Carlsquare/Vontobel weekly trading note: A genuine turn for Bitcoin?

Despite the recent rebound, Bitcoin remains around 28% below its level a year ago and is still down year-to-date. Several catalysts linked to the US Treasury, President Trump and institutional demand supported the Bitcoin rally. From a broader perspective, the stock market was buoyed by Nvidia's robust interim report last week, while Kevin Warsh, the Fed's chairman, delivered a more hawkish speech than anticipated at the Jackson Hole symposium.

Several catalysts helped support the Bitcoin rally. The US Treasury doubled its long-term bond buyback operations from USD 2 billion to USD 4 billion per session, a liquidity measure that some analysts associated with bitcoin's advance. Moreover, President Trump met executives from Coinbase and Robinhood, urged Congress to pass the Clarity Act and pledged that the US would remain the "undisputed leader" in crypto. Institutional demand provided additional support. However, some of August's gains in Bitcoin was driven by short covering,

In his first speech as chairman of the Federal Reserve at the Jackson Hole conference in the US state of Wyoming, Kevin Warsh reminded the market that he takes inflation tendencies seriously. Following Warsh's speech, bond yields rose as the likelihood of a rate increase in September increased.

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