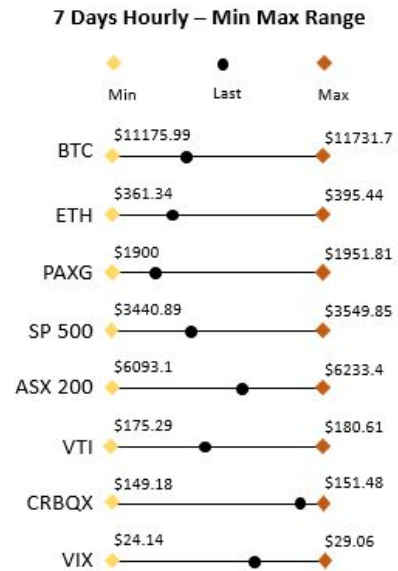
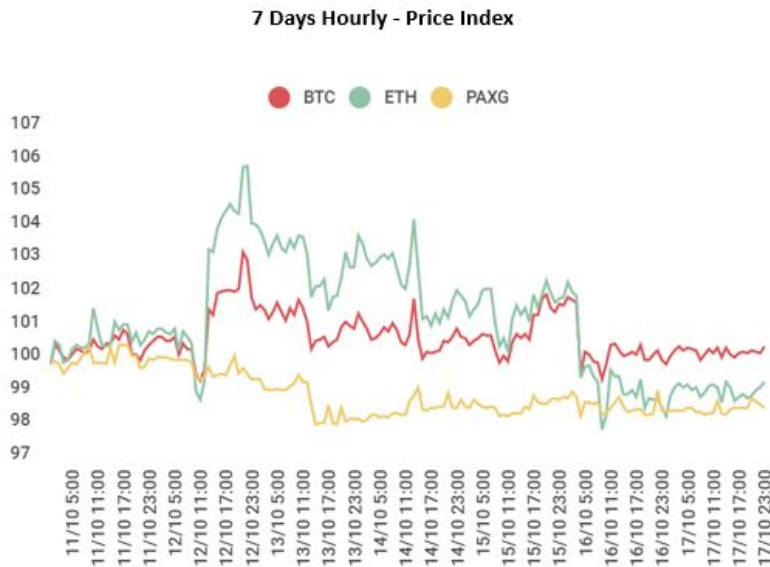


## Week in Review

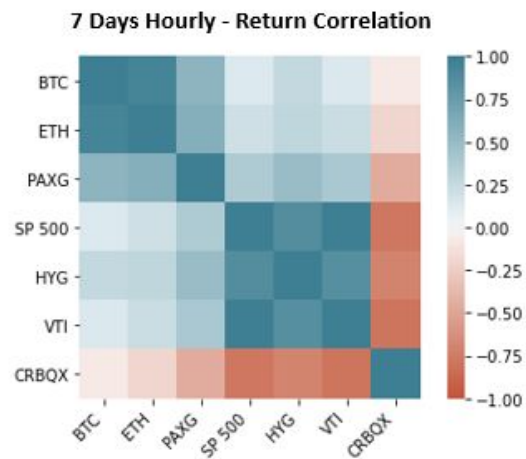
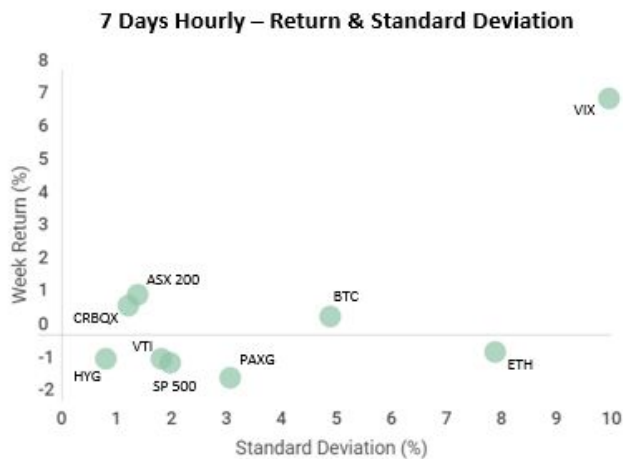
- Grayscale Investments' Ethereum Trust [became a reporting company](#) in the Securities and Exchange Commission (SEC). (12 Oct. 2020)
- Blockchain technology is estimated to boost the global economy by [\\$1.7 trillion](#) in the next decade with Asia seeing the most economic benefit, report by PwC. (12 Oct. 2020)
- The [G7](#) insists that no global stablecoin project, such as Facebook's Libra, should start operation until it can be fully regulated, a G7 statement draft showed. (13 Oct. 2020)
- Germany's first regulated trading venue for digital assets, [Boerse Stuttgart Digital Exchange](#) (BSDEX) introduced trading of ETH, LTC and XRP against Euro. (16 Oct. 2020)

## Winners & Losers



# ZEROCAP Weekly Market Wrap

11 October 2020 – 17 October 2020



- The cryptocurrencies closed in the lower half of their price range with high positive correlations last week.
- Except for the stable Australian Market, the traditional financial market also experienced some volatility, mainly resulted by the difficulties found by American Democrats and Republicans in reaching an agreement on an additional fiscal stimulus plan.
- Where tiny price change ended the week for most asset classes, lonely VIX received a large positive return. The commodity maintained a negative correlation with all other asset classes.

## Macro, Technicals & Order Flow

### Bitcoin

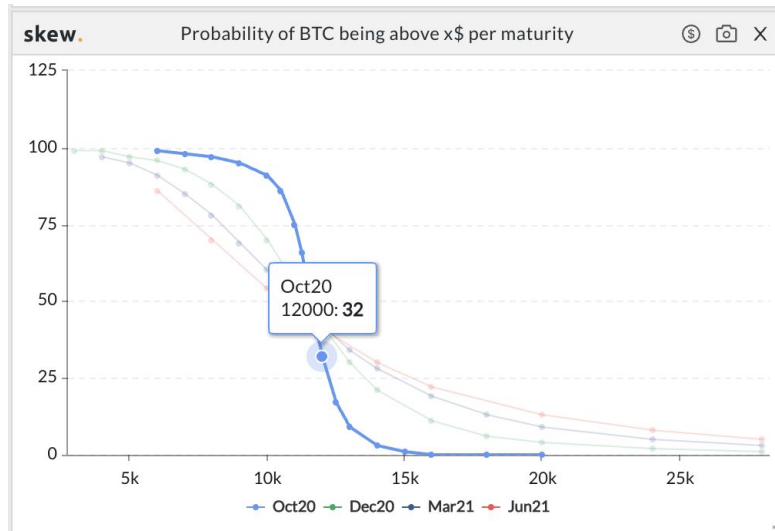


- After the breakout of bitcoin's descending wedge, we see consolidation around \$11,500. Recent support is holding at \$11,150. If it can keep above this level, we expect the price to continue its rally, breaking \$12,000 next week.
- The last move above \$12,000 was a false break, taking out stops above these levels. From an order flow perspective, this opens up a clean run to next levels on the second break, if accompanied with increasing volume.
- The options market disagrees with us, pricing a 32% chance of bitcoin hitting 12,000 in October. Why do our views diverge?
  - The US presidential race is close. With swinging polls, intermarket volatility and general uncertainty, the election could lead to non-sovereign safe-haven flows: gold & bitcoin.
  - Fidelity is hot on the institutional bitcoin theme – and it's no surprise that they are positioning for uncertainty. They released a report last week proposing a 5% bitcoin

# ZEROCAP Weekly Market Wrap

11 October 2020 – 17 October 2020

allocation for healthy portfolios. This news has not gone mainstream yet – and we believe Fidelity will push more pieces into the election, leading to inflows.



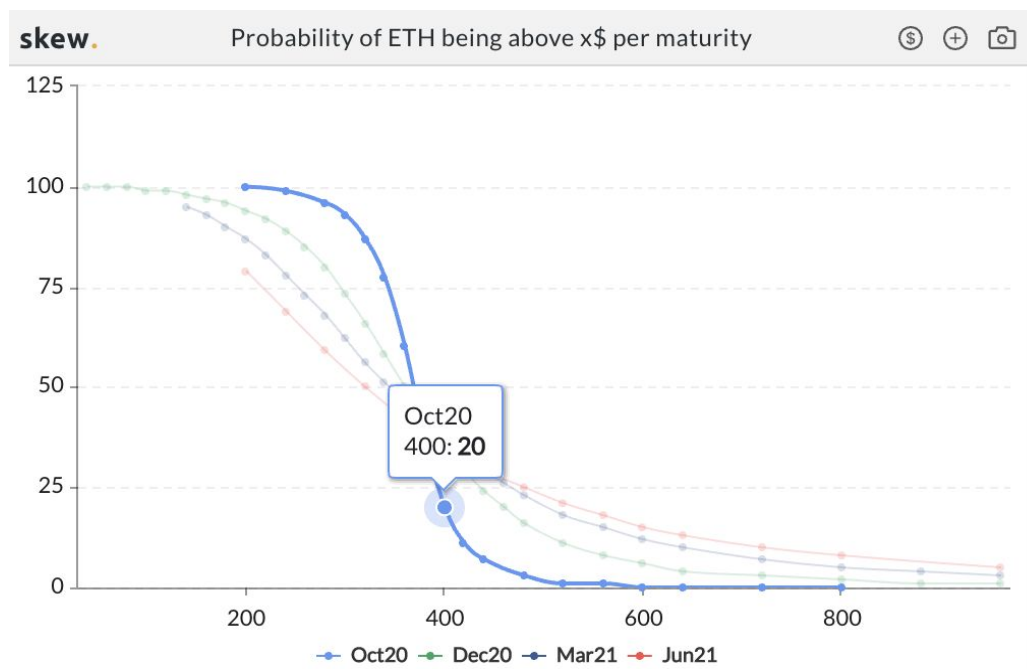
## Ethereum



# ZEROCAP Weekly Market Wrap

11 October 2020 – 17 October 2020

- Ethereum has been shaking off September's DeFi volatility. The descending trendline dates back to the highs of 2017/2018, and traders seem to be respecting it. The false break from September was swift, indicating derivative and volume zones.
- Amidst the recent Ethereum consolidation, the DeFi market has been volatile, with some big swings in the tokens that have been fuelling the yield farming craze. Going back to our case for Ethereum, we posit that Ethereum will continue to be the ETF of DeFi, and its bond-like instrument when ETH 2.0 launches.
- We see consolidation into the election, breaking recent September highs on a Trump win.
- The options market is pricing a 20% probability of breaking \$400 in October, 2020. Whilst we agree with the price range that the options market is pricing (essentially forecasting consolidation), we feel that it is underpricing a \$400 break if a significant poll swing to Trump ensues, likely generating a strong rally in risk-markets.



## What to Watch

- What will Federal Reserve (Fed) Chairman Jerome Powell speak this Monday on the future of digital assets and their policy implications at the International Monetary Fund's (IMF) annual meeting?
- Will the Trump administration approve the proposal from the U.S. State Department to add China's Ant Group into a trade blacklist, before the coming election? If so, how does this affect the value of US dollars and the presidential run?
- Grayscale, digital asset fund manager, raises \$1b this quarter. This adds to the line of institutional investments that are occurring in the space – Fidelity leading much of the conversation in the traditional sphere. Keep an eye out for the GBTC trust's (Grayscale's listed investment vehicle) inflows as an indicator for institutional/mainstream adoption.

## About Us

- Zerocap helps private clients, high net worth individuals and institutions purchase and custody digital assets.
- If you would like to know more, hit up the team at [hello@zerocap.io](mailto:hello@zerocap.io)

### Disclaimer

This document has been prepared by Zerocap Pty Ltd, its directors, employees and agents for information purposes only and by no means constitutes a solicitation to investment or disinvestment. The views expressed in this update reflect the analysts' personal views about the cryptocurrencies. These views may change without notice and are subject to market conditions. All data used in the update are between 11 Oct. 2020 0:00 UTC to 17 Oct. 2020 23:59 UTC from TradingView. Contents presented may be subject to errors. The updates are for personal use only and should not be republished or redistributed. Zerocap Pty Ltd reserves the right of final interpretation for the content hereinabove.

### \* Index used:

Bitcoin	Ethereum	Gold	Equities	High Yield Corporate Bonds	Commodities
BTC	ETH	PAXG	S&P 500, ASX 200, VTI	HYG	CRBQX