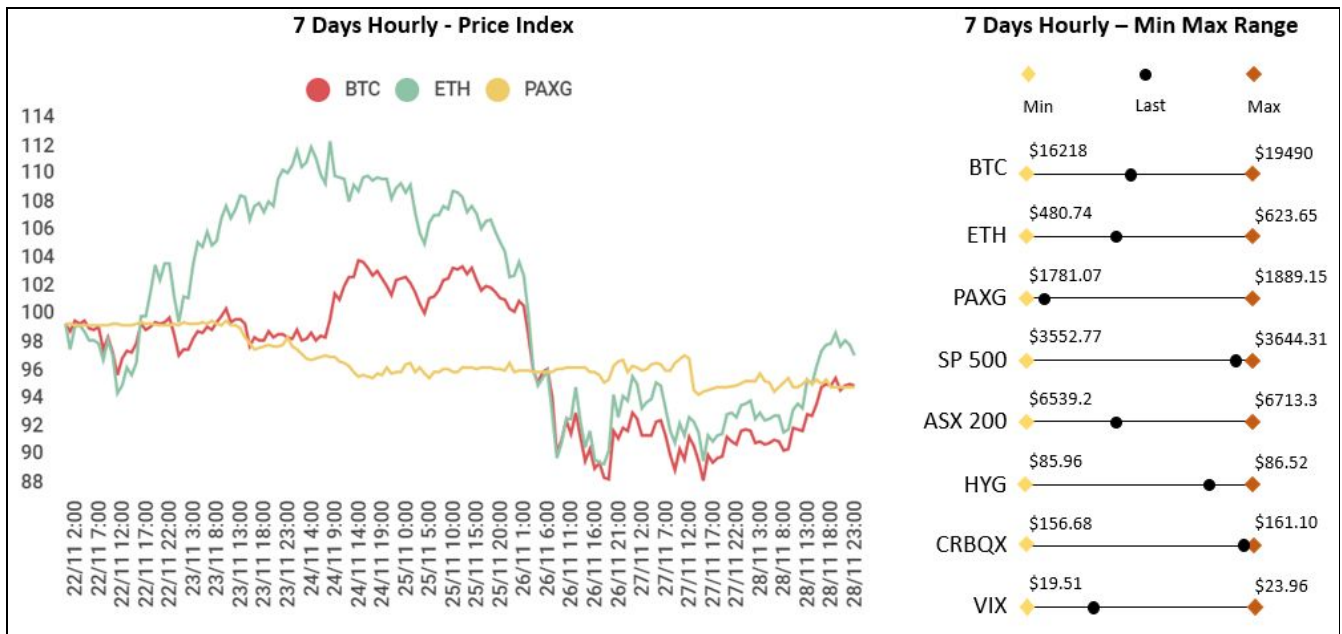


### Week in Review

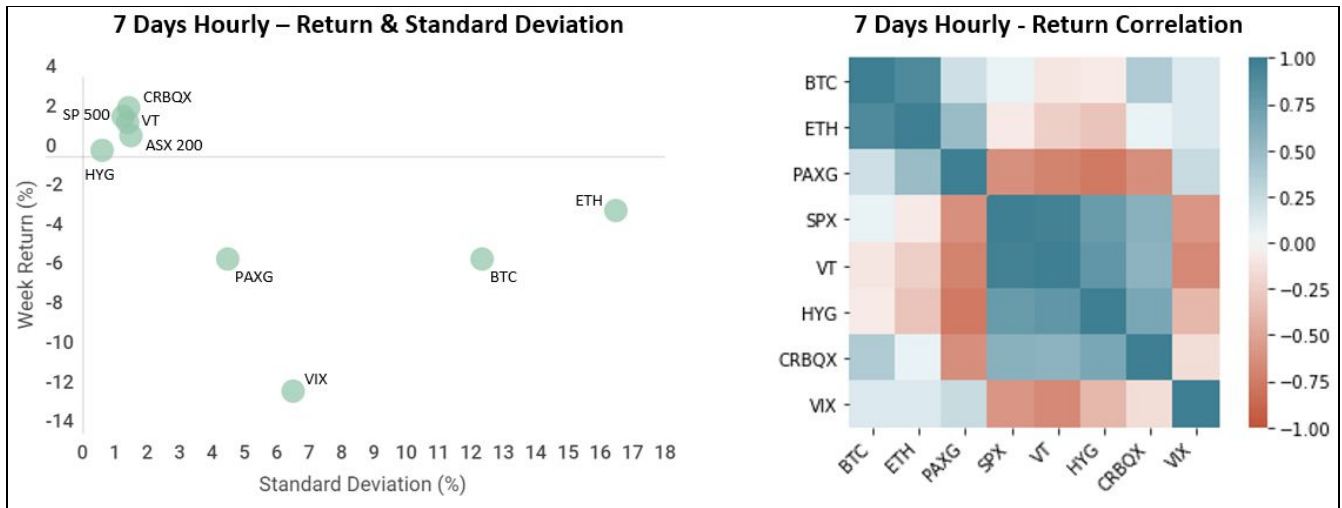
- [ETH 2.0's Beacon Chain](#) genesis was locked on the 1st December, as Ethereum's deposit contract met its threshold of 524,288 Ether before the deadline.
- A merger spree in DeFi occurred last week. Yearn Finance announced a merger with [Pickle Finance](#) last Tuesday, which was the first M&A deal in DeFi. On Thursday, Yearn Finance published another upcoming integration with [Cream](#), a lending protocol similar to Compound. Two days later, the merger between Yearn Finance and market coverage provider [Cover](#) was unveiled.
- [Copper.co](#), the London-based digital asset infrastructure provider, announced the launch of CopperConnect which is the first dedicated DeFi tool for institutions.
- Asset manager VanEck listed its [Vector Bitcoin ETN](#) (Exchange Traded Note) on Deutsche Borse Xetra. It allows investors to participate directly in the performance of Bitcoin, without owning the underlying asset.

### Winners & Losers



# ZEROCAP Weekly Market Wrap

22 November 2020 – 28 November 2020



- A volatile week for the crypto market. Hedge funds and institutional investors maintained a buoyant bitcoin price early in the week, however, a market pullback pressured BTC into correction territory before reaching its historic high (19,783).
- Bitcoin experienced its biggest one-day percentage drop since Sep. 3, resulting in a -5.26% weekly return. Ethereum price was first boosted by growing demand ahead of upgrades to its blockchain network, reaching its highest level since June 2018. Ultimately ethereum followed bitcoin’s plummet, closing at -2.76%.
- After posting mixed results in the previous weeks, major equity indices resumed the upward momentum from the start of November, with most of the gains posting early in the holiday-shortened week, driven by positive news regarding coronavirus vaccines. Bond and commodity markets maintained stable conditions with positive returns.
- The gold price was buffeted by upbeat news on coronavirus vaccines that had driven investors to equities and away from the perceived haven of bullion, despite weakness in the U.S. dollar. Investors’ expectations of short-term market volatility have eased in recent weeks to the lowest level since mid-February. A gauge of these expectations, the VIX, was down 49% from a recent high on 28 Oct. We feel that the VIX is grossly underpricing the risk of insolvencies at this stage.

## Macro, Technicals & Order Flow

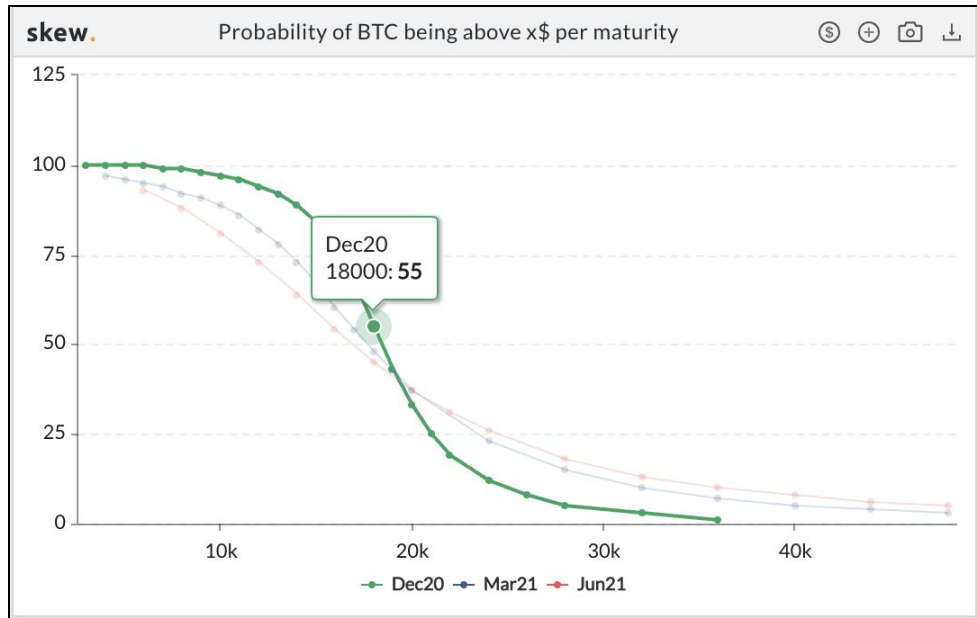
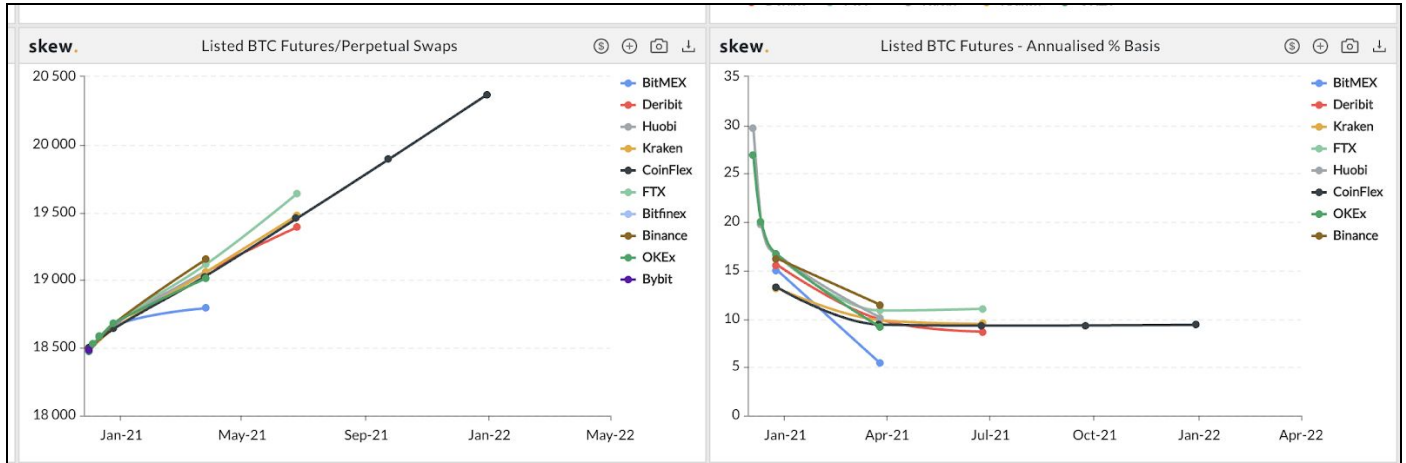
### Bitcoin



- The trade became a crowded one. This week has been one of the most insightful for price action that we've seen in a while.
- The first indicators that we could be seeing volatility was in the OTC single-dealer spreads which began to blow out fairly drastically, indicating increasingly unbalanced books. In response, bitcoin took a dramatic downward sweep to prior orderflow levels above 16,000.
- What has been super insightful, and a defining characteristic of the last few months, is how quickly price has been bid. Already we are climbing back to all-time-highs.
- Skew contango on the basis is maintaining strength, and underlying fundamentals are pointing to a break of 20,000 by year end.
- The options market is less sure, forecasting a 55% chance of the asset being over 18,000 by year end.

# ZEROCAP Weekly Market Wrap

22 November 2020 – 28 November 2020



[Source](#)



### Ethereum

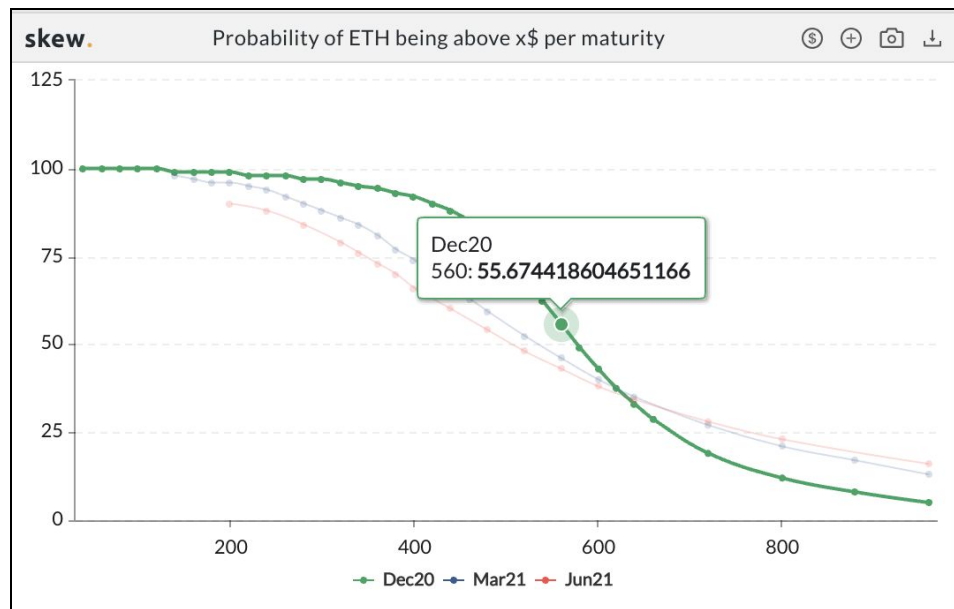
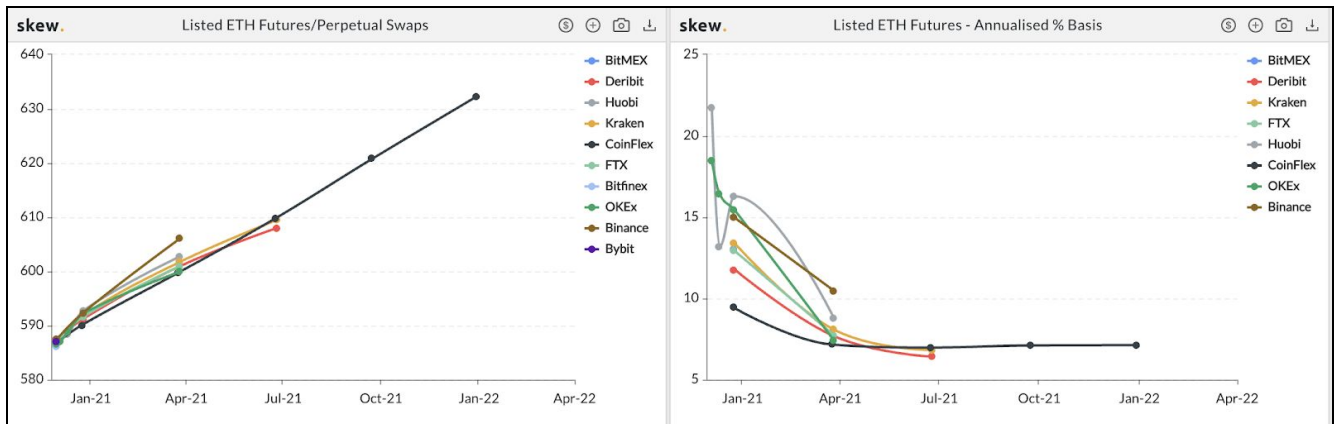


- Ethereum followed bitcoin's breather, down to its prior orderflow zone at 480. Like bitcoin, it was bid fast.
- The ETH 2.0 launch is fast approaching, which we expect to pull a significant amount of supply out of circulation. Bitcoin Suisse is reported to have 100,000 ETH committed to staking.
- Circulating supply of ETH is at 113,538,972 ETH. Since the deposit contract does not have a withdrawal function yet, these staked ETH are locked away for 1 - 2 years.
- The amount of ETH on exchanges is reported to have dropped to 2 year lows of 13.48%, with more declines expected to occur in the upcoming week.
- All of this points to a supply squeeze, combined with strong moves in bitcoin and a revival in DeFi value through volume and M&A activity, we see strong upside in ETH into the year end.

# ZEROCAP Weekly Market Wrap

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- Ethereum options forecasting similar prices to now into year end, with the futures basis easing off. We expect volatility during the ETH 2.0 launch with some wild swings in the basis, ideally landing up fairly positive into December.



### What to Watch

- ETH 2.0 Phase 0 will start on 1st Dec, what shocks will it bring to the crypto market? Will ETH 1.5 and ETH 2.0 address Ethereum network’s scalability issues and lower the gas fee? Can ETH 2.0 help more people and businesses to use Ethereum for economic activities rather than just crypto focused transactions?
- Will Yearn Finance’s acquisition be a sign that consolidation is coming to the DeFi market? Will vertical and horizontal expansions accelerate the development of the DeFi industry, attracting institutional investors and propelling ether’s value?
- After months of uncertainty and regulatory issues, it was reported that Facebook’s [Libra](#) will launch in January 2021 as a USD stablecoin. When will the Libra Association receive the final approval from regulators? Who will have massive interests in Libra, and what will this mean for less regulated stablecoins?

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)

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#### \* Index used:

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