

# Ahead of the curve

## Market Update

### Digital Assets

Signals from the market

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#### Door to crypto to be opened for \$9 trillion retirement plans

Bitcoin surged to a weekly high of \$122,320 before easing to the \$118–120k range, creating a CME gap from Friday's \$117,455 close that is likely to be filled. The rally coincided with the August 7 implementation of reciprocal tariffs and was potentially boosted by Trump's executive order directive to allow 401(k) plans, holding \$8.9 trillion in assets as of September 2024, to invest in alternative assets including crypto. This could unlock significant new demand for BTC.

Meanwhile, ETH outperformed with an 18% weekly gain versus BTC's 4%, supported by higher CME futures premiums, corporate treasury accumulation initiatives, and large-scale equity program expansions aimed at acquiring more ETH.

#### ETH bias on CME

CME data shows traders favoring ETH over BTC, with ETH futures carrying an 11.1% annualized premium versus BTC's 7.6%, reversing a four-month discount trend. BTC's modest yields and the softest contango since March reflect cautious sentiment, with stagnant open interest and low ETF activity.

While BTC's rally toward \$120k briefly lifted funding rates to neutral and drew in more longs, leverage growth remains modest, keeping squeeze risks contained. Options markets have shifted from a brief bearish tilt to neutral-to-bullish, with call premiums now dominating across maturities.

#### BTC still behind January 20 highs in euro-terms

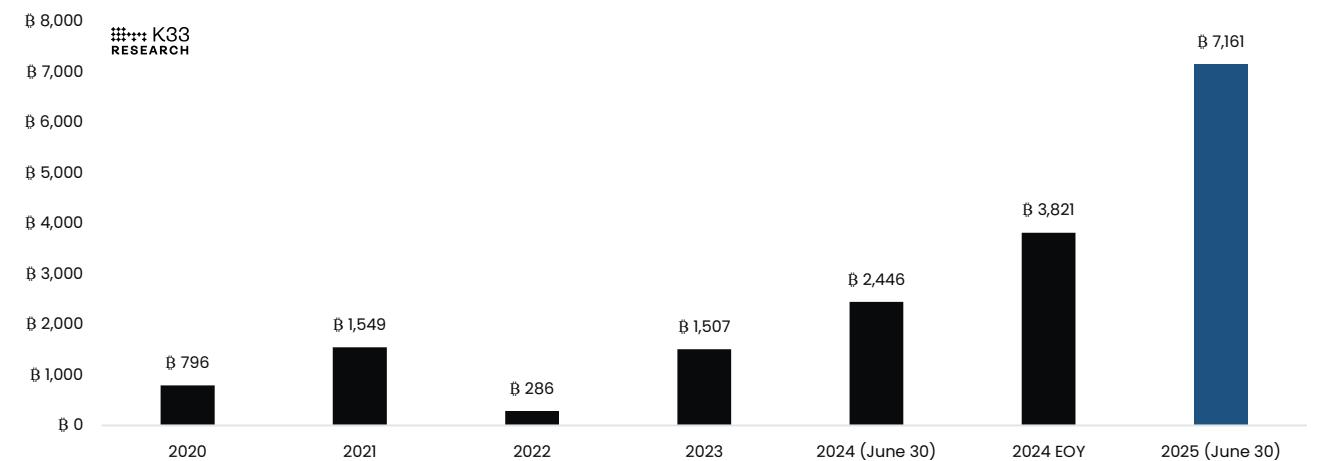
Bitcoin hit new USD all-time highs in May and gained 11.85% since the Jan 20 inauguration peak, but its performance in foreign currencies is far weaker, with BTCDXY barely above January highs and still below records in euros. Much of BTC's USD strength stems from a weaker dollar, as the DXY dropped from 109.433 to 98.553, driven largely by European currency gains. BTC only slightly outperformed the DXY since inauguration and first broke DXY-based highs on July 14. A key technical level to watch is €105,600 in BTCEUR, the last major resistance before BTC reaches all-time highs across all major currencies.

#### NBIM's indirect BTC exposure hits all-time highs

Norway's sovereign wealth fund, NBIM, now holds an indirect exposure of 7,161 BTC, derived from its investments in companies with Bitcoin on their balance sheets. While NBIM's mandate restricts it to equities, bonds, and real estate, its BTC exposure has steadily grown over the past five years, driven largely by the accelerating Bitcoin treasury strategies of both new and established companies like MicroStrategy. On a per capita basis, this equates to BTC exposure worth 1,387 NOK (\$138) for each Norwegian citizen.

This exposure is likely an unintended byproduct of NBIM's diversified portfolio rather than a strategic decision, but it highlights Bitcoin's deepening integration into mainstream finance. With the BTC treasury trend gaining momentum, most index or broad-market investors are likely to have similar indirect exposure.

Figure 1: NBIM's year-end indirect exposure to BTC



Source: Laevitas

## Spot Market

### A relentless ETH bid

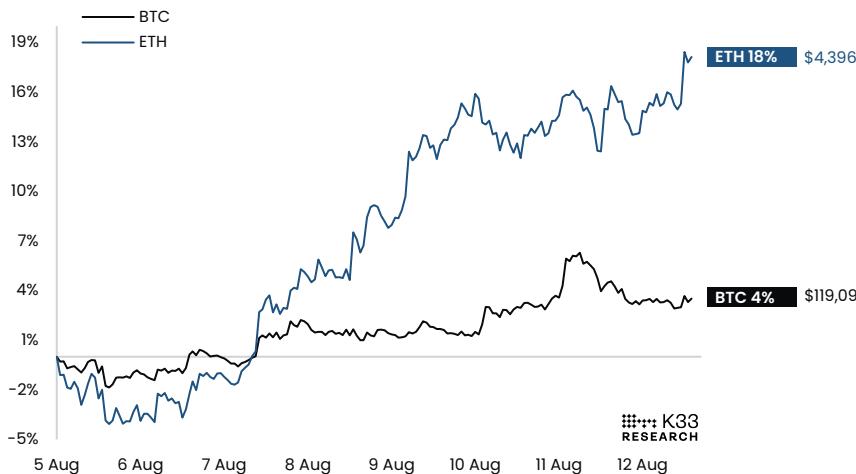
Bitcoin has experienced solid momentum, spiking to a weekly high of \$122,320 on Monday before facing a small reversal toward the \$118-120k range. The rally emerged during CME closing hours, opening a CME gap from the Friday close of \$117,455. These gaps typically get filled, with the only exception for now being the March 13, 2023 gap.

The market saw a solid recovery on August 7, the day reciprocal tariffs went live. Crypto markets have faced decent momentum and far more orderly markets in the days following the current tariff implementations, compared to the extreme volatility exhibited following the April 2 attempt to launch reciprocal tariffs.

The solid performance may stem from Trump's August 7 executive order enabling 401(k) retirement plans to invest in alternative assets such as private equity, real estate, commodities, and crypto. As of September 2024, 401(k) plans held an estimated \$8.9 trillion in assets, and opening these plans to crypto exposure may reflect a very solid valve of fresh buyside demand in BTC and other cryptocurrencies.

ETH maintains its solid momentum in the market, seeing a massive one-week gain of 18% compared to BTC's 4%. ETH's relative strength is accompanied by solid ETH premiums in CME futures compared to BTC and emerging ETH treasury company initiatives. Companies such as BitMine have filed to expand its at-the-market equity program to \$20bn to amass more ETH, further solidifying ETH's strong tailwinds.

Figure 2: Last week's Performance BTC and ETH

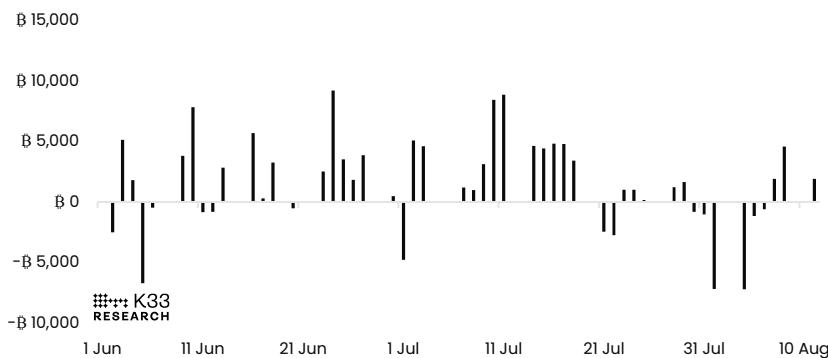


Source: Tradingview, (Coinbase, Binance)

### Flows turn positive

Inflows have returned to BTC ETFs following a week of solid momentum. ETPs globally added 6,800 BTC over the past week, as a six-day outflow streak was ended following decent inflows on Thursday, followed by back-to-back days of robust flows on Friday and Monday.

Figure 3: Daily Global Net BTC ETP Flows



Source: K33 Research

### Headlines last week

[Trump signs executive order allowing 401\(k\) plans to include digital assets](#)

[President Trump signs executive order to stop 'unfair banking' of crypto industry](#)

[BitMine files to expand its at-the-market equity offering by \\$20 billion to fund more ETH purchases](#)

[Monero faces chain reorganization fears after Qubic says it controls 51% of hashrate](#)

[Circle to launch Layer 1 blockchain Arc using USDC stablecoin as native gas token](#)

[Paxos joins Ripple and Circle in pursuit of seeking national bank charter licenses](#)

[White House crypto council head Bo Hines to step down, return to private sector](#)

[Harvard had more money in BlackRock's Bitcoin ETF than Google shares at end of last quarter](#)

### Calendar

Thursday, Aug 14

- U.S PPI (Exp: 0.2%)

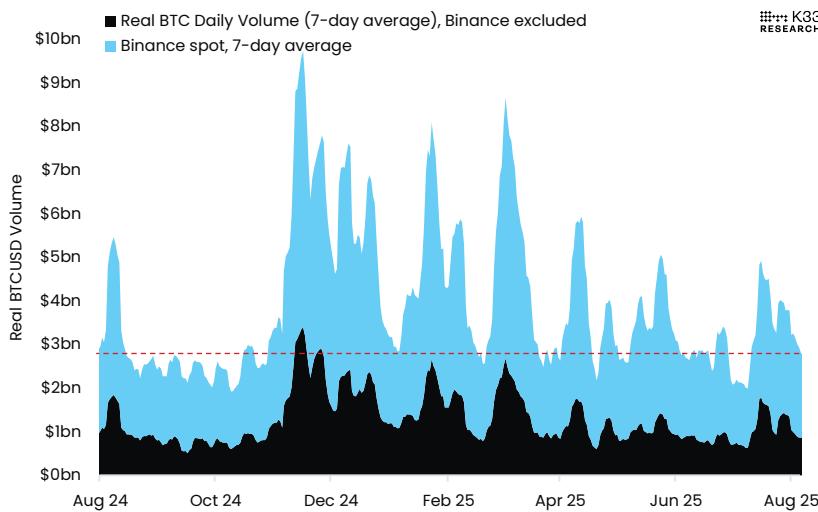
## Spot Market

### Trading volumes dips slightly lower

The past week saw average daily trading volumes decline by 5% from \$3bn to \$2.9bn.

While volumes trend lower, they remain markedly above early July levels, as the higher prices have led more market participants to dabble in the spot order books in the current trading range between \$112-122k.

**Figure 4: Real BTCUSD Daily Volume\* (7-day average)**



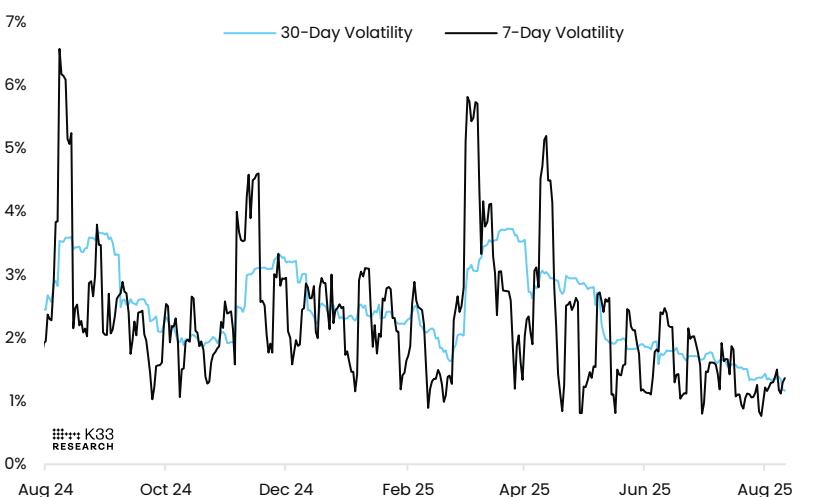
Source: Tradingview, Bitcoinity \*Includes Bitwise 10 exchanges

### Volatility stays idle

Bitcoin's day-to-day price swings remain modest, with 7-day volatilities currently sitting at a modest 1.3%.

30-day volatility is even narrower, at 1.1%, marking the lowest 30-day volatility seen in BTC since August 16, 2023.

**Figure 5: BTC-USD Volatility**



Source: Tradingview (Coinbase)

### Fear and Greed

Now: 68 (Greed)  
Last week: 60 (Greed)  
Last month: 79 (Extreme Greed)

# Derivatives

## CME, Futures and ETFs

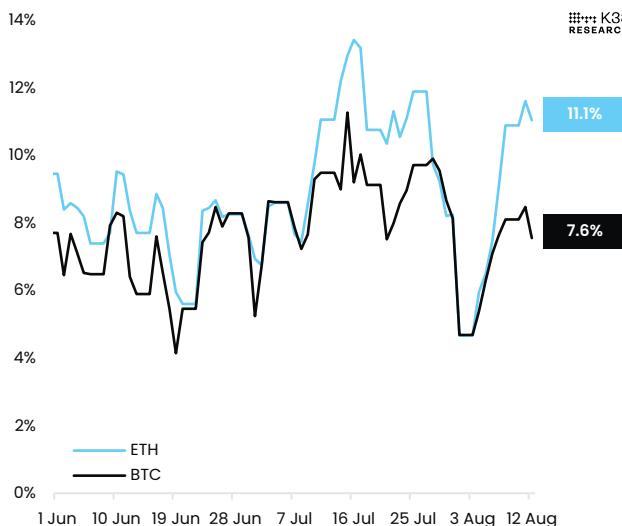
CME traders exhibit a bullish bias toward ETH over BTC, as ETH yields spikes sharply.

A significant basis premium in ETH has emerged on CME, with ETH futures trading at annualized premiums of 11.1%, compared to BTC's 7.6%. We saw similar ETH premiums emerge in mid-July, marking an end to the 4-month regime of ETH premiums trading at discounts compared to BTC.

While ETH premiums are high, BTC yields are modest at 7.6%, alongside an unusually narrow contango. The average daily next-month premium has firmly stabilized below 0.6%, marking the softest contango since March. This suggests a general lack of long appetite in farther-dated expiries on CME and a mildly cautious sentiment.

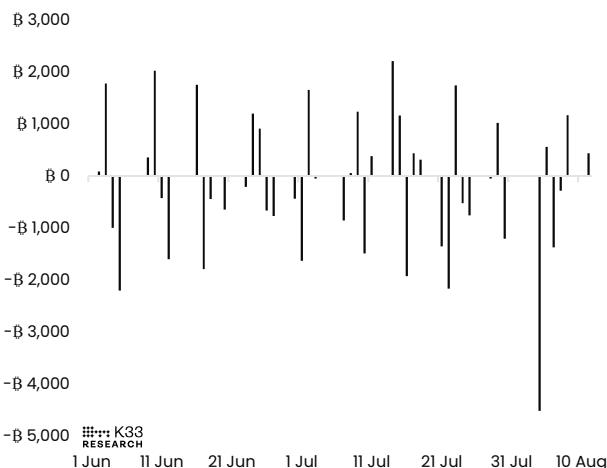
Alongside modest premiums, open interest remains stagnant at lows not seen since early May. The docile activity on CME stems from both soft participation from active market participants and low activity in futures-based ETFs. VolatilityShares exposure stays at lows not seen since April, as the broad sentiment remains defensive despite BTC's strong rally of late.

**Figure 6: Sharp ETH basis premium**  
CME BTC and ETH Futures Annualized Rolling 1mth Basis



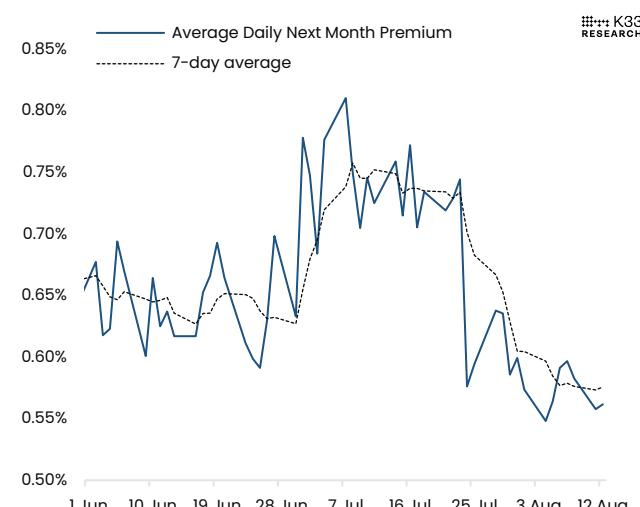
Source: Tradingview

**Figure 8: Muted flows in leveraged ETFs**  
Futures-based ETFs: Net Flow – BTC Equivalent



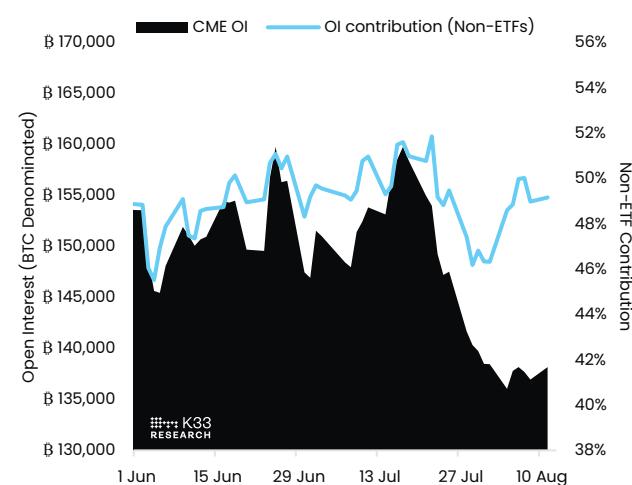
Source: ProShares, Valkyrie, VanEck, Bitwise, CSOP, Samsung, VolatilityShares

**Figure 7: Contango reigns narrow**  
CME BTC Futures: Average Daily Next Month Premium



Source: Tradingview

**Figure 9: CME OI stays modest**  
CME BTC Futures: Open Interest



Source: CME, ProShares, Valkyrie, VanEck, Bitwise, CSOP, Samsung, VolatilityShares

# Derivatives

## Perpetual Swaps and Options

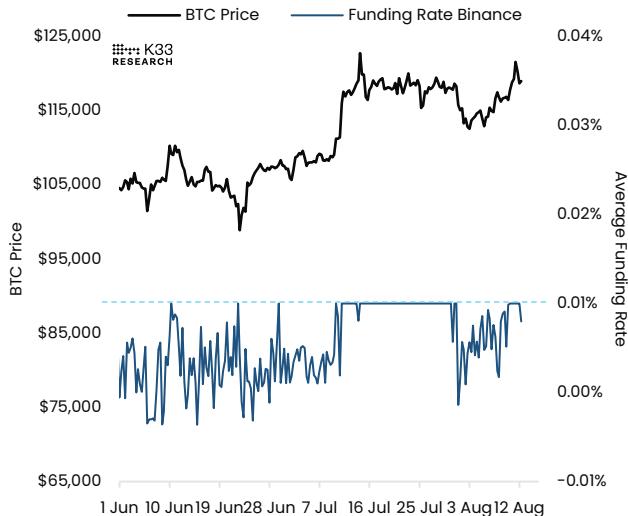
### Perpetual swaps

Notional open interest remains elevated at 290,000 BTC, seeing a modest increase amidst BTC's strong push toward \$120k. For most of the week, perps traded at modest discounts to the spot market, with funding rates hovering below neutral.

Still, the spike toward \$120k caused funding rates to reemerge in neutral terrain, as higher prices and strong momentum attracted more traders to the long side of the market. While this heightens risks of potential long squeezes, the modest changes to leverage suggest somewhat subdued risks of imminent squeezes compared to late July.

**Figure 10: Funding rates neutralize amidst price spike**

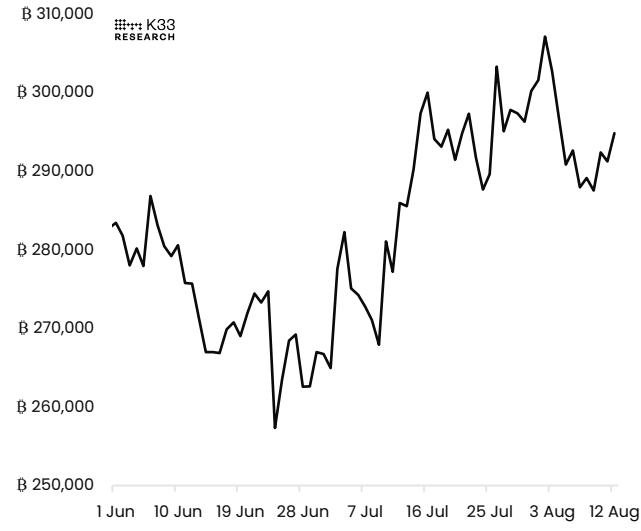
Bitcoin Perpetuals: Funding Rates vs BTC Price



Source: Binance, Laevitas

**Figure 11: Open interest see modest uptick**

Bitcoin Perpetuals: Open Interest



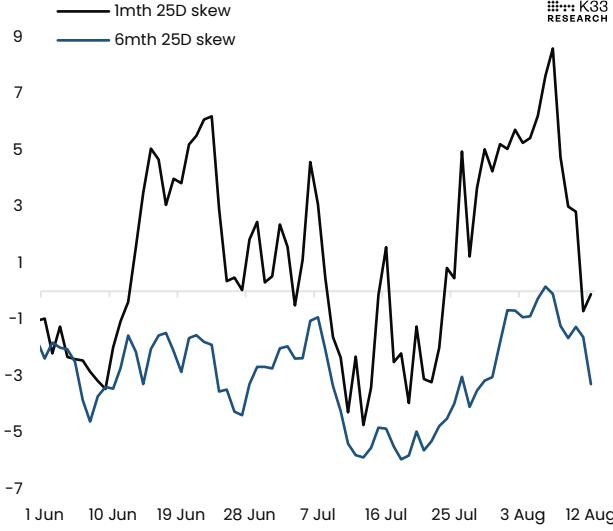
Source: Laevitas

### Options

The bearish tilt in options skews was brief, as skews have tilted to call premiums across tenors, with 1mth 25d skews falling from yearly highs toward neutral levels over the past week, while 6mth skews have declined towards mid-July levels.

**Figure 12: Growing bullish bias in options**

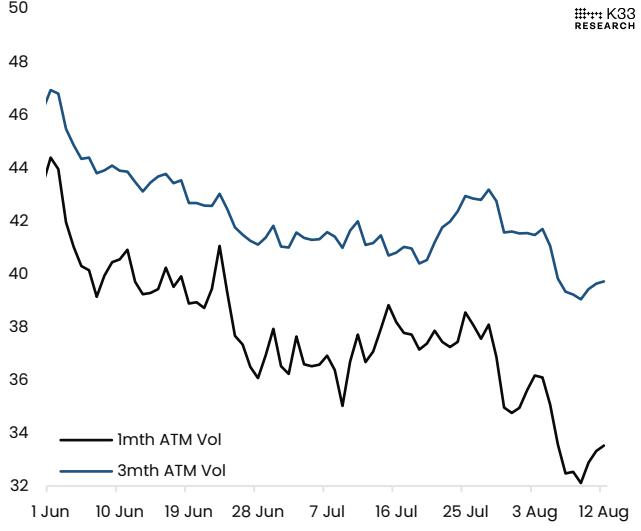
BTC Options - 25D Skew (1mth + 6mth)



Source: Laevitas

**Figure 13: IVs stay at record lows**

BTC Options - Implied Volatility



Source: Laevitas

## A deeper dive

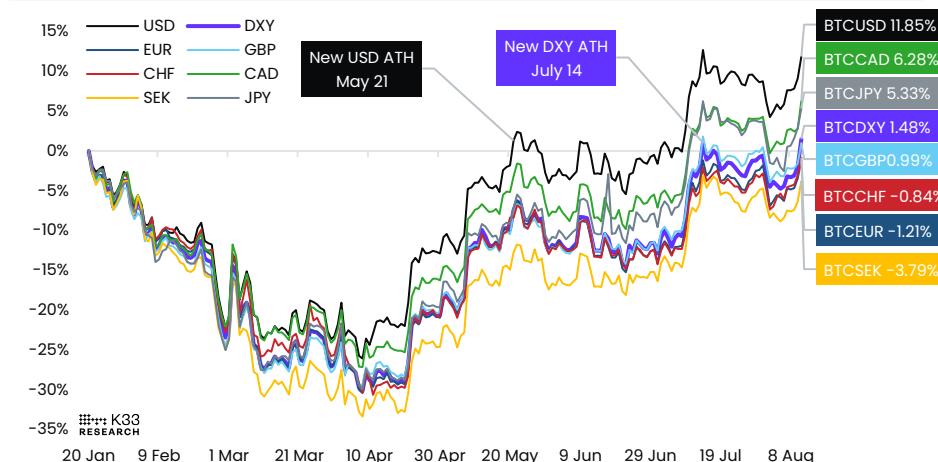
### BTC still behind inauguration highs in EUR

Bitcoin has been faring well throughout the past months, reaching USD-denominated all-time highs in May before pursuing higher highs in the last month, with BTCUSD pushing 11.85% gains from the inauguration peak on Jan 20. When denominating BTC in other foreign currencies, the picture is very different, with BTCDXY barely trading above January highs during yesterday's peak.

A portion of BTC's strong YTD performance is driven by the U.S. dollar weakening following Trump taking office. The dollar strength index has fallen from 109.433 to 98.553 since Trump's inauguration, with European currencies contributing the largest to the broad dollar weakening. BTC performance measured vs. the DXY from the inauguration peak to the Aug 11 peak sits at a narrow 1.48% gain, and measured in the DXY, BTC surpassed its former all-time highs for the first time on Jul 14. BTC has yet to surpass Jan 20 highs in currencies such as the Euro.

Measuring performance in foreign currencies offers more than interesting observations, as it may help identify key cross-currency technical resistance areas. After BTC barely made new all-time highs measured in the DXY, strong consolidation ensued, a pattern resembling the BTCUSD performance from May 21 until mid-July. A BTCEUR of €105,600 is the final major currency bastion to overcome to trade undisputedly in all-time high terrain, and is an area we pay close attention to during the current market strength.

Figure 14: BTC performance vs major currencies since January 20

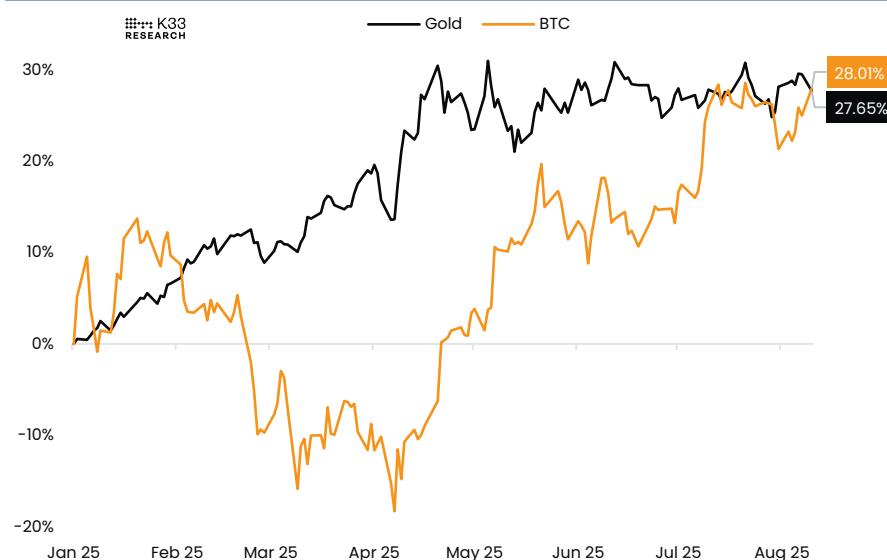


Source: Tradingview

#### Stronger than gold

Another different pair to compare recent performance to is BTC vs gold. Year to date returns in BTC has finally overtaken gold after the strong weekend, with BTC seeing 28% gains YTD, narrowly outperforming gold's 27.65%.

Figure 15: Year to date: BTC vs. gold



Source: Tradingview

## A deeper dive

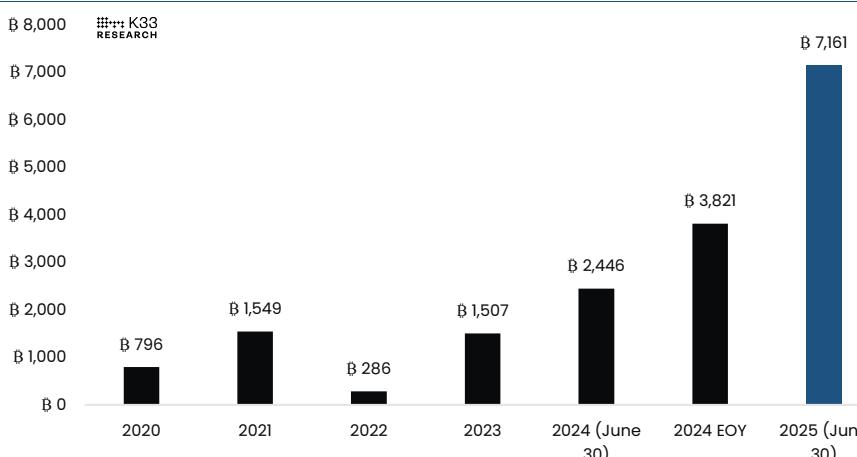
### NBIM holds 7,161 BTC in indirect BTC exposure

The world's largest sovereign wealth fund, NBIM, currently holds an indirect BTC exposure of 7,161 BTC, per the latest disclosure of the fund's holdings. The fund's strict mandate limits it to investing in equities, bonds, and real estate, but a modest BTC exposure has emerged through companies holding BTC on their balance sheet.

NBIM's indirect BTC exposure has been on a rising trend over the past five years. A majority of the surge in indirect BTC exposure stems from the accelerated BTC treasury strategy, with new companies adding BTC to their balance sheet. At the same time, established players such as Strategy maintain an aggressive accumulation strategy. When adjusting the BTC exposure per Norwegian capita, the fund holds BTC exposure equivalent to 1,387NOK per Norwegian citizen, equivalent to \$138.

It's important to address that this exposure, in all likelihood, is not a deliberate measure from the fund but rather a consequence of its broadly diversified portfolio. Still, it represents one of the best clear-cut examples of BTC's advance into mainstream finance. Odds are high that any index investor or broadly diversified investor currently holds a modest BTC exposure through proxies, and with the accelerating BTC treasury trend, everything points toward this phenomenon further materializing as time progresses.

Figure 16: NBIM's year-end indirect exposure to BTC

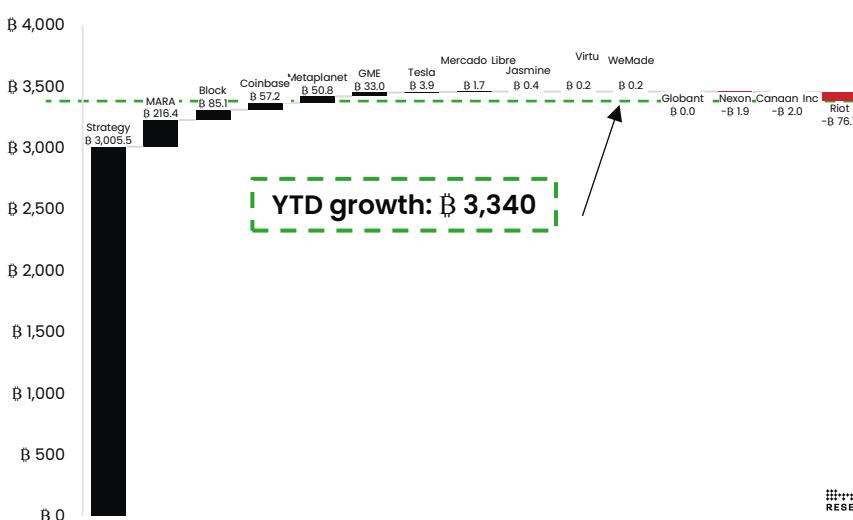


Source: K33 Research, NBIM

#### A big portion of NBIM's exposure stem from Strategy

NBIM increased its exposure in MSTR from holding 0.72% of its shares by EOY 2024 to holding 1.05% of MSTR's shares by the end of H1 2025. The increased MSTR ownership, alongside MSTR increasing its BTC exposure by 145,945 BTC in H1, substantially contributed to the 3,340 BTC increase in NBIM's indirect BTC exposure in the past six months.

Figure 17: How NBIM's indirect BTC exposure grew by 3,340 BTC in H1, 2025



Source: K33 Research, NBIM

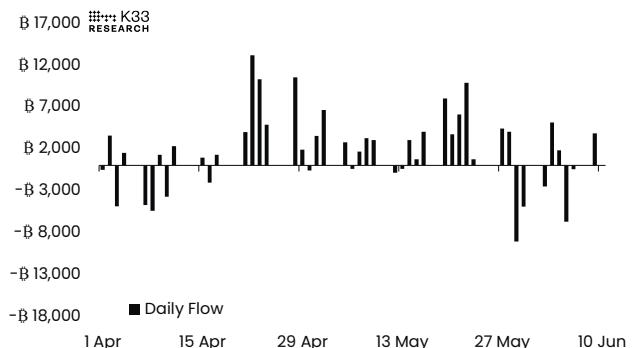
## Market Related Charts

Data updated Tuesday, August 12, 2025

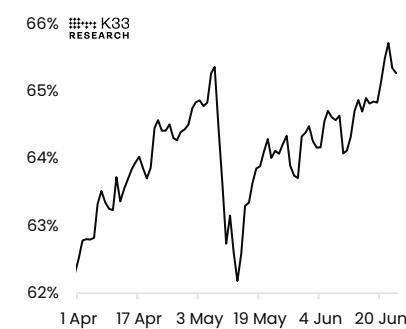
**Figure 19: BTC 30-d correlations\***



**Figure 20: Daily Flows (BTC ETFs)**



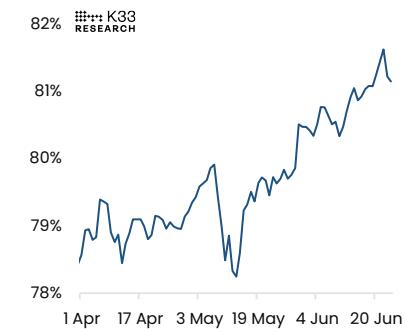
**Figure 21: BTC Dominance**



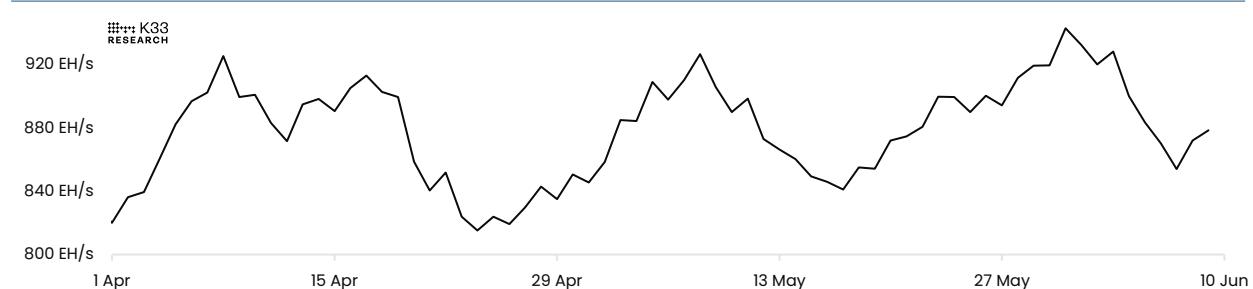
**Figure 22: BTC + Stables Dominance**



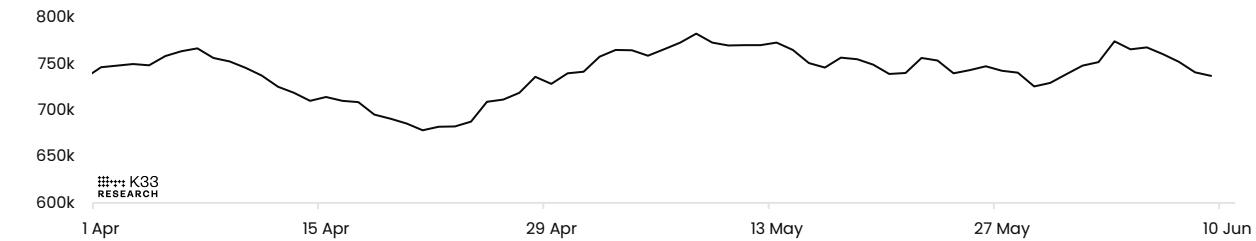
**Figure 23: BTC + Stables + ETH Dominance**



**Figure 24: Bitcoin Hashrate (7-day average)**



**Figure 25: Active Addresses (7-day average)**



# Why we choose the charts we do

## Heavy Bitcoin focus

The crypto market is heavily correlated. Movements in BTC tend to be reflected by sharper moves in altcoins. In many ways, BTC is the lower beta exposure alternative to crypto and the definite market leader. However, don't worry – whenever we find a topic, a coin, or some tendencies worth drilling deeper into – we will. This report will get you the most important information from the crypto market.

## Market by the numbers

We highlight the most critical market data by numbers in this table. A glance at these data should be sufficient to assess the state of the market superficially.

Open interest is an essential underlying market driver. Crypto tends to be very volatile, and leverage exacerbates volatility. We have had frequent massive liquidation cascades throughout the last years, mostly towards the downside, but we've periodically seen short squeezes emerge. During the March 12th collapse in 2020, cascading liquidations were the root cause of the absolute carnage in the market. You should always pay close attention to open interest if you aim to be an active participant in the market. Our derivatives pages will contribute to delivering you a directional assessment of the data.

The spot volume is an efficient way to gain an overview of the general activity in the market.

Correlations have been growingly important in the last year due to the complicated macro picture post-COVID. It's important to be aware of BTC's, for now, close relationship with U.S. equities and its inverse relationship with the dollar strength index (DXY). However, the current correlation regime is unlikely to be as strong as today forever. Through awareness of correlation trends, you may be able to execute trading strategies before the market catches up to correlations breaking.

The simplified market cap distribution box allows you to assess the general risk sentiment in the market quickly. In general, the "Rest" category may be used as a proxy for risk aversion in the market. Currently, BTC, ETH, and stablecoins represent nearly 75% of the crypto market, which is telling for a risk-averse crypto market.

The two charts on the first page illustrate the two most interesting topics covered in our market analysis. A more thorough examination of these charts is found in the last section of the report, where we dive deeper into two topics that currently seem to drive the market.

## Spot Primer

### Top 3 coins

We explore the last week's performance of the top 3 cryptocurrencies to assess deviations and opportunities within the safer bracket of digital assets. Currently, BTC, ETH, and BNB represent the three largest. Both ETH and BNB have a thriving DeFi user base and unique drivers of price and demand, which could generate temporary or long-term correlations within crypto to decline as trading opportunities arise or spread trade opportunities.

### Indexes

We use the Bletchley Indexes to gauge and assess market activity across BTC and altcoins grouped by market cap size. Documentation for the index weights may be found at [this link](#).

### Volume

The BTC spot volume is an efficient way to communicate the general activity in the market. It may help you identify frantic market bottoms or peaks. Our volume data is based on Bitwise's 10. In 2019, Bitwise explored wash-trading and market manipulation in the spot market, leading to this index. In general, our volume assessment likely underestimates the volume to some degree, as legitimate volumes in other exchanges are excluded. However, the volume estimate is a good proxy for general activity in the market.

We differentiate Binance's volume from the remainder of the exchanges due to Binance's removal of trading fees this summer. We believe a substantial amount of the recent trading volume on Binance is related to "inorganic" trades, i.e., high-volume trading strategies that were not economically feasible prior to fees being removed. Of course, removing fees has likely also contributed to moving traders from alternative exchanges over to Binance.

### Volatility

Volatility is a topic well worth paying attention to. In specific periods, such as the current – where BTC trails in a shallow volatility regime, new trading opportunities emerge related to options and straddles. This chart is handy to pay close attention to, as it may help you enhance your ability to act on opportunities in the market when activity is low and options are becoming cheap.

# Derivatives primer

## Why should you care about derivatives flows?

The crypto market is periodically extremely volatile, and activity in derivatives enhances the market reactions. Crypto derivatives are at the cutting edge of financial innovation, the offshore market is periodically wild, and animal spirits tend to take over. Derivatives more or less always carry a clue of overheating in the market or full-on depression. It's highly actionable and worthwhile understanding if you aim to be an active crypto market participant.

The market is also clearly divided. There are two branches worth monitoring – institutional and offshore. Both components periodically lead the market, and assessing sentiment and general risk aversion in these two provides you the tools to understand dangers or opportunities on the horizon.

## CME – The importance of a cash-based futures market in BTC

Institutional traders strongly impact BTC's price discovery, as identified both by [Bitwise](#) and by [us](#). However, many institutional traders have limitations regarding access to crypto markets or even related to holding BTC. CME provides the most accessible, most efficient access to crypto markets for those traders. CME also has the added caveat of a familiar clearinghouse structure, leading to fewer barriers to entry for crypto exposure for institutional traders.

We assess institutional sentiment by monitoring the futures basis and contract spreads between the front month (upcoming expiry) and the near month (next expiry). In general, a positive and high futures basis on CME indicates a positive sentiment, whereas a negative basis indicates the opposite. We include Binance's basis to compare offshore and CME premiums to highlight different sentiments between institutional traders and retail. While Binance have institutional traders, they also enable easy access to derivatives for retail, which may provide useful information ahead of periods of distress.

We monitor aggregated ProShares flows, meaning inflows and outflows to both ProShares' long BTC ETF (BITO) and short BTC ETF (BITI) on the CME page. In the chart, inflows to BITO will be calculated as a negative flow impact, while inflows to BITI will be calculated as a positive flow impact. The opposite is true for outflows from the ETFs mentioned above. ProShares are by far the largest U.S. BTC ETF provider, holding a substantial amount of BTC contracts on CME. Retail and institutions have access to BITO and BITI. Periods of strong aggregated flows to BITO may substantially impact CME's basis. An interesting scenario that has yet to emerge would be one scenario with neutral flows but a rising CME basis. In this scenario, one can assume that certain institutional players actively add long BTC exposure.

We further monitor CME's open interest and the contribution of ETFs to the open interest to assess the degree of activity in CME futures.

## Perpetual swaps

Perpetual swaps are the most frequently traded derivative in crypto markets. It's an everlasting futures-like instrument, utilizing funding rates to secure that perp prices align with spot markets. There are certain intricate nuances to funding rates, for instance, varying funding intervals and varying neutral funding rate thresholds. In normal conditions, Binance and Bybit's funding rate sits at 0.01% every eight hours – meaning longs pay shorts a fee. This structural element in crypto derivatives may lead to a natural structural contango. They may be utilized for cash and carry strategies (albeit in a non-arbitrage fashion, assuming that funding rates will average around neutral terrain).

During roaring markets, funding rates tend to be pushed towards extreme highs due to enormous demand to go long, leading perps to trade at a substantial premium over spot. By assessing funding rates, you may be able to act on market moves and liquidation cascades prior to a liquidation cascade. Similarly, funding rates may sit in extremely negative terrain during bear markets, foreshadowing potential short squeezes.

We monitor open interest in perps to better gauge the risks of soaring volatility and market instability. We monitor open interest in notional value, i.e., in BTC, to have a clear eye on the relative leverage in the market. Currently, the open interest sits at all-time highs in notional value. This is a dangerous trend, and we view it as likely that this will generate a dramatic reaction when BTC breaks out of its prolonged consolidation. Cascading liquidations may occur in both directions, so the open interest is best used as a proxy for how volatile a spike may be.

## Options

We monitor two options charts. The 25-delta skew, which is a metric comparing the implied volatility of a 25-delta put option vs. a 25-delta call option, normalized by the money implied volatility. Counter-intuitively, when the 25d skew is positive, traders are paying more for puts than calls and may be assessed as cautious/bearish behavior in the options market. The opposite is true when skews are negative. Skews trending in a certain direction may also elaborate on repositioning from options traders and is worth paying attention to. We show the 1-month skew for contracts expiring by the end of the month, and the 6-month skew, for contracts expiring half a year from now to assess differences in positioning across maturities.

The implied volatility illustrates options traders' forward-looking assessment of volatility – or the options pricing. Implied vols in BTC are rarely trailing below 60 for long, and this has previously been a good time to enter straddle strategies.

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