

Scylla or Charybdis for Grayscale

Week Ending August 16



Ari
Aug 16

	8/16/2022	8/9/2022
BTC	23843	23119
ETH	1879	1691
BTC Implied Yield (Qtly)	0.85%	1.60%
ETH Implied Yield (Qtly)	-8%	
BTC 1M Implied Vol	63	72
ETH 1M Implied Vol	98	
BTC 7 Day Realized	34	39
BTC 1M 0.5 std dev skew	-3.5	-2.5
Implied 1 Std Dev Move	786	871
Avg Daily Move	274	385
Avg Daily Range	1020	759

Hi All,

This is going to be a lightweight note. We have been working hard on a full research piece covering the ETH derivatives in light of the Merge. Expect to see something out by the end of the week. It will get posted on our web site. If you wish to have it emailed to you, let us know.

Our specialty here is not crypto mixers, international law, and it is definitely not money laundering. So I don't have a lot to say about Tornado Cash. I do, however, have questions about Blackrock's announced BTC trust. I'm not sure what the official numbers are for Grayscale's GBTC for their fee earnings but it is a lot. This article suggests an estimate of \$484M and with BTC at about half its 2021 year end price, let's call it \$200-\$250M. If Blackrock is going to launch a product and it is for institutions, then I know the fees need to be lower than 2%. Clearly if GBTC is to be competitive, then it needs lower fees and a plan for that discount. And now, via the crypto crash and

Genesis, it reportedly has \$1B of GBTC (which means that \$20M or so of views is currently going from one DCG entity to another). On one hand, they could make 30% if the discount disappeared. On the other, they would give up, say, half to three quarters of their fee income. But maybe they would then be able to double their assets? They certainly have brand recognition. I'm also not an expert about what their capability for listing options on GBTC might be, but I don't think it is possible. I mention that because assets could grow if it became a major trading vehicle. On balance, it makes me *slightly* bullish GBTC.

Here are some threads I found interesting / helpful:

- Andy Constan on Treasury [bait-and-switching QT](#)
- Squish (the original Triple-Halving) on [trading](#)
- [Lightning.growth](#). This is particularly timely with all of the controversy on Tornado Cash and privacy. Lightning transactions cannot be traced.

Tell me I'm wrong (please)

Ari

DISCLAIMER: Do your own research. Nothing herein is investment or trading advice. All information here is given on a best efforts basis and there is no guarantee of accuracy. Digital Gamma or the author may or may not have positions in the assets or their derivatives mentioned herein.

norman@digital-gamma.com



Comments



Write a comment...

© 2022 Ari · [Privacy](#) · [Terms](#) · [Collection notice](#)
[Substack](#) is the home for great writing