

In this edition of Laser Focus:

- After 4 consecutive weeks of gains, we ask whether bitcoin can see further upside
- Ethereum and Solana hit rebound technical targets, can they build on that?
- **MACRO FOCUS** – A calmer period for news and data has stemmed the volatility we saw in stocks and bonds; we look at how the market is positioning for fewer Fed rate cuts, data depending; despite the US dollar rebounding recently we view the Greenback as a fade opportunity, and favour EUR; with US earnings season in full swing, we discuss whether the S&P500 can recover and test the all-time highs; we like 5-year to 7-year Treasuries based on current rate expectations.

Bitcoin holds above \$100,000 after 4 consecutive weeks of gains

Bitcoin recently hit \$104,324, the strongest price since late January. Bitcoin closed the week more than 6.0% higher and created its fourth straight positive week, the first time that has occurred since November 2024. This came as the ETF market broke records, and macro news improved with a trade deal between the US and the UK and talks over the weekend with China. BlackRock's Bitcoin ETF (IBIT) has witnessed 19 days of consistent inflows, the longest ever streak.

New Bitcoin ETFs are also coming to the market, namely buffer ETFs and yield ETFs allowing yield to be generated to protect against downside volatility. There is a distinction to be made between professional and retail investors regarding ETFs. For example, 2xBitcoin Strategy ETF (BITX) is a leveraged Bitcoin product that includes daily fees and resets. The fund has been outperforming Bitcoin last week +12% and the ETF +19% so far this month. But the BITX is underperforming Bitcoin this year. It is +1.5% vs +10.0% for Bitcoin. Retail investors will be steered away from leveraged products, but professionals like them.



In early April we suggested dips near \$73,797 a fresh long play opportunity which has played out very well as a technical bounce, marking the 100% Fibonacci projection level of the Mar 2023-24 impulse wave higher. With the \$104,000 level printed last week and held above the psychological \$100,000 level, **the all-time high around \$108,786 is set for a retest.**

We have been bulls outright, and our call for the year is a new all-time high past \$108,786 with a view to \$110,978 then \$118,280, with the latter marking the 176.4% Fibonacci projection level. Fibonacci projections are a good technique for measuring since 161.8% of the measures used here captured the all-time as resistance this year.

Ethereum has its strongest week since 2021 – can it continue?

We suggested in the last report that cryptocurrencies were ready for a rally and Ethereum did not disappoint. Last week ETH gained nearly 30% - its best weekly showing since 2021, reaching up to \$2,490.

We also mentioned that Ethereum ETFs had recorded weekly net inflows of \$157.1 million, their first positive week since February. We took this as a signal that this cryptocurrency was coming back into the community's sphere of interest and brewing for gains. The question right now is whether it has further to rally.

One of the contributing factors to the surge is a calmer news narrative surrounding trade tensions with the US, as well as the Pectra network upgrade. Pectra raises the staking limit, moves the network towards account abstraction and improves maximum blob counts to boost rollups.

Ethereum - Weekly performance



Despite the recent gains, Ether is ~50% from its all-time high from November 2021 and continues to lag Bitcoin. That all said, technically the bounce has recently stalled at the 100% Fibonacci level off the weekly chart since 2022-23 marked at \$2,446. Holding consistently above this region is the signal needed to encourage testing the 39-week moving average at \$2,657 then \$2,815, a higher Fibonacci projection of 123.6%, that would represent another +17.73% from current levels. Support at \$2,208 is the region to see weekly activity held below to suggest the rebound is exhausted.

Ethereum in USD weekly chart with 39-week moving average



Source: Bloomberg

It is worth noting that despite the ETH rally, demand for spot ETH ETFs and derivatives remains muted. President Trump's reversal on certain altcoins aligns with ETH's renewed outlook. Ether (ETH) posted an impressive 29% gain between May 8 and May 9, marking the end of a 10-week bear market that was based at \$1,385 on April 9. This sharp move triggered the liquidation of over \$400 million in short (sell) ETH futures positions, suggesting that big holders and market makers were caught out.

Despite the recent rebound, traders maintain a neutral stance on ETH derivatives

The ETH futures premium has yet to exceed the 5% threshold typically associated with a neutral market, indicating that demand for leveraged bullish positions remains notably limited. ETH's continued underperformance—trailing the altcoin market capitalisation by 17% in 2025—helps explain the prevailing lack of investor confidence. However with recent gains and news narratives improving the ETF market may also wake up and attract investor attention.

Regardless of Ether's price action, recent network upgrades have notably enhanced layer-2 scalability. More importantly, they have helped solidify Ethereum's position as the leading platform in terms of decentralisation and security. This is reflected in Ethereum's total value locked (TVL), which stands at \$64 billion. For comparison, the three largest direct competitors—Solana, BNB Chain, and Tron—collectively hold a total value locked (TVL) of \$22.3 billion.

Solana (SOL) hit our target of +18.15% in two weeks. Where to from here?

Our call in the previous edition was to see +18.15% gains to test the \$176.18 technical level, marking the 100% Fibonacci projection from the January peak to early Feb lows this year. This prediction was spot on. Clearing this resistance hurdle would encourage another leg higher near-term, with about another +15.0% of gains to around the \$200.00 psychological region, and with resistance just above it surfacing around \$204.18 as a Fibonacci sub projection level. Support levels now are \$163.00 and \$157.40.

Solana in USD daily chart with 20-day moving average



It's worth mentioning in the last month, over \$165 million in liquidity has been bridged to Solana from other blockchains, reflecting growing confidence in the network. Ethereum led with \$80.4 million in transfers, followed by Arbitrum with \$44 million, according to Debridge data. Base, BNB Chain, and Sonic contributed \$20 million, \$8 million, and \$6 million, respectively.

Data from Defillama indicates that Solana posted the highest decentralised exchange (DEX) volumes, 3.32 billion, over the weekend. The network currently holds 28.99% of the market share among other chains. With a 28.99% market share among competing chains, Solana's dominance in DeFi activity highlights its scalability and user adoption. Currently,

substantial liquidity inflows and strong DEX volumes **position Solana for a potential further price surge.**

MACRO FOCUS

An eventful week

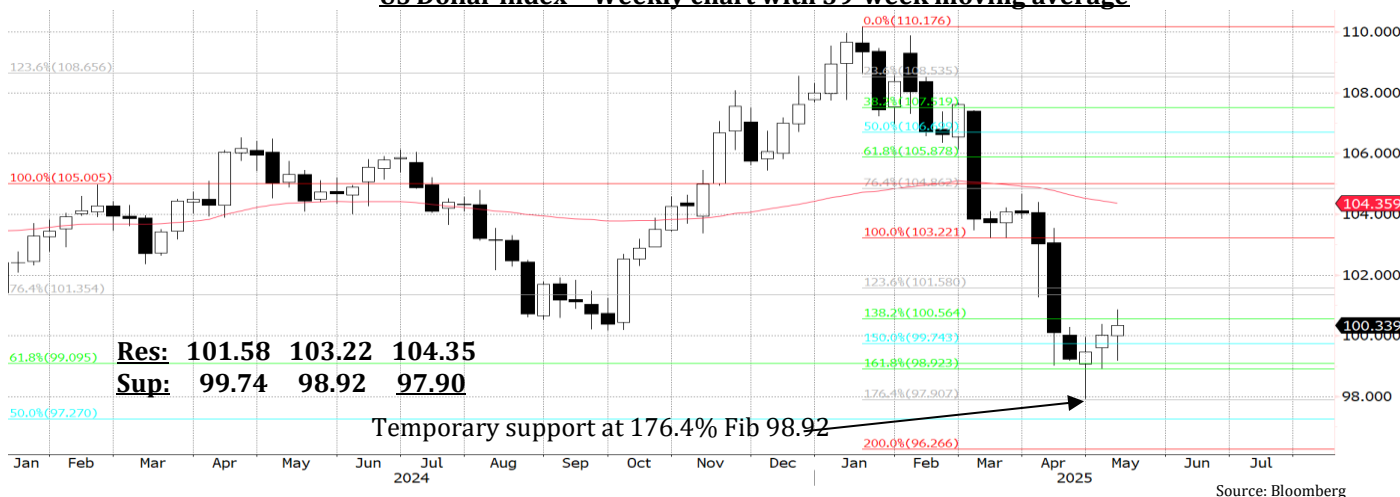
Last week in the UK, the Bank of England cut interest rates by 25bp to 4.0% and announced a trade deal with the US, giving the market some positive momentum. This was mainly reflected in the US Dollar edging higher. There's now a lot of anticipation for news regarding China, as the two super-powers met over the weekend to discuss tariffs.

April 2nd "Liberation Day" and the fallout thereafter looks to be the point of peak pessimism, after which sharp losses in bonds and stocks have since rebounded. We mentioned the "sell in May and go away" adage for stocks is something we do not subscribe to, and we advocated buying the US tech sector in our last report. Since then, the S&P 500 Information Technology Sector has bounced +12.67% in part, helped by improving news flow, but also earnings from some big tech names. The bounce was also helped by the Trump administration rescinding some Biden-era curbs on chip exports.

This week, look for the Central Bank of Mexico to raise interest rates by 50bp. This compares to cuts elsewhere around the world: Poland cut 50bp, and Peru, the Czech Republic and UK all cut 25bp last week, while Pakistan cut 100bp. This highlights the fact there is a disconnect on rate paths for differing nations. Notably the Bank of Japan did not raise rates at its last meeting, but is still in a hiking cycle- contrary to the US where the market still is pricing in about 3 cuts from the Fed. Interest rate differentials impact exchange rates, and whilst the US dollar is getting a reprieve from tailwinds of the trade deals narrative, it remains strategically vulnerable to further corrections this year.

Looking at the US dollar index (DXY) we can see that it would have to bounce another +2.89% to improve the technical picture, the 100% Fibonacci projection on the weekly chart below. We know this is a good measure since 176.4% Fibonacci projection captured the lowest point of the US weakness recently and it bounced from that level. EUR/USD would have to trade somewhere below 1.0925 to turn bearish and despite having formed a head and shoulders on the daily chart the bias is not that low. In fact we are medium-term EUR bulls outright.

US Dollar index – Weekly chart with 39-week moving average

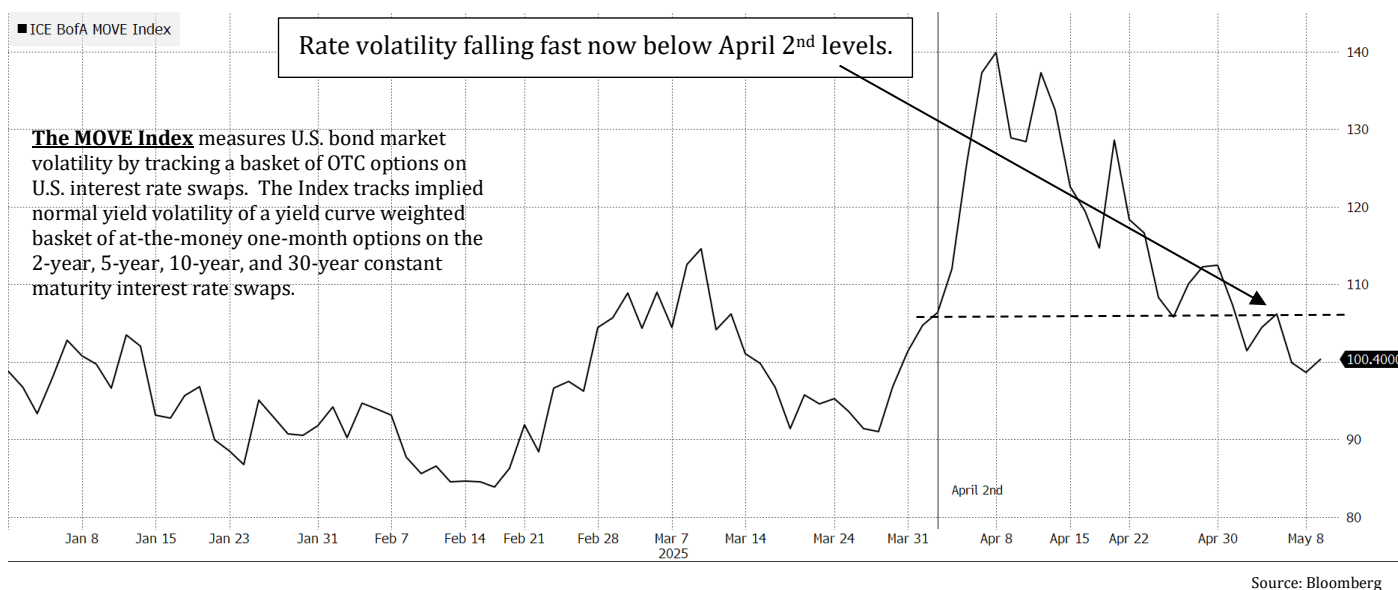


Despite the popularity of the "sell America" trade, the dollar faces other challenges such as a disappointing outcome on trade deals in coming days. According to the Commitment of Traders data, speculators are shorter the dollar in open-interest terms than they were in late 2020. Most pronounced is the short versus emerging currencies (the ZAR, BRL and MXN).

After the US-UK trade deal last Thursday, it seems the US is committed to a broad level of tariffs much higher than was the case before. Its trade deficit is likely to reduce, which means the main source of structural dollar demand will decline, leaving the dollar in a long-term downtrend. We see dips in EUR/USD near 1.1150 as a fresh long opportunity to 1.1560/1.1900 over time.

US Fed in no hurry to cut rates, despite pressure from the President

The recent Fed meeting did not see any change in interest rates and the speculation that President Trump was planning to fire Fed Chair Jerome Powell (10-year yields went from 3.85% to 4.58% in 5 sessions in mid-April) this volatility has subsided now and reflected in the MOVE index the volatility measure used for the bond market. The bottom line is Powell's remarks indicate the Fed is not in a hurry to cut rates awaiting further inflation data and some Fed watchers are in the camp that the Fed will prioritise support for the labour market over inflation concerns, and are taking a wait and see approach, whilst others are hedging against the possibility of no rate cuts this year.

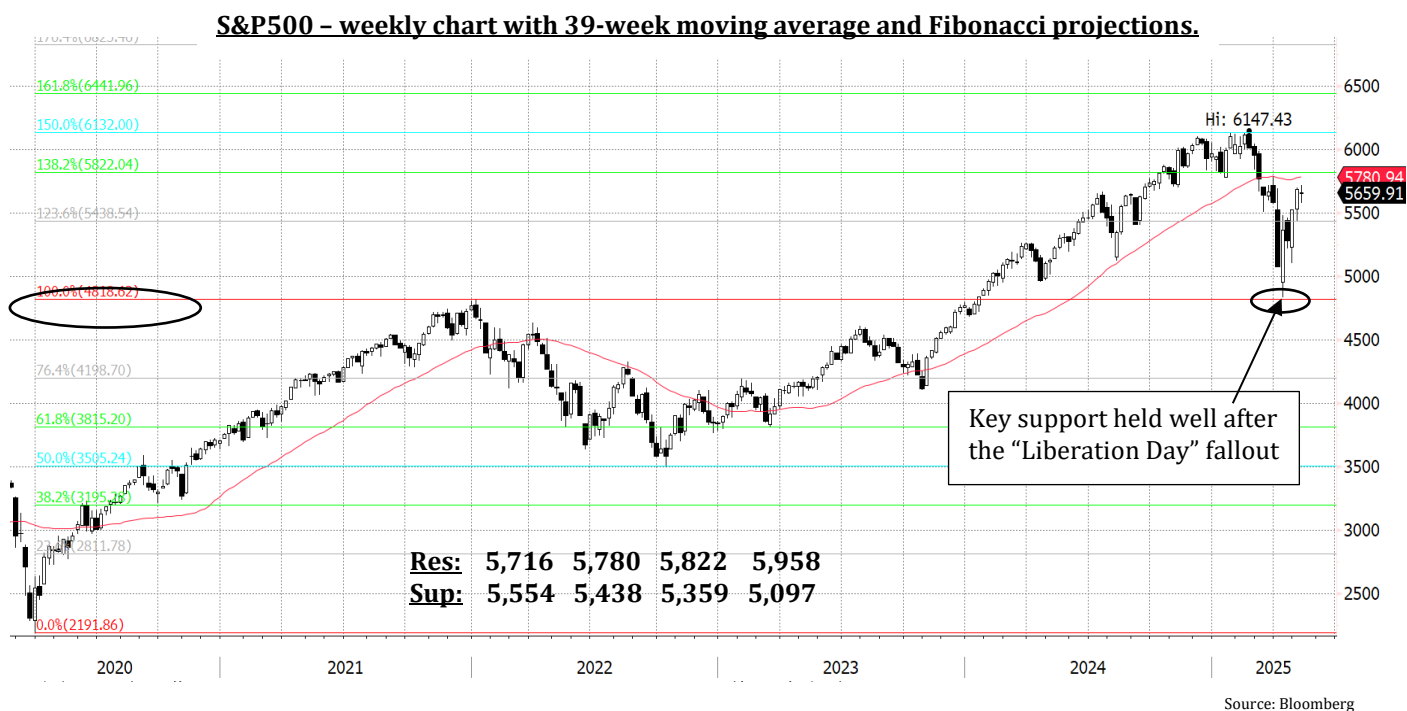


The market is currently pricing in 3 Fed rate cuts this year, with the first cut coming in July. **The chances of the Fed not cutting this year have to be taken seriously**, amid uncertainty regarding levies and high inflation. Watch the options market start to reflect this, with some traders putting on hedges to protect against the Fed not easing this year. So far there is no US recession, which means less pressure to cut rates. It also means the 5-year to 7-year Treasury sector appeals, because fewer or no cuts are expected, while the 2-year sector is very sensitive to rate changes and longer-end economic conditions. The bottom line is we expect bond yields to grind higher in 10s and 30s towards 4.60% and 5.0% respectively.

Can the stock market retest all-time highs?

The S&P 500 has bounced +17.2% since the early April lows, when the index bounced off key technical support near 4,818, the 100% Fibonacci projection level a prominent high from the end of 2021 and start of 2022. The all-time highs are still around 8.25% away from a retest marked at 6,147 and the market will need a lot of good news to get it there. But for now, the momentum is for further near-term gains to test the 39-week moving average around 5,780. So, +2.25% with 5,822 is the resistance to clear (138.2% Fibonacci) to consider the all-time highs for a retest.

Fundamentally, consider that 18% of S&P 500 companies have missed earnings so far. Fewer U.S. companies are topping earnings estimates this quarter with Consumer Discretionary and Consumer Staples the underperformers. 402 companies from the index have reported first quarter results, 78% better than expected compared to 80% for the whole season last year. Last year's misses were 15% compared to the 18% currently. Technology and Health Care are topping estimates the most on an EPS basis, whilst Utilities and Tech companies are topping estimates the most on a revenue basis. As fewer companies beat estimates, the S&P500 is trading at a P/E of 24.09 vs 25.38 a year ago. Price to sales ratio is 2.87 v 2.83.



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