

Crypto Market Weekly Research – September 23, 2025 Market Overview: BTC & ETH Range-Bound as Volatility Declines

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Bitcoin (BTC) and Ethereum (ETH) prices have continued to trade in a tight range, extending the consolidation seen in recent weeks. BTC has been oscillating roughly between **\$110,000** and **\$120,000**, while ETH has hovered around the **\$4,000–\$4,500** zone, with only minor day-to-day fluctuations. Momentum has stalled after the strong rallies earlier this year, and volatility has steadily declined to multi-year lows. The 30-day implied volatility (IV) for BTC options is now in the mid-**30%** range – a level not seen since late 2023 – and considerably below its long-term average. ETH’s implied vol is slightly higher (around **40%**) but similarly subdued. Realized volatility has also collapsed (BTC’s one-month realized vol recently dipped into the low 20% annualized), reflecting the fact that actual price swings have been minimal in this period.

Notably, this environment marks a regime shift: unlike past bull runs where rising prices were accompanied by surging volatility, the current market is seeing prices stay elevated (or inch up slowly) while volatility drifts lower. Bitcoin’s spot-to-vol correlation has turned **negative** in recent months, indicating a maturation of the market structure. Analysts attribute this change in part to the growing influence of institutional trading and **structured products** – for instance, the widespread use of covered call strategies and other yield-generating option-selling programs has introduced a damping effect on implied volatility. Essentially, as BTC climbed from \$70K last November to over \$110K now, many investors sold out-of-the-money call options to enhance yields, which suppressed option premiums and kept a lid on IV. At the same time, the lack of urgent hedging demand (few traders are rushing to buy protective puts at the moment) suggests that market participants are relatively complacent about near-term risks, further contributing to the low volatility readings.

Overall, the market appears to be in a **holding pattern**: absent a fresh catalyst, both BTC and ETH are drifting without a clear trend, and their volatility is compressing. Such conditions can persist for some time as the market digests prior gains; however, traders should be aware that prolonged periods of low volatility can precede sharp moves once a trigger emerges. The current calm might be a “**coiled spring**” – the build-up of potential energy before a larger volatility event – so staying vigilant with risk management even during quiet times is prudent.

Options Market: Implied Risk Expectations & Derivatives Signals

Data from the derivatives market reinforces the picture of **suppressed volatility**. The ATM implied volatility for one-month tenor options sits around **32–35%** for BTC (well below the ~50% one-year average) and roughly **40%** for ETH, both markedly low by historical standards. In fact, implied vols now only slightly exceed realized vols – for example, BTC’s IV is just a few points above its realized ~22% – meaning option prices are not much richer than the actual recent market movement. The **put-call open interest ratio (PCR)** is hovering around **0.8**, indicating there are slightly fewer puts outstanding than calls. A PCR below 1.0 usually implies a mild bullish bias (more calls being used, often for yield or upside speculation), but a 0.8 also signals that a significant portion of investors hold **protective puts**. In other words, the market isn’t extremely one-sided: overall positioning shows optimism tempered by some hedging of downside risk (we’re not seeing indiscriminate put buying, but neither is everyone all-in on calls).

Skew metrics provide additional insight into market expectations. Bitcoin’s option skew – the implied volatility differential between out-of-the-money puts vs. calls – remains modestly put-biased in the short term, but that bias has been **moderating**. The 25-delta risk reversal for a 1-week expiry is slightly negative (recently around **-2 to -4 vols**), indicating investors continue to pay a premium for downside protection (puts) over upside calls. However, this negative skew has narrowed compared to earlier in the quarter when it was more pronounced (more deeply negative), reflecting growing confidence as prices have stabilized. Meanwhile, Ethereum’s skew has been relatively more balanced and even call-leaning at times. During ETH’s rally past \$3,900 (its first time near that level since late 2024), demand for call options spiked, sending short-term skew into positive territory (calls pricing higher IV than equivalent puts). At present, ETH’s short-dated skew has settled back near neutral (slightly put-biased for the very front end), but **longer-dated** expiries still show a gentle **call premium**. This suggests medium-term bullish sentiment on ETH: traders are willing to pay more for upside exposure on longer horizons. By contrast, BTC’s longer-term volatility curve is relatively flatter (less skewed) due to its more established status and deeper hedging flows from institutions.

Volumes and open interest trends highlight how participants are positioning. In this low-vol, range-bound environment, option **trading volumes** have been somewhat muted – there are fewer big directional bets when the market lacks a clear trend. Instead, many traders are deploying income-oriented strategies by selling options. As a result, total **open interest (OI)** in BTC options has climbed to record highs, signaling greater participation and more complex positioning despite the quiet market. Currently, aggregate BTC options OI is around **500K BTC** notional, with a massive concentration in the **September 26** quarterly expiry, which is poised to be the largest options expiry in crypto history. A significant chunk of open contracts centers around the **\$110K strike**, aligning with where spot has been range-bound; this heavy OI at a single price suggests a “**max pain**” point that could exert gravitational pull on the spot price as we approach expiry (option sellers may dynamically hedge in a way that pins the price near that level). ETH’s options market shows a similar pattern, with substantial OI clustered around

the mid-\$4Ks strikes. Given the subdued volatility, **short-volatility strategies** have been popular. One example is short **strangles** – simultaneously selling out-of-the-money puts and calls – to collect premium under the assumption that prices will remain within a range. Indeed, recent analysis noted that short strangles on BTC in August delivered an annualized return on the order of a few percent amid the tight trading range. Naturally, the flip side is the risk of a volatility spike: an unexpected macro jolt or crypto-specific shock could break the range, potentially causing losses for option sellers. Thus, while current option pricing implies a calm outlook, participants are wise to keep some powder dry or stop-loss plans in case of tail events.

On-Chain Indicators & Market Momentum

On-chain data offers a nuanced view of market momentum, showing **some profit-taking by large holders (whales)** but also signs of renewed accumulation at lower levels. In early September, one of the largest whale distribution events in recent years took place: over **100,000 BTC** moved out of long-dormant wallets, presumably as long-term holders decided to realize gains. Notably, a Satoshi-era whale (an extremely early investor) reportedly sold around **80,000 BTC** with assistance from Galaxy Digital, which temporarily pushed BTC's price down toward ~\$115K amid the influx of supply. Despite this sizable selling pressure, the market absorbed it relatively well – prices quickly stabilized back into the prior range, indicating robust demand was present to scoop up coins at that level. Following this episode, mid-September saw a shift toward **net inflows to cold storage**: around **Sept 20**, exchange data showed a sharp spike in BTC being withdrawn from trading platforms (roughly **18,600 BTC** net outflow in one day). Large exchange outflows are generally a bullish signal, as they suggest investors (often larger players) are moving BTC off exchanges into private wallets, typically to hold for the longer term. This pattern implies that after the initial whale sell-off, other buyers stepped in to accumulate, and having done so, they removed their coins from the liquid market – effectively tightening supply. In summary, while some early big holders took profits, there have been other large entities more than willing to **buy the dip** and HODL, which helps underpin the market.

Network activity metrics remain healthy, illustrating a solid baseline of usage on the blockchain. The number of **active addresses** per day is holding near all-time highs (even if growth has plateaued recently), meaning a high level of unique participants are transacting daily compared to bear-market lows. Transaction counts and on-chain transfer volumes have leveled off but are sustaining robust levels, which is consistent with a market in consolidation rather than one in decline. Crucially, these metrics are significantly higher than a few years ago, indicating that the underlying crypto user base and economic activity have grown – providing greater resilience to price fluctuations. Transaction fees on both Bitcoin and Ethereum are currently moderate, with no sign of network congestion or speculative fee spikes. This suggests that there's **no panic or mania** on-chain right now – activity is steady and orderly. We also observe that roughly **95%** of BTC UTXOs (coins) are now in profit at the current price, a testament to how strongly the market has risen from past lows. This high profitability indicates

most holders are sitting on gains; while that is a positive (few underwater positions), it also means a lot of latent supply could come to market if holders decide to lock in profits. Historically, when nearly everyone is in profit, some increase in selling is natural – making the current **\$110K-\$115K** price band an important level to watch. Holding above it helps maintain confidence among HODLers, whereas a break below could trigger more profit-taking. At the moment, however, there’s no evidence of a mass exodus on-chain; long-term holders remain largely steadfast, and short-term speculators have already been shaken out by the prior volatility, leaving a relatively robust holder base.

Looking at the **stablecoin** environment, it’s clear there is abundant **liquidity on the sidelines**. The total market capitalization of major stablecoins has climbed to around **\$280 billion**, a record high, reflecting significant capital parked in digital dollar form. On Ethereum alone, the stablecoin supply has surged to roughly **\$166B** (with USDT and USDC dominating), underlining how much crypto liquidity is anchored in stable value tokens. However, despite this growth, we haven’t witnessed a flood of stablecoins moving onto exchanges for deployment in the past week or two. Exchange-held stablecoin balances have been relatively steady, which hints that a lot of this liquidity is either **sitting idle** (waiting for a clearer entry point) or being utilized in decentralized finance and off-exchange uses (earning yield, facilitating payments, etc.) rather than immediately chasing crypto prices higher. The surge in stablecoin usage by institutions – for example, using USDC for settlements or as collateral for tokenized real-world assets like treasury bonds – also contributes to the higher supply but doesn’t necessarily translate to instant buying of BTC or ETH. In summary, on-chain signals currently paint a **neutral-to-slightly-positive** picture: some old whales sold but new buyers absorbed the supply; network usage remains strong; and a large war chest of stablecoins is out there, potentially fueling future rallies if deployed. There’s no indication of overheating on-chain, and in fact the consolidation seems to be strengthening fundamentals (more users, more liquidity ready) in preparation for the next significant move.

Macro Environment & Regulatory Updates

The macro backdrop this week has been **cautiously supportive** for crypto markets. At the mid-September FOMC meeting, the U.S. Federal Reserve delivered a **25 bps interest rate cut**, marking the first reduction in the policy rate since the tightening cycle began in 2022. This shift to easing was widely expected and priced in. Fed Chair Jerome Powell emphasized a gradual approach going forward, balancing the need to manage still-above-target inflation against signs of economic slowdown – in other words, the Fed is not pivoting to aggressive cuts but is willing to gently step off the brakes as price pressures abate. Thanks to inflation coming down from its peak (though core inflation remains somewhat sticky) and a cooling labor market, the Fed had room to start this easing without spooking markets. In reaction, U.S. **Treasury yields** have eased off recent highs: the **10-year yield** is now around **4.0%**, down from roughly 4.8% at its peak earlier in the year. The prospect of a friendlier rate environment (and the potential for further

cuts through 2025) improves the outlook for risk assets by lowering discount rates and reducing the attractiveness of fixed income relative to stocks/crypto. Indeed, equity markets have been stable – the S&P 500 is range-bound near its highs – and volatility indices like the **VIX** have fallen back into the low-teens after a brief spike, indicating that traditional markets are also in a low-vol regime. This **macroeconomic calm** mirrors the quiet in crypto. Moreover, as institutional involvement in crypto increases, correlations with equities and other risk assets have strengthened, meaning this benign macro setting is translating to reduced volatility and support for crypto prices. All told, the macro environment – declining yields, no new economic shocks – is providing a gentle tailwind and certainly no headwinds for Bitcoin and its peers at the moment.

On the **regulatory** front, the narrative continues to slowly improve, with no negative surprises emerging this week and several positive developments reinforcing a trend toward **greater acceptance** of crypto in mainstream finance. In the United States, regulators and legislators are making incremental progress in integrating crypto into the existing framework. The **SEC** this year has finally begun approving **spot cryptocurrency ETFs**, a milestone that many credit as a catalyst for the current bull market phase. A spot Bitcoin ETF was approved and launched earlier in 2025, which has already channeled steady institutional inflows into BTC. Market anticipation is now high for a spot Ethereum ETF, and the SEC’s decision on that is expected in the coming months. This week, the SEC did delay decisions on a few more niche crypto fund proposals (including some involving smaller altcoins or novel structures), but the market largely shrugged this off as a procedural delay rather than a harbinger of rejection. The general sentiment is that regulatory momentum is now moving in favor of allowing more regulated crypto investment products, albeit cautiously. On Capitol Hill, meanwhile, bipartisan efforts are underway on comprehensive crypto legislation – covering things like **stablecoin issuance** and **market structure for digital assets**. While these bills are still in draft and negotiation stages, the key takeaway for investors is the tone: Congress appears intent on **establishing guardrails rather than imposing bans**. This is a far cry from the hostile stance feared by the market in past years, and it suggests that U.S. policymakers are increasingly viewing crypto as an asset class to regulate and supervise (like commodities or securities) rather than something to suppress entirely. Such clarity, even if slow to arrive, reduces long-term regulatory uncertainty and encourages institutional players that have been waiting on the sidelines.

Globally, Europe and Asia are also contributing to a more defined regulatory landscape. In the **EU**, the landmark **MiCA (Markets in Crypto-Assets)** regulatory framework, passed in 2023, officially came into effect this year and is now in its implementation phase. European regulators have begun issuing licenses and guidelines under MiCA for exchanges, custodians, and other crypto service providers. This clarity is providing a blueprint for traditional financial institutions in Europe to engage with crypto – for instance, several large exchanges and fintech firms are seeking authorization to operate across the EU legally. The expectation is that Europe’s unified approach will attract more capital and innovation in a compliant manner, bolstering the

ecosystem there over the long term. In **Asia**, developments are mixed but generally positive at the forefront jurisdictions. **Hong Kong** continues to actively position itself as a crypto hub with government backing: since allowing licensed exchanges to offer retail crypto trading of major tokens, it has seen a pickup in trading activities under regulatory oversight, and just this week, additional asset management firms announced crypto-focused investment products in Hong Kong. This reflects a broader strategy by Hong Kong to balance innovation with oversight, potentially serving as a bridge for Chinese capital into digital assets under a controlled environment. **Singapore** has also updated its regulatory stance – the Monetary Authority of Singapore released new guidelines on stablecoins this week, instituting requirements like attestation of reserves and redemption guarantees to ensure stablecoins maintain their pegs and reliability. These moves aim to make the digital currency space safer and more trustworthy, which could encourage institutional adoption. **Japan**, one of the early adopters of crypto regulation, has been gradually refining its rules too: it’s simplifying the process for exchanges to list new tokens (to foster innovation) and is even experimenting with a **digital yen** pilot, showing its long-term interest in blockchain tech and digital finance integration. In contrast, **Mainland China** remains officially closed to cryptocurrency trading and ICOs, continuing its strict bans from 2021. However, China is investing heavily in blockchain technology for other uses and appears content to let Hong Kong serve as a testing ground for crypto finance at arm’s length. Broadly, the international trend is toward **accommodation and normalization** of crypto within regulatory frameworks, rather than sudden clampdowns. No major economy introduced new restrictive policies this week; instead, we saw incremental steps towards clarity and oversight. This evolving regulatory clarity, combined with a benign macro climate, provides a more solid foundation for the crypto market – reducing some of the risk overhang and allowing investors to focus more on fundamentals than policy uncertainties.

Strategies for a Low-Volatility Market: Structured Product Recommendations

In the current low-volatility, range-bound market, investors may consider employing **structured product strategies** to generate returns and manage positions effectively. Such strategies can help turn the “low-vol doldrums” into opportunities. Below are several recommended approaches and product combinations tailored for this environment:

- **Accumulator (Structured Accumulation Product):** An **Accumulator** is a structured product that allows an investor to accumulate a larger position in an asset over time at a predetermined price, given that the asset's price stays within a certain range. It is well-suited for a sideways market when an investor is bullish longer-term but doesn't expect immediate large jumps. The typical setup: the investor agrees to buy a fixed amount of the asset (e.g., BTC or ETH) at a set strike price **on each observation day** (e.g., daily or weekly) for a period (say 30 or 60 days), as long as the market price remains above a lower barrier (to avoid catching a falling knife) and often below an upper barrier (capping extreme upside risk for the issuer). For example, with BTC around \$115K, an accumulator might let an investor buy a certain number of BTC each day at, say, **\$110K**. If BTC's market price each day is within an acceptable band (e.g., it doesn't crash below \$90K or spike above \$140K beyond preset barriers), the investor keeps buying daily at \$110K. By the end of the period, if BTC has mostly drifted in a range, the investor will have accumulated a substantial amount of BTC at an average price of \$110K, which could be favorable if the spot price was mostly above that level during the period. This effectively gives the investor a **discounted accumulation** assuming the conditions hold. If the price plunges beyond the lower barrier, typically the product terminates early (limiting further purchases and potential losses), and if price rockets beyond the upper barrier, the product might also terminate or suspend further buying (so the investor doesn't end up buying at prices far above the initial strike). The accumulator thus **leverages low volatility**: it works best when the asset is trading in a relatively stable band. The trade-off is that if the asset's price surges quickly, the investor might end up accumulating less than intended (or stops accruing because the contract ends due to barrier trigger), potentially missing out on some upside (though they'd still have the gains on the amount accumulated). Conversely, if the asset falls a lot, the investor could acquire some positions above market price until termination, but the built-in safeguards prevent unlimited accumulation in a falling market. Overall, an accumulator is ideal for an investor who has a **moderately bullish outlook** and wants to systematically build a position during a period of consolidation with limited volatility.

- **Daily Dual-Currency Product:** Dual-currency deposits (also known as dual-currency investments) are short-term structured notes that involve two currencies – typically a cryptocurrency and a stablecoin – and pay a high yield based on currency movement, effectively selling an option for yield. They are particularly popular in low-volatility periods for generating extra income or achieving gradual entry/exit prices. The product is usually very short-term (often **daily** or weekly). There are two basic flavors: one for those holding stablecoin looking to accumulate crypto (we can call it an accumulation plan), and one for those holding crypto looking to earn yield or gradually exit to stablecoin (a yield/sell plan). In an **accumulation dual-currency** scenario, the investor holds, say, USDT and wants to buy BTC if it becomes cheaper. The investor deposits USDT into a 1-day dual-currency contract with a target buy price below the current BTC price. If on the next day’s maturity BTC’s price is **at or below** that target, the contract will automatically use the USDT to buy BTC at that target price (so the investor effectively buys the dip), *and* the investor earns a high **interest** (often denominated in BTC, meaning they receive additional BTC). If BTC’s price stays above the target by settlement, then no BTC is bought – the investor keeps their USDT – *and* they still earn interest (usually paid in USDT in this case). Thus, either the investor buys BTC at a bargain plus interest, or they earn a yield on their cash if the market doesn’t hit the target. This can be rolled daily, allowing the investor to potentially accumulate more BTC over time on down days, while earning yield on flat/up days. The **yield/exit dual-currency** works conversely for someone holding BTC but willing to sell at a higher price. The investor puts BTC into the product and sets a target sell price above the current level. If at maturity BTC’s price is **at or above** that target, the BTC is sold at that price (converted into USDT), and the investor also earns interest in USDT on top – effectively getting paid a premium for selling at that level. If BTC remains below the target, the investor simply keeps their BTC and additionally earns interest (often paid in BTC, so their BTC stack grows slightly). So, it’s a win-win: either achieve a sale at a desired high price (plus yield) or keep the asset and earn extra BTC. **Daily dual-currency products** exploit the low daily volatility by providing relatively rich yields (because the investor is selling an option for one day) while the probability of the option (the target being hit) can be managed. In a low IV environment, the absolute yields are lower than during volatile times, but they’re still significantly above standard deposit rates, making this a popular strategy to “**get paid while you wait.**” Investors effectively monetize the range: if nothing happens, they get yield; if the price moves to their preset level, they execute a favorable trade. It’s important for investors to choose sensible target levels and be comfortable with either outcome. Nonetheless, this strategy is an excellent way to generate daily income or gradually adjust positions in a stagnant market.
- **FCN (Fixed Coupon Note – Volatility Neutral):** An **FCN** is a structured note that delivers a fixed interest payment (coupon) while using options to hedge away much of the price risk within a band – it’s essentially a way to short volatility and earn a yield, with predefined outcomes if the underlying moves beyond certain points. In a low-volatility regime, FCNs become attractive as they allow coin holders to extract extra return from their holdings

without directional bets, as long as prices don't swing wildly. A typical FCN structure for crypto: an investor uses an underlying asset (or cash) as collateral and **sells an OTM put and an OTM call** (a short strangle) on that asset, in exchange for an up-front premium. That premium is structured as a guaranteed coupon payment to the investor over the note's life (e.g., "earn 5% over 3 months"). Crucially, the investor agrees that if the asset's price goes beyond the sold options' strikes, they will fulfill those option obligations. For example, suppose BTC is ~\$115K and an investor enters an FCN for 3 months by selling a **\$80K put** and a **\$140K call** on BTC while holding an equivalent amount of BTC (or value in collateral). The investor might receive a fixed 3-month yield (coupon) from the premiums. If at maturity BTC is still between **\$80K and \$140K**, both options expire unexercised – the investor simply keeps their original BTC plus the coupon yield earned, having profited from the low volatility. If BTC drops below **\$80K** by expiry, the **put option is exercised**: essentially, the investor will have to pay the difference or deliver BTC at \$80K. If the investor posted BTC as collateral, this outcome means they effectively sold some BTC at \$80K (losing some of their holdings but presumably avoiding deeper losses if price fell much lower). If they posted cash collateral, they'd end up buying BTC at \$80K (resulting in them holding more BTC at a lower cost, which they should be amenable to if they entered the strategy). Conversely, if BTC rises above **\$140K**, the **call option is exercised**: the investor would have to sell some BTC at \$140K (forfeiting upside beyond that level) or if no BTC was initially held, pay the difference in cash (which is like missing out on those gains). In summary, the FCN defines a range in which the investor earns a **fixed yield** and keeps their position unchanged; if the range is broken, the investor exits part of their position at the pre-set "worst-case" price (on the downside) or caps their gains at a "best-case" price (on the upside). Because currently implied volatility is so low, the strikes (like \$80K/\$140K in this example) can be set relatively far apart while still generating a decent coupon. This means there is a **low likelihood** of those extreme levels being hit in the near term – thus the investor deems it a worthwhile trade-off to risk selling a bit lower or higher than market in exchange for earning, say, a **high single-digit percent** yield in a quarter. Essentially, an FCN turns your view that "prices will likely stay in a range" into a tangible return. It's a form of **volatility arbitrage** accessible to those with large holdings: you give up extreme upside and protect against extreme downside in return for a steady income. In a low-vol market, many long-term holders are embracing FCNs to generate extra yield on their BTC or ETH. It's important, of course, that investors enter FCNs with a clear understanding of the contract and a willingness to abide by the delivery terms (either parting with some coins or putting up cash) if extreme moves occur. When used appropriately, FCNs demonstrate how the "**low volatility dividend**" can be captured – converting a stagnant price scenario into a stream of interest-like income without taking on additional directional risk.