



More of the same...

Week Ending April 12



Ari

11 hr ago



	4/12/2022	4/6/2022
BTC	40337	43861
ETH	3056	3225
BTC Implied Yield (Qtly)	3.50%	4.50%
BTC 1M Implied Vol	62	62
BTC 7 Day Realized	55	30
BTC 1M 0.5 std dev skew	-5.4	-3
Implied 1 Std Dev Move	1309	1423
Avg Daily Move	1261	784
Avg Daily Range	1769	1794

[«weekly chartbook»](#)

Hi All,

I know for a fact that not all of you are fully recovered from Bitcoin 2022. I missed this one and it sounded fantastic. To paraphrase from the fast approaching holiday, I hope that for me it will be “next year in Miami.”

What do we have going on right now:

1. Prioritization of other markets, i.e., bond markets. It is not only US Treasuries, but credit markets, too. In fact, the stresses of war are starting to show up in places that you don't look first. Sure, we all now know about how Ukraine and Russia are the breadbaskets of Europe (dust off those old history texts). But now we are seeing headlines like [Sri Lanka defaulting on foreign debt to save dollars for food](#).
2. Holidays coming up.

3. Low open interest in the futures (looking at Binance): less attention being paid to crypto derivatives, less opportunity for liquidations, and less need to re-balance.
4. Participation in option vaults is up over the past month (the two largest, Oplyn and Ribbon are up ~23%) although down over the past week. Data from [Defi Llama](#).

So it is not surprising that until BTC took a hard leg down that implied volatility went lower. April 15th even sported a “4” handle (implied volatility in the 40s) for a short time before rising to the 60s. To be fair, 60 vol several months ago would have been the dip in vol. I have not wrapped my head around whether Dec vol should be 65 or 75 or 85 or far lower/higher. Technically, that’s not really my job and while that usually does not stop me for discussing something, I’ll admit I don’t have a lot to offer for that.

Implied volatility sits in the mid-50’s for April expirations. On a dollar basis, the 4/29 straddle is \$3800 or so. That's not very expensive considering that BTC just moved around 3,000-4000 the last couple of days. Of course, I have no idea if BTC will actually do that again. So with the above 4 notes as caveat, vol sits in this value-ish range in the short dates going into a holiday weekend where we are likely to see far lower than usual liquidity. Both Passover and Easter line up for this weekend. Point being that with a war going on in Eastern Europe, financial spillover from real world (food!) issues, and low liquidity, it pays to not lay down too much risk over this weekend. In particular, there could be sloppiness on the CME Sunday 6p open as Asia is just waking up.

Sadly, basis is neither showing good carry nor is it volatile for trading. In other words: more of the same.

I hope you all enjoy your family this weekend. That goes out to you regardless of your choice of Holiday this weekend or even if there is no particular holiday.

Best

Ari

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