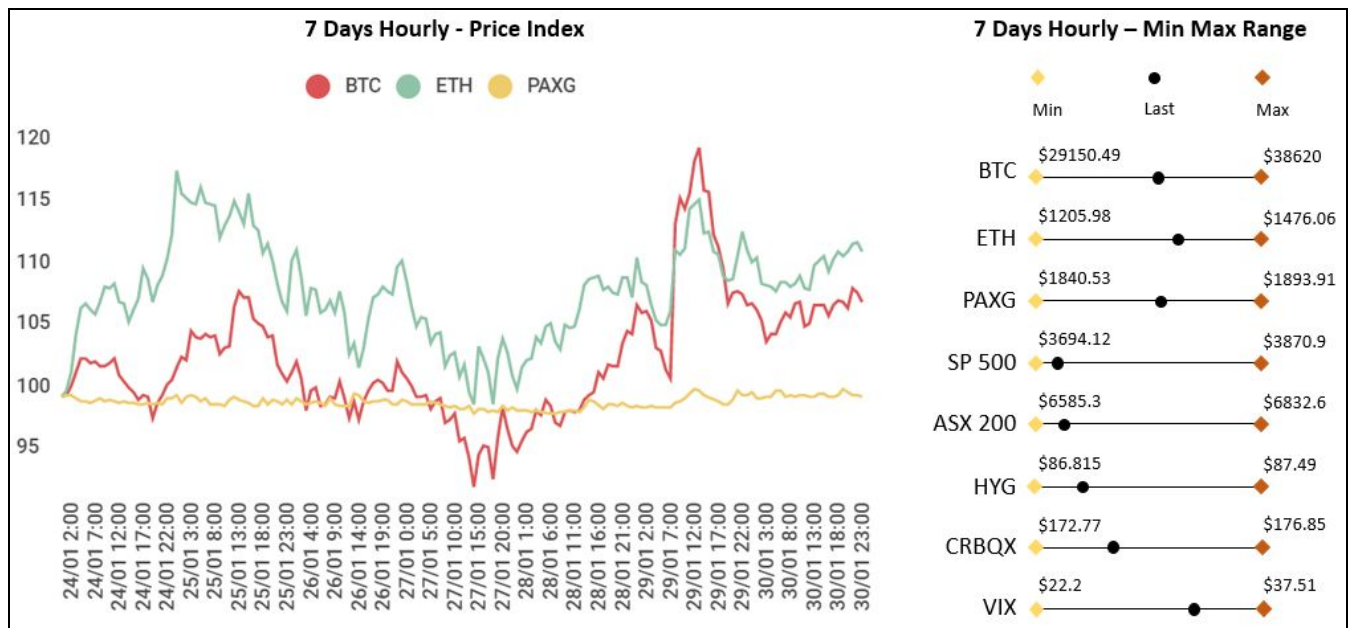


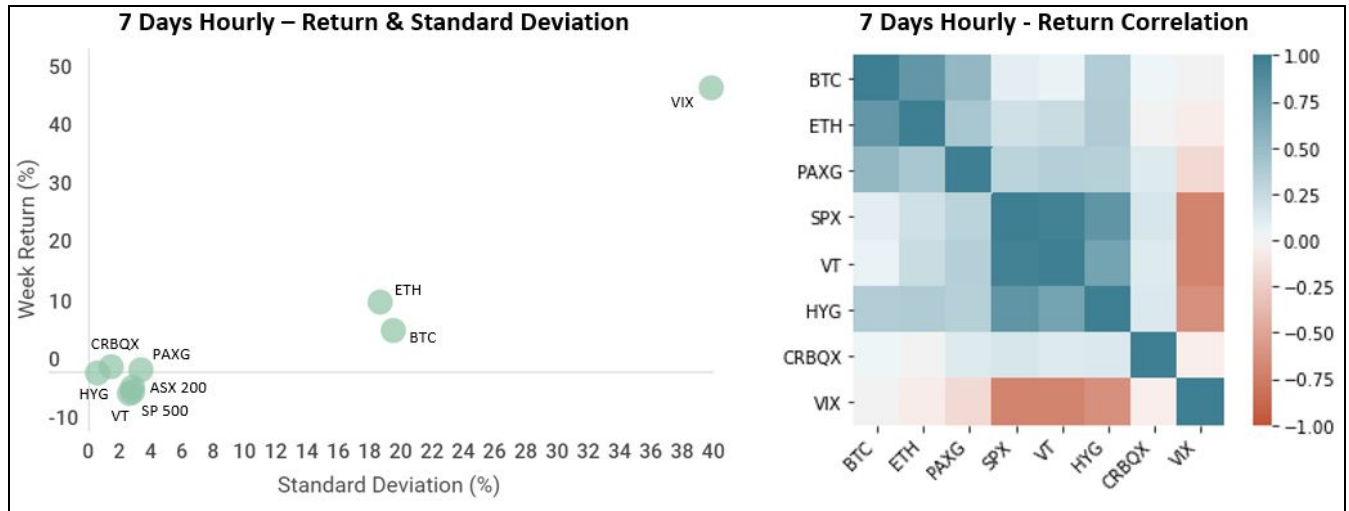


Week in Review

- Binance Research reported that globally over [100 million people](#) are crypto users.
- Crypto exchange [Coinbase](#) announced its plan to go public through a direct listing.
- Swiss regulated bank [Sygnum](#) launched its European OTC options covering BTC/USD and ETH/USD trading pairs.
- Canadian crypto trust fund [Ninepoint Partners](#) went public on the Toronto Stock Exchange after raising \$180 million from private investors.
- Dogecoin, a digital coin originally founded as a joke, surged after the WallStreetBets event. A Reddit board talked about making it the [cryptocurrency equivalent of GameStop](#). The group sent the cryptocurrency [soaring](#).
- [Reddit](#) has partnered with the Ethereum Foundation to develop layer 2 scaling tools and push projects from a prototype stage to production.

Winners & Losers





- Bitcoin’s price action was relatively muted ahead of Friday - consolidating at around 32,000. As Friday got moving, bitcoin’s price surged about 20% after [Elon Musk](#) added a hashtag ‘#bitcoin’ to his Twitter bio with 43.7 million followers. Ultimately the bitcoin price retraced, and closed the week at 34,323 with a 6.93% return.
- Ethereum refreshed last week’s record and set a new all-time high on Monday at \$1,476. Ether’s latest bullish moves are from increased Ethereum use under the current network upgrade, and growing institutional interest, closing the week at 1,378.15 with an 11.69% return.
- Volatile trading in the U.S. derivatives market saw global stocks receiving their largest weekly loss in the past three months. The S&P 500 dropped by 3.61% following the ASX 200’s 2.7%, raising the concern on speculative excess. High yield corporate bonds closed at the lower end with negative returns, while commodities returned positively as stable assets.
- Gold prices edged lower as the U.S. dollar strengthened on concerns over the fresh U.S. stimulus package. However, gold closed positively as supply tightened and the silver price experienced inflows. The VIX surged by more than 50% last week, rising to its highest level in three months. Fueled partly by a short squeeze battle waged on stock prices of heavily shorted companies like GameStop and AMC. All inspired by amateur investors on Reddit, essentially crowdsourcing market power.



Macro, Technicals & Order Flow

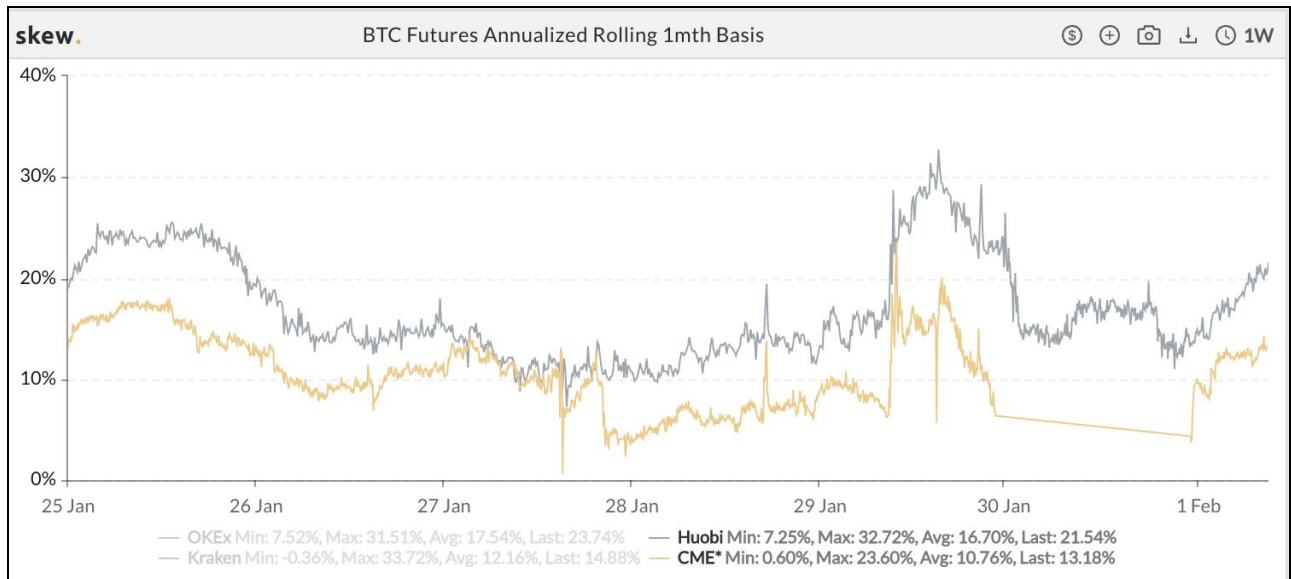
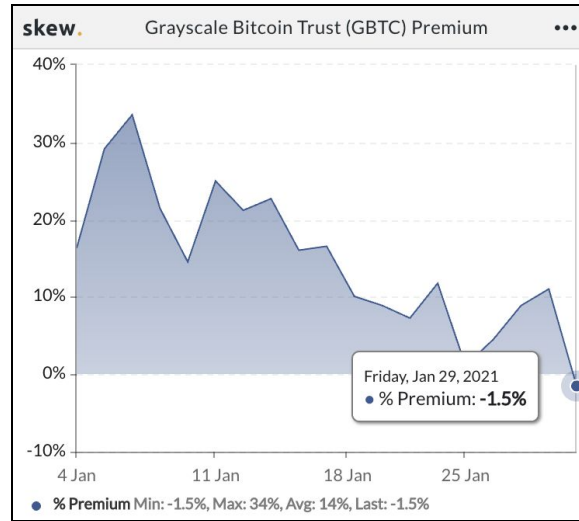
Bitcoin

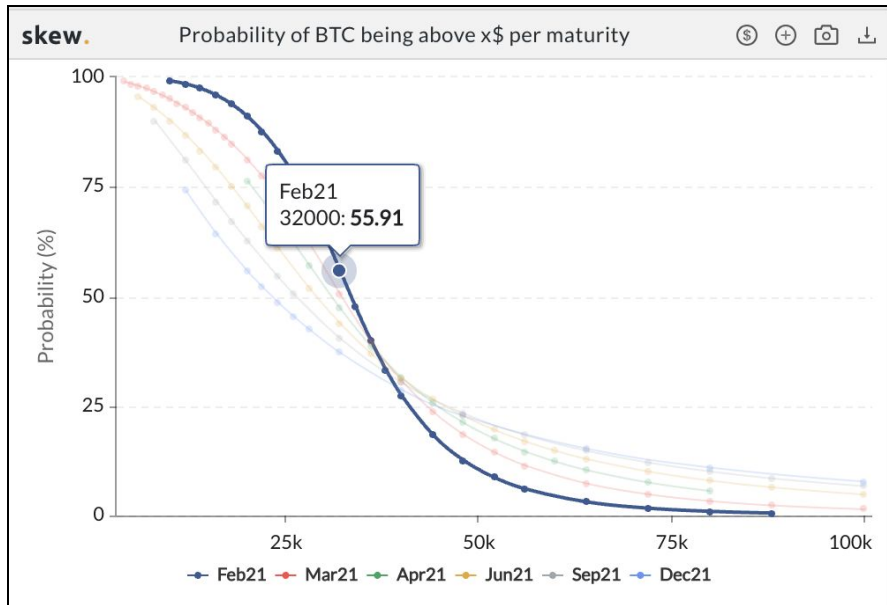


- BTC Price rejected at 28,800, and has been ranging in this orderflow zone the entire week.
- A short [price surge](#) after Elon added #Bitcoin to his Twitter bio. The pump was unsustainable, signalling a more skeptical (healthier) market dynamic.
- It's a wait and see environment. Given the elevated VIX, the market is potentially taking intermarket cues for the next move.
- Grayscale [added](#) 2,310 BTC to its [Bitcoin Trust](#) this week, totalling 648,469 BTC, a 0.36% increase from the prior week. The trust currently holds 3.484% of all circulating Bitcoin.
- More competition is coming for Grayscale trusts, as Blockfi [registers](#) their own trust with the SEC. This has been reflected in the Grayscale premium turning negative 1.5%. There is a small risk of defaults if the negative premium holds – some hedge funds are leveraged and fairly exposed to this trade.



- Ray Dalio [expects](#) Bridgewater to offer an alt-cash fund to deal with the “devaluation of money and credit”, stating “Bitcoin won’t escape our scrutiny.” Inflows from Bridgewater would be monumental for BTC.
- The futures basis is slowly recovering after losing steam late in the week.







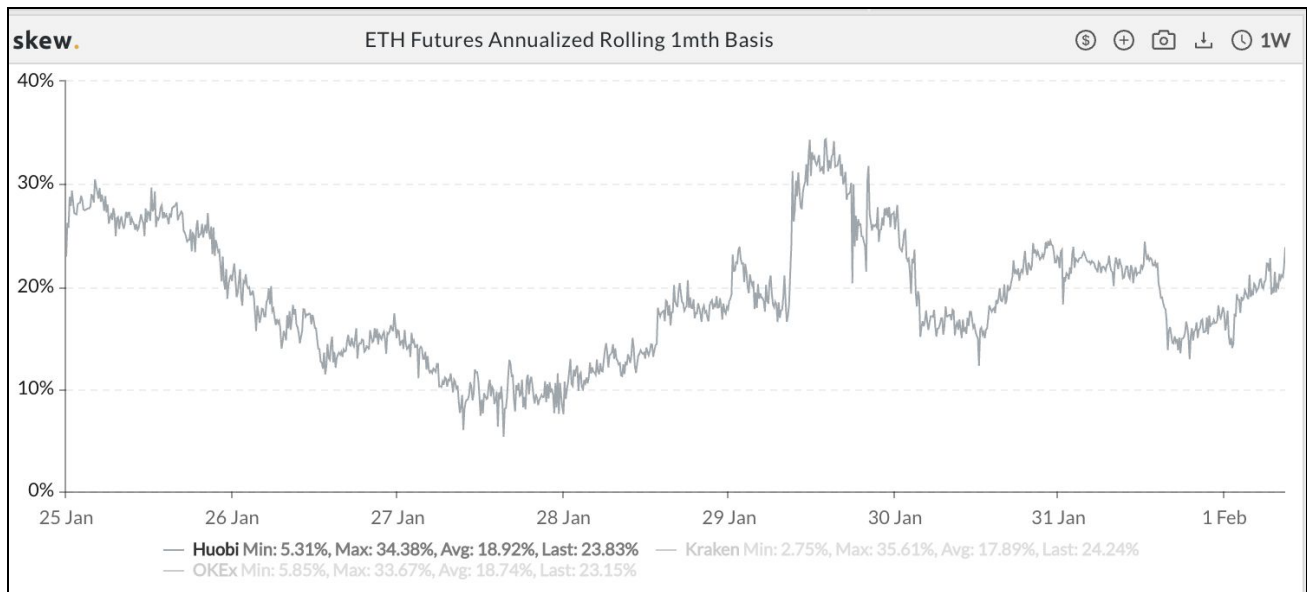
Ethereum



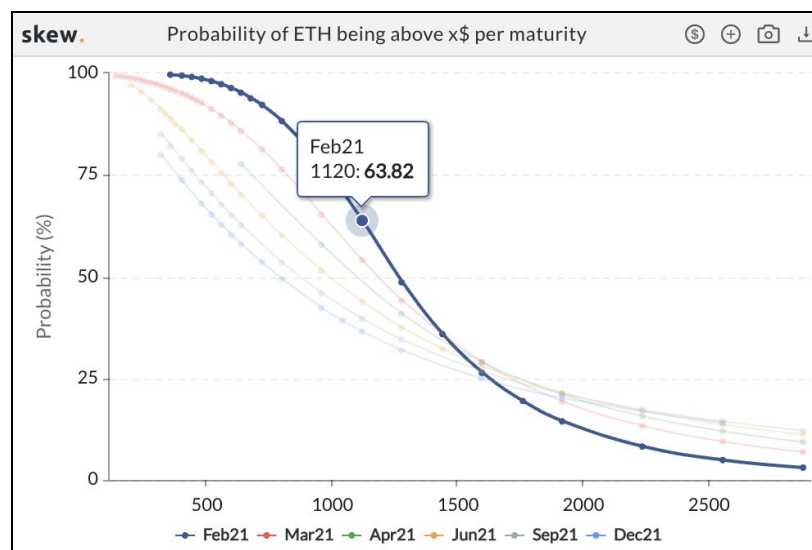
- Ethereum continues to press higher in its ascending price wedge. We expect a break 1,500 in the coming weeks, taking the asset to all-time highs again before bitcoin sees its next break.
- The correlation coefficient against bitcoin continues to slowly decouple, adding further weight to the institutional investment case for ETH.
- DeFi attention is increasing:
 - Mark Cuban [tweets](#) about how DeFi would allow the average user to earn yield, instead of it going to Wall Street.
 - Elon [likes](#) a DeFi app's tweet, sending speculators into a frenzy.
 - South Korea [releases](#) a government-led DeFi research paper.
 - Bitwise adds DeFi tokens UNI and AAVE to its [Crypto Index Fund](#), with \$572m in AUM.
- Grayscale [reopens](#) the Ethereum Trust.
- The total value locked in DeFi projects rises to \$27.75 billion, an 9.12% increase from last week. * Most DeFi projects are built on ethereum.



- The amount of ETH in the ETH 2.0 staking contract currently sits at 2,879,618 ETH, an increase of 2.30% from last week. This represents 2.52% of the total supply estimated to remain locked for 1 - 2 years.
- The ETH futures basis is following a similar trajectory to BTCs. Slowly edging higher.



* CME ETH Futures launching Feb 2021





What to Watch

- Controversy surrounding restrictions by Robinhood on trading GME stocks, as well as other [WallStreetBets](#) targets, has caught the [U.S. Securities and Exchange Commission \(SEC\)](#)'s attention. "The Commission will closely review actions taken by regulated entities that may disadvantage investors or otherwise unduly inhibit their ability to trade certain securities". The [U.S. Congress](#) also announced a future hearing on the short selling and limited trading. Will legislators re-examine traditional market rules? Will this bring crypto assets into a sharper focus if it indicates a disadvantage to retail investors against hedge funds?
- In its [Q1 earnings call](#), Visa classified bitcoin as digital gold or new assets, and stablecoins and central bank digital currencies as fiat-backed assets. Visa's CEO Alfred Kelly stated that "It goes without saying to the extent specific digital currency becomes a recognised means of exchange, there's no reason why we cannot add it to our network, which already supports over 160 currencies today". So, which specific digital currency, besides bitcoin, will Visa add to their network?
- Ray Dalio, founder of the world's largest hedge fund Bridgewater Associates, clarified his stance on bitcoin through [Bridgewater's research and insights](#). As a bitcoin/cryptocurrency amateur, he pointed out his views on the growth drivers and risks, but he also admitted the bitcoin adoption and achievement sustained over the past ten years. The report concluded that bitcoin is more like an option on a potential store hold of wealth. If bitcoin is ever added to the largest hedge fund company's portfolio, would it cement bitcoin's status as the investable asset of this decade?

Insights

- [The Benefits of Crypto Integration in Africa](#) - An analysis covering the benefits of crypto for Africa, and how digital currencies can be a strong ally to help remediate financial obstacles in the continent.



ZEROCAP

Weekly Market Wrap

24 January 2021 – 30 January 2021

Zerocap provides digital asset investment and custodial services to forward-thinking investors and institutions globally. Our investment team and Wealth Platform offer frictionless access to digital assets with industry-leading security. To learn more, contact 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, VT	HYG	CRBQX