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EXECUTIVE SUMMARY

Last week BTC opened its account in September with a 10.7 percent drop in the first week, continuing the downtrend we have seen since late August. This decline, however, also pushed the price below the crucial low of $56,711 that was similarly seen on May 1st, a level that has previously triggered swift recoveries. The sell-off has resulted, not surprisingly, in a reduction of leveraged positions, indicating a market potentially nearing a local bottom. However, we believe US equity markets, particularly the S&P 500 - which last week saw its worst weekly performance since March 2023 - is critical to Bitcoin's short-term trajectory. Correlations between Bitcoin prices and traditional financial markets persist, with significant spot ETF outflows in the past week suggesting that traditional finance investors are de-risking from cryptocurrencies. Notably, since August 27th, there have been $706.1 million in net outflows from Bitcoin ETFs, and a downtrend in aggregated spot Cumulative Volume Delta, indicating aggressive spot selling.

In contrast, altcoin markets have shown resilience. As the sell-off took hold last week Bitcoin dominance, which measures the market capitalisation of BTC against the rest of the crypto market decreased by 1.3 percent. In comparison, the market cap of all other crypto assets, (excluding the top 10) increased by 4.4 percent. Dare we say it, but the shift hints at a potential regime change where investors are exploring value in altcoins, diverging from the typical pattern of flocking to Bitcoin during downturns.

Altcoin open interest, however, has also dropped by 55 percent from its all-time high, indicating speculative apathy and potential exhaustion among sellers. The ETH/BTC ratio, as a proxy for the altcoin market, remains under its 365-day Simple Moving Average, reflecting the broader underperformance of ETH since the Merge.

However, if Bitcoin dominance has indeed reached a local top, we may see a period of altcoin outperformance in the coming months, potentially setting the stage for a bullish Q4 should macroeconomic pressures ease.

The main catalyst for the sell off last week was arguably the US labour market report for August displaying only modest growth. However, we see this as offering the Federal Reserve some reassurance as they prepare for a shift towards lowering interest rates. Employment figures rose less than anticipated, but the unemployment rate dipped to 4.2 percent from 4.3 percent in July.

In the manufacturing sector, evidence of continued contraction for the fifth consecutive month emerged. Driven by weak demand, this is further evidence to support a lowering of rates. Companies are cutting back on production to protect profit margins, mirroring broader slowdowns in economic activity.

The construction sector too is showing signs of strain. The US Commerce Department's Census Bureau reported a 0.3 percent decline in construction spending in July, following no change in June. This decline was worse than expected, reflecting the broader slowdown in the housing market as reduced affordability and the fading of the pandemic-era housing boom impacts sales. Houses are staying on the market longer, and builders are exercising caution in starting new projects due to increased inventory and weaker demand. Overall, while certain sectors are seeing slight improvements, others are grappling with reduced activity.

In crypto news last week, Japan's three megabanks—MUFG, SMBC, and Mizuho—are launching "Project Pax," a pilot program using blockchain-based stablecoins to streamline cross-border settlements, and are aiming for commercial rollout by 2025. The project will integrate SWIFT's API framework for compliance and efficiency.

In the meantime, the Federal Reserve has issued a cease-and-desist order on United Texas Bank due to shortcomings it has found in its risk management and anti-money laundering practices regarding its crypto clients. It has ordered the bank to improve its oversight and customer due diligence procedures.

Have a great trading week!

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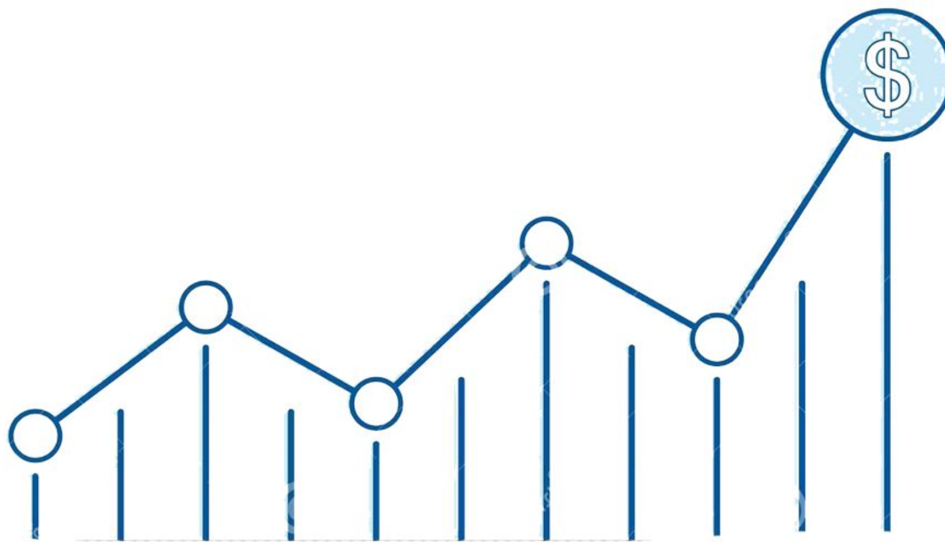


WHAT’S ON-CHAIN THIS WEEK?

Bitcoin Falls 10.7 Percent To Start Off September

The first week of September saw BTC continue the decline that began for the asset in late August, with the price dropping to $52,756 on Friday, September 6th. This now places BTC below the significant low of $56,711 that was recorded on May 1st - a significant level on the charts, for reasons we describe below.

Currently, Bitcoin is trading at a critical juncture, and while various metrics suggest that a temporary local low might be nearing, ETF and spot market flows will eventually decide the final fate for the asset.

Figure 1. BTC/USD 6H Chart. (Source: Bitfinex)

The May 1st low is important for a multitude of reasons. Historically, the previous two instances when prices dipped to this level, a swift recovery ensued, with prices rebounding within just 2-3 days.

May 1st was also a critical point in market dynamics as global open interest (OI) for BTC-related trading pairs hit its first significant trough, following the OI all-time high (ATH) of $39.03 billion seen on March 29th.

Figure 2. BTC Futures Aggregate Open Interest. (Source: Coinglass)

Falls below such a significant level are typically associated with a leverage wipeout, with large liquidations, or stop-outs, of highly leveraged long positions, particularly in altcoins. Such movements purge speculative excess in the market, and can reset price levels and potentially lay the groundwork for future stability or price appreciation.

Since the BTC ATH of $73,666, the currency has been on a downtrend, with three significant price corrections, as shown in the figure below: on May 1st, July 5th and August 5th respectively.

Figure 3. BTC/USD Daily Chart. (Source: Bitfinex)

Each of these lower lows have corresponded to a decrease in open interest. At the time of writing, the price of BTC is $54,300 and OI is around $28.43 billion. BTC is up about 10.4 percent from the August 5th low, while the OI is up 6.67 percent as per *Coinglass* data. This shows a healthy correlation between price and OI, suggesting that leverage is currently not significant in the perpetual markets. However, we do not think this is a bottom signal, although it does indicate that unless there is significant spot selling / derisking, prices could range or move up from current levels. However, our general thesis of a bearish September for BTC remains valid, with continued recession concerns and a post rate cut sell-off potentially triggering more de-risking in traditional financial markets and a downturn for the SPX.

We see the movement of BTC tied to the performance of US equities. Our view is that a major root cause of the sell-off of BTC last week was caused by a downturn in the S&P 500. The SPX closed the week down 4.25 percent, the worst weekly performance for the index since March 2023. (refer Figure below)

Figure 4. S&P 500 Index Daily Chart. (Source: SP)

The correlation between the S&P 500 and Bitcoin has persisted, even though the decline in BTC was notably less than that of the SPX last week. While the SPX, which has a market capitalisation of $45.8 trillion, fell 4.25 percent, BTC, with a market cap of $1.07 trillion, fell only 5.45 percent. For context, in the last week of July (starting July 28th) the SPX declined 2.06 percent while BTC fell 14.9 percent during the course of that week. This reduced sensitivity to equities' downward movements could be indicative of seller exhaustion in the Bitcoin market, and supports the thesis that traditional finance investors tend to de-risk from perceived tail risk assets like cryptocurrencies before equities in response to market downturns. This is further evidenced by the BTC ETF outflows we have seen in the past week (see Figure 5 below). However, we see the link between the two asset classes as remaining intact.

This drop in BTC aligns with the observed significant outflows from spot Bitcoin ETFs last week, highlighting that the sell-off since late August has been predominantly driven by the spot market. In a four-day trading week last week, ETFs saw a total of $706.1 million in net outflows. With ETF outflows seen every single trading since August 27th, this streak marks the second longest stretch of consecutive net negative outflows.

	Blackrock	Fidelity	Bitwise	Ark	Invesco	Franklin	Valkyrie	VanEck	WTree	Grayscale	Grayscale	Total
	IBIT	FBTC	BITB	ARKB	BTCO	EZBC	BRRR	HODL	BTCW	GBTC	BTC	
Fee	0.21%	0.25%	0.20%	0.21%	0.25%	0.19%	0.25%	0.20%	0.25%	1.50%	0.15%	
20 Aug 2024	55.4	0.0	(6.5)	51.9	0.0	0.0	0.0	0.0	0.0	(12.8)	0.0	88.0
21 Aug 2024	8.4	10.7	10.0	0.0	2.5	3.5	0.0	0.0	0.0	(9.8)	14.2	39.5
22 Aug 2024	75.5	9.2	(11.5)	7.8	0.0	0.0	0.0	3.4	4.8	(28.4)	4.0	64.8
23 Aug 2024	86.8	64.0	42.3	23.8	3.2	0.0	2.3	14.4	0.0	(35.6)	50.8	252.0
26 Aug 2024	224.1	(8.3)	(16.6)	0.0	0.0	5.5	0.0	(7.2)	5.1	0.0	0.0	202.6
27 Aug 2024	0.0	0.0	(6.8)	(102.0)	0.0	0.0	-	0.0	0.0	(18.3)	0.0	(127.1)
28 Aug 2024	0.0	(10.4)	(8.7)	(59.3)	0.0	0.0	0.0	(10.1)	0.0	(8.0)	(8.8)	(105.3)
29 Aug 2024	(13.5)	(31.1)	(8.1)	5.3	0.0	0.0	(1.7)	0.0	0.0	(22.7)	0.0	(71.8)
30 Aug 2024	0.0	(12.9)	(16.4)	(65.0)	(11.1)	0.0	0.0	0.0	0.0	(70.2)	0.0	(175.6)
02 Sep 2024	-	-	-	-	-	-	-	-	-	-	-	0.0
03 Sep 2024	0.0	(162.3)	(25.0)	(33.6)	(2.3)	(8.4)	(2.5)	(3.3)	0.0	(50.4)	0.0	(287.8)
04 Sep 2024	0.0	(7.6)	9.5	0.0	0.0	0.0	-	(4.9)	0.0	(34.2)	0.0	(37.2)
05 Sep 2024	0.0	(149.5)	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	(23.2)	(8.4)	(211.1)
06 Sep 2024	0.0	(85.5)	(14.3)	(7.2)	0.0	0.0	(4.6)	0.0	0.0	(52.9)	(5.5)	(170.0)
Total	20,917	9,424	1,928	2,273	342	385	521	574	211	(20,012)	334	16,897
Average	126.8	57.1	11.7	13.8	2.1	2.3	3.2	3.5	1.3	(121.3)	2.0	102.4
Maximum	849.0	473.4	237.9	200.7	63.4	60.9	43.4	118.8	118.5	63.0	191.1	1,045.0
Minimum	(36.9)	(191.1)	(70.3)	(102.0)	(37.5)	(23.0)	(20.2)	(38.4)	(6.2)	(642.5)	(8.8)	(563.7)

Figure 5. Spot Bitcoin ETF Flows Across All ETF Providers. (Source: FarsideUK)

Since our local top of $65,000 on August 23rd, aggregated spot Cumulative Volume Delta (CVD) has also been on a consistent downtrend, indicating there is more selling than buying across exchanges. This supports our view that spot selling (predominantly by ETFs) has caused the downward pressure on BTC, and in particular during the US session. ETFs also usually use Trade Weighted Average Price trading strategies (smaller market orders spread over time) to enter and exit positions.

Figure 6. BTC/USD 2H Chart With Spot Cumulative Volume Delta. (Source: Coinalyze)

Over the past month, and particularly since the August 23rd high, US sessions have been the worst performing for Bitcoin, with a cumulative return of -13.23 percent during this time period. This further shows how correlated Bitcoin has been to US equities. In an illiquid market, with lower than usual volume and open interest, ETF flows and the aforementioned de-risking, have dominated BTC price action.

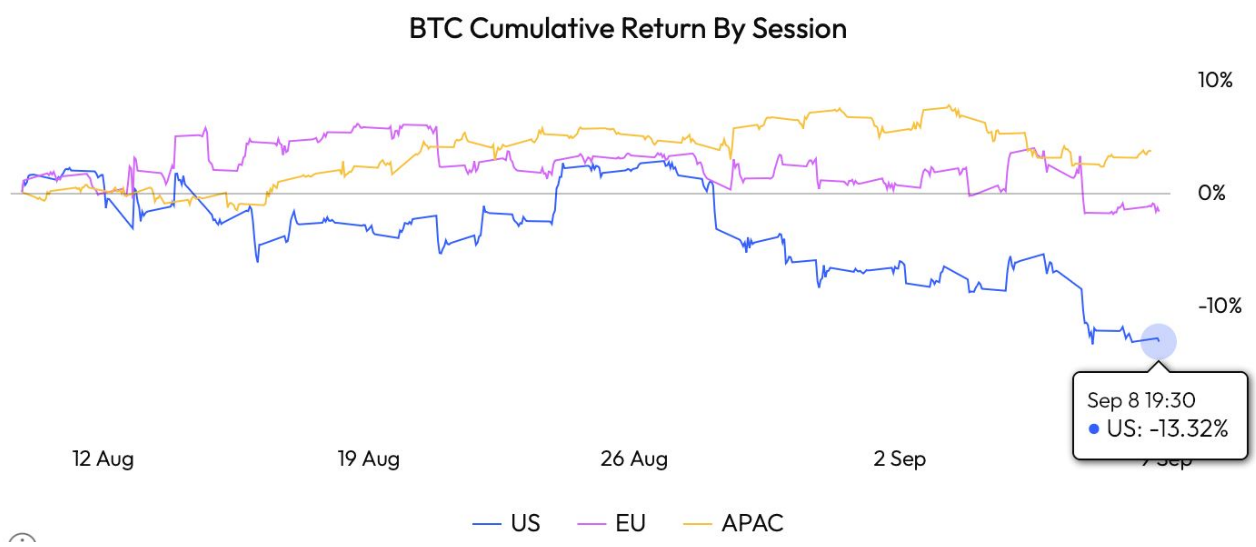


Figure 7. BTC Cumulative Return By Session. (Source: Velo)

Orderflow metrics for perpetual and futures trading pairs currently indicate a minimal presence of leveraged buyers. Such a state of affairs, just after a notable price correction, typically signals that the market is nearing or at a local bottom. However, the ongoing correlation between Bitcoin and the S&P 500 alongside the dominant influence of spot market flows on BTC's price direction suggests that the performance of US equities is critical for Bitcoin's near-term prospects.

For Bitcoin to experience some upside in the upcoming week, it is essential for the US equity markets to find some stability or positive momentum, potentially leading to a decrease in ETF outflows. This relief in the equity markets could help alleviate selling pressure on Bitcoin, providing a conducive environment for a recovery. As such, monitoring both equity market trends and cryptocurrency-specific dynamics will be crucial.

Altcoin Outperformance as Bitcoin Dominance Reaches a Potential Top

While the movements in the BTC price and BTC open interest (OI) seem to be closely correlated, with BTC OI still relatively high, total altcoin open interest is down nearly 55 percent from its all-time high in March. Following the market drop on August 5th, Bitcoin dominance reached its highest value since March 2021 at 57.7 percent, but during the price correction last week, OTHERS.D (which measures the total crypto market cap for coins excluding the top 10 crypto assets by market capitalization) rose, as Bitcoin dominance (BTC.D) decreased.

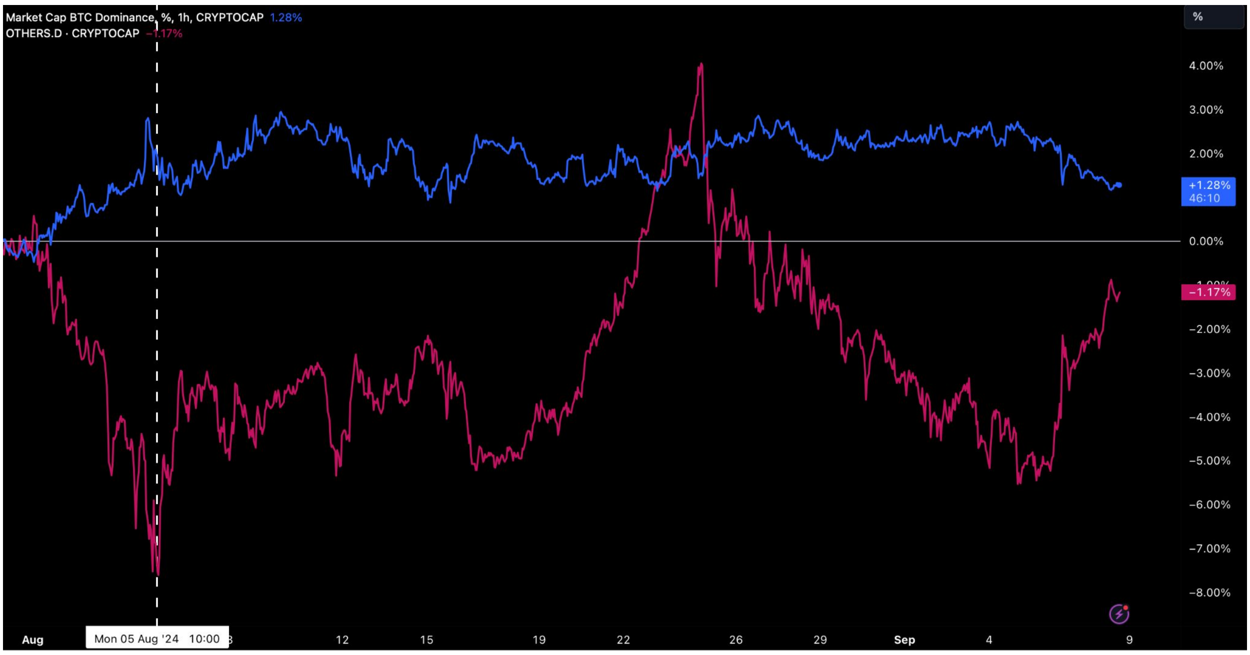


Figure 8. BTC.D and OTHERS.D Hourly Chart Since the August 5th Low. (Source: CryptoCap)

Typically, during market downturns, traders often liquidate their altcoin holdings either for Bitcoin or for fiat, leading to an increase in Bitcoin dominance and a corresponding decrease in altcoin dominance. This behaviour is based on the perceived safety of Bitcoin as a more stable asset compared to altcoins during volatile periods.

Contrary to these usual trends, the past week since September 3rd has shown Bitcoin dominance decreasing by 1.3 percent, while the dominance of other cryptocurrencies (OTHERS.D) increased by 4.4 percent. (refer Figure above)

This divergence suggests a shift in investor sentiment and market dynamics where, instead of flocking to the relative safety of Bitcoin, investors might be seeing potential value or receiving positive signals from the altcoin markets.

The observed effect and relative altcoin strength against Bitcoin could however also stem from the fact that most of the recent sell-off has been driven by ETF outflows and spot selling. With several altcoins already declining 80 percent or more from the all-time high valuations, it is very likely that altcoins have reached a point of seller exhaustion.

There is also a speculative apathy on altcoins as total open interest for coins listed on major exchanges (excluding Ether and BTC) is 55 percent lower from its ATH recorded on March 25th. Current aggregated OI value for crypto assets, excluding BTC and Ether, stands at $8.75 billion for coins listed on major exchanges (see Figure below).

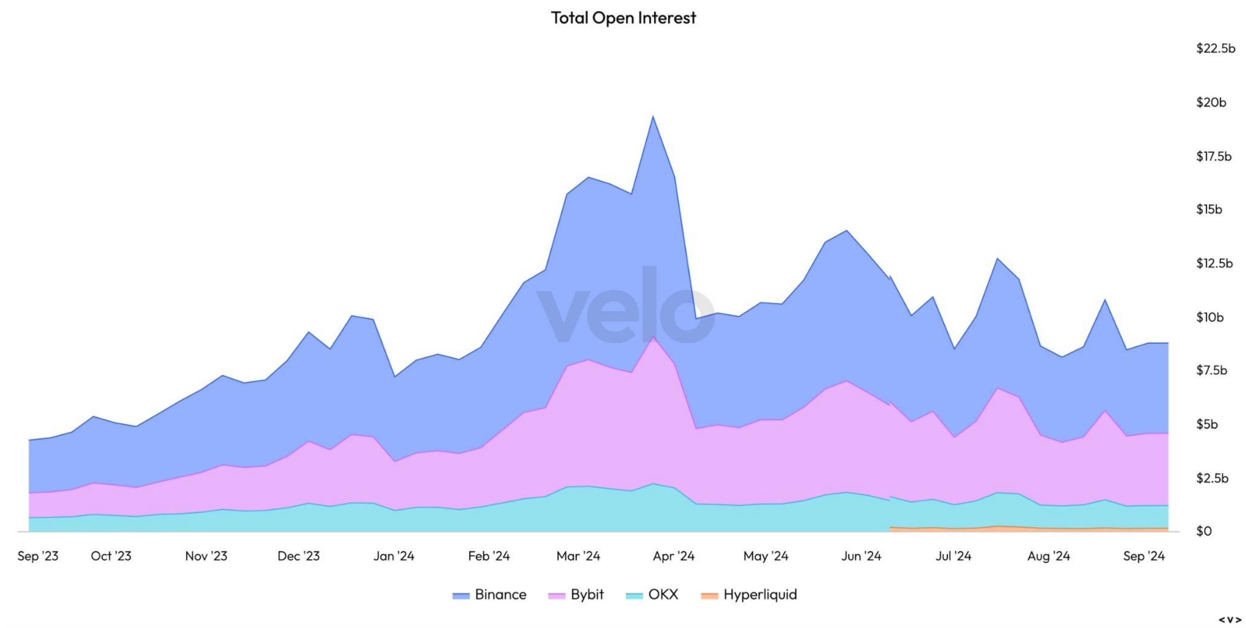


Figure 9. Total Crypto Open Interest Excluding Ether and BTC. (Source: Velo)

Altcoins as a whole have also been steadily underperforming Bitcoin since early 2023. While there have been some outliers, most have been in a downtrend against BTC for several months. Taking ETH as a proxy for all altcoins, the ETH/BTC ratio is under the 365 day Simple Moving Average and has continued to downtrend since late 2022.

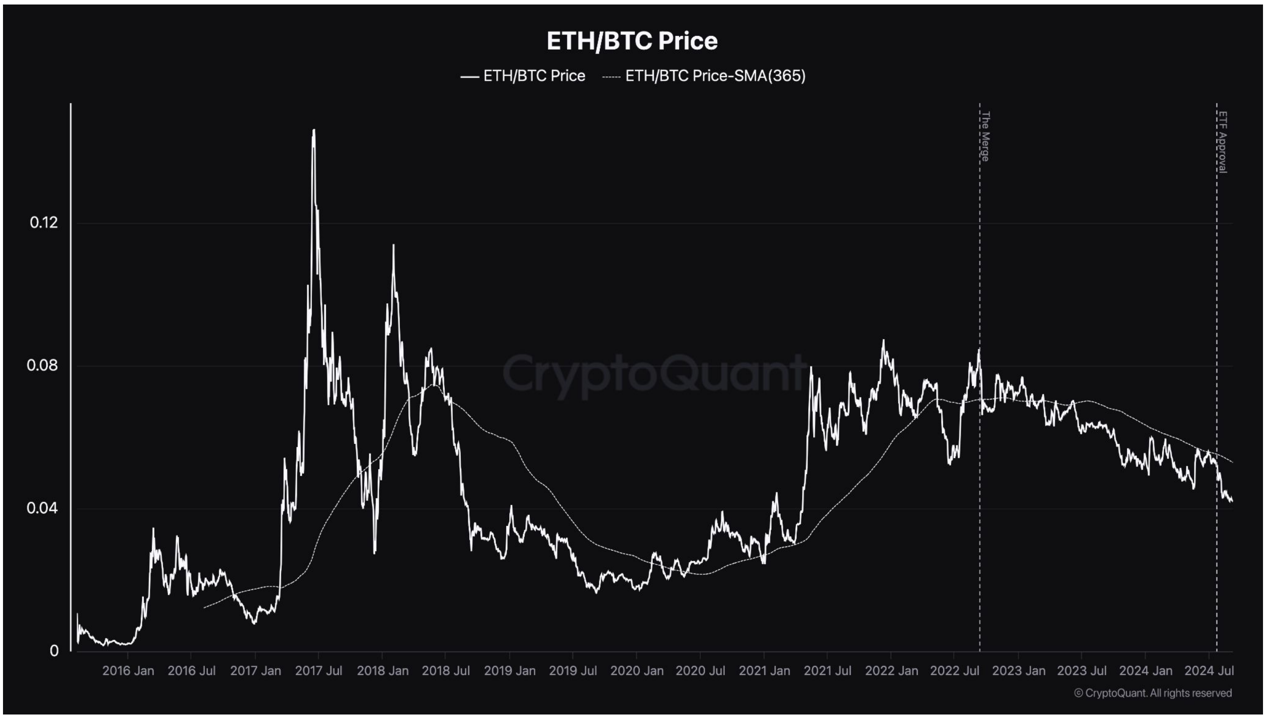


Figure 10 ETH/BTC Price And 365 SMA. (Source: CryptoQuant)

The ETH/BTC ratio is currently below 0.042, the lowest since April 2021. Since Ethereum switched to Proof-Of-Stake mechanism with the Merge event, Ether has lagged BTC significantly, underperforming by over 44 percent. Despite the brief uptick before the launch of spot Ethereum ETFs, the asset has continued to underperform Bitcoin.

Most large crypto assets have underperformed Bitcoin since the November 2022 bear market low, however with the recent sell off in BTC, which saw a reduction in open interest as well as seller exhaustion, it is possible that Bitcoin dominance is approaching a local top. If so, the altcoin sector as a whole could continue to outperform Bitcoin during market upsides and show resilience in downturns. This would be a significant regime change in crypto and could set up for a very bullish Q4, if macro concerns alleviate.

GENERAL MACRO UPDATE

Modest US Job Growth in August Eases Fed's Path to Gradual Rate Cuts

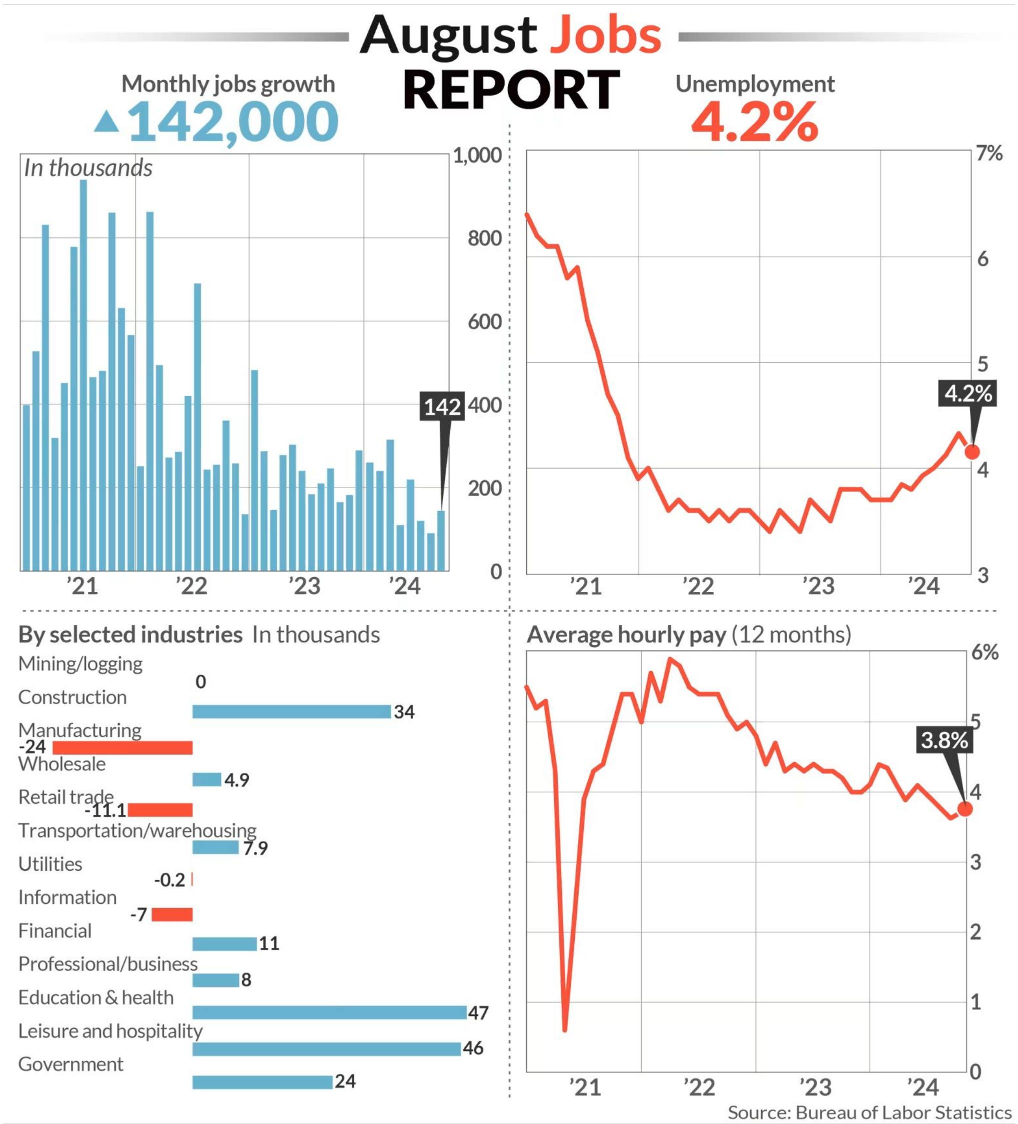


Figure 11. August Jobs Report (Source: Bureau of Labor Statistics)

The US labour market report for August displayed modest growth, offering the Federal Reserve some reassurance as they prepare for a shift towards lowering interest rates. Despite the reception of the market to the data, which solved off aggressively, employment figures rose less than anticipated. The unemployment rate dipped to 4.2 percent from 4.3 percent in July, suggesting that the labour market was not falling off a cliff, warranting a more significant rate cut from the Fed this month.

The Bureau of Labor Statistics Employment Situation Summary demonstrated steady wage growth in the economy, which we believe will be important to bolstering consumer spending and staving off any possibility of a recession in the near term. However, the report also revealed signs of slowing momentum, with 86,000 fewer jobs added in June and July than initially estimated.

Nonfarm payrolls grew by 142,000 in August, following a revised increase of 89,000 in July, marking the smallest job gain since December 2020. The consensus forecast was for a rise of 161,000 jobs, indicating that expansion was softer than expected. The deceleration in employment growth is largely attributed to a slowdown in hiring.

We expect the Fed to ease monetary policy at the upcoming Federal Open Market Committee meeting on September 18th. Officials are likely to communicate plans for a gradual move toward a neutral stance to support overall economic activity.

Manufacturing Sector Contracts for Fifth Consecutive Month Amid Weak Demand and Rising Costs

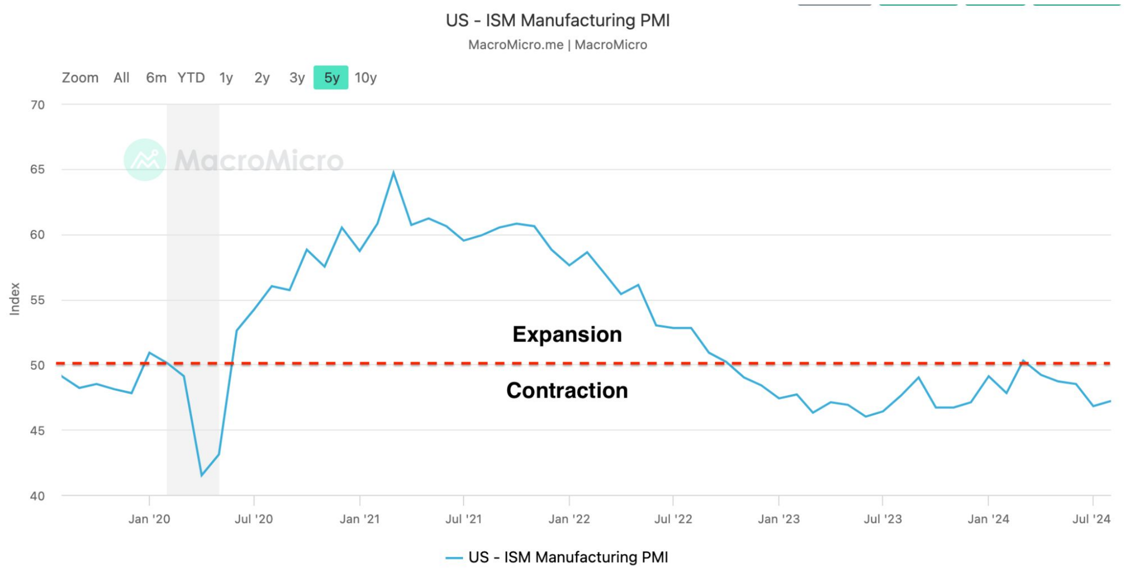


Figure 12. ISM Manufacturing PMI (Source: Institute for Supply Management, Macromicro)

The manufacturing sector has experienced contraction for a fifth straight month, with production and new orders acting as key drags, according to the Institute for Supply Management's (ISM) Purchasing Managers' Index Report. The ISM's manufacturing index inched up to 47.2 percent from an eight-month low of 46.8 percent. Any readings below 50 percent indicate contraction in the sector.

MANUFACTURING AT A GLANCE
August 2024

Index	Series Index Aug	Series Index Jul	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI®	47.2	46.8	+0.4	Contracting	Slower	5
New Orders	44.6	47.4	-2.8	Contracting	Faster	5
Production	44.8	45.9	-1.1	Contracting	Faster	3
Employment	46.0	43.4	+2.6	Contracting	Slower	3
Supplier Deliveries	50.5	52.6	-2.1	Slowing	Slower	2
Inventories	50.3	44.5	+5.8	Growing	From Contracting	1
Customers' Inventories	48.4	45.8	+2.6	Too Low	Slower	9
Prices	54.0	52.9	+1.1	Increasing	Faster	8
Backlog of Orders	43.6	41.7	+1.9	Contracting	Slower	23
New Export Orders	48.6	49.0	-0.4	Contracting	Faster	3
Imports	49.6	48.6	+1.0	Contracting	Slower	3
OVERALL ECONOMY				Growing	Faster	52
Manufacturing Sector				Contracting	Slower	5

Figure 13. ISM Manufacturing PMI (Source: Institute for Supply Management)

Demand remains weak across the sector, as reflected by multiple indicators: the New Orders Index, New Export Orders and the Backlog of Orders Index all stayed firmly in contraction territory. Output, measured by both the Production and Employment indexes, also showed continued moderate contraction, with production declining further, though employment contracted at a slower rate compared to July. Many companies seemed to be reducing both production levels and headcount in August. The ISM report also noted that manufacturers continued to face rising costs for inputs last month. Prices paid by businesses accelerated in August, increasing to 54 on the index, compared to 52.9 in July.

With demand sharply declining, companies have reduced production to safeguard their pricing structures and maintain profit margins. This slowdown in economic activity is mirrored in Bureau of Labour Statistics' Job Openings and Labor Turnover Summary, showing that job openings fell to their lowest level since 2021. However, despite the reduction in openings, the unemployment rate improved to 4.2 percent which aligns with the forecast we made in last week's *Bitfinex Alpha* of an improving labour market outlook. While businesses are cautious in adding new positions, they are retaining workers, and some sectors are still adding jobs, leading to a marginal recovery in the labour market.

Although the Federal Reserve has signalled a potential shift toward lowering interest rates, the manufacturing sector is still burdened by elevated borrowing costs, which we do not expect to ease soon. The recovery in the sector may take several months, as the effects of a looser monetary policy will take time to materialise. The uncertainty surrounding the Fed's future rate cuts continues to weigh on supply and demand in the manufacturing sector.

Construction Spending Dips Amid Rising Inventory and Slowing Home Sales

According to the US Census Bureau's monthly Construction Spending report for July, construction spending fell by 0.3 percent. The figure was worse than expected, with consensus forecasts estimating a smaller dip of 0.1 percent. Despite the monthly decline, construction spending was still 6.7 percent higher year-over-year for July.

Private construction projects experienced a 0.4 percent decrease in spending, with residential investment also down by the same margin. Notably, spending on new single-family construction projects took a significant hit, plunging 1.9 percent, while multi-family housing expenditures remained flat. The spike in mortgage rates earlier in the year has dampened home building efforts, contributing to an overhang of inventory in several regions.

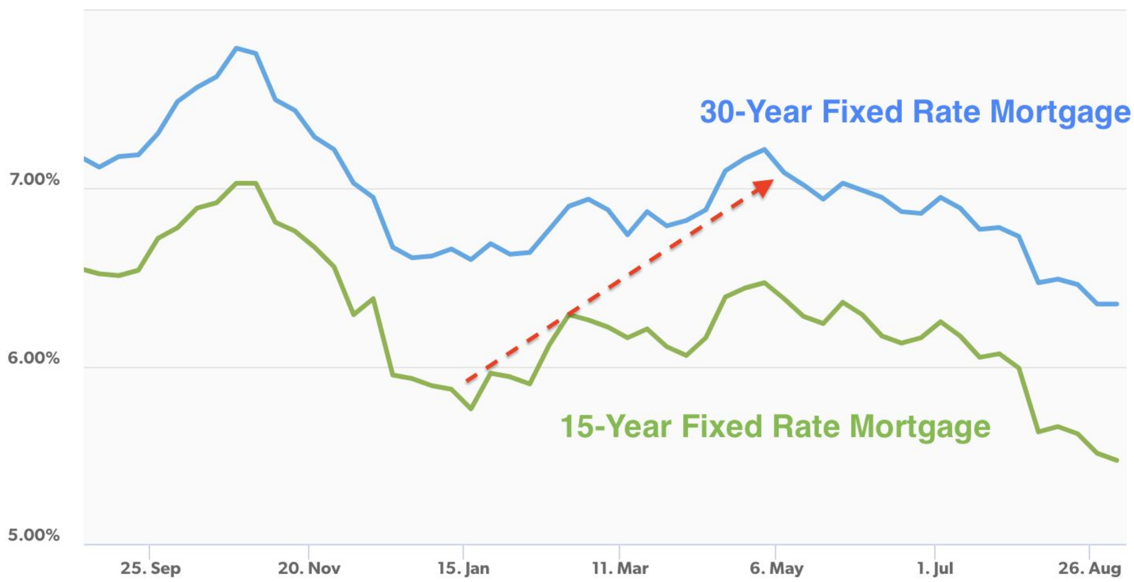


Figure 14. US Fixed Rate Mortgage (Source: FreddieMac)

The combination of reduced housing affordability and the fading effects of the pandemic-era housing boom has slowed home sales in many markets. As a result, houses are staying on the market longer, with active inventory levels increasing across most regions. Builders are cautious, holding off on starting new projects due to the excess supply and weak demand.

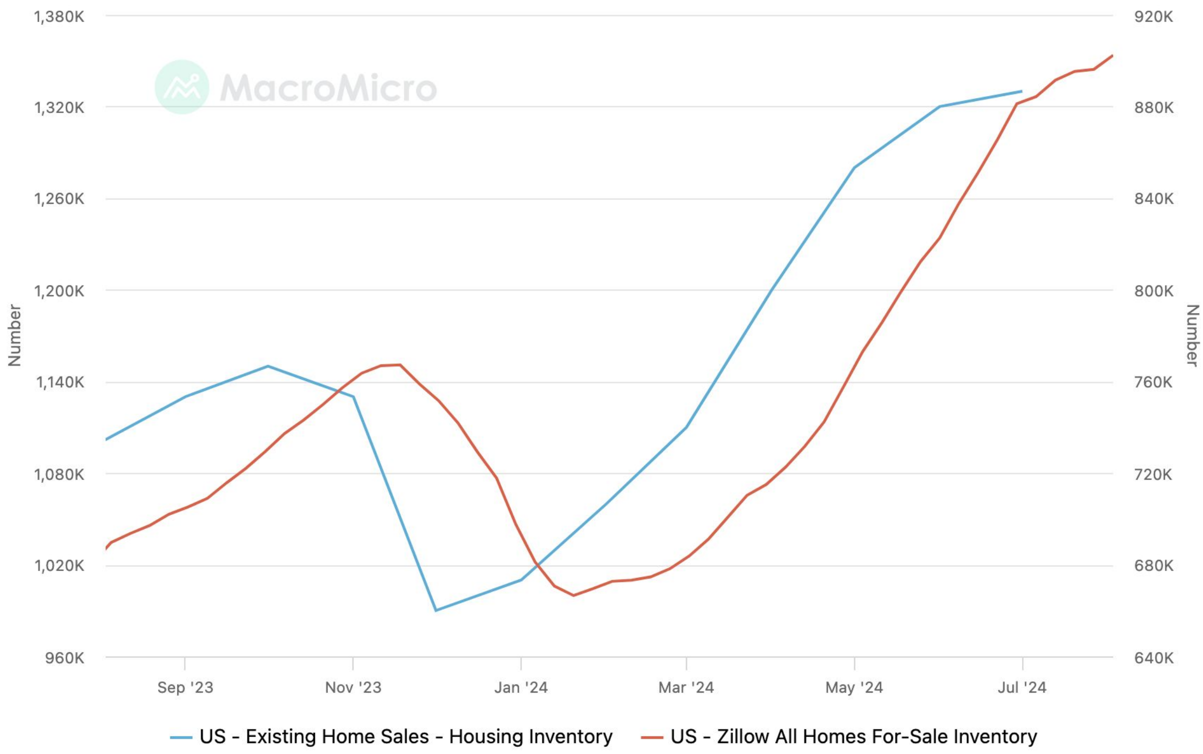


Figure 15. Housing Inventory in the US (Source: Macromicro)

Home prices in 2024 have seen only a modest three percent decrease since the end of 2023. However, with the growing inventory, buyers may soon have more leverage to negotiate lower prices. August 2024 marked the eighth consecutive month of inventory growth, with the number of available homes 36 percent higher compared to the same period last year. Additionally, anticipated Fed rate cuts could ease mortgage rates further, providing some relief for homebuyers.

As housing affordability continues to pose challenges, the construction sector may remain under pressure. However, with more favourable financing conditions on the horizon, the market could see a gradual recovery in the coming months. We anticipate that selling activity will gradually return to normal as interest rates slowly decline over the next year, with a possible surge in September, when the Fed decides to lower rates.

NEWS FROM THE CRYPTO-SPHERE

Japan's Largest Banks to Trial Cross-Border Stablecoin Transfer Platform for Faster Global Settlements

Figure 16. Japan's Largest Banks to Trial Cross-Border Stablecoin Transfer Platform for Faster Global Settlements

- **Japan's three megabanks—MUFG, SMBC, and Mizuho—are launching "Project Pax," a pilot program that leverages blockchain-based stablecoins to accelerate cross-border settlements for businesses**
- **The project will use SWIFT's API framework for compliance and efficiency, with a goal of commercialising the platform by 2025**

Japan's three leading banks, Mitsubishi UFG Financial Group, Sumitomo Mitsui Banking Corp, and Mizuho, are preparing to pilot a cross-border stablecoin transfer platform aimed at speeding up international settlements for businesses. The initiative, known as "Project Pax," will utilise stablecoins issued through Progmat, a blockchain startup which is supported by the three banks, as well as SBI Holdings and Japan Exchange Group. The trial will be managed by Progmat in collaboration with Datachain, a start up focused on blockchain interoperability and TOKI, a partner company of Progmat and Datachain providing cross chain infrastructure, and will explore cross-chain transactions, according to a press release.

The project intends to use SWIFT’s existing API framework, enabling banks to instruct Progmat to settle transactions on blockchain networks. This integration is designed to address challenges such as anti-money laundering compliance, while streamlining processes and reducing costs related to fiat currency transfers. The project team noted that this system would help financial institutions eliminate operational redundancies and minimise the need for large investments.

Set to begin with a prototype, "Project Pax" aims to have a fully operational platform by 2025. In a blog post, the team emphasised that the integration of regulated stablecoins and secure cross-chain messaging standards would enable businesses to execute cross-border settlements at the speed of the internet.

Progmat has already established its stablecoin platform, "Progmat Coin," with support from several major financial institutions. Stablecoins created on the platform can be denominated in major currencies such as JPY, USD, and EUR, allowing for both domestic and international transactions.

United Texas Bank Faces Regulatory Scrutiny Over Crypto-Related Deficiencies

Figure 17. United Texas Bank Faces Regulatory Scrutiny Over Crypto-Related Deficiencies

- **The Federal Reserve issues a cease-and-desist order to United Texas Bank, based in Dallas, saying it has uncovered deficiencies in risk management and anti-money laundering compliance related to its crypto customers**
- **United Texas Bank is required to enhance its oversight and customer due diligence program following the Fed's findings**

The Federal Reserve has said that it has identified "significant deficiencies" in United Texas Bank's management of risks involving cryptocurrency customers, according to a recent examination. The Dallas-based bank was said to be lacking in governance and oversight, particularly in its foreign correspondent banking and virtual currency customers.

In a cease-and-desist order issued last week, the Fed cited shortcomings in the bank's risk management and compliance with anti-money laundering (AML) laws. Both United Texas Bank and the Fed agreed to the order, which requires the bank to take corrective actions.

The bank has since made improvements to its Bank Secrecy Act and AML compliance programs, and its board of directors is now tasked with submitting a detailed plan to strengthen oversight of compliance efforts, the Fed said. This includes enhancing the bank's customer due diligence program, among other reforms.

United Texas Bank has previously collaborated with crypto firms such as the Stellar Foundation and Circle's USDC, serving as a settlement bank for MoneyGram’s integration of the Stellar blockchain for USDC transactions.

This action marks the second instance within the period of a month where the Federal Reserve has taken enforcement measures against a bank involved in dealing with cryptocurrency customers. Similar deficiencies were reported in relation to Customers Bancorp Inc.'s compliance with AML requirements in August.

WisdomTree Withdraws Spot Ether ETF Filing Amid Changing Market Conditions

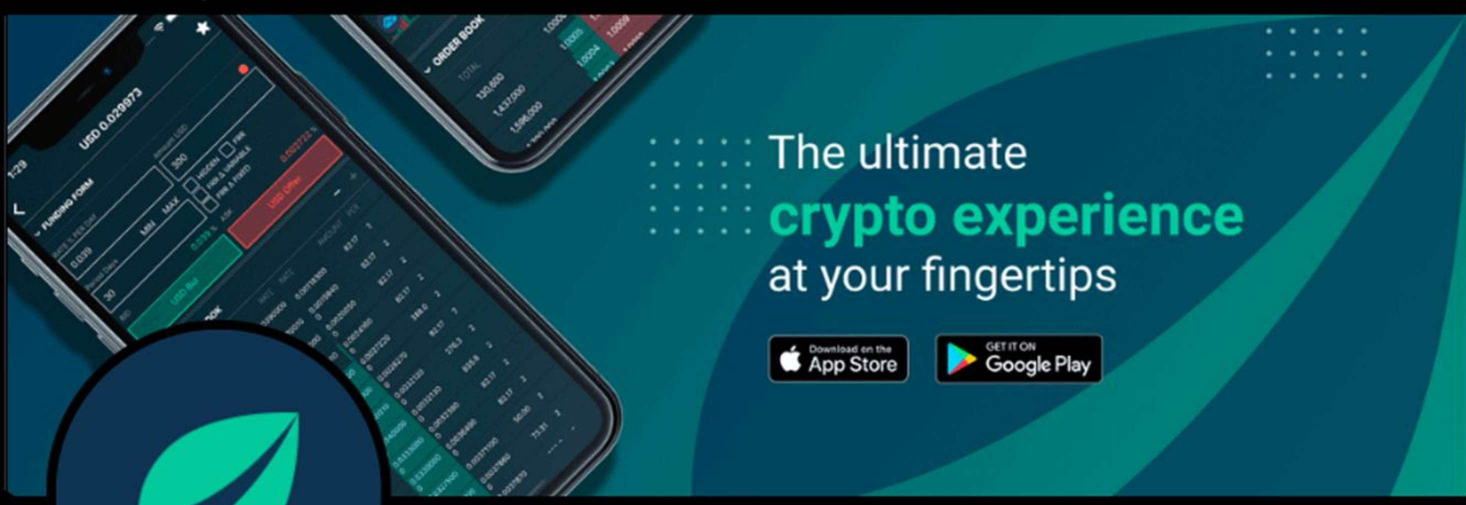
Figure 18. WisdomTree Withdraws Spot Ether ETF Filing Amid Changing Market Conditions

- **WisdomTree has withdrawn its application for a spot Ether ETF, initially filed in May 2021**
- **The decision coincides with VanEck's closure of its futures-based Ether ETF, as spot cryptocurrency ETFs dominate inflows**

WisdomTree, the US asset manager, has withdrawn its application for a spot Ether exchange-traded fund (ETF) with the US Securities and Exchange Commission (SEC), more than three years after the initial filing. The company submitted the original request on May 27, 2021, however in an SEC filing made last Friday, September 6th, it requested withdrawal of its application.

Initially, the application aimed to list Ethereum ETF shares on the Chicago Board Options Exchange's BZX Exchange. At the time of the filing, WisdomTree emphasised that the Ether market had matured and was operating with efficiency and scale similar to the Bitcoin market.

This withdrawal coincides with VanEck's decision last week to also close its futures-based Ether ETF due to low demand, as spot cryptocurrency ETFs continue to dominate market inflows.



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