Market Research
May 6, 2025

Ahead of the curve
Market Update

SBR silence and upcoming FOMC keep Bitcoin in consolidation
Bitcoin displayed choppy price action this week, with a weekend dip toward $94k preceded by a brief rally above $96k. The 60-day deadline for the Treasury's evaluation of the Strategic Bitcoin Reserve passed without a public announcement, leaving the timeline and details unclear. Meanwhile, traders brace for heightened volatility ahead of this week's FOMC meeting. Despite mounting pressure from President Trump urging Fed Chair Powell to implement rate cuts, market consensus expects the Fed to keep rates unchanged at 4.25%–4.5%. The Fed's cautious stance stems from continued uncertainty driven by tariff policies and broader macroeconomic risks.

Neither CME nor offshore traders are enticed to engage
CME futures premiums dropped sharply over the weekend as BTC retraced to $94k, with the 1-month basis falling from 9% to 6%. Traders remain cautious amid ongoing macro uncertainty, keeping open interest flat through March and April. However, futures-based ETFs were steady sellers last week, driving consecutive outflows and pushing VolatilityShares 2x BTC exposure below 50,000 BTC for the first time since April 22.

Meanwhile, perp funding rates remain suppressed, turning deeply negative on May 3 as BTC approached $97k. Although yields have slightly recovered, they remain below neutral, marking eight consecutive days of negative funding - the longest stretch since August 2024. Open interest also declined to a two-week low of 265,000 BTC, showing caution and lacklustre demand from traders to increase long exposure at this juncture.

Strategy doubles down
Strategy announced an expansion of its 21/21 plan, doubling its ATM offering from $21bn to $42bn, alongside a matching $42bn target through convertible notes. While both fundraising channels grew, the ATM has proven the fastest method for raising funds. With $16bn remaining in the convertible notes and the 2024 ATM now fully used - following a 1,895 BTC purchase - the company continues its aggressive Bitcoin accumulation. Despite dilution, Strategy's shares still trade at a 2x premium to the firm's BTC holdings, down from a 3.4x peak in November.

Over the past six months, the company has bought 303,230 BTC, acting as a significant force behind BTC's strength. The ATM expansion signals continued supply absorption, positioning Strategy as an ongoing positive force in BTC's directional momentum.

Bitcoin ETP demand stays strong
BTC ETP inflows have surged recently, with 54,255 BTC added between April 21 and May 2 - the strongest two-week inflow since November 2024. Although inflows slowed to 16,664 BTC last week, it was still 2025's third-highest weekly figure. Most flows stemmed from U.S. spot ETFs, while the 2x leveraged ETF underperformed relative to previous stretches of heightened activity. Despite recent demand, total BTC held in ETPs remains 24,125 BTC below January's record, reflecting February's significant outflows.

BTC's price continues to closely track ETF flows. BTC's current 30-day return of 17.5% aligns with past periods where net flows hovered near 40,000 BTC (as they are now), clearly demonstrating the link between ETF demand and BTC price.

Digital Assets
Signals from the market

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By the numbers

BTCUSD $94,111
7d: **-1%**
30d: **13%**

ETHUSD $1,794
7d: **0%**
30d: **0%**

Open Interest (BTC futures and perps)
$43.6bn
463,000 BTC (**0.6%** last seven days)

Average daily BTC spot volume
$2.6bn (**-33%** last seven days)

BTC 90-d correlations (weekly change included)

ETH	Gold	S&P 500	DXY
0.78 (0.00)	0.09 (-0.04)	0.47(0.01)	-0.01 (0.13)

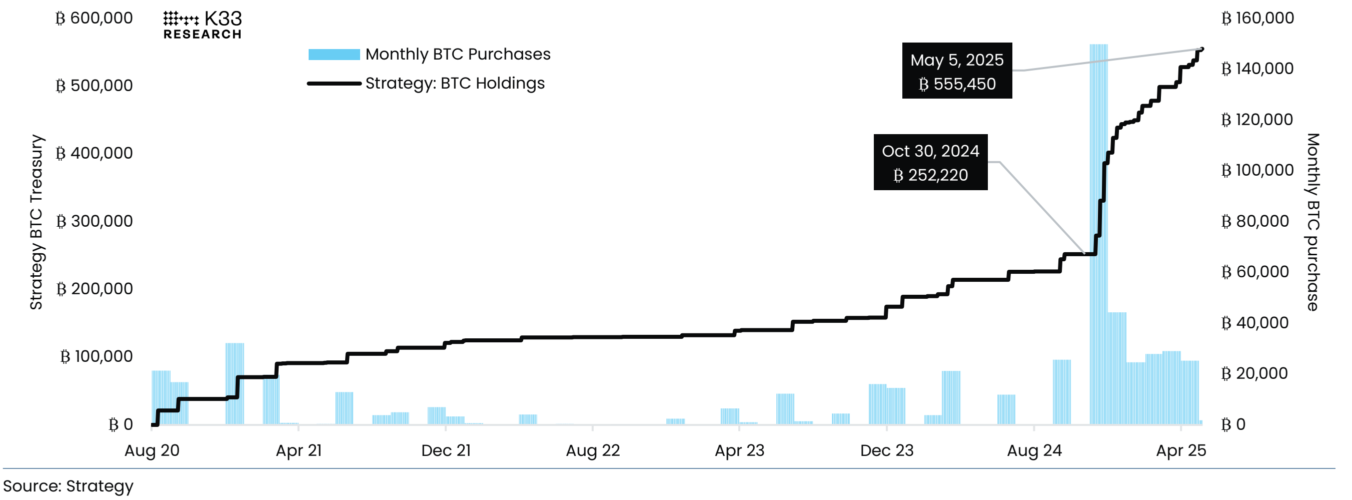
Percentage of Total Market Capitalization
Weekly change in percentage points

BTC	ETH	Stablecoins	Rest
63.9% (0.6%)	7.4% (0.1%)	7.2% (0.1%)	21.5% (-0.8%)

Last week of top 50 by market cap

	Ticker	7d	YTD
Gainers			
1	HYPE	4%	-17%
2	XMR	2%	49%
3	ETH	0%	-46%
Losers			
1	TRUMP	-24%	769%
2	APT	-15%	-45%
3	PEPE	-15%	-61%

Figure 1: Strategy - BTC Holdings and Monthly Purchasing Rate

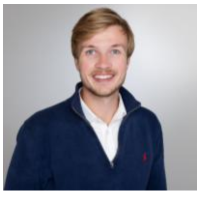


Source: Strategy

Hold in May, and stay
May Outlook

Digital Assets

May Outlook



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Our plan has been clear: reaccumulate BTC south of $80k and hold. We're now entering a period designated for holding.

A historically constrained seasonal period

One mantra has been tried and proven repeatedly in the crypto market – sell in May and stay away. Historically, May to October has offered weaker performance than November through April. There are few fully satisfying explanations as to why we have observed this seasonality of returns, but the vacation effect and tax deadlines may represent one key performance dampener. Further, summers generally tend to see fewer catalysts than the rest of the year.

But 2025 is shaped to be different

In crypto, we argue that this is not the case - in the summer of '25, catalysts are plentiful. While Trump's overall market impact is an annoyance, one has to accept the market for what it is. Right now, it is a broad Trump trade; his moves impact risk tolerance and skew forward expectations. Onwards, crypto is about to face multiple Trump-driven positive developments, whereas equities may face a tariff repeat – on balance, setting the stage for relative bitcoin strength in the months ahead.

Donald Trump's first crypto-specific executive order gave the crypto working group a 180-day deadline to submit a comprehensive report covering the development of a federal regulatory framework for crypto and evaluating a national digital asset stockpile. The deadline for this report is due on July 22. Trump accelerated the work on the strategic reserve with his March 6 executive order, providing a 60-day deadline for the U.S. treasury to evaluate legal and investment considerations for the SBR. Findings from the report have yet to be disclosed but might represent a significant valve of volatility in the weeks to come.

Further, heavier Trump catalysts are also upon the market. Trump's 90-day tariff pause offered relief to a rapidly deteriorating market in early April. A tariff postponement means one thing – the topic will resurface with all its horrifying glory in the midst of the summer. The likelihood of markets re-experiencing the April chaos is thus relatively high, forcing market participants into risk-averse positioning.

On balance, potential positive crypto catalysts and looming downside risk in equities favor BTC ahead.

Natural relative BTC strength

During April's drawdown, BTC proved robust. The deepest down days on the S&P 500 outpaced BTC, a very rare feat of lower BTC beta during periods of market turmoil. The explanation is natural. The aforementioned balance of a potential strategic bitcoin reserve vs. the potential negative company-specific long-term implication of tariffs on earnings and employment points toward stronger fundamentals for BTC over equities.

Robust beta, elevated risk aversion

While arguments for relative strength are solid, risk aversion prevails across markets. BTC derivatives have faced weak premiums for weeks, best illustrated by funding rates hovering in negative territory since late April. Traders are not looking to build leveraged long exposure; thus, risks of cascading long liquidations pushing BTC lower are low. This is a constructive observation for medium—to long-term BTC owners and favors aggressive spot exposure ahead.

Sold inauguration, rebought sub $80k – now back in it for the ride

While tariffs are due to continue to spark uncertainty in the markets in the months ahead, I have comfortably reallocated back what I sold on the inauguration, with no intention of selling at current prices. I intend to maintain this exposure throughout the summer, as I view the balance of future catalysts onwards as net positive for BTC – favoring patient exposure.

Spot Market

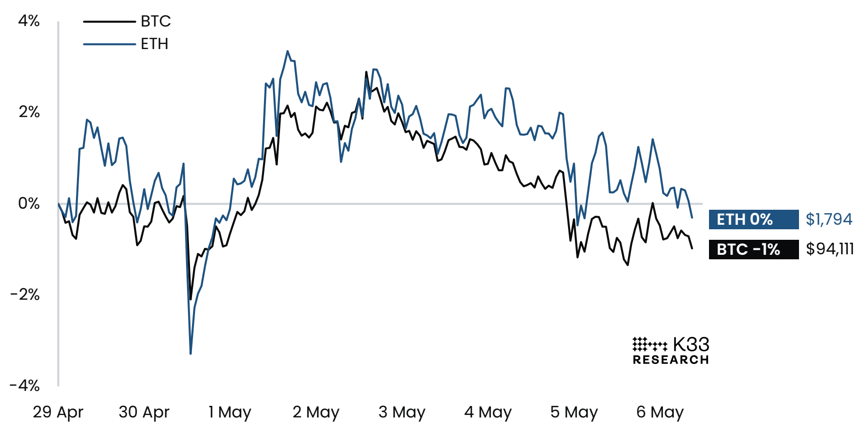
Strategy to maintain BTC frenzy
Bitcoin has faced a week of tight consolidation at $94,000, with a brief breakout north of $96,000 following MSTR's 42/42 plan announcement. Overall, price action remained lackluster throughout most of the week, pushing volumes and futures premiums back to lows not seen since mid-April.

Most market indicators remain stagnant compared to last week, with funding rates in perps remaining predominantly negative, while futures premiums have fallen following the weekend retracement. Risk aversion remains highly present, while ETFs continue to face robust inflows.

Yesterday marked the 60-day deadline for Trump's executive order covering the Strategic Bitcoin Reserve. By this deadline, the U.S. treasury will have delivered an evaluation of the legal and investment considerations for establishing and managing the Strategic Bitcoin Reserve. No public announcement on the progress of the SBR has yet been issued. It remains unclear when information related to the SBR will be shared with the public, and we might have to wait until a new crypto summit is organized at the White House.

The FOMC is rigged to cause significant volatility this week. Since the last FOMC, Trump has made attempts to pressure Jerome Powell into emergency rate cuts. Despite this pressure, broad market consensus points toward unchanged rates, maintaining the current target at 4.25% to 4.5% as the Fed maintains a wait-and-see strategy against the backdrop of tariff-induced uncertainty in the market.

Figure 2: Performance BTC and ETH, Last Week



Source: Tradingview, (Coinbase, Binance)

IBIT carrying the ETFs
Bitcoin ETPs have added 14,210 BTC over the past week. IBIT alone added 21,403 BTC over the last week, while the rest of the US spot ETFs faced weekly net outflows, with ARKB seeing the strongest net outflows of 2,497 BTC. Flows have thus been remarkably IBIT scentric over the past week, with IBIT playing an important role in maintaining BTC stable price action.

Figure 3: Daily Global Net BTC ETP Flows

Source: K33 Research

Headlines last week

Strategy Doubles Down, Expands 21/21 plan to 42/42 plan

House Republicans release discussion draft of a bill to regulate the crypto industry at large

House Democrats to walk out of hearing following concerns over Trump-backed crypto efforts

eToro targets $4 billion valuation and $500 million raise from US IPO

Ivy League school Brown University reveals $5 million investment in BlackRock's spot Bitcoin ETF

Calendar

Wednesday, May 7
- U.S. FOMC (Exp: Unchanged)

Thursday, May 8
- BoE Interest Rate Decision(Exp: 25bps cut)
- U.S. 30y bond auction
- Coinbase Earnings

Tuesday, May 13
- U.S. CPI

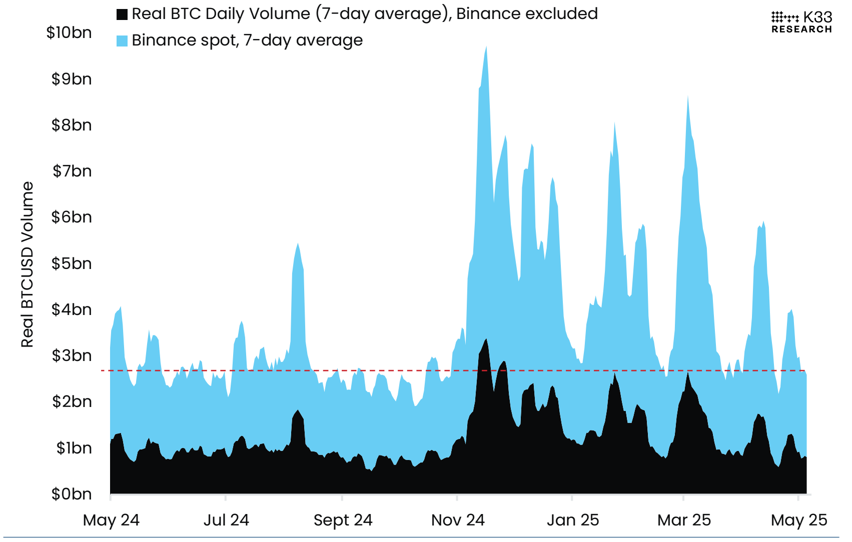
Spot Market

Fear and Greed

Now: 59 (Greed)
Last week: 60 (Greed)
Last month: 34 (Fear)

Tight consolidation sees volumes plummet by 33%
Activity in the BTC spot market softened over the past week, with average daily volumes coming in at $2.6bn, down 33% compared to last week.

Figure 4: Real BTCUSD Daily Volume* (7-day average)



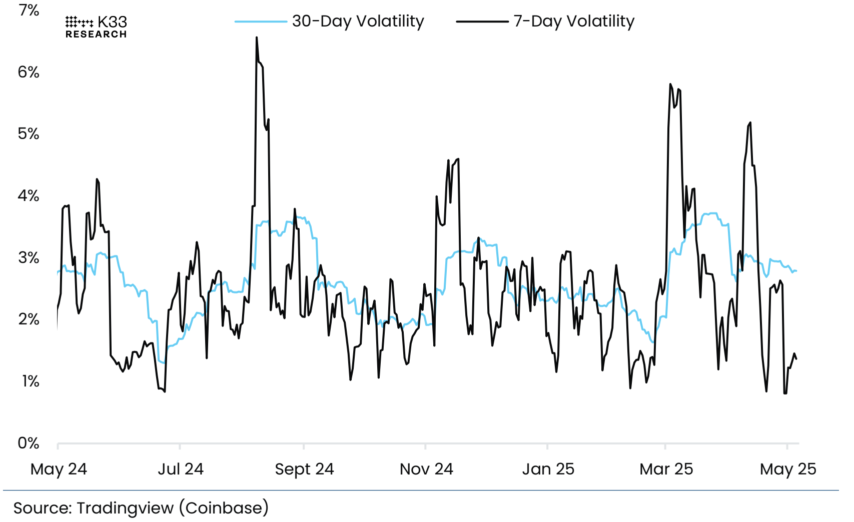
Source: Tradingview, Bitcoinity *Includes Bitwise 10 exchanges

7-day volatilities reached a 563-day low
Bitcoin's extended consolidation at $94k saw the 7-day volatility hit a 563-day low on April 30. While we remain at $94k, the brief push above $96k and the following retracement has moderately lifted 7-day volatilities to 1.3%.

That said, price fluctuations remain abnormally soft, and short-term volatility is abnormally compressed. This idle price action has had ripple effects on the market, pushing implied volatilities to 10-month lows as the market adjusts to this stable regime.

As clarified last week, such low volatility regimes in BTC tend to be short-lived. Violent volatility outbursts typically follow this form of stability once prices start to move as leveraged trades are unwound and traders are reactivated into the market.

Figure 5: BTC-USD Volatility



Source: Tradingview (Coinbase)

Derivatives
CME, Futures and ETFs

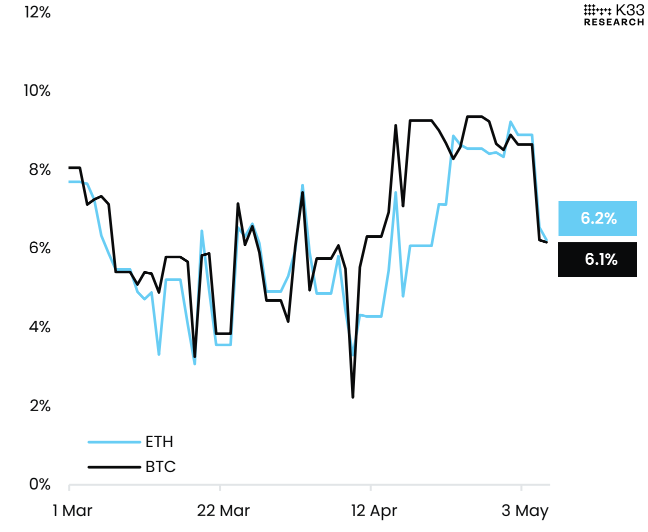
CME premiums dropped considerably over the weekend amidst BTC's retracement to $94k, while overall exposure remained stagnant.

The annualized 1-month basis on CME fell from 9% to 6% from Friday to Monday following BTC's weekend decline. Premiums are now back at 3-week lows, suggesting a cautious bias from CME traders.

Moderate exposure may explain this quick basis correction over the weekend. Open interest on CME has remained flat and stagnant throughout March and April, as traders largely reign reluctant to add exposure amidst an ongoing uncertain macro environment. This gives the incremental buyer and seller on CME a larger overall impact on the basis, in turn leading to sharper movements.

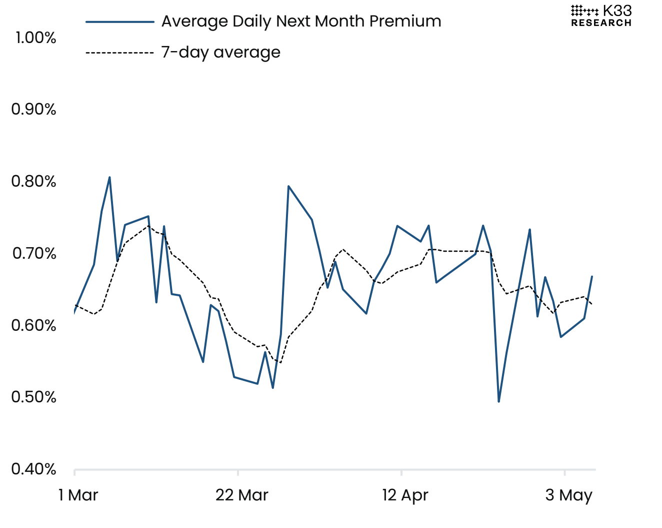
Over the past week, one cohort has been a consistent seller – the futures-based ETFs. These ETFs saw back-to-back outflows throughout the week, pushing VolatilityShares 2x long BTC exposure back below 50,000 BTC for the first time since April 22.

Figure 6: Basis see significant drop
CME BTC and ETH Futures Annualized Rolling 1mth Basis



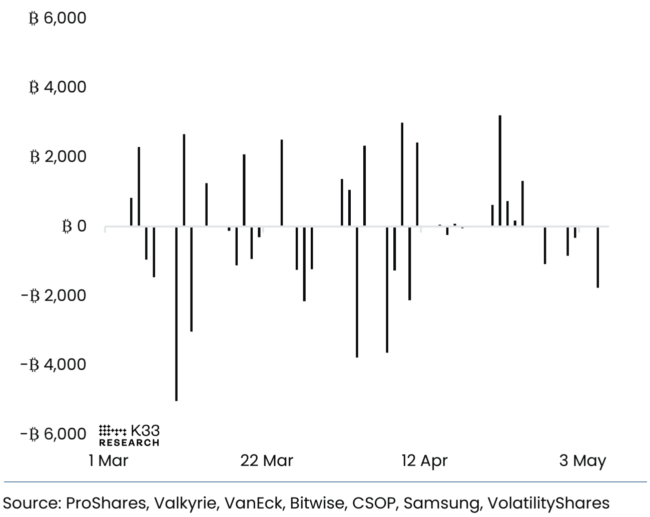
Source: Tradingview

Figure 7: Contango holding at 0.7%
CME BTC Futures: Average Daily Next Month Premium



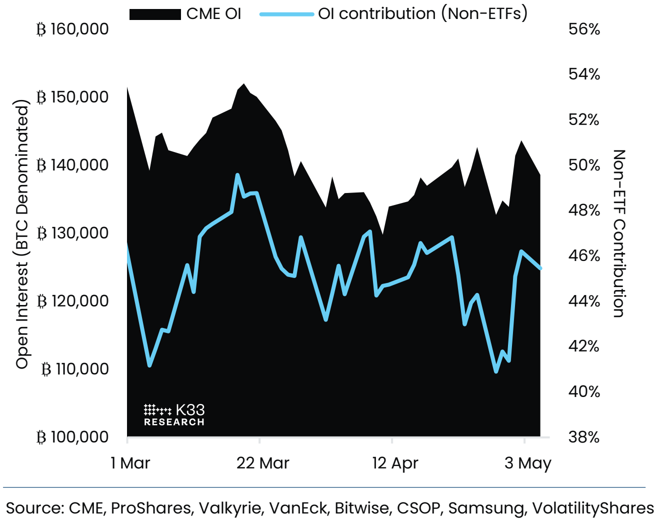
Source: Tradingview

Figure 8: Outflows in futures ETFs throughout the week
Futures-based ETFs: Net Flow – BTC Equivalent



Source: ProShares, Valkyrie, VanEck, Bitwise, CSOP, Samsung, VolatilityShares

Figure 9: Stubbornly idle OI
CME BTC Futures: Open Interest



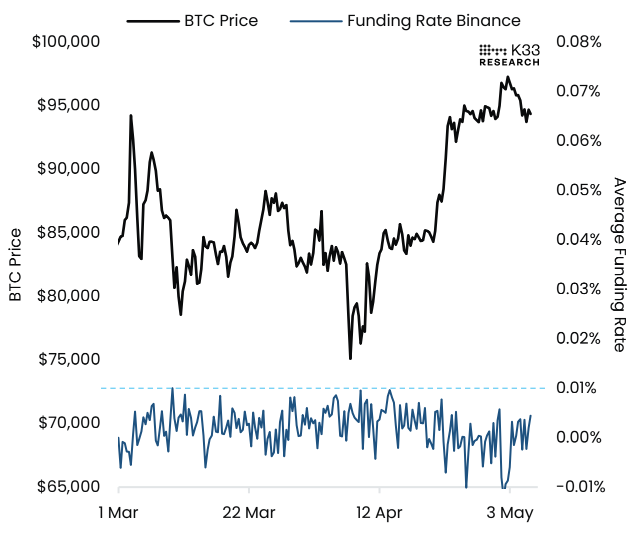
Source: CME, ProShares, Valkyrie, VanEck, Bitwise, CSOP, Samsung, VolatilityShares

Derivatives
Perpetual Swaps and Options

Perpetual swaps
Funding rates remain suppressed in perpetual swaps, reaching deeply negative values on May 3 amidst BTC's push toward $97,000. Yields have recovered slightly in the following days, trailing slightly above 0%, but well below neutral levels. 7-day average funding rates have now remained negative for 8 consecutive trading days, marking the longest negative funding rate regime since August 2024. While funding remains soft, open interest has fallen to a 2-week low of 265,000 BTC.

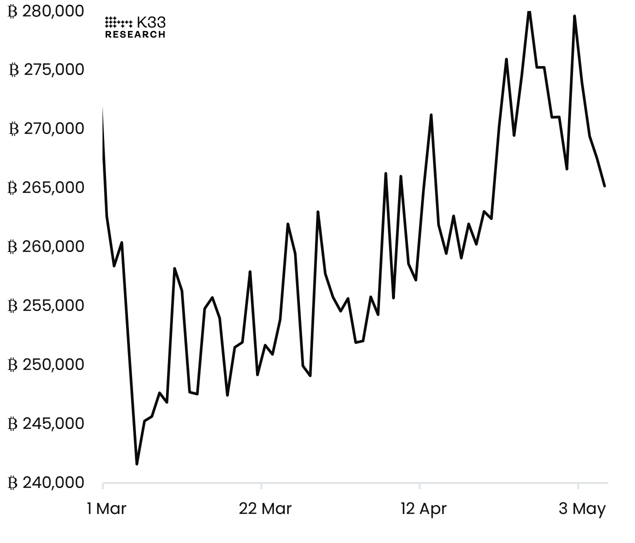
Overall, perp traders remain cautious, with yields suggesting lackluster demand to add long exposure.

Figure 10: Funding rates remain unusually low
Bitcoin Perpetuals: Funding Rates vs BTC Price



Source: Binance, Laevitas

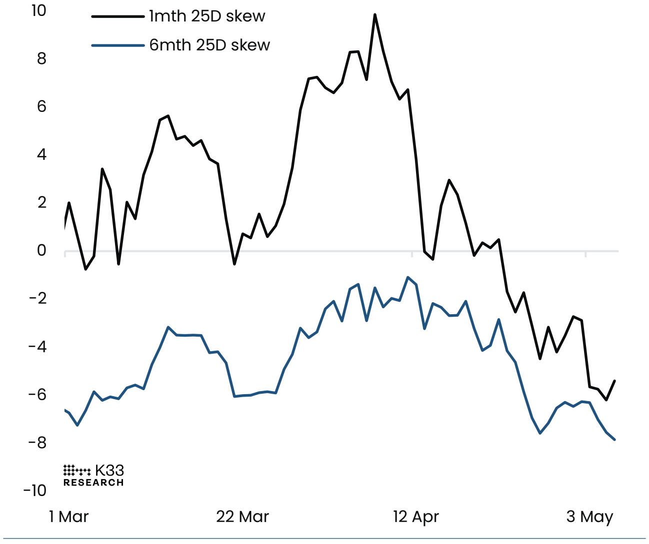
Figure 11: Open interest to two-week lows
Bitcoin Perpetuals: Open Interest



Source: Laevitas

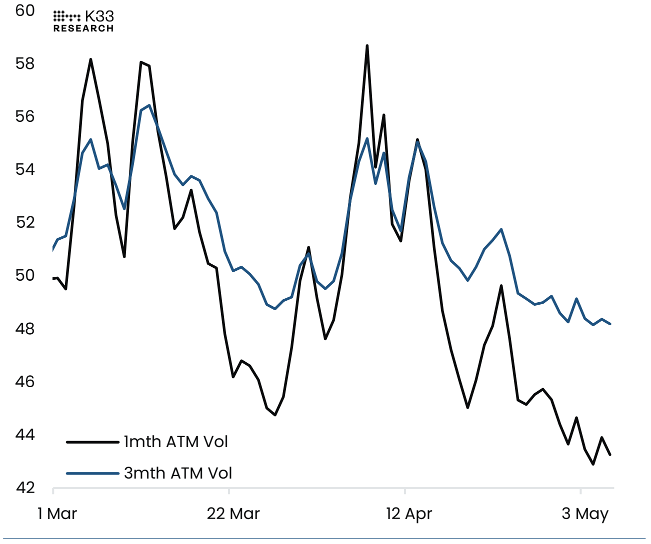
Options
Bitcoins' continued narrowed consolidation has compressed 1mth IVs to lows not seen since July 2, 2024. While implied volatilities reign low, skews have fallen considerably, with 1mth skews hitting lows not seen since January as sentiment in the options market has strengthened over the past few weeks.

Figure 12: Positive bias in options
BTC Options - 25D Skew (1mth + 6mth)



Source: Laevitas

Figure 13: 1mth IVs hit July lows
BTC Options – Implied Volatility



Source: Laevitas

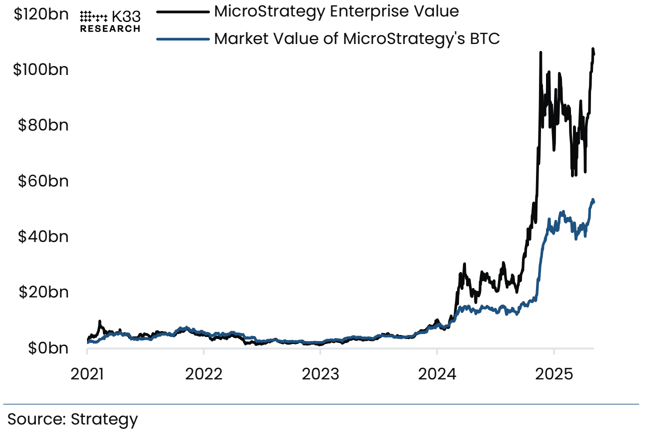
A deeper dive
Strategy doubling down

As we expected, Strategy announced an expansion of its 21/21 plan during the recent earnings call, as the initial $21 billion ATM (at-the-market) offering approached full utilization. The company has now doubled its target, aiming to raise a total of $42 billion through the ATM program, adding an additional $21 billion to the original offering, alongside a parallel goal of raising $42 billion through convertible notes.

While both fundraising programs were expanded, it's been evident for several months that the ATM mechanism has served as the most efficient route for rapid capital deployment. $16 billion remains from the original convertible notes plan, whereas the 2024 common stock ATM was fully exhausted following yesterday's announcement of a 1,895 BTC purchase.

Remarkably, the Strategy enterprise value premium to its BTC holdings remains massive, with the company currently trading at a 2x valuation to the value of its BTC. These valuation premiums have remained elevated throughout 2024, peaking at 3.4x in late November. Since that peak, the company has raised over $15 billion via ATM issuance. Despite the considerable dilution, its shares have retained a strong premium, positioning the company to continue aggressive, ATM-funded Bitcoin acquisitions in the coming months.

Figure 14: Strategy Market Cap vs Value of BTC Holdings



Source: Strategy

Figure 15: Strategy Premium to BTC Value

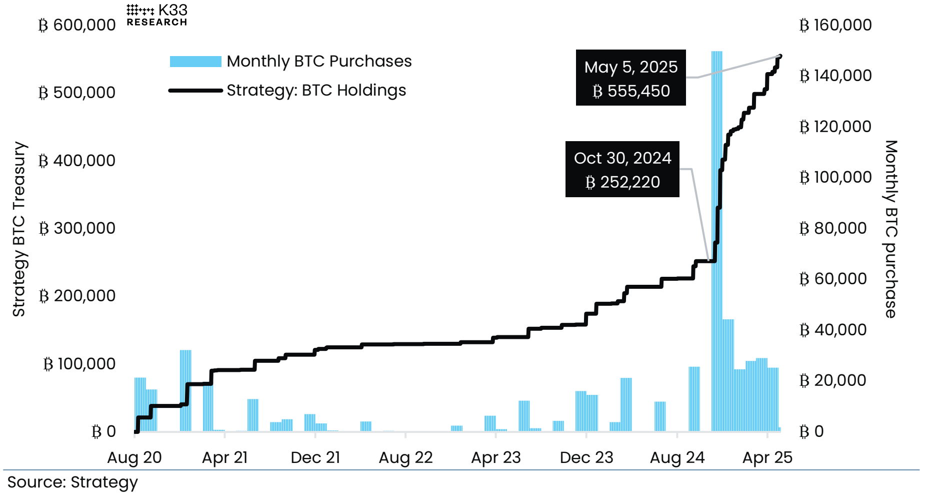
Source: Strategy

303,230 BTC purchased in 6 months

Strategy has more than doubled its already impressive BTC stack since the introduction of the 21/21 plan. The company has purchased 303,230 BTC in the last six months, representing a hugely influential supply absorber since the U.S. election breakout. This huge purchasing spree has helped BTC showcase relative strength vs. equities and is enabled by continued strong demand for MSTR shares in the market, allowing the company to keep on its aggressive dilution program.

The expansion of the ATM solidifies market expectations of continued supply absorption ahead, and as long as premiums remain robust, the stage is set for MSTR to remain an ongoing positive force in BTC's directional momentum in the coming year.

Figure 16: MSTR: BTC Holdings and Monthly Purchasing Rate



Source: Strategy

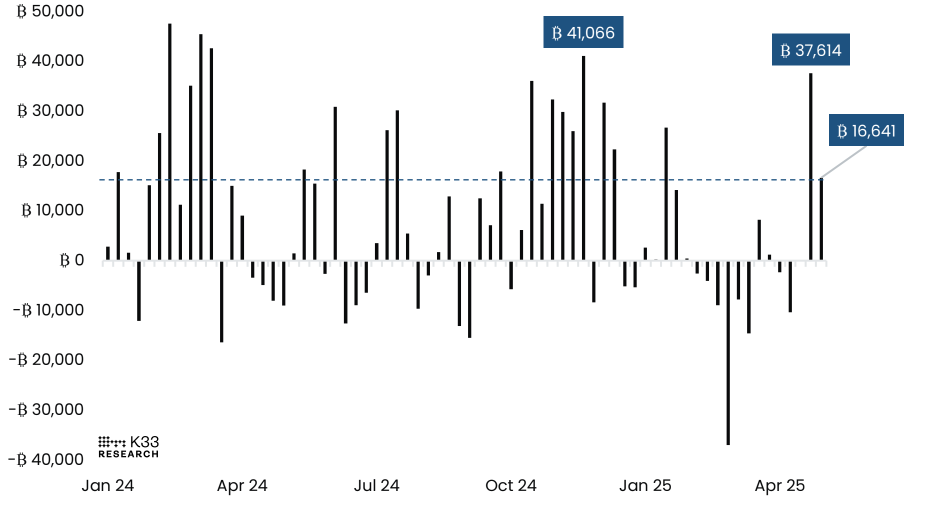
A deeper dive
Flows to Bitcoin ETPs remain strong

Flows into bitcoin ETPs have picked up sharply over the past two weeks, with a net inflow of 54,255 BTC recorded between April 21 and May 2. This marks the strongest two-week inflow since November 22, 2024, signaling a clear resurgence in demand for BTC exposure.

While inflows cooled slightly over the past week, ETPs still attracted 16,664 BTC, down from 37,614 BTC the week before. Despite the slowdown, last week's inflow ranks as the third-highest in 2025. The majority of these flows continue to come from U.S. spot ETFs, although the 2x leveraged ETF has underperformed relative to previous periods of heightened activity.

Even with the recent strength, total BTC held in ETPs remains 24,125 BTC below the all-time high of 1.43 million set on January 30. This shortfall underscores just how significant the February outflows were—and how far there still is to go to fully reverse them.

Figure 17: Global Weekly BTC ETP Flow

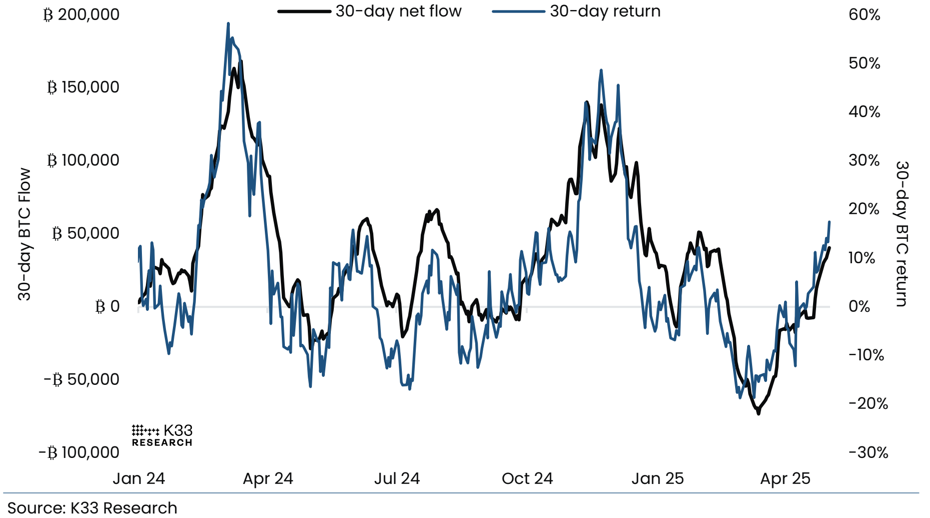


Source: K33 Research

The flows still matter
Since the launch of U.S. spot ETFs, one trend has stood out: bitcoin's price performance and ETF flows are closely intertwined. Throughout the year, 30-day net flows have moved in lockstep with 30-day returns—an intuitive relationship, as shifts in supply absorption or distribution tend to have a direct impact on price.

Bitcoin's current 30-day return of 17.5% is consistent with past instances where net flows over the same period hovered around 40,000 BTC, as they do now. This alignment reinforces the strong connection between ETF demand and price momentum.

Figure 17: Bitcoin: 30-day ETF Flows vs 30-day returns

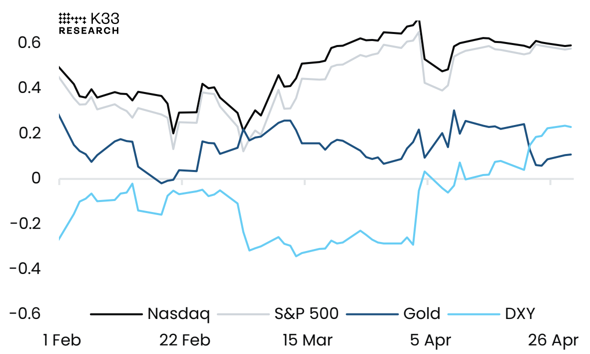


Source: K33 Research

Market Related Charts

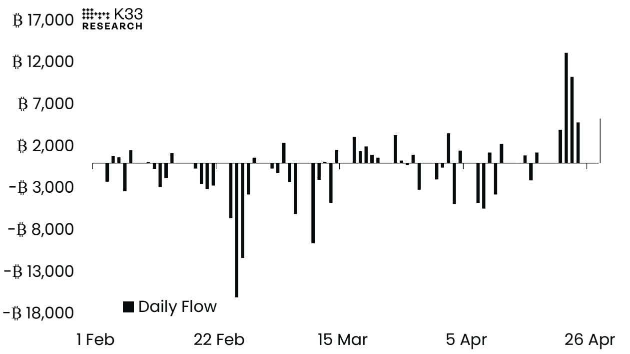
Data updated Tuesday, May 6, 2025

Figure 19: BTC 30-d correlations*



Source: Tradingview *Pearson

Figure 20: Daily Flows (BTC ETFs)



Source: K33 Research

Figure 21: BTC Dominance

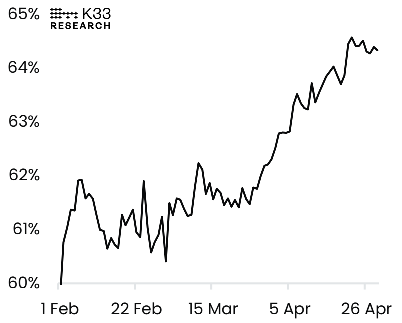


Figure 22: BTC + Stables Dominance

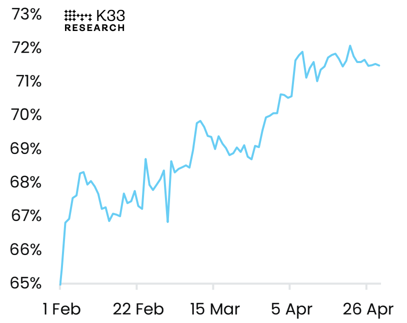
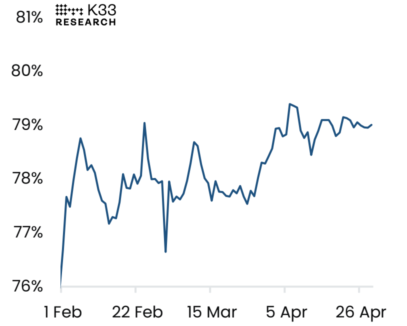
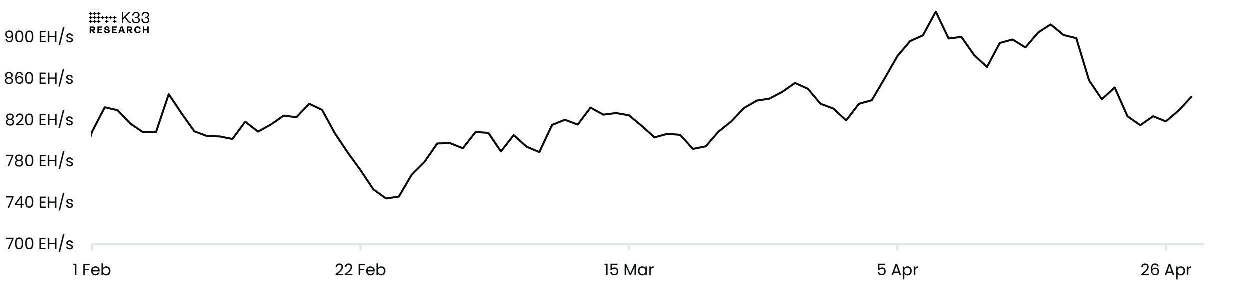


Figure 23: BTC + Stables + ETH Dominance



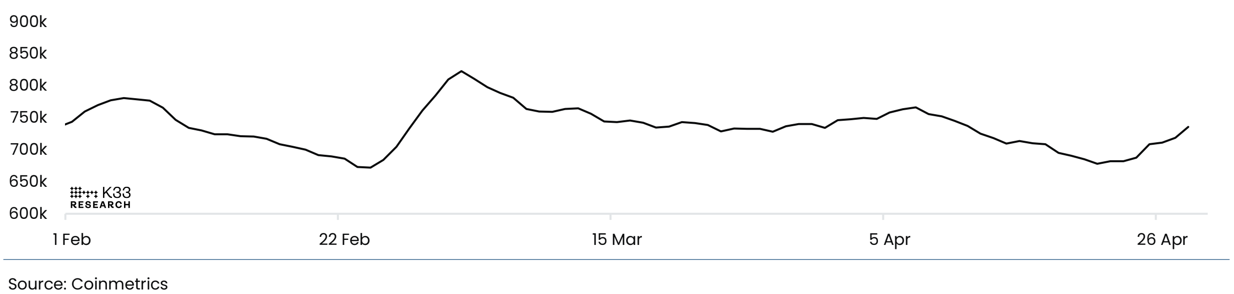
Source: Tradingview

Figure 24: Bitcoin Hashrate (7-day average)



Source: Coinmetrics

Figure 25: Active Addresses (7-day average)



Source: Coinmetrics

Why we choose the charts we do

Heavy Bitcoin focus
The crypto market is heavily correlated. Movements in BTC tend to be reflected by sharper moves in altcoins. In many ways, BTC is the lower beta exposure alternative to crypto and the definite market leader. However, don't worry – whenever we find a topic, a coin, or some tendencies worth drilling deeper into – we will. This report will get you the most important information from the crypto market.

Market by the numbers
We highlight the most critical market data by numbers in this table. A glance at these data should be sufficient to assess the state of the market superficially.

Open interest is an essential underlying market driver. Crypto tends to be very volatile, and leverage exacerbates volatility. We have had frequent massive liquidation cascades throughout the last years, mostly towards the downside, but we've periodically seen short squeezes emerge. During the March 12th collapse in 2020, cascading liquidations were the root cause of the absolute carnage in the market. You should always pay close attention to open interest if you aim to be an active participant in the market. Our derivatives pages will contribute to delivering you a directional assessment of the data.

The spot volume is an efficient way to gain an overview of the general activity in the market.

Correlations have been growingly important in the last year due to the complicated macro picture post-COVID. It's important to be aware of BTC's, for now, close relationship with U.S. equities and its inverse relationship with the dollar strength index (DXY). However, the current correlation regime is unlikely to be as strong as today forever. Through awareness of correlation trends, you may be able to execute trading strategies before the market catches up to correlations breaking.

The simplified market cap distribution box allows you to assess the general risk sentiment in the market quickly. In general, the "Rest" category may be used as a proxy for risk aversion in the market. Currently, BTC, ETH, and stablecoins represent nearly 75% of the crypto market, which is telling for a risk-averse crypto market.

The two charts on the first page illustrate the two most interesting topics covered in our market analysis. A more thorough examination of these charts is found in the last section of the report, where we dive deeper into two topics that currently seem to drive the market.

Spot Primer

Top 3 coins
We explore the last week's performance of the top 3 cryptocurrencies to asses deviations and opportunities within the safer bracket of digital assets. Currently, BTC, ETH, and BNB represent the three largest. Both ETH and BNB have a thriving DeFi user base and unique drivers of price and demand, which could generate temporary or long-term correlations within crypto to decline as trading opportunities arise or spread trade opportunities.

Indexes
We use the Bletchley Indexes to gauge and assess market activity across BTC and altcoins grouped by market cap size. Documentation for the index weights may be found at through this link.

Volume
The BTC spot volume is an efficient way to communicate the general activity in the market. It may help you identify frantic market bottoms or peaks. Our volume data is based on Bitwise's 10. In 2019, Bitwise explored wash-trading and market manipulation in the spot market, leading to this index. In general, our volume assessment likely underestimates the volume to some degree, as legitimate volumes in other exchanges are excluded. However, the volume estimate is a good proxy for general activity in the market.

We differentiate Binance's volume from the remainder of the exchanges due to Binance's removal of trading fees this summer. We believe a substantial amount of the recent trading volume on Binance is related to "in-organic" trades, i.e., high-volume trading strategies that were not economically feasible prior to fees being removed. Of course, removing fees has likely also contributed to moving traders from alternative exchanges over to Binance.

Volatility
Volatility is a topic well worth paying attention to. In specific periods, such as the current – where BTC trails in a shallow volatility regime, new trading opportunities emerge related to options and straddles. This chart is handy to pay close attention to, as it may help you enhance your ability to act on opportunities in the market when activity is low and options are becoming cheap.

Derivatives primer

Why should you care about derivatives flows?
The crypto market is periodically extremely volatile, and activity in derivatives enhances the market reactions. Crypto derivatives are at the cutting edge of financial innovation, the offshore market is periodically wild, and animal spirits tend to take over. Derivatives more or less always carry a clue of overheating in the market or full-on depression. It's highly actionable and worthwhile understanding if you aim to be an active crypto market participant.

The market is also clearly divided. There are two branches worth monitoring – institutional and offshore. Both components periodically lead the market, and assessing sentiment and general risk aversion in these two provides you the tools to understand dangers or opportunities on the horizon.

CME – The importance of a cash-based futures market in BTC
Institutional traders strongly impact BTCs price discovery, as identified both by Bitwise and by us. However, many institutional traders have limitations regarding access to crypto markets or even related to holding BTC. CME provides the most accessible, most efficient access to crypto markets for those traders. CME also has the added caveat of a familiar clearinghouse structure, leading to fewer barriers to entry for crypto exposure for institutional traders.

We assess institutional sentiment by monitoring the futures basis and contract spreads between the front month (upcoming expiry) and the near month (next expiry). In general, a positive and high futures basis on CME indicates a positive sentiment, whereas a negative basis indicates the opposite. We include Binance's basis to compare offshore and CME premiums to highlight different sentiments between institutional traders and retail. While Binance have institutional traders, they also enable easy access to derivatives for retail, which may provide useful information ahead of periods of distress.

We monitor aggregated ProShares flows, meaning inflows and outflows to both ProShares' long BTC ETF (BITO) and short BTC ETF (BITI) on the CME page. In the chart, inflows to BITI will be calculated as a negative flow impact, while inflows to BITO will be calculated as a positive flow impact. The opposite is true for outflows from the ETFs mentioned above. ProShares are by far the largest U.S. BTC ETF provider, holding a substantial amount of BTC contracts on CME. Retail and institutions have access to BITO and BITI. Periods of strong aggregated flows to BITO may substantially impact CME's basis. An interesting scenario that has yet to emerge would be one scenario with neutral flows but a rising CME basis. In this scenario, one can assume that certain institutional players actively add long BTC exposure.

We further monitor CME's open interest and the contribution of ETFs to the open interest to assess the degree of activity in CME futures.

Perpetual swaps
Perpetual swaps are the most frequently traded derivative in crypto markets. It's an everlasting futures-like instrument, utilizing funding rates to secure that perp prices align with spot markets. There are certain intricate nuances to funding rates, for instance, varying funding intervals and varying neutral funding rate thresholds. In normal conditions, Binance and Bybit's funding rate sits at 0.01% every eight hours – meaning longs pay shorts a fee. This structural element in crypto derivatives may lead to a natural structural contango. They may be utilized for cash and carry strategies (albeit in a non-arbitrage fashion, assuming that funding rates will average around neutral terrain).

During roaring markets, funding rates tend to be pushed towards extreme highs due to enormous demand to go long, leading perps to trade at a substantial premium over spot. By assessing funding rates, you may be able to act on market moves and liquidation cascades prior to a liquidation cascade. Similarly, funding rates may sit in extremely negative terrain during bear markets, foreshadowing potential short squeezes.

We monitor open interest in perps to better gauge the risks of soaring volatility and market instability. We monitor open interest in notional value, i.e., in BTC, to have a clear eye on the relative leverage in the market. Currently, the open interest sits at all-time highs in notional value. This is a dangerous trend, and we view it as likely that this will generate a dramatic reaction when BTC breaks out of its prolonged consolidation. Cascading liquidations may occur in both directions, so the open interest is best used as a proxy for how volatile a spike may be.

Options
We monitor two options charts. The 25-delta skew, which is a metric comparing the implied volatility of a 25-delta put option vs. a 25-delta call option, normalized by at the money implied volatility. Counter-intuitively, when the 25d skew is positive, traders are paying more for puts than calls and may be assessed as cautious/bearish behavior in the options market. The opposite is true when skews are negative. Skews trending in a certain direction may also elaborate on repositioning from options traders and is worth paying attention to. We show the 1-month skew for contracts expiring by the end of the month, and the 6-month skew, for contracts expiring half a year from now to assess differences in positioning across maturities.

The implied volatility illustrates options traders' forward-looking assessment of volatility – or the options pricing. Implied vols in BTC are rarely trailing below 60 for long, and this has previously been a good time to enter straddle strategies.

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