



Down Round

Week Ending 6/7



Ari
Jun 8



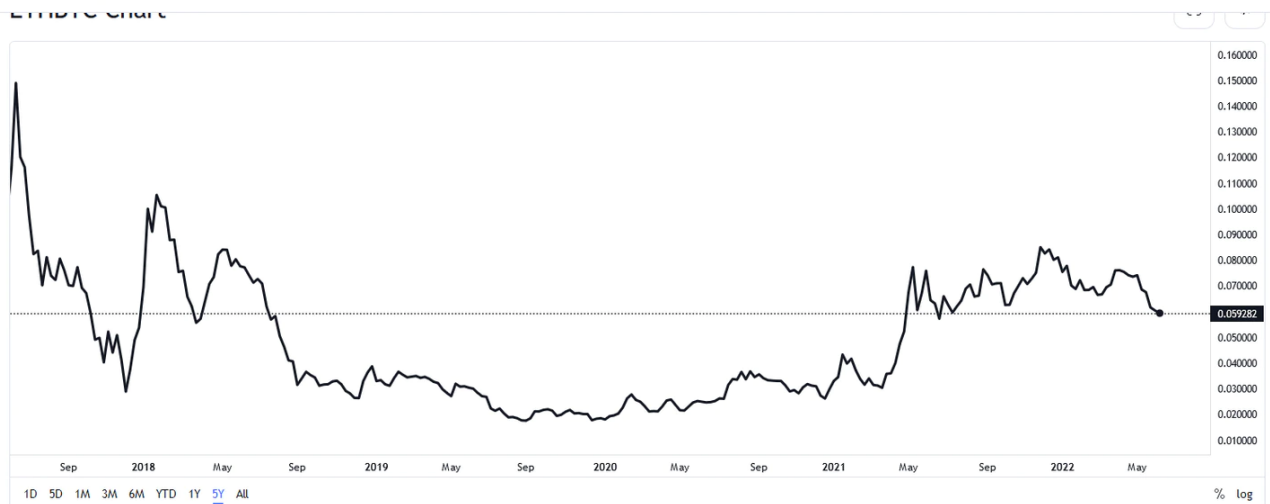
Hi All,

	6/7/2022	5/31/2022
BTC	31274	31675
ETH	1843	1953
BTC Implied Yield (Qtly)	2.5%	3.5%
BTC 1M Implied Vol	61	65
BTC 7 Day Realized	67	55
BTC 1M 0.5 std dev skew	-6.5	-9.2
Implied 1 Std Dev Move	996	1077
Avg Daily Move	854	695
Avg Daily Range	1292	1297

[Download Chartbook Here](#)

I appreciate everyone's patience with me. It is graduation season around here and the clock is ticking on the time I get to spend with my kids. Like trading, one has to know when to seize the moment. I'm not sure I have a theme for this episode. Maybe more like a laundry list.

1. [US Probes Binace Over BNB](#) (Bloomberg)
2. Gemini cuts staff by 10%: [A Message from Cameron & Tyler](#)
3. ETH-BTC via TradingView:



4. Lummis & Gillibrand [Bipartisan Crypto Bill](#)
5. [BlockFi down round](#). Chapparo reports a prior valuation of \$5B so that this represents an 80% decline. That's in line with Coinbase's stock price — which is understandable — but a little “sus” as my daughter would say. I mean, why raise funds now. Well, unless ya had to ...
6. [Bitcoin miner selling](#). [Here](#), too. So there's that.
7. This is from May 9, and I've meant to roll it into the commentary but there has been other stuff: [Compound gets Credit Rating](#). It is a high yield rating, but it is a rating! That means putting money into Compound is no longer a job risk. That's big on Wall Street — I mean, it is everything.
8. Also not new, but useful for following MSTR — [Michael Kao's thread](#).
9. GBTC: SEC has July 6 scheduled decision on whether to convert GBTC to ETF. Greyscale has [retained a hired \(legal\) gun](#). More below.
10. I listened to Javier Blas on Odd Lots. Roughly: The Fed or ECB hiking rates cannot decrease inflation because that does not produce more “stuff”. All they can do is kill the economy in order to decrease demand. As an interesting aside, [Harald Malmgren](#) suggested that Fed action amounts to a strong dollar policy that directly — and purposefully — meant to negatively impact the overleveraged. Harald is not some Twitter tourist, he has been intimately involved at the highest levels of government since the 60s.



GBTC has my attention right now. I don't have a good way to handicap the probability of this going through. Maybe it is far better than in the past due to all of the incoming regulatory and legal scrutiny. My advice to you is to believe me when I say I don't have any real insight on the probability of it happening. On the other hand, I think it is reasonable that if one had or wanted to put on this trade, it makes sense to hedge with futures. Now, remember back at the launch of the BTC ETFs? Everyone was concerned that CME basis would get out of control and the ETF would be pummeled. That did not happen. My thesis has been that with the GBTC discount widening, the futures buying from the ETF was offset by futures selling from GBTC "arbs". CME basis is low — you can fund at around 2.7% out to Sep 30. Which is low by crypto standards even now. But what happens if the GBTC conversion is approved? I'd offer that CME basis skyrockets as positions are taken off and new open interest needs to come in to take the other side of BITO and BTF. Furthermore, I think it also means that those futures ETFs will slide as traders realize that their carry roll decay is about to increase bigly. Definitely DYOR.

BTC options trading has been same as it has been: fronts are cheap, puts are expensive, and vol is directional. For those willing to put in the time and research, there is a trade to be done. It is amazing how the straddle run looks:

Today	6/9/2022	6/10/2022	6/10/2022	6/17/2022	6/24/2022	7/29/2022	8/26/2022	9/30/2022	12/30/2022	3/31/2023
8-Jun-22	9-Jun-22	10-Jun-22	10-Jun-22	17-Jun-22	24-Jun-22	29-Jul-22	26-Aug-22	30-Sep-22	30-Dec-22	31-Mar-23
Days	0.5	1.5	1.5	8.5	15.5	50.5	78.5	114	205	296
T	0.0014541	0.00419	0.00419	0.02337	0.04255	0.13844	0.21515	0.31104	0.56036	0.80967
ATM Vol	68.62%	65.47%	66.32%	67.54%	65.06%	63.54%	63.18%	63.74%	65.29%	65.41%
Risk Free Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Straddle Value	636	1030	1044	2508	3262	5751	7136	8670	11950	14473

I mean, we had a \$2,000 round trip yesterday (and then down another \$1000). A range is not necessarily profitable on a strictly Black-Scholes delta basis and I have a bit of a long option bias, but I feel like these straddles are reasonably good (long) risk/reward.

Cool non-crypto video to watch:

[1177 BC: The Year Civilization Collapsed / Eric Cline PhD](#)

Touches on some of the topics I tend to like: history and robustness vs optimization.

Best,

Ari

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