>Conversion</i>	ETHE	2.50%	2.50%	None	None	NYSE	Coinbase

Ethereum ETF Details

Ethereum ETF	Ticker	Custodian	Authorized Participant	Ether Counterparty
21Shares Core Ethereum ETF	CETH	Coinbase	ABN AMRO, Jane St, Macquarie, Virtu	Coinbase
Bitwise Ethereum ETF	ETHW	Coinbase	Jane St, Macquarie, Virtu	Cumberland, FalconX, JSCT, Kraken, Nonco
Fidelity Ethereum Fund	FETH	FDAS	ABN AMRO, BMO, Jane St, Jefferies, JP Morgan, Virtu	Cumberland, Flow Traders, JSCT, Virtu, Wintermute
Franklin Ethereum ETF	EZET	Coinbase	Jane St, JP Morgan, Virtu	JSCT, Virtu
Grayscale Ethereum Trust	ETH	Coinbase	ABN AMRO, Jane St, Macquarie, Virtu	Cumberland, Flowtraders, Flowdesk, JSCT, Virtu
Grayscale Ethereum Mini Trust	ETHE	Coinbase	ABN AMRO, Jane St, Macquarie, Virtu	Cumberland, Flowtraders, Flowdesk, JSCT, Virtu
Invesco Galaxy Ethereum ETF	QETH	Coinbase	ABN AMRO, BNY Mellon, Jane St, Virtu, Macquarie,	Cumberland, JSCT, Virtu
iShares Ethereum Trust	ETHA	Coinbase	ABN AMRO, BMO, HRT, Jane St, Jefferies, JP Morgan, Macquarie, Virtu	Coinbase, Cumberland, Flow Traders, JSCT, Virtu
VanEck Ethereum ETF	ETHV	Gemini	Jane St, Macquarie, Virtu	Cumberland, JSCT, Nonco, Virtu
ProShares Ethereum ETF	NA	Coinbase	NA	NA

Matt Hougan's (Bitwise) Weekly CIO Memo: "Ethereum ETPs and the Path to a New All-Time High. ETP flows could have an even bigger impact on Ethereum than they did on Bitcoin."

Everyone wants to know what will happen to the price of ETH after the spot ETPs launch. Here's my prediction: ETP inflows will push prices to all-time highs, above \$5,000.

Not immediately – in fact, I think the first few weeks could be choppy, as money may flow out of the \$11 billion Grayscale Ethereum Trust (ETHE) after it converts to an ETP. But by year-end, I'm confident the new highs will be in. And if flows are stronger than many market commentators expect, the price could be much higher still.

Here's why.

It's All About Supply and Demand

The best way to model the potential impact of an ETP launch on a commodity's price is to think about supply and demand. ETPs do not change the fundamentals of an underlying commodity like ETH, but they do bring new sources of demand.

Consider what happened to Bitcoin's price after the launch of spot Bitcoin ETPs in January. Since that day, Bitcoin ETPs have bought more than twice as much Bitcoin as miners have been able to produce:

BTC Purchased by ETPs: 263,965 BTC

BTC Produced by Miners: 129,181 BTC

Not surprisingly, prices are up. BTC has risen ~25% since the launch of Bitcoin ETPs on January 11, and more than 110% since the market started pricing in a launch in October 2023.

Bitcoin's Returns Since January 2023



Source: Bitwise Asset Management. Data from December 31, 2022 to July 11, 2024.

Will we see the same sort of impact with ETH? Actually, I think it might be bigger.

As I've written previously, I think the new Ethereum ETPs will attract billions. And I think the money flowing into these new ETPs will have a bigger impact than it did with Bitcoin, for three structural reasons.

Reason #1: ETH's Lower Short-Term Inflation Rate

When the Bitcoin ETPs launched, the Bitcoin network's inflation rate was 1.7%. Put differently, the Bitcoin network was producing roughly 328,500 BTC each year, or ~\$16 billion at then-current prices.² That meant we needed \$16 billion of Bitcoin buying per year just to tread water.

By comparison, Ethereum's inflation rate over the past year is exactly 0%: There were 120 million ETH in existence a year ago, and there are 120 million ETH in existence today. That's because, while a small amount of ETH gets created each day (as with Bitcoin), people using Ethereum-based applications – everything from stablecoins to tokenized funds – consume ETH as well. Over the past year, these two forces have balanced out.

Significant new demand meets 0% new supply? I like that math. And if activity on Ethereum ticks up, so does the amount of ETH being consumed. That's another lever of organic demand working in investors' favor.

Reason #2: Unlike BTC Miners, ETH Stakers Don't Need To Sell

A second key difference: Bitcoin miners generally have to sell the new supply they receive, while ETH stakers do not.

Bitcoin mining – the process by which new BTC is created and Bitcoin transactions are settled – is expensive, requiring high-end computer chips and loads of energy. As a result, miners typically sell much of the BTC they mine in order to cover their operating costs.

Ethereum doesn't rely on mining; instead, it uses a system called "proof of stake." In a proof-of-stake system, users post (or "stake") ETH as collateral to ensure they process transactions accurately and truthfully. In return for properly processing transactions, stakers are rewarded with new ETH.

A key difference between Bitcoin mining and Ethereum staking is that staking does not have significant direct costs. As a result, Ethereum stakers are not forced to sell the ETH they produce. Even if Ethereum's inflation rate rises above 0%, I do not expect significant selling pressure from stakers.

In the short term, there is simply less forced selling each day in Ethereum than in Bitcoin.

Reason #3: 28% of ETH Is Staked and Therefore Off the Market

Staking has one other impact: When you stake ETH, you commit it to a locked contract for a set period of time. During this time, you cannot withdraw your ETH and sell it. Currently, 28% of all ETH is staked, meaning it is effectively off the market.

Adding to this, another 13% of all ETH is locked in decentralized-finance smart contracts – for instance, as collateral in lending markets. That takes even more ETH off the market.

Add them together and ~40% of all ETH is somewhat or completely unavailable for sale. That's a big chunk!

What Does This All Mean?

As I mentioned above, I expect the new Ethereum ETPs to be a success, gathering \$15 billion in new assets over their first 18 months on the market. ETH is currently trading at ~\$3,400, just 29% below its all-time high. If the ETPs are as successful as I expect – and given the dynamics above – it's hard to imagine ETH not challenging its old record.

Blockware Intelligence summarized last week from a mostly on-chain perspective...

BTC Surges to \$65,000: Last week, we cited multiple metrics that indicated a local bottom may be forming: Puell multiple, Realized P/L, and German seller exhaustion. As it turns out, we got that call right. Bitcoin is up 12% since last Friday and is now sitting comfortably at \$65,000. Cost-basis of short-term holders is the most accurate on-chain indicator for support/resistance. After June's price drop, this has now switched to resistance. If/when BTC breaks this level we will likely be looking at much higher prices in the weeks and months that follow; similar to the price action of Q4 2023.

Coin Days Destroyed (CDD): This metric is a measure of on-chain transaction activity with increased weight given towards "older" coins (# of coins moved * days since each coin last moved). This allows us to see moments of profit-taking and moments of capitulation. When large swaths of older coins move, we can presume that these users are doing one of those two things. The onslaught of sell pressure from the coins seized by German authorities created one of the largest spikes in CDD on record. However, that has since subsided, and BTC is now, expectedly, increasing in price. In fact, CDD is at its lowest level since January, which shows us that supply is getting constrained, which is bullish for near-to-mid-term price action.

WGMI (Bitcoin Mining Stock ETF): The mining stock ETF, which has been on the run of its lifetime the past three months, pulled back slightly the past couple days. This comes after a meteoric 73% rise since the 2024 halving back in April. The exceptional performance of mining stocks and other BTC-exposed equities such as MSTR (+42%) over the past three months, while BTC has traded sideways, is further evidence that what was keeping the BTC price down was not a broader market shift to risk-off. But rather selling native to BTC/USD; with the most noteworthy culprit being the miners themselves.

Difficulty: Mining difficulty rose 3.21% this week. The first positive adjustment in difficulty since May. If the next difficulty adjustment is also positive, then we can officially declare the end of the miner capitulation. Now that the least profitable Bitcoin miners have been purged from the network, selling pressure will relent and price will have to adjust upward.

Energy Gravity: At a typical hosting rate today, new-gen Bitcoin ASICs require ~\$52,208 worth of energy to produce 1 BTC.

Summary and conclusion from Glassnode’s “The Week On-Chain” from 7/16/24. (Read the full report, [here](#).)

Examining the magnitude of major sell-side forces, Miners have historically been a primary source of sell-side pressure, however, we note a diminishing return on their market impact with each successive halving. Alternatively, the relevance of ETF Flows and Centralized Exchanges on price action grows convincingly.

The Bitcoin market absorbed a significant 48k BTC across the last month as the German Government achieved a full distribution of their balance sheet. This complete exhaustion of the German Government sell-side pressure has provided the market with ample relief, whilst initial glimmers of a renewed demand-side have stimulated positive price action.

Short-Term Holders have endured a challenging month with the recent correction placing a substantial portion of their coin supply into a position of loss. Alternatively, mature investors remained steadfast, experiencing a near negligible decline in profitability, highlighting their impressive conviction and robust market positioning.

Conclusion from Coin Metrics’ “State of The Network” weekly report from 7/16/24. (Read the full report, [here](#).)

The resolution of the Mt. Gox saga marks a significant milestone in cryptocurrency history. Nearly a decade after its collapse, the commencement of creditor repayments signifies both the maturation of the crypto ecosystem and the lengthy process often required to resolve complex financial failures in this space. Market participants will likely closely monitor conditions as these wallets potentially liquidate their holdings over the coming weeks.

Blockworks updated key metrics...

Total Crypto Market Cap	\$2.65 T
Bitcoin Market Cap	\$1.32 T
Ethereum Market Cap	\$421.48 B
ETH/BTC Ratio	0.05
Ethereum Gas Price	4 gwei
DeFi TVL	\$156.94 B
Fear and Greed Index	74 (Greed)

Grayscale published a research piece titled “AI Is Coming – Crypto Can Help Make It Right.” (Read it, [here.](#))



CCData released its “Exchange Review Report.” (See key findings below. Download the full report, [here.](#))

- Digital Asset Trading Volumes Dropped for Third Consecutive Month. In June, the combined spot and derivatives trading volume on CEXs continued to decline; a trend that has been ongoing since March 24, when digital asset volumes reached an all-time high of \$9.05tn. The combined trading volume fell 21.8% to \$4.22tn, as major crypto assets including Bitcoin and Ethereum remained largely rangebound and recorded major drawbacks in June.
- Open Interest on Centralized Exchanges Declined in June. Open interest on derivatives exchanges declined by 9.67% to \$47.11bn, following a series of liquidations triggered by a significant drop in cryptocurrency prices observed in June and continuing into July. Coinbase saw a significant decline in its open interest of 52.1% to \$18.2mn. Binance maintained the biggest position among centralized exchanges evident by its \$19.4bn in open interest which dropped by 9.93%.
- CME Institutional Volumes Decline After Strong Performance in May. In June, the total futures trading volume on CME experienced a notable decline, dropping by 11.5% to \$103bn. BTC options trading volume on the exchange saw a significant reduction, falling by 28.2% to \$1.50bn, while ETH options trading volume faced an even steeper decline of 58.0%, dropping to \$408mn. This substantial decrease followed a major rise in May, spurred by the approval of spot Ethereum ETFs.
- Exchange Market Share Continues to Shift. Compared to December, Bybit, Bitget, and HTX achieved the largest rise in market share, by 2.01%, 1.74%, and 1.43%, respectively. Between the second half of 2023 and the first half of 2024, Bybit, Bitget, and Gate.io saw the largest gains, increasing their market share by 4.07%, 3.47%, and 2.71%, respectively. Meanwhile, Binance's market share dropped from 40.4% in July 2023 to 31.2% in June 2024, a decrease of 9.16%.

Continued fallout from the various crypto liquidity issues, regulatory problems, and 2022 ‘crypto winter’ in the space...

- FTX and the CFTC agreed on a \$12.7 billion settlement after months of negotiations, which allows FTX to pay creditors up to that amount if they comply with their reorganization plan.
- Celsius agreed to settle with KeyFi founder Jason Stone, resulting in the transfer of tokens and hundreds of NFTs to Celsius for liquidation over the next year, with Stone receiving up to \$800,000 and a rare NFT in return.
- BlockFi will start processing crypto distributions through Coinbase this month, but non-US clients are currently ineligible due to regulatory constraints.
- Detained American Binance executive Tigran Gambaryan had to be pushed into a Abuja, Nigeria courtroom in a wheelchair after a herniated disc in his back left him in severe pain and “hardly able to walk,” according to a July 15 report from his family. (US lawmakers urged the government to designate the detention of Tigran Gambaryan in Nigeria as a hostage situation and called for his immediate release.)