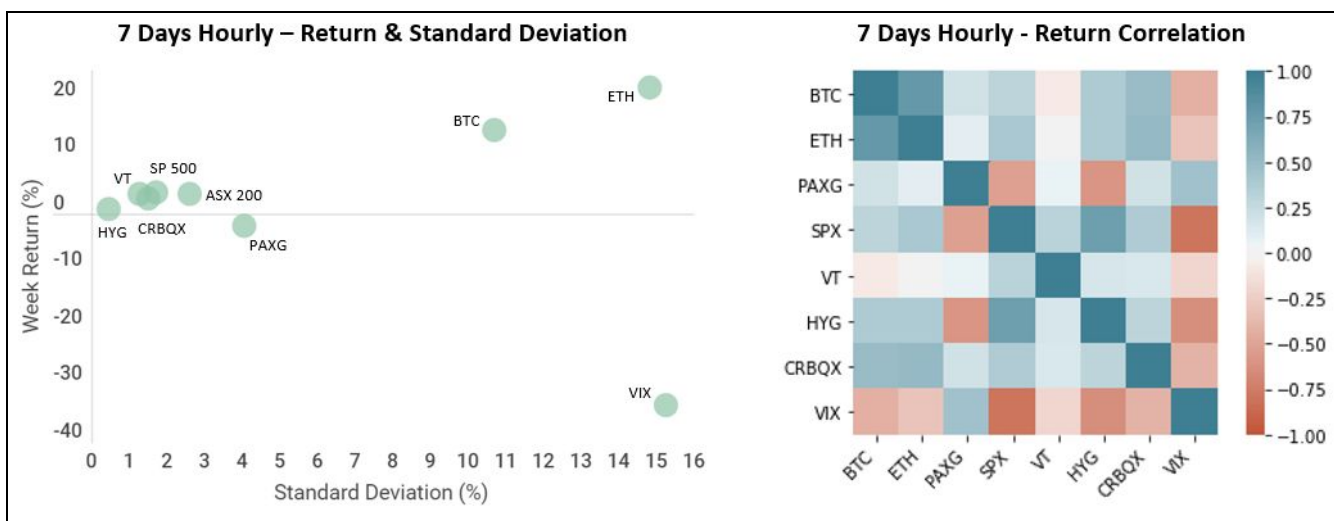




Week in Review

- [Trading volume on decentralised exchanges](#) created a new all-time high of \$56 billion in January. Over 45% was from Uniswap.
- Visa announced the partnership with Neobank [First Boulevard](#) to pilot Visa’s crypto APIs that enable a bank to offer cryptocurrency custody and trading to their customers.
- 21 Shares AG launched the world’s [first Polkadot Exchange Traded Products \(ETPs\)](#) on the Swiss Stock Exchange (SIX Exchange).
- Bill Miller’s [flagship fund](#) (2.25b AUM), [files](#) with the SEC to invest in the Grayscale Bitcoin Trust, citing a maximum exposure of 15%.
- Cryptocurrency investment firm [Arcane Crypto](#) went public on Sweden’s Nasdaq First North, following a reverse takeover of Vertical Ventures AB.
- Crypto exchange Kraken is deploying [system updates](#) on its existing functions, and creating its own [Chainlink nodes](#) to broadcast its price data to DeFi applications.
- Joe Biden [passed](#) the \$1.9 trillion Coronavirus stimulus bill. The bill includes \$1,400 stimulus cheques, higher unemployment aid payments, and grant programs for small businesses..

Winners & Losers





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Weekly Market Wrap

31 January 2021 – 6 February 2021

- Along with the information leak that MicroStrategy would pitch bitcoin to 1,400 public companies, the bitcoin price gradually increased in the second half of the week. After the [webinar](#), BTC broke the 40,000 resistance level. This is the first time that bitcoin has surged above 40,000 since early January, and the derivatives market is not overheated this time. After a slight retracement, bitcoin closed the week at 39,282 with a 14.52% return.
- Ethereum was building on its all-time highs. The [intense trading interest in DeFi coins](#) and the [upcoming launch of Ether futures from CME Group](#) were the main drivers pushing ethereum up. ETH closed the week at 1,679.46, with a new all-time high of 1,764.55 and another 22.19% return. Meanwhile, ethereum transaction costs - [gas fees](#) - also recorded a new level of \$17.5 per transaction on average, catalysing more dialogue on scaling solutions..
- Last week saw the global equity markets in full swing after the GameStop saga. U.S. major indexes closed at fresh record highs, supported by fiscal stimulus expectations and progress on vaccine distributions. S&P 500 increased by 3.82%. Meanwhile, the Australian market index soared by 3.53% because of rising property prices. High yield corporate bonds maintained at a stable level, while commodities increased by 2.54%.
- Gold prices set the worst week in four (-2.04%) because of increased U.S. treasury yields and USD strength. The VIX tumbled by 37% to roughly the same level before the GameStop event, which could indicate that the trading battle of small-cap stocks is coming to an end.

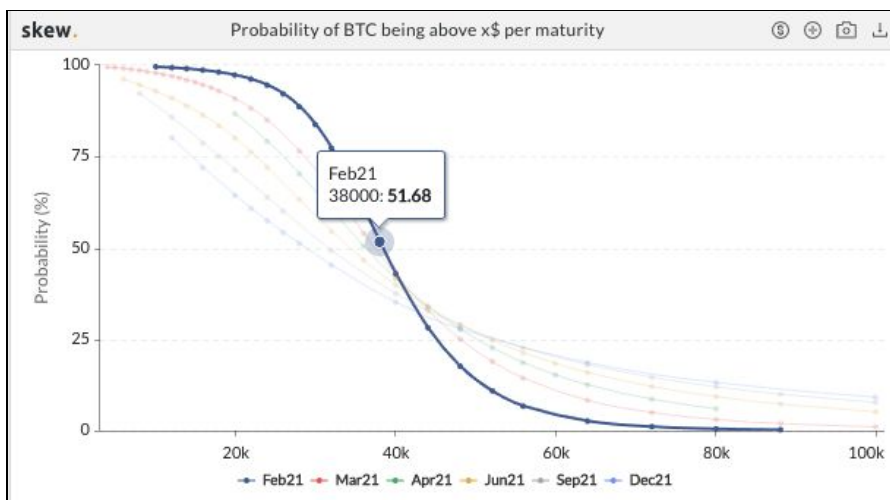
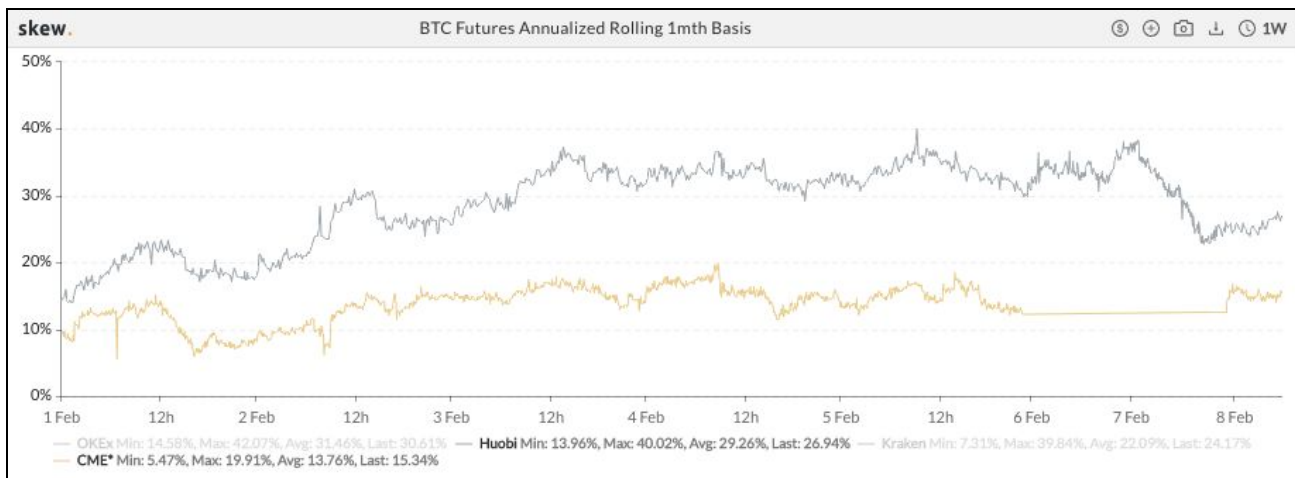


Macro, Technicals & Order Flow

Bitcoin



- BTC has clearly shown inflows after the retracement from the prior week. The VIX has taken a hit, with more stimulus and equity topside to come. BTC has followed these cues, combined with a market building in inflationary concerns to the 10Y Treasury Yields.
- The key downside level is 34,000, which will likely shift higher with the new ascending trendline that has formed. We are looking for entries along this curve before the next break of prior (all-time) highs.
- We are seeing more [outflows](#) of bitcoin from exchanges this week. [Exchanges' Bitcoin balances](#) suggesting a reduction in supply and plans to hold from major investors/funds.
- Grayscale [added](#) 663 BTC to its [Bitcoin Trust](#) this week, totalling 649,132 BTC, a 0.1% increase from the prior week. The trust currently holds 3.486% of all circulating Bitcoin.
- The futures basis has been holding its range throughout the week. We note divergences in CME and native crypto exchange basis premiums widening, potentially indicating risk premiums and increased leveraged long activity in derivative markets in the crypto space.

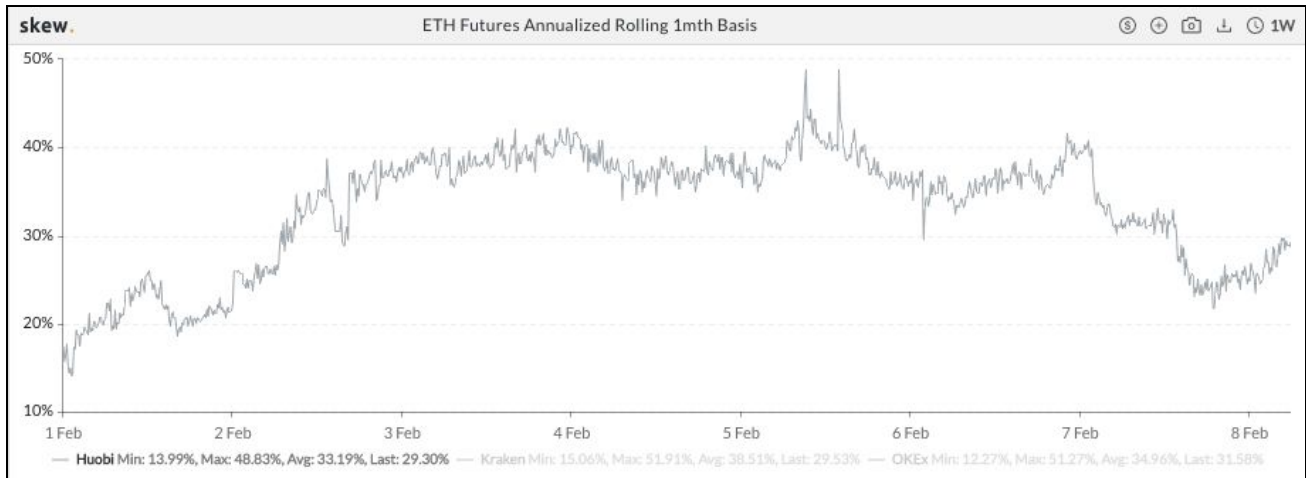




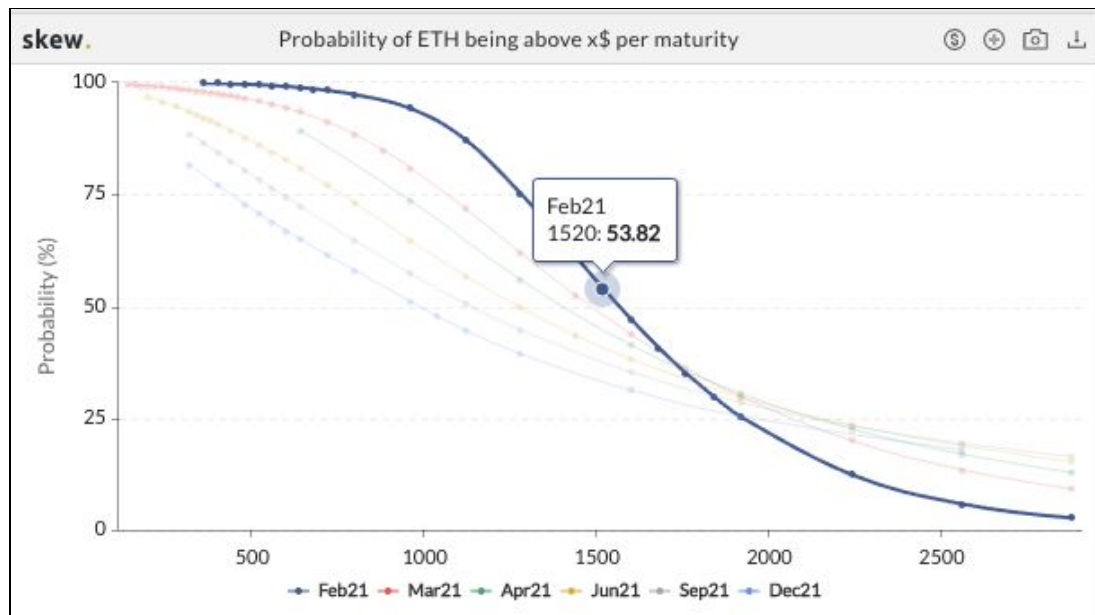
Ethereum



- We bet that ETH would break all-time highs before BTC last week. This came about with gusto, cleanly breaking the 1,500 level and respecting this new orderflow zone.
- ETH has a lot going for it at the moment, particularly with the increased DeFi activity week by week. Although we are seeing significant inflows to many DeFi protocols (Fantom, Solana, Cadarno etc.), it will most likely be Ethereum that maintains its incumbency as the tested and robust protocol for building on for at least another few years.
- Grayscale added 110,000 ETH to its [Ethereum Trust](#) this week, totalling 3.04m ETH, a 3.75% increase from the prior week. The trust currently holds 2.65% of all circulating Ethereum.
- The [total value locked](#) in DeFi projects rises to \$33.17 billion, an 19.53% 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 [2,960,610 ETH](#), an increase of 2.81% from last week. This represents 2.58% of the total supply estimated to remain locked for 1 - 2 years.
- The ETH futures basis has also ranged this week. Keep an eye on volatility tonight as the CME launches ETH futures.



* CME ETH Futures launching Feb 2021





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What to Watch

- It is recorded that more than a thousand companies attended MicroStrategy's bitcoin webinar last week. What was the purpose of MicroStrategy holding this webinar? To popularise bitcoin, to promote the company and increase the share price? How will these firms react to alternative treasury strategies? If inflows into the Grayscale bitcoin trust spike this or next week, it could be a leading indicator.
- CME is launching Ether futures on 8 February. Will it boost the the ethereum price, or provide muted price stability? Will initial trading volume be low as when bitcoin futures were introduced, or will it be higher? As a Federal Reserve Bank of San Francisco analysis posited, derivatives could open the door for bearish investors, will this repeat the story of introducing bitcoin futures in 2017?
- Pro-crypto US Senator, Senator Cynthia Lummis, will join the Banking, Environment, and Commerce Committee. Senator Lummis is the first senator to be publicly engaged in the cryptocurrency industry, and the banking committee is the senate's front line for financial legislation. Is her assignment a good signal to the crypto industry? What digital asset legislation will she promote?

Insights

- [The U.S. Government is using stablecoins for foreign aid - What's next?](#) - An analysis covering the strategy of using stablecoins for foreign aid in Venezuela, other applications for the market and what we can expect for the future of these particular digital currencies.

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* Index used:

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