Ahead of the curve

Market Update

Digital Assets

Signals from the market

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A less harmonic Easter?
Bitcoin has recorded a second straight week of losses, down 6%, largely driven by geopolitical tensions tied to the Iran war and escalating rhetoric from Trump, including threats targeting key oil infrastructure. Despite this pressure, bitcoin remains slightly positive since the conflict began, up 1.4% from late February. Its relative resilience stands out as traditional markets have declined sharply, with Nasdaq and S&P futures both down over 6% and gold falling 14%, partly because bitcoin entered the period heavily oversold.

If BTC closes below $66,985, it would mark a sixth consecutive month of losses, a rare event previously seen only in 2018 to early 2019 before a major recovery began. Looking ahead, the Easter period typically brings lower trading activity and volatility, but ongoing instability in the Middle East could disrupt this seasonal calm.

Sudden extreme volatility in CME OI
CME Bitcoin futures open interest saw sharp swings over the past week, highlighting unusual volatility. After the March expiry, open interest fell back to around 102,450 BTC, close to yearly lows, despite briefly surging to a yearly high of 128,970 BTC after Friday's close. On March 27 alone, open interest jumped by 10,845 BTC, the largest daily increase since November 6, 2024.

This was followed by an all-time high daily drop in notional open interest of 26,520 BTC on March 30, far exceeding typical post-expiry declines. The spike was driven by heavy activity in short-term front-month contracts, indicating aggressive short-term positioning, and the quick retracement back to 102,450 BTC suggests the leverage build-up was temporary.

Additionally, leveraged short Bitcoin ETFs increased exposure by 22% over three days, reaching 9,012 BTC as of March 30, the second highest level on record. This surge signals concentrated bearish sentiment and heightened caution among traders.

Similar dynamics in perps
Perpetual futures markets remain defensive, with funding rates negative most of the week and reaching -7.4% annualized on March 27 as BTC dropped toward $66,000. The move was accompanied by a rise in notional open interest to six-week highs, signaling aggressive short positioning, and although OI has since eased, it still stands about 17,000 BTC higher week over week at 277,000 BTC.

Easter, traditionally a quiet week in the market
Easter week typically brings lower trading volumes and reduced volatility due to widespread market holidays, especially across equities where major exchanges close on Good Friday and often Easter Monday. Bitcoin shows similar seasonal patterns, with consistently lower volumes and softer volatility compared to yearly averages since 2019. This suggests quiet conditions in the next week, unless disruptions from external factors like escalating geopolitical tensions breaks the pattern.

By the numbers

BTCUSD $66,594
7d: **-6%**
30d: **0%**

ETHUSD $2,036
7d: **-5%**
30d: **3%**

Open Interest (BTC futures and perps)
$32.3bn
487,000 BTC (**2.7%** last seven days)

Average daily BTC spot volume
$2.7bn (**-14%** last seven days)

BTC 90-d correlations (One Week change included)

ETH	Gold	S&P 500	DXY
0.94 (0.00)	0.27 (-0.02)	0.55 (0.02)	-0.12 (0.01)

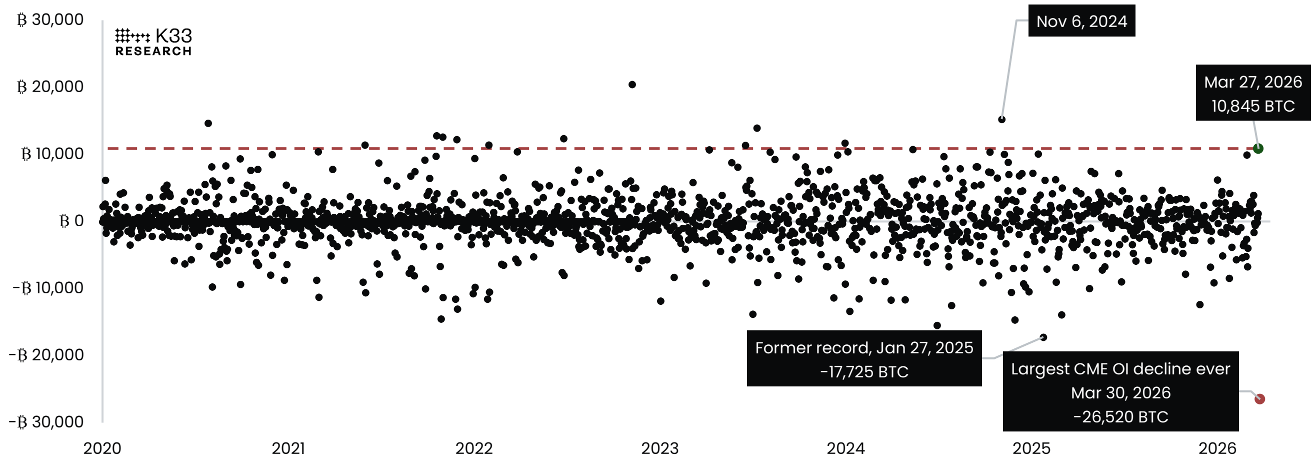
Percentage of Total Market Capitalization
One week change in percentage points

BTC	ETH	Stablecoins	Rest
58.1% (-0.2%)	10.7% (0.0%)	11.4% (0.4%)	19.8% (-0.2%)

Last week of top 50 by market cap

	Ticker	7d	YTD
Gainers			
1	ZEC	9%	-51%
2	LEO	6%	4%
3	SKY	4%	28%
Losers			
1	SOL	-12%	-35%
2	DOT	-12%	-31%
3	SUI	-10%	-39%

Figure 1: CME BTC Futures Notional OI, Daily Change



Source: K33

Spot Market

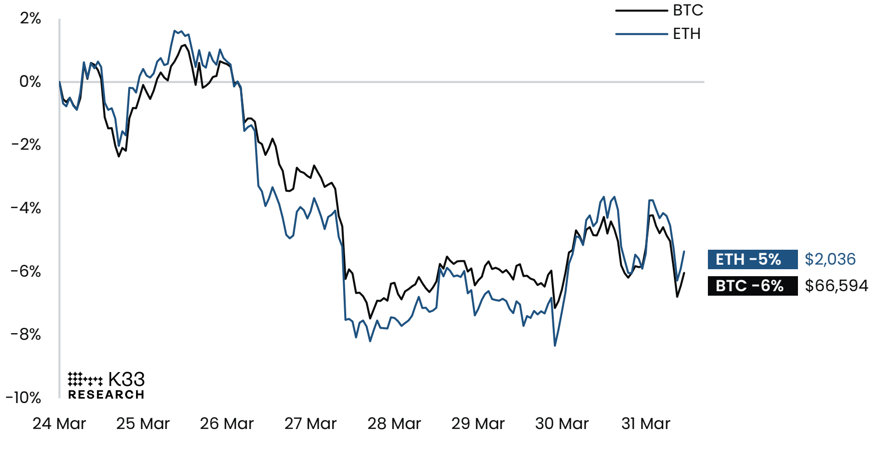
Six months of red?
Bitcoin has seen a second consecutive week of negative weekly returns of -6%. The weakness can be explained by the Iran war, which continues to pressure broad financial markets after limited progress in diplomatic negotiations, and Trump's threats of ground troops and an "obliteration" of Kharg Island's oil infrastructure.

Bitcoin stays modestly in the green since the Iran war broke out, seeing modest gains of 1.4% since the February 27 market close. Still, Bitcoin stands in a league of its own. Nasdaq futures are down 6.8%, with the QQQ index seeing its lowest daily close since August 1 yesterday. S&P futures are down 6.5%, with SPX seeing its lowest close since August 6 yesterday, and gold is down 14%. As we have addressed on multiple occasions, BTC entered the war in a heavily oversold regime, setting the stage for the relative strength.

If BTC closes the day below $66,985, BTC will see its 6th consecutive month of negative returns. This has only happened once before in BTC history, between August 2018 and January 2019. That streak ended with BTC bottoming in January 2019, marking the start of a sustained recovery.

Easter awaits, a period typically associated with lower volumes and lower volatility. That said, the situation in the Middle East could disrupt the typical slow-paced Easter.

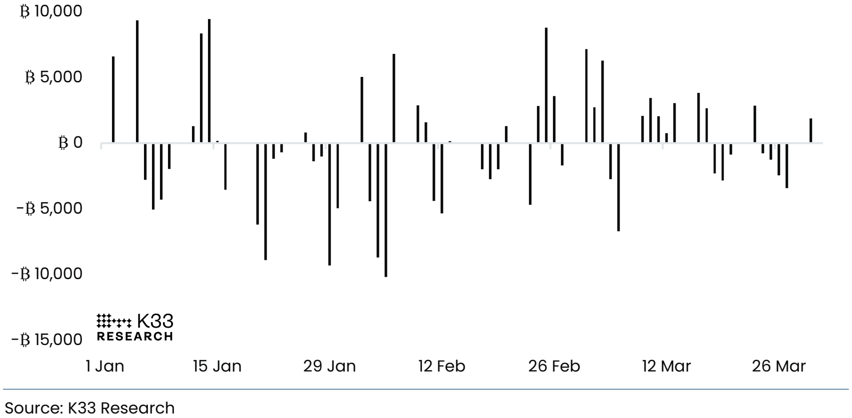
Figure 2: Last Week's Performance BTC and ETH



Source: Tradingview, (Coinbase, Binance)

Outflows return
Bitcoin ETPs experienced net weekly outflows of 6,020 BTC over the past week, with four days of consecutive outflows from Tuesday to Friday. This ends the robust streak of inflows seen in BTC ETPs throughout March, and likely stems from increased de-risking following prolonged elevated oil prices as the war in the Middle East shows few signs of imminent de-escalation, despite recent U.S. attempts.

Figure 3: Daily Global Net BTC ETP Flows



Source: K33 Research

Headlines last week

[Google warns quantum computing may break bitcoin earlier than thought, prepares 2029 transition]

[MARA sells 15,133 bitcoin for $1.1 billion to fund convertible note repurchase]

[Bitcoin treasury firm Nakamoto sells $20 million in BTC at 40% loss]

[US Labor Department proposes opening 401(k) plans to crypto to implement Trump order]

[Morgan Stanley sets spot bitcoin ETF fee at 0.14%, undercutting every rival on the market]

[Tether taps Big Four firm KPMG for first financial audit of $184 billion stablecoin issuer]

Calendar

Wednesday, April 1
- U.S. ADP Nonfarm Employment Change (Exp: 41k)

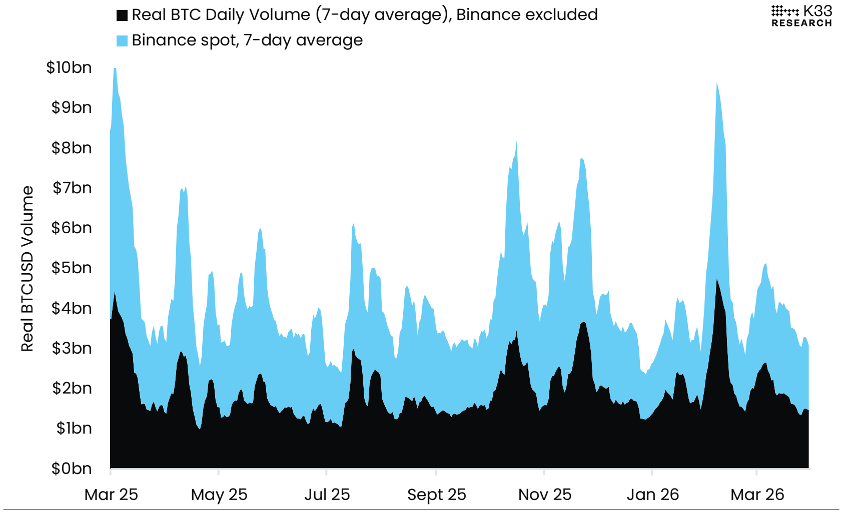
Friday, April 3
- Good Friday, banking holiday U.S, Europe, South East Asia, LatAM

Monday, April 6
- Easter, banking holiday Europe, South East Asia, LatAM

Spot Market

Volumes trending lower
Weekly spot volumes fell by a further 14% over the past week, with average daily spot volumes hitting $2.7bn. This places volumes at lows not seen since mid-February. Easter awaits this week, a period typically associated with abnormally low trading activity, which could set the stage for further volume contraction in the week ahead (page 6).

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

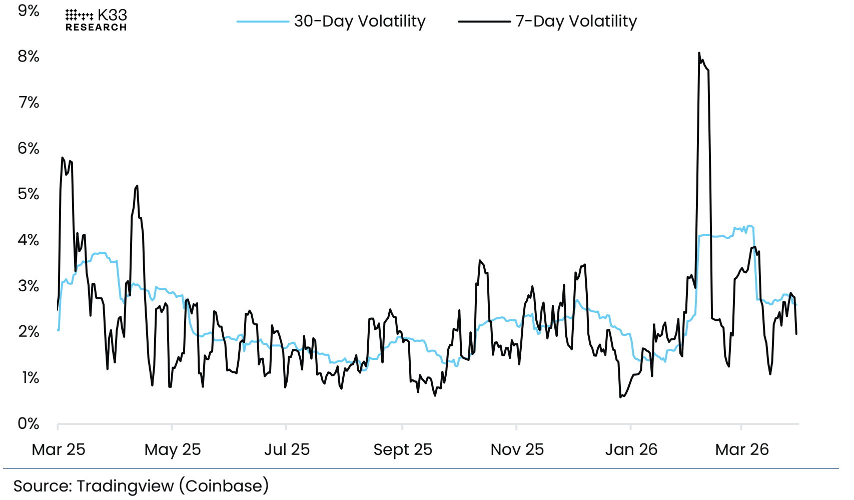


Source: Tradingview, Bitcoinity *Includes Bitwise 10 exchanges

7-day volatility stays above 2%
The past week has seen continued volatility, with BTC falling to three-week lows of $66,000. The sell-off kept daily volatility above 2% throughout the week.

As highlighted above, Easter is typically associated with lower trading volumes, but we also find evidence of lower volatility (page 6). While this year's context is different amid the unpredictable situation in the Middle East, history leans in favor of softening volatility in the week ahead.

Figure 5: BTC-USD Volatility



Source: Tradingview (Coinbase)

Fear and Greed

Now: 11 (Extreme Fear)
Last week: 11 (Extreme Fear)
Last month: 11 (Extreme Fear)

Derivatives

CME, Futures and ETFs

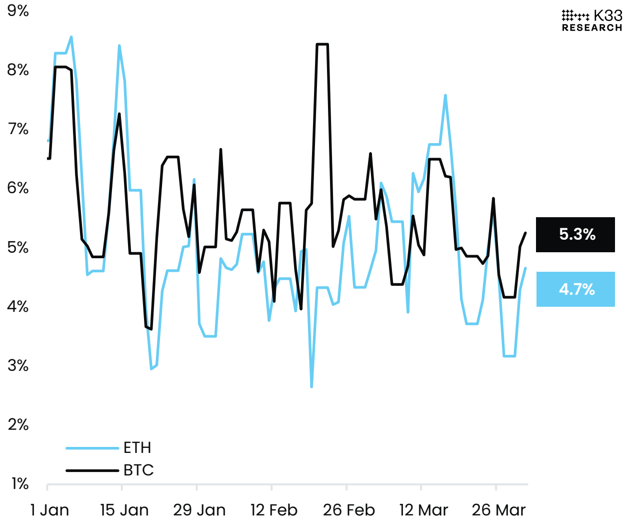
The past week has seen unusual volatility in CME's BTC futures notional open interest.

Following the March futures expiry, CME OI has again retraced toward yearly lows, currently sitting at 102,450 BTC. While current open interest is low, the week saw elevated OI volatility, with CME BTC OI hitting yearly highs of 128,970 BTC after the Friday close before retracing toward 102,450 BTC on Monday.

On March 27, CME's BTC futures open interest jumped by 10,845 BTC, marking the largest daily growth in CME BTC OI since November 6, 2024 (the U.S. election). Then, on March 30, notional open interest declined by 26,520 BTC, the largest daily decline in notional open interest ever. Open interest typically falls significantly after futures expiries, but this was a new record.

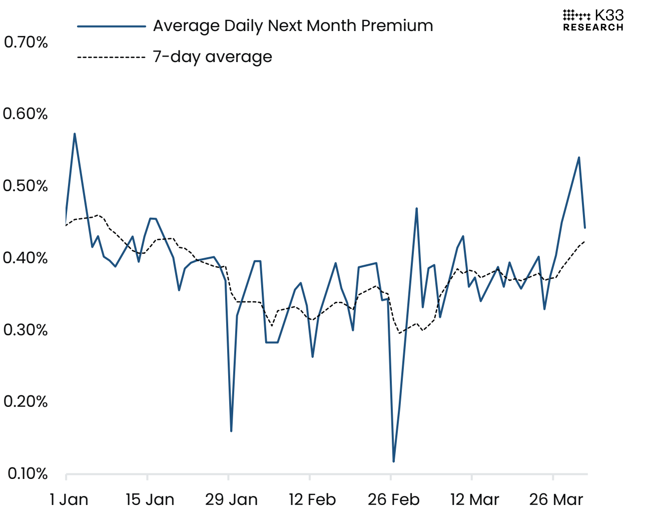
Scrutinizing the growth in OI on March 27, we see unusually heavy activity on the expiring front-month contract. This points toward aggressive short-term positioning in the market, and also explains the extreme decline in OI seen on Monday. With OI now fully retraced toward yearly lows, everything points toward the leverage spike being led by short-term positions.

Figure 6: Basis stays contracted throughout the week
CME BTC and ETH Futures Annualized Rolling 1mth Basis



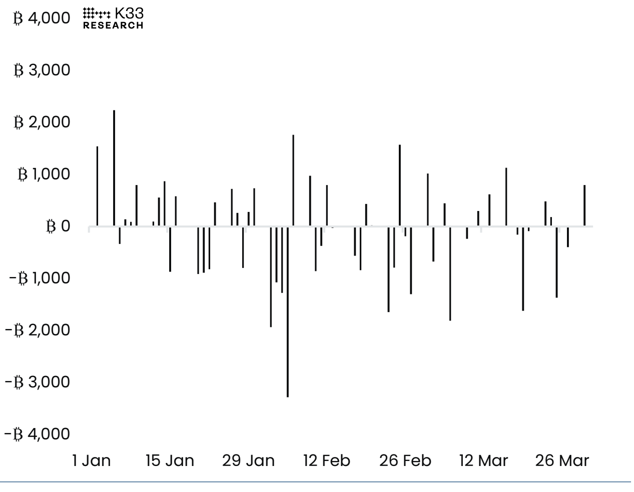
Source: Tradingview

Figure 7: Term structure widens after roll
CME BTC Futures: Average Daily Next Month Premium



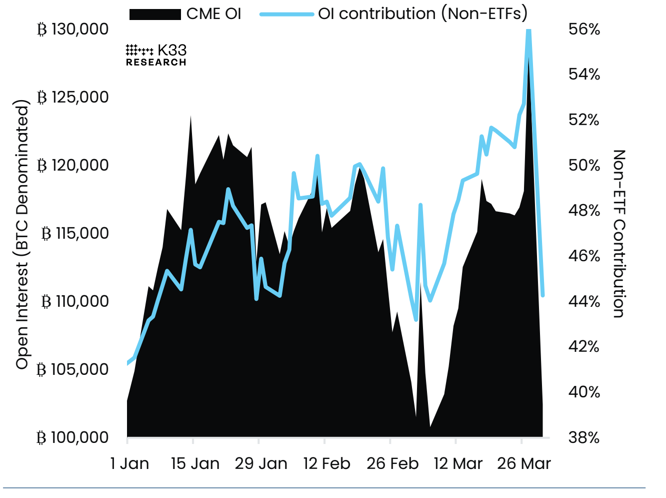
Source: Tradingview

Figure 8: BITX exposure hits new lows
Futures-based ETFs: Net Flow – BTC Equivalent



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

Figure 9: Largest daily decline in CME OI ever after March expiry
CME BTC Futures: Open Interest



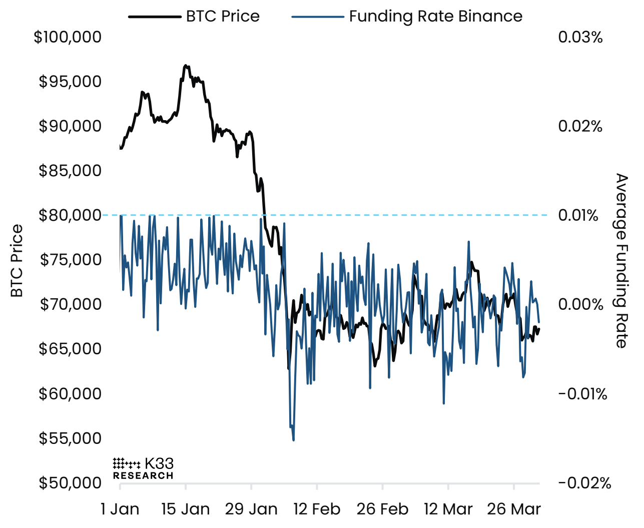
Source: CME, ProShares, Valkyrie, VanEck, Bitwise, CSOP, Samsung, VolatilityShares

Derivatives
Perpetual Swaps and Options

Perpetual swaps
The regime in perps remains defensive, with funding rates staying negative throughout most of the week. Daily annualized funding rates hit six-week lows of -7.4% on Friday, March 27, amid BTC's sell-off toward $66,000. The steep decline and negative funding rates were accompanied by substantial growth in notional open interest, which rose to six-week highs. This points to aggressive shorts entering the market as the trading regime of higher lows in BTC came to an end.

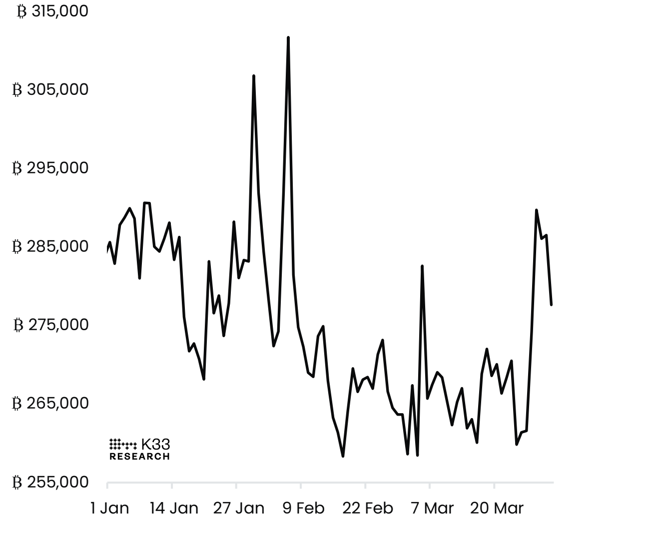
Notional open interest has since retraced moderately but remains 17,000 BTC higher than last week, currently sitting at 277k BTC.

Figure 10: Funding rates stay firmly negative
Bitcoin Perpetuals: Funding Rates vs BTC Price



Source: Binance, Laevitas

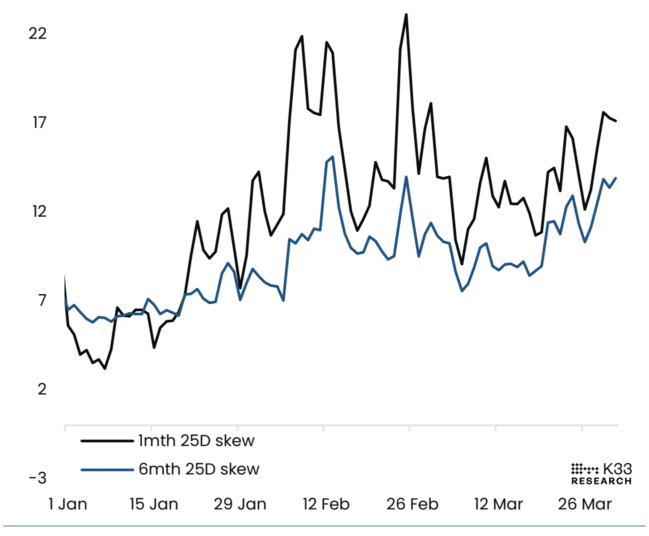
Figure 11: Perp OI surges higher amid BTC sell-off
Bitcoin Perpetuals: Open Interest



Source: Laevitas

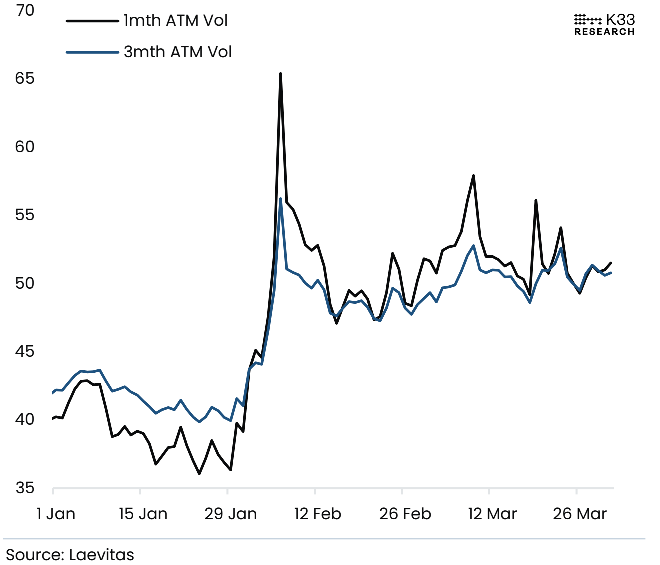
Options
Options skews have continued to climb higher, with short-tenor skews now approaching the yearly highs established in February. This points toward elevated demand for downside protection amid the current weak price action in BTC.

Figure 12: Skews grinding towards yearly highs
BTC Options - 25D Skew (1mth + 6mth)



Source: Laevitas

Figure 13: IVs stays firm above 50
BTC Options – Implied Volatility



Source: Laevitas

A deeper dive

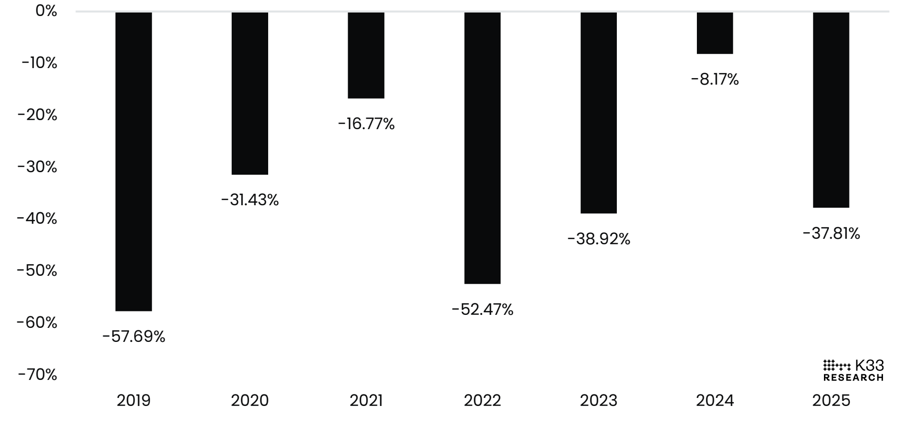
Easter driven slowdown ahead?

Easter week is upon us, a week typically associated with lower volumes and lower volatility in BTC, likely led by a flurry of banking holidays.

In equities, trading volumes typically drop noticeably in the days surrounding Easter, particularly on the Thursday before Good Friday and the days immediately after. Most major exchanges (NYSE, LSE, European bourses) are closed on Good Friday, and many are also closed on Easter Monday. This compressed trading week leads to thinner liquidity across equity, bond, and derivatives markets. The effect is especially pronounced in European markets, where both Friday and Monday are holidays.

We also find considerable evidence of slowing activity during Easter in BTC. Below, we compare the 7-day volumes in BTC in the week ending with Easter Monday relative to the average yearly 7-day volume in BTC. Every year since 2019 has seen lower trading volumes during Easter than the yearly average.

Figure 14: Bitcoin Volumes During Easter Relative To Yearly Average



Source: K33

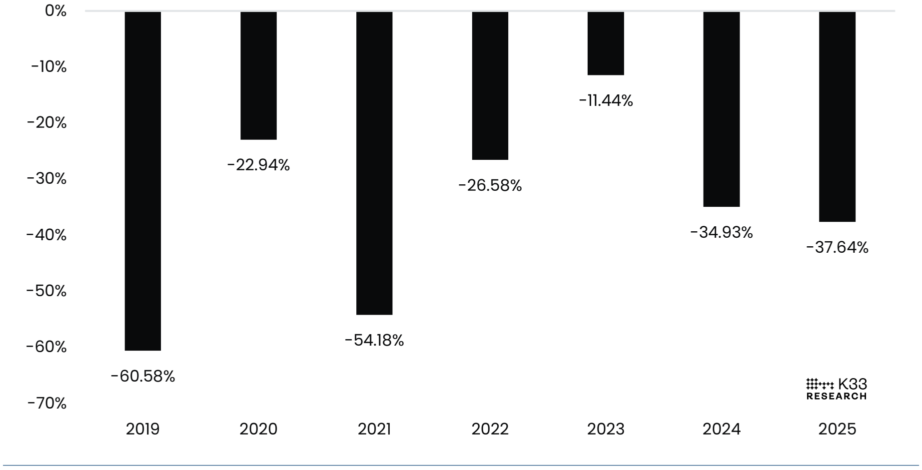
Easter also softens volatility

Volatility in BTC also tends to soften during Easter. In equities, volatility tends to follow a predictable pattern: realized volatility generally compresses in the days leading up to the holiday as trading volumes thin out and many institutional participants step away, resulting in narrower intraday ranges and subdued price action.

Similar effects are also visible in BTC, where we illustrate below 7-day volatilities in the week ending with Easter Monday, and compare this to the average 7-day volatility per year. We find the same tendency as in trading volumes, with lower 7-day volatilities every Easter compared to the yearly average.

Thus, based on past patterns, the stage is set for a relatively quiet week in the markets.

Figure 15: Bitcoin Volatility During Easter Relative To Yearly Average



Source: K33

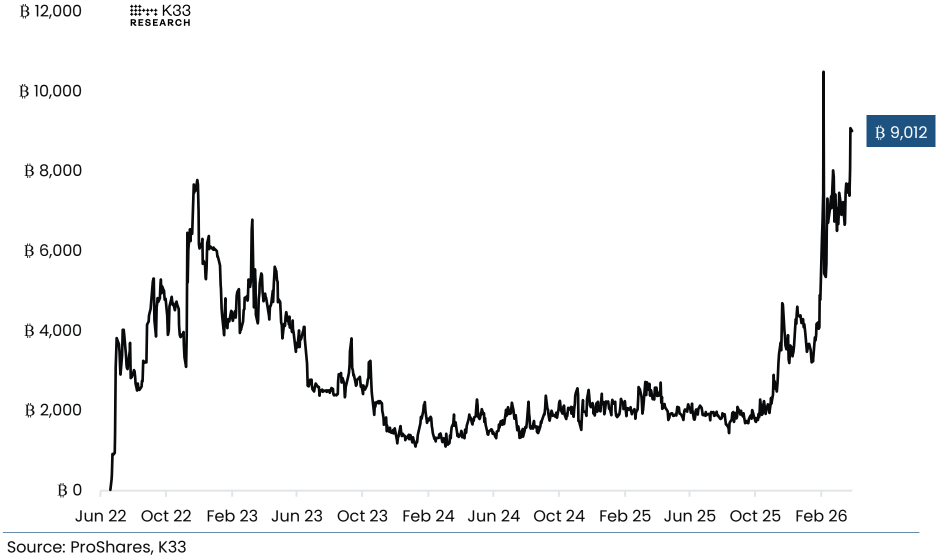
A deeper dive

Aggressive caution

The weak performance in BTC over the past two weeks, alongside the ongoing Iran-led uncertainty and recent warnings that quantum computing may threaten to break Bitcoin earlier than anticipated, has initiated a new wave of defensive positioning in BTC.

Leveraged short Bitcoin ETFs held a BTC equivalent short exposure of 9,012 BTC as of the March 30 close, the second highest BTC equivalent short exposure ever, behind February 5, 2026, after seeing a 22% growth in short BTC exposure in the past three trading days. Such jumps in short exposure typically reflect concentrated bearish positioning, and point toward aggressive caution from traders.

Figure 16: ProShares Short BTC ETFs (BITI and SBIT), BTC Equivalent Exposure

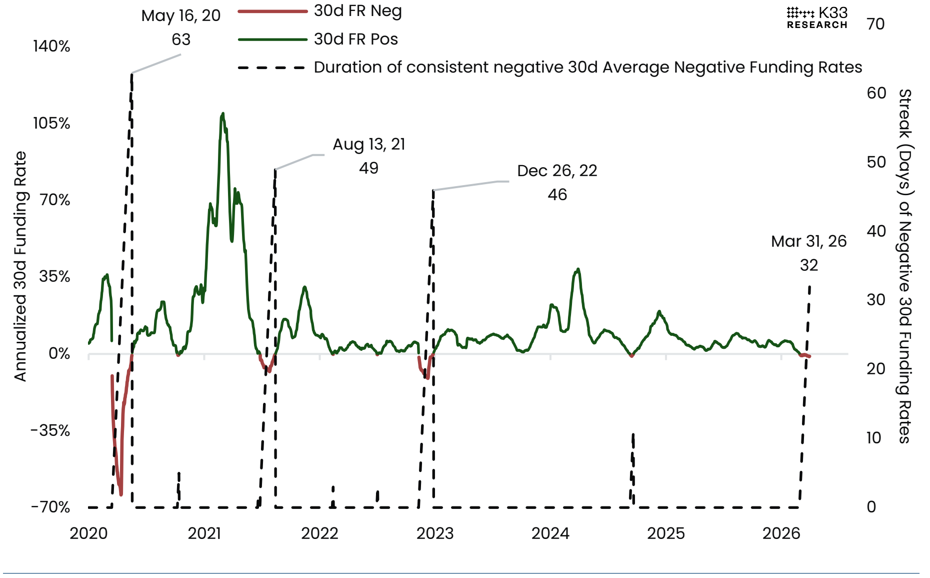


Source: ProShares, K33

Funding rates stubbornly negative
A metric we've highlighted for weeks is the sticky negative funding rates. Annualized 30-day average funding rates have now stayed negative for 32 consecutive days, and are two weeks away from surpassing the duration of the negative funding rate regime from November to December 2022.

As we have highlighted on multiple occasions over the past weeks, such regimes tend to coincide with BTC bottoming stages, as bearish positions overcrowd the market.

Figure 17: Annualized 30-day funding rates + Daily Streak of negative 30d FRs

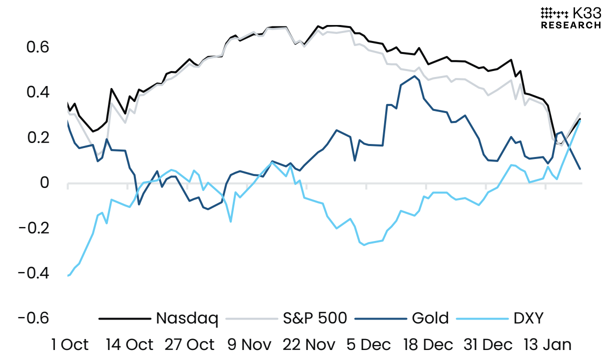


Source: K33

Market Related Charts

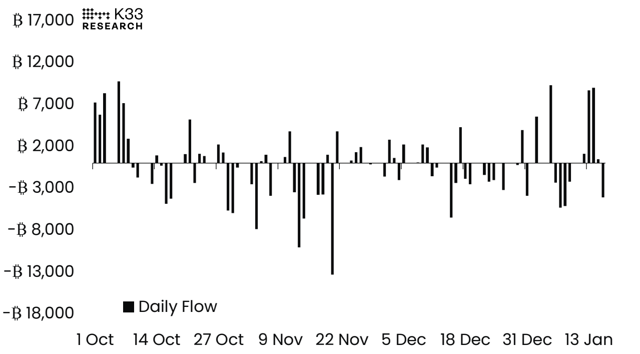
Data updated Tuesday, March 31, 2026

Figure 19: BTC 30-d correlations*



Source: Tradingview *Pearson

Figure 20: Daily Flows (BTC ETFs)



Source: K33 Research

Figure 21: BTC Dominance

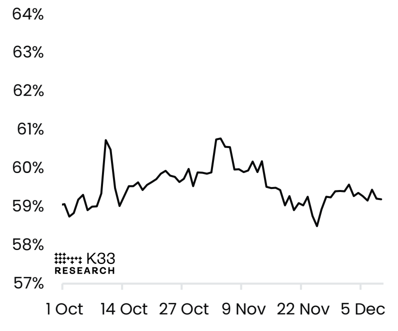


Figure 22: BTC + Stables Dominance

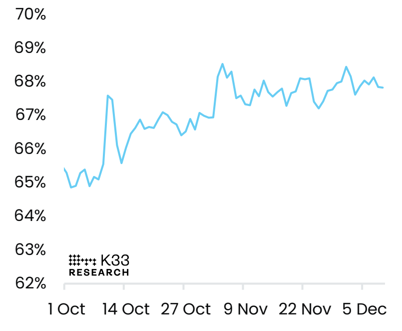
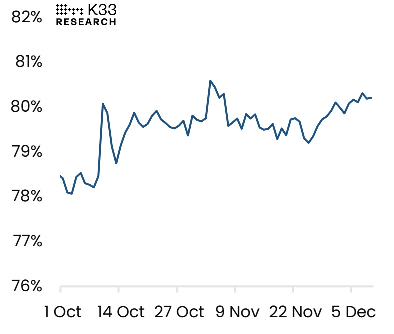
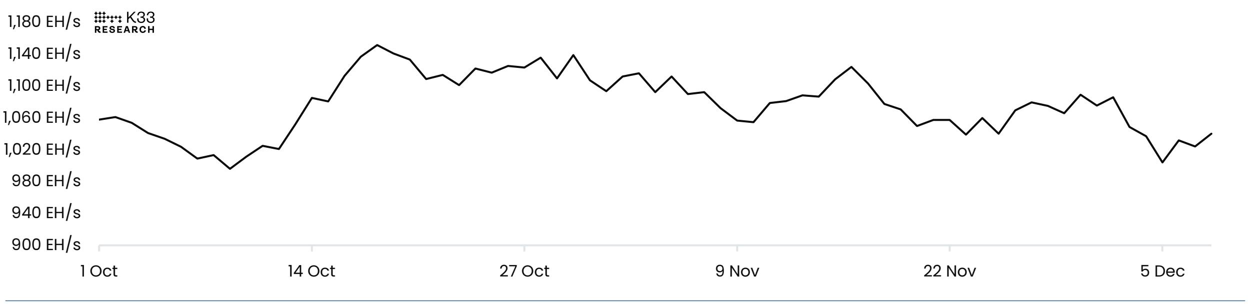


Figure 23: BTC + Stables + ETH Dominance



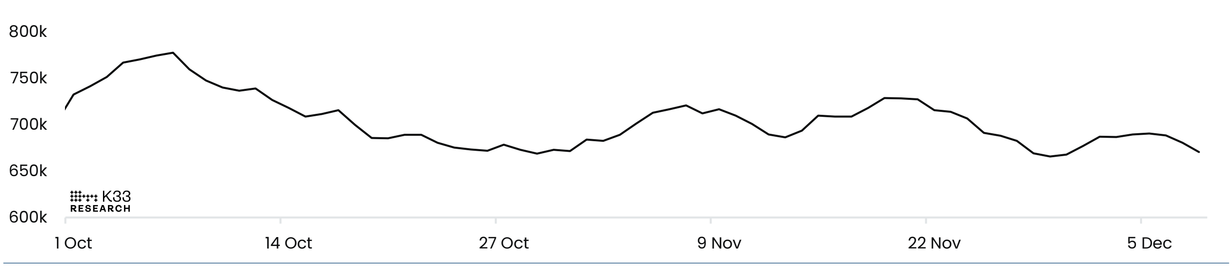
Source: Tradingview

Figure 24: Bitcoin Hashrate (7-day average)



Source: Coinmetrics

Figure 25: Active Addresses (7-day average)



Source: Coinmetrics

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 asses 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 through 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 "in-organic" 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 BTCs 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 BITI will be calculated as a negative flow impact, while inflows to BITO 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 at 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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