WazirX on Bitcoin's Recovery and its Liquidity Test

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Bitcoin’s rebound from around USD 57,500 earlier this week has offered some relief after a sharp sell-off, but it has not yet established a durable recovery. It’s trading near USD 61,654 with Ethereum at around USD 1,729. Both remain sensitive to shifting risk appetite and the strength of spot demand.

Global markets provided a mixed backdrop. Asian equities advanced over the last five days period, led by gains in Shanghai, the Nikkei and the Kospi. In the US, the Dow was modestly higher, while the S&P 500 and Nasdaq remained slightly lower; the VIX fell nearly 13%. Gold rose more than 4% as demand for risk off assets persisted even as some investors returned to technology shares. Easing Treasury yields offered a measure of relief, but inflation and strong US growth data continued to limit expectations of near-term monetary easing.

Crypto’s bounce is running into a liquidity headwind. US spot Bitcoin and Ethereum ETFs recorded substantial withdrawals, including USD 453 million from Bitcoin products and USD 68.51 million from Ethereum products in the final session before Thanksgiving. The seven-day flow chart of ETFs also shows net outflows in every session. Meanwhile, USDT supply on Ethereum and TRON fell by USD 8.1 billion over 60 days, with most of the decline on Ethereum. Stablecoins are a key source of readily available buying power in crypto, so a shrinking supply makes it harder to conclude that a price rebound has broad support.

Rajagopal Menon, VP, WazirX said, "*Indian investors should avoid reading a few sessions of recovery as confirmation that the market has bottomed. ETF outflows, shrinking stablecoin liquidity and elevated options volatility show that conditions remain uncertain. Keeping position sizes aligned with your risk tolerance, avoiding decisions driven by short-term price swings, and watching whether spot demand strengthens as normal market activity returns, is key.*"

Derivatives added another source of short-term volatility. Nearly USD 7 billion in Bitcoin options expired on Deribit, alongside about USD 600 million in Ether options. Bitcoin's volatility index rose to around 55 from 38 in October.

The technical picture points to stretched selling. Bitcoin's daily RSI was 28.32, and Ethereum's was 30.39. Bitcoin's immediate support is near USD 60,000, followed by 58,000–59,000; resistance sits around 60,750–61,700. For Ethereum, support is at 1,600–1,650, while a sustained move above 1,700–1,730 could bring USD 1,800 into view.

A relief rally can develop from oversold conditions, but the coming sessions will test whether buyers return once holiday-thinned trading gives way to normal liquidity.

Disclaimer: Cryptocurrency is an unregulated digital asset, not a legal tender, and is subject to market risk. Users should exercise caution and conduct their own research before engaging in any crypto-related activities.

