

Caleb & Brown Crypto Brokerage

Crypto Market Outlook

November 2024

Global macro, AI, and the Trump Trade converge to drive new highs

After months of consolidation, momentum across the crypto market may be here. The peak of the last crypto market cycle in November 2021 coincided with countries emerging from lockdowns, rising inflation, and central banks assessing when to start raising rates and by how much. As we head further into Q4, Donald Trump's presidential election victory, plus a range of macroeconomic, geopolitical and technological developments, are culminating to drive upside momentum. Keep reading to learn what's currently shaping crypto markets.

2024 U.S. presidential election

[Former president Donald Trump has been elected](#) the 47th president of the United States, securing 312 electoral college votes at the time of writing. Bitcoin gained over 8% on Trump's victory, with many crypto assets gaining throughout election day. The largest cryptocurrency by market cap has reached a new all-time high of US\$88,000 on Monday, 11 November, soaring past March's high of [US\\$73,835](#).

“Bitcoin is the one asset that was always going to soar if Trump returned to the White House. It's about] when, not if, it will smash through \$100,000. Trump has already declared his love of the digital currency, and crypto traders now have a new narrative by which to get even more excited about where the price could go.”

– [Russ Mould, Investment Director, AJ Bell](#)

The upward momentum across the crypto market is to be expected, given that Trump was seen as the more crypto-friendly candidate throughout the presidential race. The Republican Party also included crypto in its campaign platform, including the [right to mine bitcoin and self-custody crypto assets](#). Moving forward, crypto regulation before the U.S. House and Senate, such as [FIT 21](#), which seeks to clarify when a token is classed as a security, among other regulatory guidelines, may have a greater likelihood of passing and providing much-needed clarity for the sector. This regulatory clarity could drive further growth across the crypto market.

BTC Snapshot

12-month high	\$89,864
12-month low	\$35,345
Price (13 Nov 2024)	\$88,081

Key Market Metrics

BTC Dominance	59.06%
ETH Price	\$3,287
Total Crypto Market Cap	\$3.1T
Alt-Coin Market Cap	\$1.11T

Global macro developments

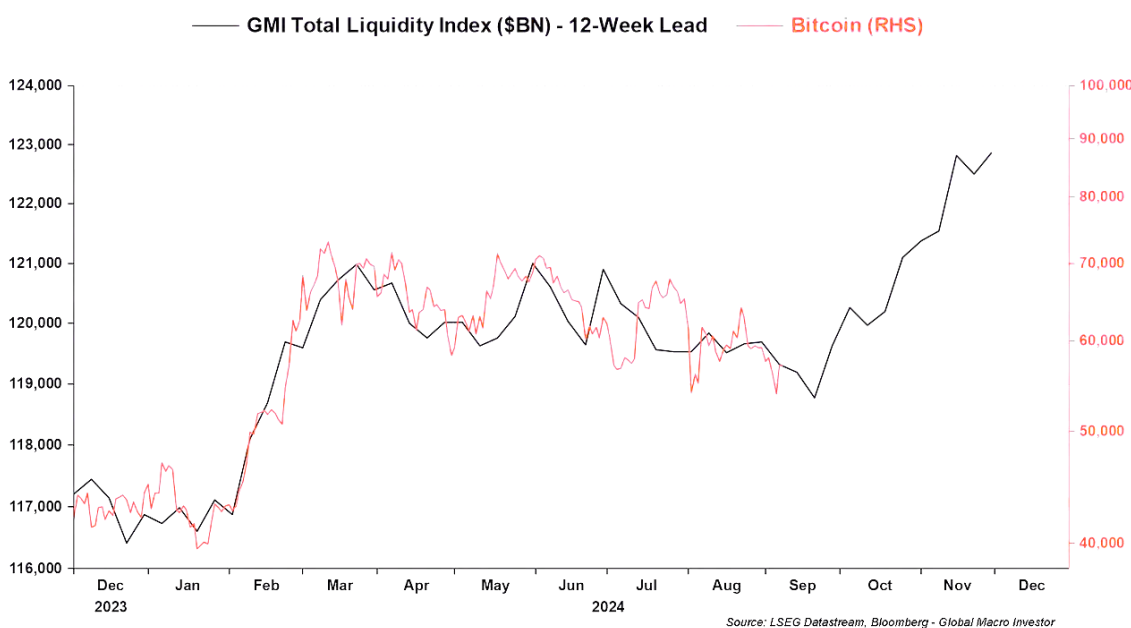
Central banks are grappling with their monetary policy agendas while other nations strategise how to better compete on the global stage.

U.S. Treasury yields

All eyes were on the U.S. this week, not just because of the presidential election but also because the U.S. Federal Open Market Committee made their next rate decision, cutting the [federal funds rate](#) by 25 basis points to 4.75%. And over the last few weeks, [U.S. Treasury yields](#) spiked, reaching a 3-month high of 4.3% for the 10-year note and 4% for the two-year note. Growing Treasury yields are typically a [forward indicator](#) that markets expect rates to remain higher for longer. Plus, President-elect Donald Trump's policies are expected to add US\$7.75 trillion to the [national debt](#). These factors may boost investor appetite for risk-off assets, such as fixed-income investments, bitcoin, and gold.

China's economic stimulus

The PBC started its current cycle of [monetary easing](#) in September when it cut the average interest rate on existing mortgages by 50 basis points and reduced the minimum downpayment for all housing types to 15%. After a week of deliberation last week, the National People's Congress (NPC) Standing Committee approved a stimulus package that will provide [6 trillion yuan in hidden debt relief](#). Initially, markets were expecting broader and more immediate stimulus, but it appears the NPC Standing Committee's immediate focus is clearing hidden debts held by local governments.



Past performance is no an indicator of future performance.

While the Fed may be reluctant to deliver rate cuts larger than 25 basis points before year's end, the shift towards monetary easing globally will see further liquidity entering markets over the coming months. The additional liquidity may fuel a rally in asset prices.

BRICS summit

The sixteenth BRICS (Brazil, Russia, India, China and South Africa) summit recently took place. The BRICS nations discussed how the current economic and financial system disadvantages developing countries. Their solution is to create [the Unit](#), a gold-backed currency that would provide an alternative to the U.S. dollar. A new BRICS currency could make it easier for participating countries to trade, weaken the U.S. dollar's position as a global reserve currency, and result in near-term volatility across financial markets. → Central banks are in a perpetual cycle of monetary easing, which boosts liquidity across markets and economies before needing to curb the inflation that inevitably follows.

Central banks are in a perpetual cycle of monetary easing, which boosts liquidity across markets and economies before needing to curb the inflation that inevitably follows.

Geopolitical tension

The threat of war in the Middle East continues. [Israel made strikes on Iran](#) following [Iran's attacks on Israel](#) earlier this year. If tensions escalate further, it could cause oil prices to rise, increase government debt for any nations involved in the conflict, and a [potential sell-off](#) in risk-on assets. The [war in Ukraine](#) continues, recently reaching its 983rd day.

AI keeps getting smarter

Artificial intelligence (AI) is rapidly evolving, and it's now converging with crypto in exciting ways. In Q3, [US\\$213 million](#) of venture capital was invested in crypto x AI startups, indicating that seasoned investors see upside in the sector.

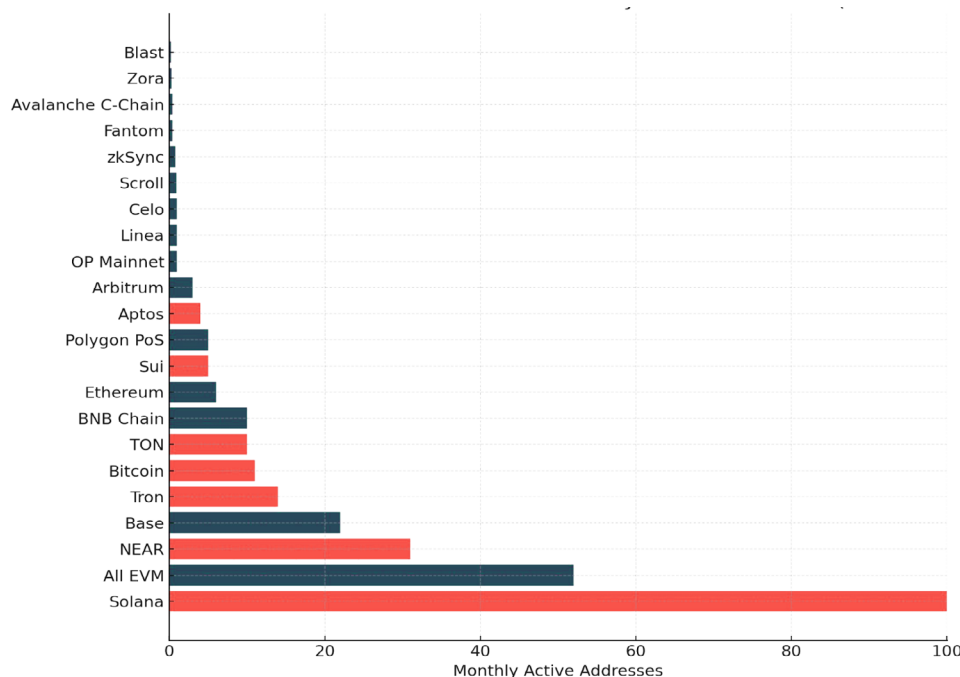
Outside of crypto startups, the supposedly [AI-generated Goatseus Maximus \(GOAT\)](#) saw meme mania arrive again. GOAT surged by [12,000%](#) in the first 24 hours. Truth Terminal, the creator of GOAT, harnesses AI's ability to mine large swathes of information and understand what drives humans. GOAT was based on a graphic "shock site" that was well-known in the early 2000s. With a market cap of [US\\$525.6 million](#), the rise of GOAT indicates the power of AI to garner human reactions and the ability of meme coins to monetise these reactions.

"Crypto is so incredible that it's been giving us the same opportunity every four years. It's so stupid that it's been so easy. You just buy that big sell-off or add to your positions in the sell-off and do nothing. Everybody who had done that would have made better returns than starting a start-up."

– [Raoul Pal, Co-Founder and CEO, Real Vision](#)

Alt wars

[Ethereum has continued to attract criticism](#) over the network's structure, which requires the routine sale of Ether to maintain the network's proof-of-stake protocol while it's lost ground to other networks. Solana's on-chain activity has grown by almost [1,900%](#) in 2024, reaching 100 million monthly active addresses. Total value locked (TVL) on Solana reached a recent high of nearly [US\\$7 billion](#), with liquid staking, liquidity, decentralised exchanges and automated market makers contributing the lion's share of TVL.



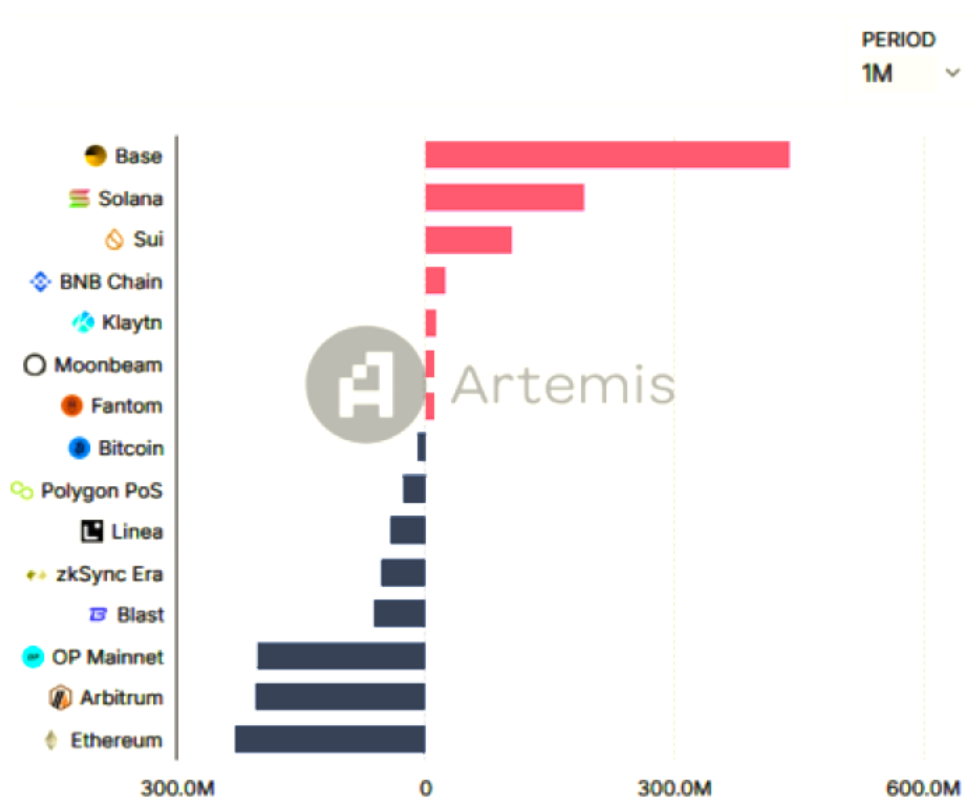
(Source: Coinlist)

Over the last thirty days, over US\$633 million (see chart below) has been bridged out of Ethereum, Arbitrum, and the OP mainnet (Ethereum’s layer 2 (L2) scaling solution). The main beneficiaries from these transactions are Base, Solana and Sui. These fund flows show that the first-mover advantage doesn’t always apply to altcoins, given the technological advances some newer networks are making.

On the infrastructure layer, Ethereum is losing market share to networks like Solana, while Arbitrum is losing market share to Base. On the application layer, players like Uniswap (UNI) are ceding market share to Base’s Aerodrome Finance (AERO). Plus, dYdX (ethDYDX) is contracting while the Hype protocol grows.

Users, traders and investors are looking for speed, low transaction costs, ease of development, and more ways to generate yield on both layer 1 and layer 2 networks. In our view, the networks that can deliver these things at scale stand to gain the most in the current market cycle.

Top 15 Net Flows ⓘ



(Source: Artemis)

DeFi and TradFi merge

The TradFi and DeFi systems continue to merge. Earlier this month, the Avalanche Foundation launched a [Visa card](#) that allows users to spend their crypto (via stablecoins) anywhere that Visa is accepted. Plus, Stripe acquired stablecoin payment platform Bridge for [US\\$1.1 billion](#). These developments indicate the growing adoption of stablecoin payments within the TradFi system.

Disclaimer: This report has been prepared by Caleb and Brown Pty Ltd ACN 619 023 559. The information within the report is not intended as legal, financial, or investment advice and should not be construed or relied upon as such.