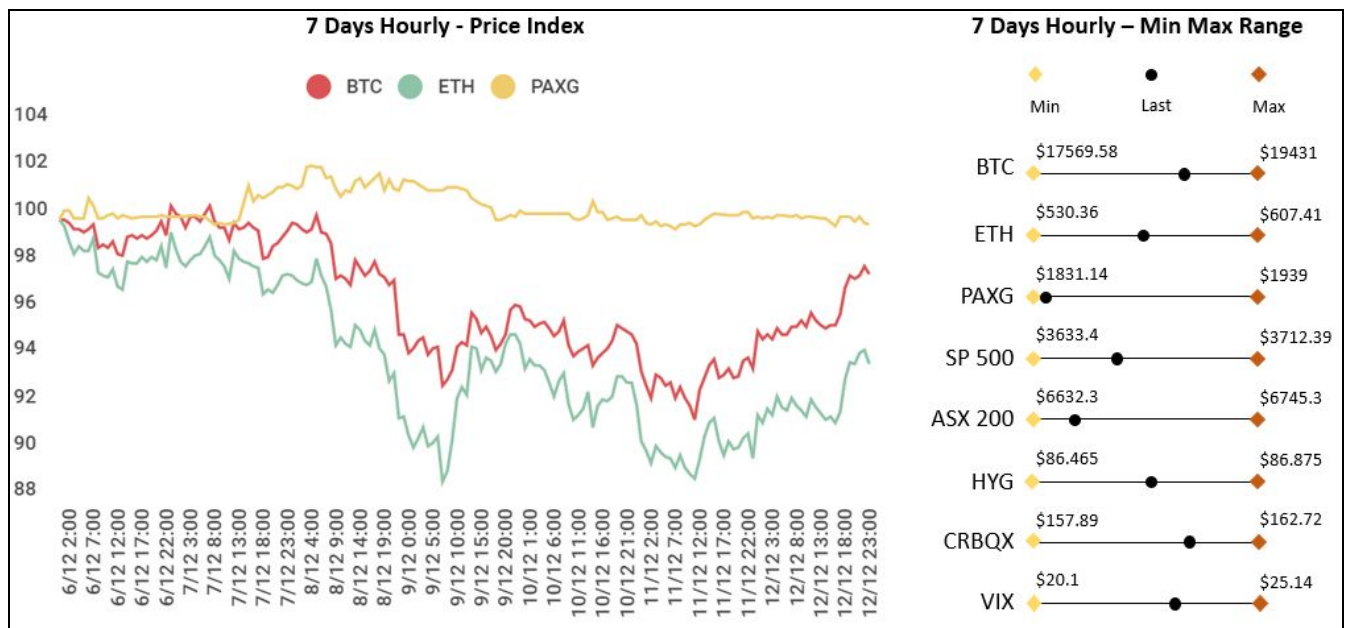


Week in Review

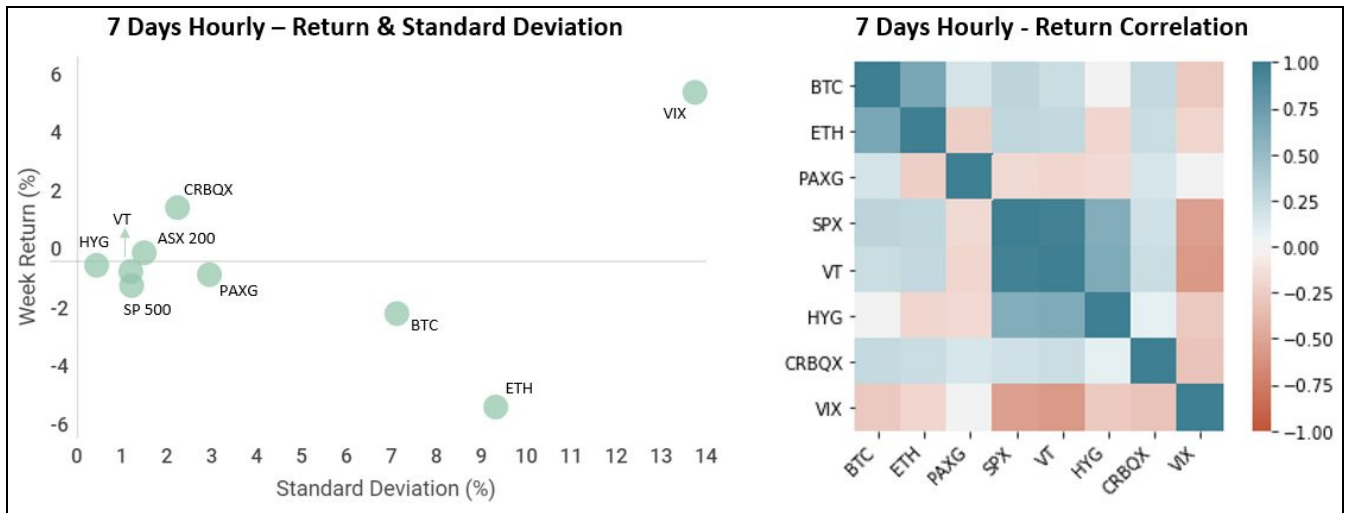
- **NB - note that the next Week in Review (Mon 21st Dec) will be our last for 2020 as the team takes a well-deserved break!**
- Newsflow has been strong this week with [Wells Fargo](#), [Bloomberg](#) and a host of other institutional players releasing analysis and media around bitcoin.
- [Reuters reports](#) Crypto Fund inflows as being their second-highest on record.
- [Fidelity has released an article](#) on why corporate treasurers may consider bitcoin.
- [DBS Group Holdings](#), Southeast Asia's largest bank, confirmed rumours that it will launch the first full-service digital exchange backed by a formal bank.
- Standard Chartered collaborated with Northern Trust to launch a cryptocurrency custodian, [Zodia](#), for institutional investors in London in 2021.
- [MassMutual](#), a U.S. insurer founded in 1851, bought US\$100 million in bitcoin for their general investment account.

Winners & Losers



ZEROCAP Weekly Market Wrap

6 December 2020 – 12 December 2020



- The past week was a negative one for the cryptocurrency market. The price of bitcoin fell approximately 9%, partly due to a wall of large sell orders placed around all-time highs. Large bitcoin holders added BTC to exchanges, providing cautionary signs that sell orders could be on the way. The price rebounded on Saturday with an end of week -1.81% return.
- Ethereum followed a similar path over the last week, ending with a -4.98% return.
- US and European equity markets cooled off this week, on Brexit uncertainty, controversy on the U.S. stimulus package, and stalling global employment growth. In contrast, Asia-Pacific was in a better position. High yield corporate bond prices pegged at a stable level, and commodity prices ended with a positive return.
- The gold price hit a two-week high on U.S. stimulus bets and the Brexit stalemate midweek, followed by retracement as vaccines sparked economic optimism. The overall gold price maintained stability during the week. The VIX increased to 23.31, buyers hedging political concerns amongst a volatile equity market.

Macro, Technicals & Order Flow

Bitcoin



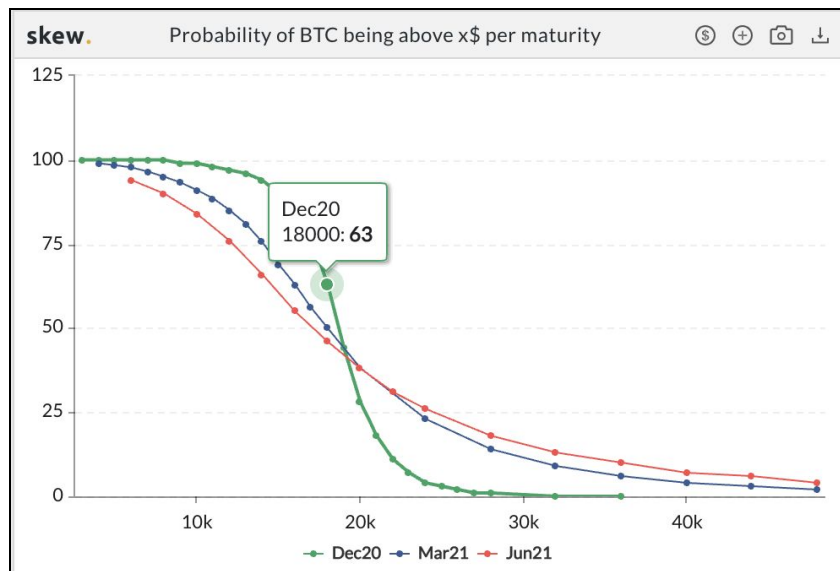
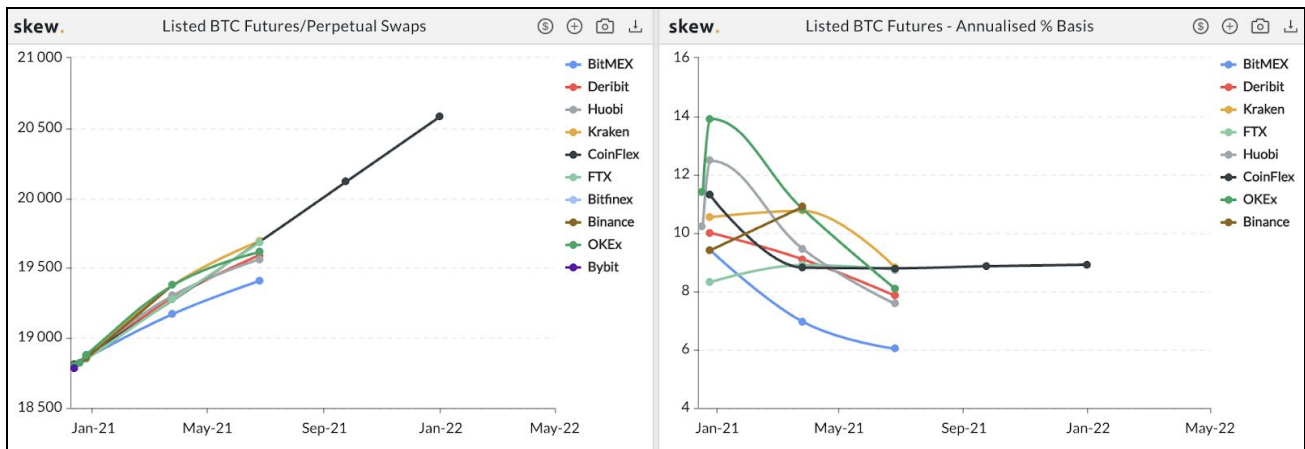
- Bitcoin saw a nice move down to the ascending trendline and \$17,500 level we noted last week. Price is respecting technicals at the moment, but caution will be warranted when liquidity dries up towards the end of December.
- We noted TWAP pricing patterns from a hedge fund connection last week, indicating institutional buying pressure. Greyscale's holdings have increased by \$2B over the past 3-weeks, with over 14k BTC added this week. It places their holdings at a total of 561,133 BTC, more than 3% of current supply – a good indicator for institutional buying. As noted, even [insurance funds](#) were buying this week.
- Whilst we'd love to see recent highs again this year, we are putting recent moves down to institutional buying, and traditionally institutional moves dry up toward the end of

ZEROCAP Weekly Market Wrap

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December. If we don't see a break this week, it's more likely to occur in January. That said, any downward moves may hit passive limit orders set by institutional buyers.

- Futures contango has cooled off since last week, again indicative of a slowing market into the end of December.
- A similar story to the options market, forecasting \$18,000+ by year-end.
- Anyone firms looking for entries before January, we'd suggest setting limit orders above 18,000 to catch any moves.



[Source](#)



Ethereum

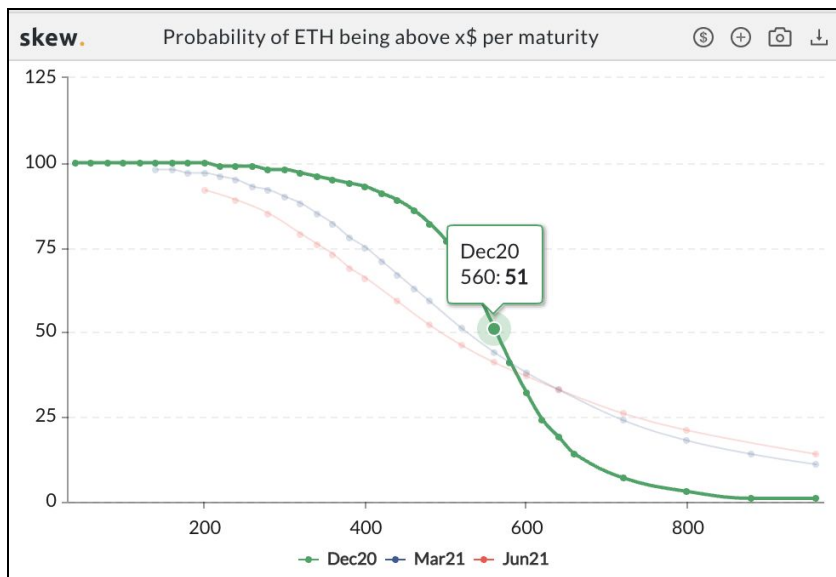
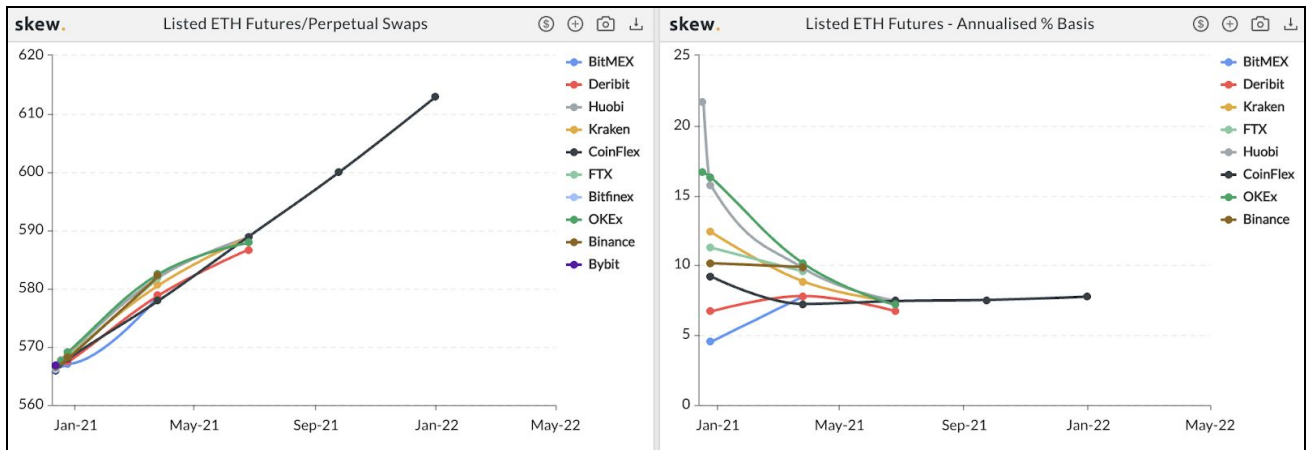


- Ethereum broadly respected the ascending trendline, with further reduced volatility and conviction that we'd seen in Nov.
- The [total value locked](#) in DeFi projects is down -4.7% from the prior week, with the DeFi market cap sinking -13.2%.
- Despite this, we've seen institutional inflows, echoing comments from Grayscale's MD that they are seeing a new group of investors who are [Ethereum-first and some Ethereum-only](#).
 - Grayscale added approximately 140k ETH to their [Trust Fund](#) last week, an increase of 5% from the prior week. Their current holdings are over 2.94 million ETH in total or 2.58% of the total supply.
 - 3iQ's Ether Fund (QETH.U) totals gross proceeds of over [\\$76 million](#) of ETH and is open for trading on the Toronto Stock Exchange.

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- The amount of ETH in the ETH 2.0 staking contract increased by 25.84% from the prior week to [1,439,841 ETH](#), representing 1.27% of the total supply estimated to remain locked for 1 - 2 years.
- Ethereum futures contango down easing from the prior week alongside options probabilities. Again, we view this as a function of lighter liquidity into year-end.
- What's the play on ETH? Tough one to call on a short-term basis. The DeFi space should continue relatively unencumbered over Dec into Jan, but institutional inflows will likely be muted. Potential for two-way moves, unlikely to break any new levels.



What to Watch

- In previous weeks, we mentioned that the Office of the Comptroller of the Currency (OCC) encouraged crypto companies to apply for national bank charters. A new bill requiring stablecoin issuers to secure bank charters before circulation has been submitted to the congressional session. Last week, crypto company [Paxos](#) applied for the National Bank Charter. If the application is approved, Paxos could be the first digital asset custodian with a national trust bank charter. What first-mover advantage will Paxos get? What does this mean for our product - Paxos Gold (PAXG)?
- After FTX, [Bittrex Global](#) becomes the second crypto exchange offering 24/7 tokenised stock trading. The relationship between crypto and the traditional equity market is drawing closer and closer. Is this a trend brewing?
- Business intelligence firm [Microstrategy](#) announced that it had raised US\$650 million worth of convertible bonds to finance the fourth large scale bitcoin purchases. How high will bitcoin price be pushed when these inflows begin? What else will Microstrategy do under its thesis that bitcoin will replace the status of gold in the future?

Insights

- [HODLers and the Bitcoin Supply](#) - The HODL strategy and how long-term holders of the cryptocurrency increase its value while attracting the adoption of institutional investors and bullish scenarios.
- [Millennials and Bitcoin](#) - An analysis of the generation's crypto adoption, why they are so fond of the digital asset and what it means for the future of the currency.

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Weekly Market Wrap

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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