The Ether Transaction That Attracted the Most Attention Last Week Hyperbullish wagers on Ether (ETH) and bitcoin (BTC) frequently went through the books on Deribit, the top cryptocurrency options exchange, during the early 2021 bull market. In contrast, market investors are banking on a sustained decline in Ether two years later. The crypto world became concerned last week when a buy order for 50,000 contracts of a June expiry $400 strike price put option on Ether showed up on Deribit's order book. Since the price of Ether was about $1,300 at the time of publication, the put buyer anticipates a 69% decline in less than six months. One Ether (ETH) options contract equals one ETH on Deribit. In its weekly newsletter, which was issued on Sunday, digital assets data provider Amberdata stated, "On ether, the trade that made the most talk was the purchase of puts $400 on June 2023 made on-screen with a resting bid of 50k contracts." The buyer of a put option has the option, but not the duty, to sell the underlying asset at a defined price on or before a given date. Implicitly negative on the market is a put buyer. An unfilled order at a price that is outside the market is known as a resting bid. According to Patrick Chu, director of institutional sales and trading at Paradigm, the business can only believe they have worth if the price goes below $400. Buyers of call and put options provide sellers a premium in exchange for providing insurance against a bullish or bearish move, respectively. The highest loss a buyer may sustain in the event that the market moves against them is the premium. Because, in principle, the market might have huge bull runs or sink to zero, the profit potential is limitless. The order might be a blatantly negative wager intended to profit from a possible price decline. But it might also be a precaution against a positive exposure in Ether or some alternative cryptocurrency on the spot or futures markets. The majority of cryptocurrencies follow the market leaders, bitcoin and Ether. "Tail risk management," as described by volatility trader Griffin Ardern of the crypto asset management company Blofin. The slight possibility of a move beyond the typical range of expected returns is known as tail risk. From its peak of $4,868 in November 2021, Ether has fallen more than 70%, and it is still unclear if the digital currency will continue to decline as the whale had predicted. According to the chart from Amberdata, the overall options market mood is still pessimistic, with both the short-term and long-term call-put skews lingering below zero.

Source: The Pipsafe Team

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