

## Week Ending Feb 22

	2/22/2022	2/15/2022
BTC	37734	43955
ETH	2603	3099
BTC Implied Yield (Qtly)	1.00%	1.30%
BTC 1M Implied Vol	62	64
BTC 7 Day Realized	67	30
BTC 1M 0.5 std dev skew	-4.7	-5.75
Implied 1 Std Dev Move	1224	1472
Avg Daily Move	1277	487
Avg Daily Range	2048	1846

Hi All,

One great thing about being in crypto – it feels like crypto this week and not “digital assets” – is that there really is never a dull moment. I mean, maybe 2018 was a dull moment. But not lately. As a trader it seems crazy that it was just 5 days ago that Joe Weisenthal said:

**“If Bitcoin isn’t good for laundering money, it might not have a point.”**

**Joe Weisenthal**

*Executive editor, Bloomberg News*

Weisenthal, co-host and co-author of the "Odd Lots" [podcast](#) and [newsletter](#), unpacks the [conundrum of crypto's traceability](#).

And, you know, he’s right! In the particular case of the \$3.6B Bitfinex situation, it truly was money laundering. But generally, people confuse money laundering with doing something that the (typically US) government finds distasteful. In a sense, that’s the point. Despite studying history and being an avid reader of historical books & podcasts, it took Bitcoin to make it clear just how linked together the legal system and money truly are. Joe is a master troll, but he nails it here. It is not the only purpose of BTC, but it is a big one.

Some chartbook notes: options data is from the prior business day and basis data is taken at the time the report is run. The TLDR: this chartbook's option data is from Friday and the basis pages are from late Tuesday. My current ATM vol curve is quite flat +/- 65% out to September. And put skew has become more steep. It is no surprise that puts have become expensive relative to calls in this recent sell-off.

Here are some things that are making me scratch my head:

1. This is not my thing, but I've heard multiple people talking about how the on-chain activity is bullish for price action and that it is surprising we keep moving down. [Cointelegraph](#) has an article on this.
2. Implied volatility for BTC is historically on the low side at 65% and:
  - a. BTC moved \$6,000 in the last week
  - b. The straddle run has to get to 3/25 to break above \$5,000
  - c. Average daily range has been \$2K this week
  - d. Implied is under realized even with geopolitical issues and the Fed in play
3. There is a 15% move this week and Binance perpetual open interest for both BTC and ETH is approximately "yawn"
4. According to the Block Research, DAI outstanding is near all time highs

I'm not sure what all of this means. Does it mean that retail is in and not budging to either buy or sell? Are institutions busy with bigger markets? Is it just option vaults sitting on the market makers like a mother hen?

In the meantime, if you do want to either get long in a protected way or hedge a spot position, put spreads are looking interesting. Two data points dictate the value in a near ATM (near spot price) put spread: at-the-money volatility and put skew. Implied volatility is low and put skew is steep. From a strictly speaking "greeks-value" style trading perspective, buying a put spread and an OTM call are priced attractively. There is a lot of "all other things being equal" going on, so I'll double up on the disclaimer and tell you "Not investment advice!" and "YMMV".

In addition, selling spot BTC and buying forwards for a 1% APR is better than a sharp stick in the eye. That kind of USD borrowing cost does not go too far out the curve and there are not a lot of obvious alternatives where to put that money to work. Which, I guess, is why it is sitting at 1%.

Best,

Ari

[Chartbook](#)

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