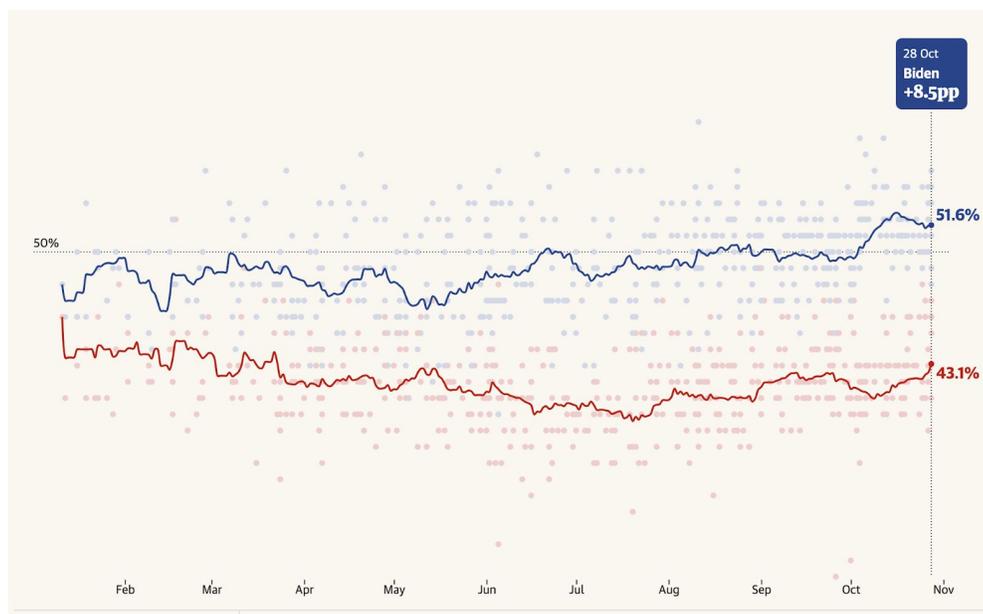


Week in Review

- The [US election](#) national polls last week pointed to a Biden win, although we are already seeing the race tightening in battleground swing states.
- [Fidelity Digital Asset Services](#) is set to make custody services available to Asian investors, meeting their increasing demand for cryptocurrencies.
- The [Swiss National Bank \(SNB\) and the Bank for International Settlements \(BIS\)](#) plan to test a central bank digital currency (CBDC) by the end of 2020.
- [Bitwise Asset Management](#), a provider of crypto-asset index fund, surpassed \$100 million in assets under management due to rising demand for digital assets from hedge funds and financial advisors.
- [JP Morgan Chase](#) started the commercial use of its digital currency, JPM Coin, through a large technology client to send payments worldwide.
- [Iran amended the law](#) to allow imports to be funded by cryptocurrency to avoid U.S. sanctions amidst economic woes from the COVID pandemic.

Biden leads national polls

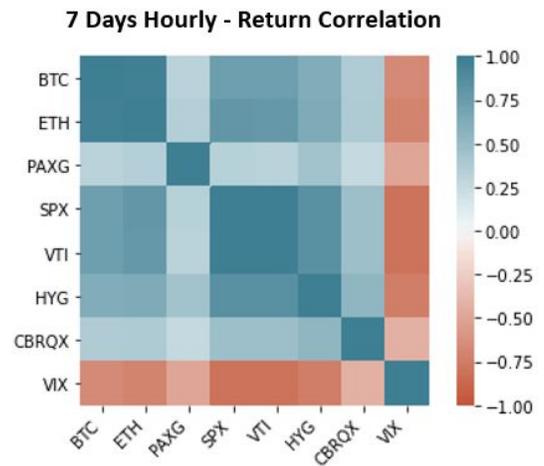
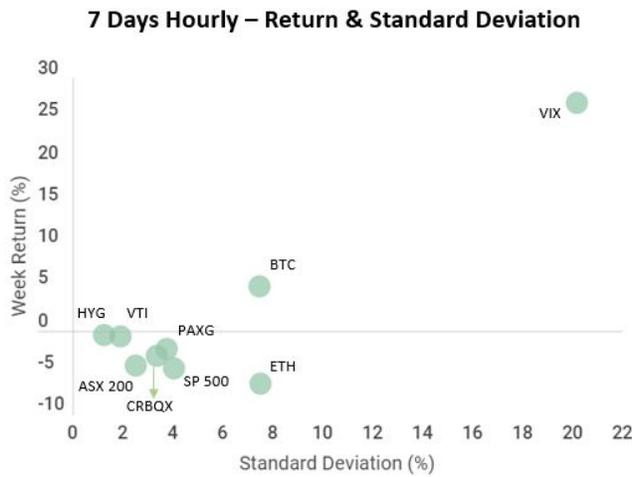
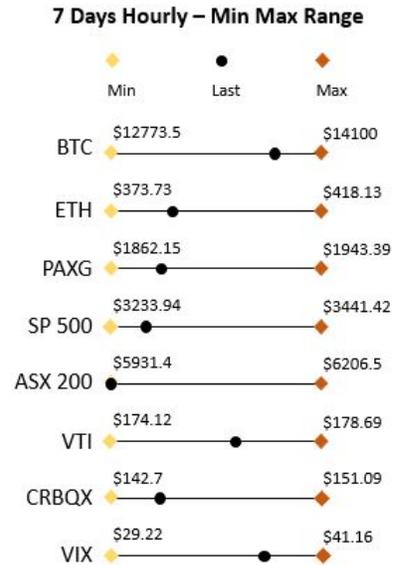


[Source](#)

ZEROCAP Weekly Market Wrap

25 October 2020 – 31 October 2020

Winners & Losers



- Bitcoin kept up with previous week's bullish momentum, ended up with 5.2% week return, although experienced some midweek fluctuations. Ethereum failed to follow the previous week's bullish momentum and ended up with a negative return.

25 October 2020 – 31 October 2020

- Traditional financial markets were shocked by the uncertainty pre-U.S. election and the surge in COVID-19 cases, with near-vertical jumps in cases reported in Europe and the US. Tech stocks declined, leading Wall Street's worst week since the March 2020 selloff.
- The gold price slightly decreased last week, as the dollar strengthened as hopes of an immediate U.S. coronavirus aid package waned. The volatility index VIX showed a high standard deviation with a high return – expected given uncertainties around the US election.

Macro, Technicals & Order Flow

Bitcoin



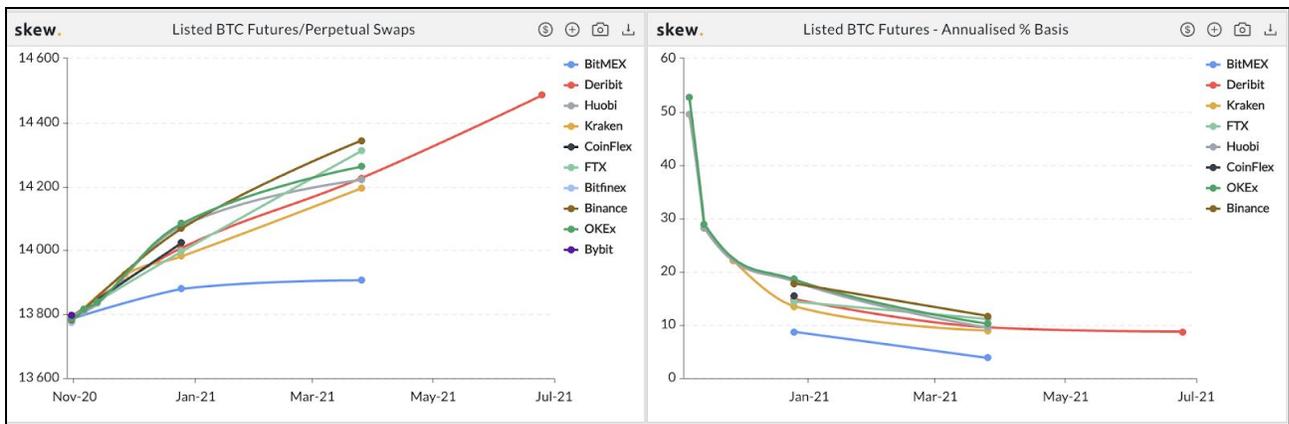
- Sure enough, bitcoin broke last week's ascending triangle to the topside, reaching for the \$13,880 highs of 2019.

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Weekly Market Wrap

25 October 2020 – 31 October 2020

- Consistently higher lows combined with ever-strengthening fundamentals are pointing to another run.
- Bitcoin's market cap dominance is increasing as a function of the broader market (56% in September to 61% in October),. We and we are seeing divergence in correlations between bitcoin and the rest of the crypto market, leading us to question whether the PayPal news is actually the driver here (Ethereum should've equally rallied).
- The futures basis skew is very strong, representing expectations of higher prices.



[Source](#)

A quick comment on value

We have always tried to moderate our views as much as possible in the face of crypto hype, but it's challenging to find a time in our exposure to this asset (since 2011) that we have ever been so bullish on bitcoin. In terms of market cap / macroeconomic environment and institutional adoption – it's hard to find holes in future value at the moment. For our snapshot of why we see value right now, check out our [Bitcoin: This is the Hedge report](#).

Ethereum



- We had forecast Ethereum breaking near-term highs if bitcoin did last week. That was not the case and worth some inspection.
- Paypal adoption news has been the media rationale behind the recent move in bitcoin. If this were the case, we should also see ethereum moving – given that it arguably forms a superior payment and protocol mechanism, extremely beneficial to PayPal's ecosystem.
- The US election has provided heightened anxiety for markets, leading to some near-term downside in equities.
- Orderflow has proved challenging to break – there have been some large option expiries into the end of October, however put/call open interest this month has been relatively balanced.
- Looking to December however, the options and futures market is pricing out a more bullish scenario – coinciding with the (expected) Ethereum 2.0 launch.

ZEROCAP Weekly Market Wrap

25 October 2020 – 31 October 2020

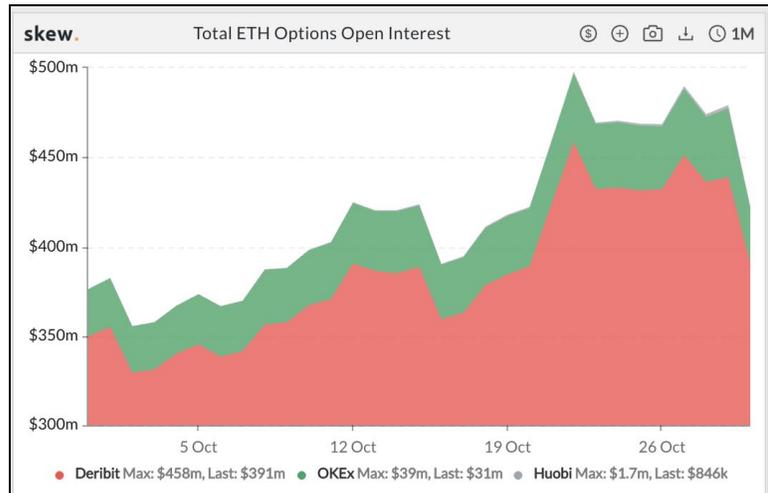
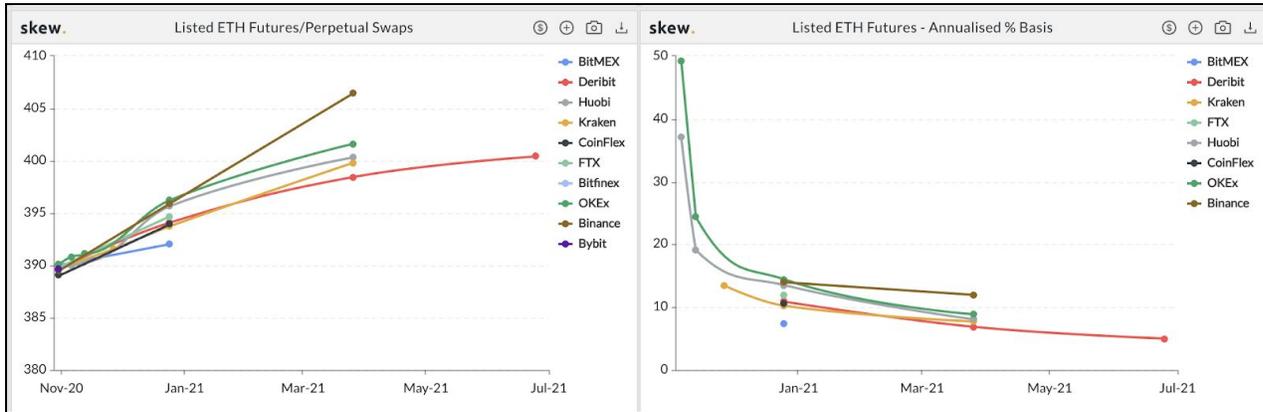
- On-chain data is showing decreased activity on the protocol – from DeFi projects to native ethereum token activity.
- In summary, there are a few factors at play for ethereum:
 - 1) A recent healthy decoupling in correlation with bitcoin, correlating closer to that of US equities
 - 2) Speculation around the launch of ethereum 2.0
 - 3) A breather from the DeFi and yield farming mania that was driving inflows earlier this year

We hope to see further decoupling of correlations with bitcoin. The ultimate portfolio would see ETH as a risk asset and BTC as a safe haven.



ZEROCAP Weekly Market Wrap

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What to Watch

- Will there be any significant volatility before Tuesday 3rd November? Tail events seem to be a normal function of this decade, so don't discount the potential for wild shifts in outcome as they count the votes. Swing states may decide the outcome of this election again.
- Who will be the next US president? Will a Biden win bring stock market volatility and shocks to global markets? Will a Trump win support financial markets if COVID cases continue to rise sharply, necessitating stricter restrictions on economic activity?

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Weekly Market Wrap

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- Ant group is set to begin trading on the 5 November, two days after the U.S. election. How will the listing of this fintech company, with an enormous \$35 billion IPO raise (872 times oversubscribed by retail investors), affect the financial and crypto markets – considering it also operates the Ant Chain blockchain service.

About Us

- Zerocap helps private clients, high net worth individuals and institutions purchase and custody of digital assets.
- If you would like to know more, hit up the team at 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, VTI	HYG	CRBQX