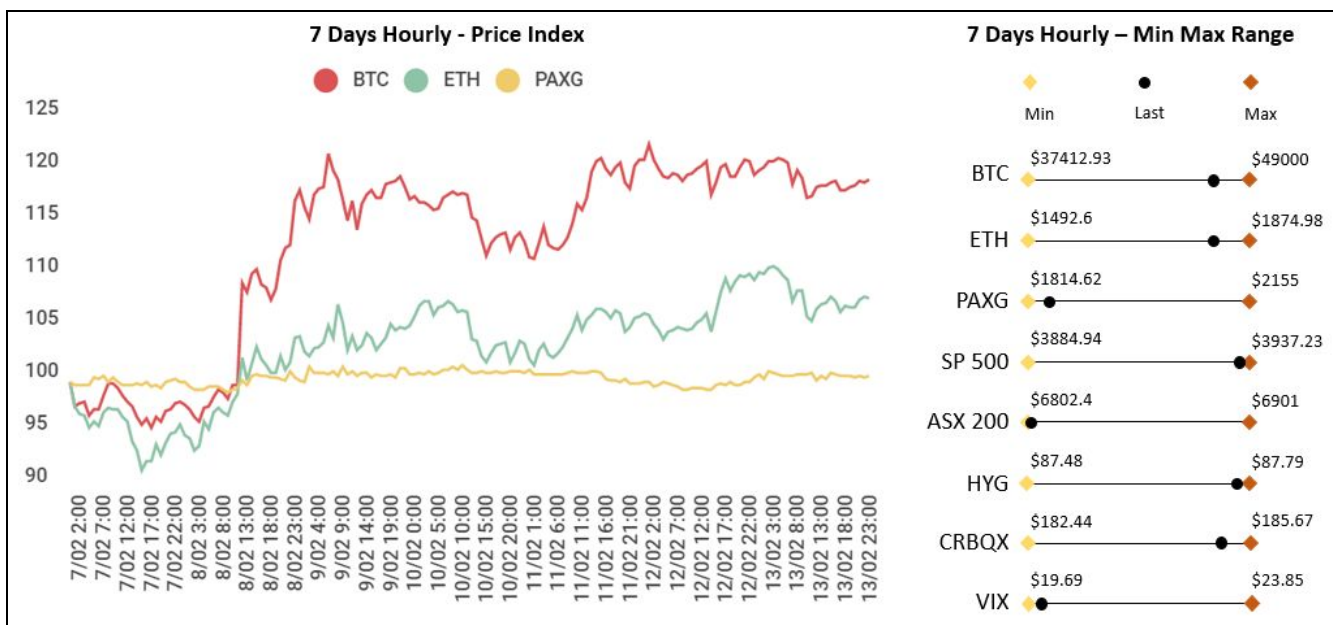


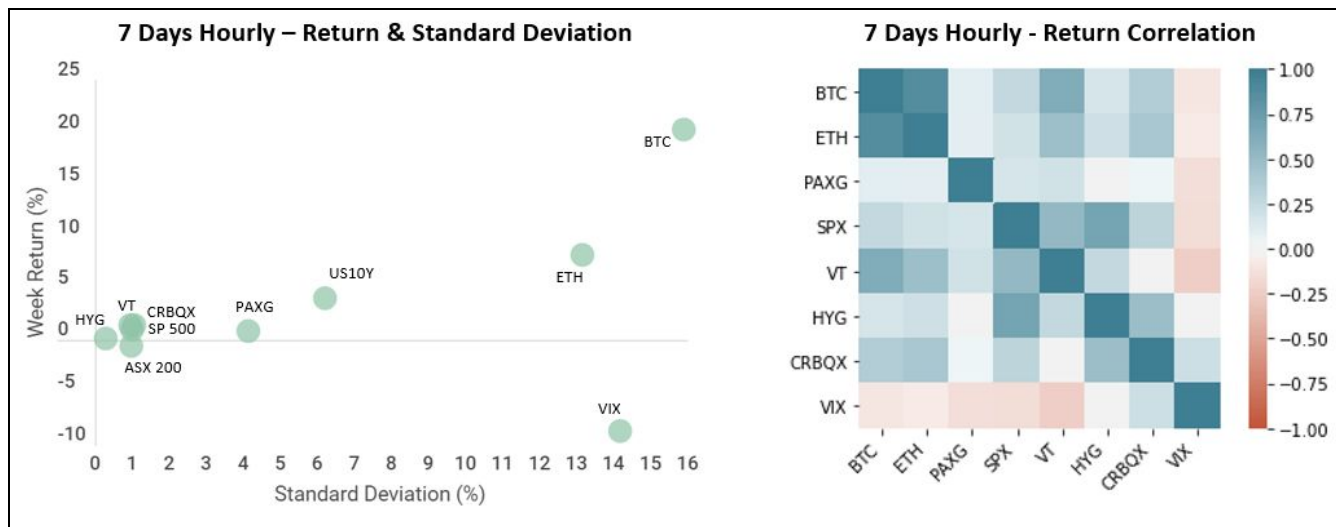


Week in Review

- Tesla [bought \\$1.5 billion in bitcoin](#) and will start accepting bitcoin as a payment method.
- The [first North American Bitcoin ETF](#) got approval to list on the Toronto Stock Exchange.
- [Mastercard](#) plans to integrate crypto payments into its network.
- [Paypal to offer UK users](#) the ability to buy, sell and hold cryptocurrencies by Q2 2021.
- The [Chicago Mercantile Exchange \(CME\)](#) officially launched its futures contracts for ether.
- BNY Mellon, America's oldest bank, [announced](#) plans to offer digital asset custody, while Deutsche Bank revealed the [same plans](#) later in the week.
- Miami's mayor, Francis Suarez, [proposed](#) to enable the City's workers to receive bitcoin as part of their salaries and pay fees and taxes in Bitcoin. He requested that the state legislature make bitcoin an acceptable currency to invest in the future.

Winners & Losers





- On Monday, the SEC filing that revealed [Tesla](#) invested \$1.5 billion in bitcoin and planned to start accepting it as a payment method, immediately pushed bitcoin’s price up by over 20% within one day. Positive news followed from [Mastercard](#), [PayPal](#), [Twitter](#), and [BNY Mellon](#), driving bitcoin to high price levels over the week. Bitcoin closed the week at 47,228.48 with a 20.25% return.
- ETH broke 1,800 this week, setting new records several times along the way. The surge mainly came from the launch of CME Ether futures. It saw [388 contracts](#) traded on its first day, with more than [\\$33 million trading volumes](#). The soaring value of ether also drove the total value locked in the decentralized finance (DeFi) break [\\$40 billion](#) last week. ETH closed the week at 1,817.2 with an 8.16% return.
- Global equity markets continued last week’s bullish swing. U.S. stock indexes finished modestly positive for the week on strong earnings growth and an additional purchase of 200 million vaccines by the government. The Australian stock market, however, suffered a predictable but limited shock under Victoria's lockdown. The increasing bond price faltered midweek to chase the higher inflation expectations, with increasing yields.
- Gold price fluctuated in a small range (0.98%) as weaker than expected U.S. inflation data eroded the bullion’s appeal. However, platinum’s price climbed to a near six-year high with a 10% weekly gain, driven by the expectations for a revival in auto sector demand. The VIX slid to below 20 as global covid-19 new cases continued to ease.

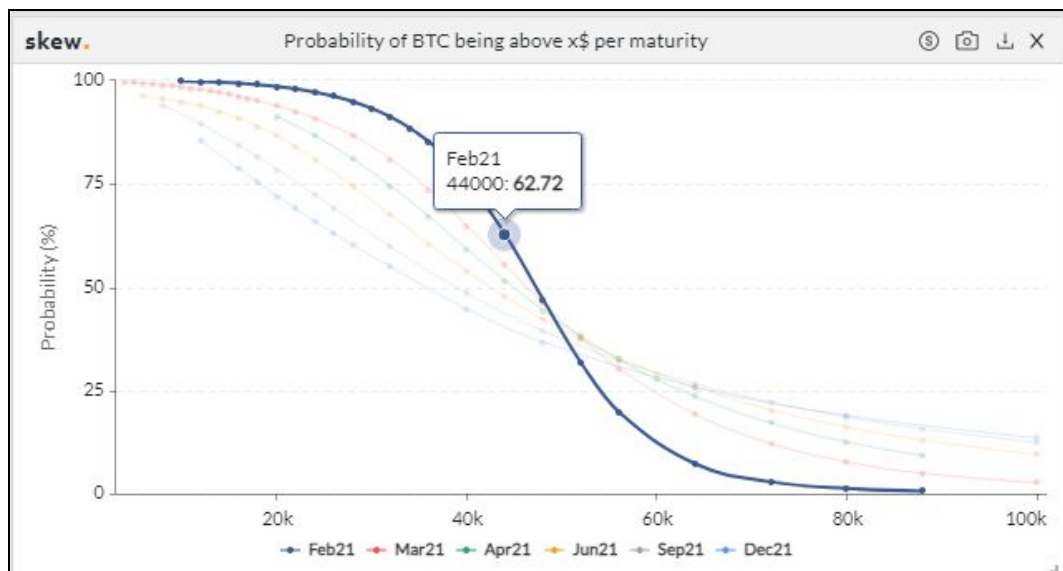
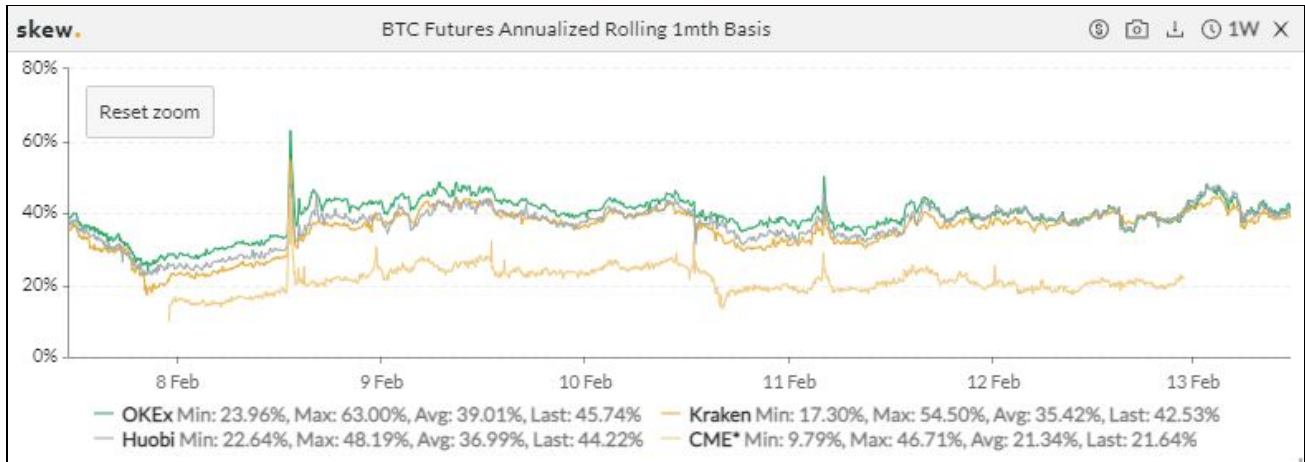


Macro, Technicals & Order Flow

Bitcoin



- Bitcoin smashed through prior highs on the Elon-effect. Although popular culture has tended to move BTC in the past, this time it's driven by the world's richest man. Treasury inflows are expected to continue – longer-term holders, constricting supply.
- The high-lows are indicating a break of 50,000 this week. We expect some derivative stops above this level, and may see short-term follow through on liquidations.
- Grayscale [added](#) 4,693 BTC to its [Bitcoin Trust](#) this week, totalling 653,825 BTC, a 0.72% increase from the prior week. The trust currently holds 3.51% of all circulating Bitcoin.
- The number of Bitcoin addresses with over 1k BTC continues to increase, suggesting that major investors or funds are planning to hold.
- The futures basis has been trending increasingly positive with the topside volatility. We expect the premiums to hold through the next 50,000 break.

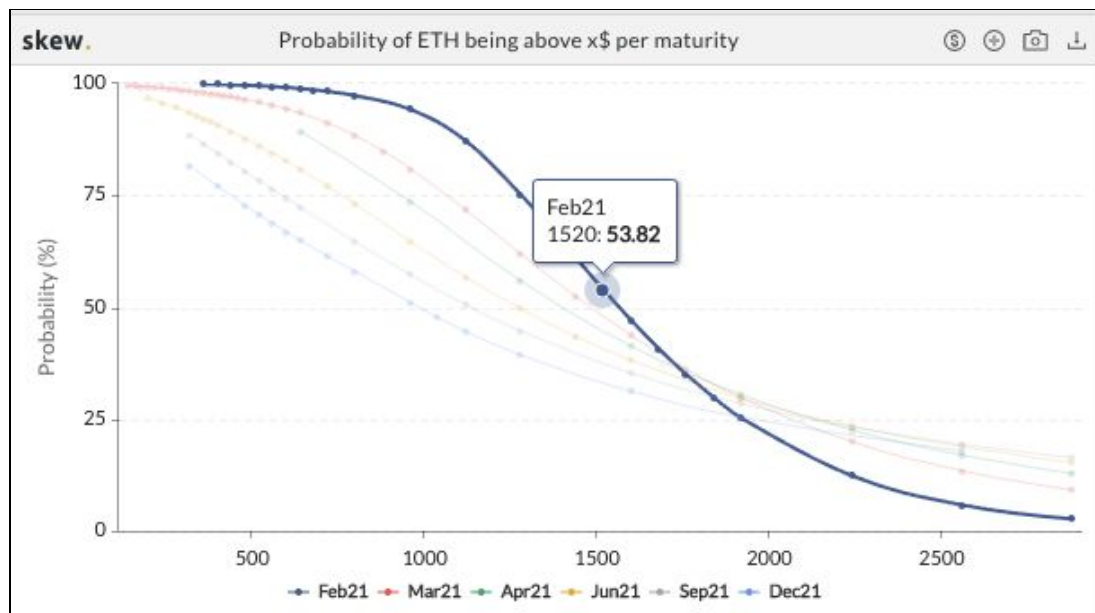
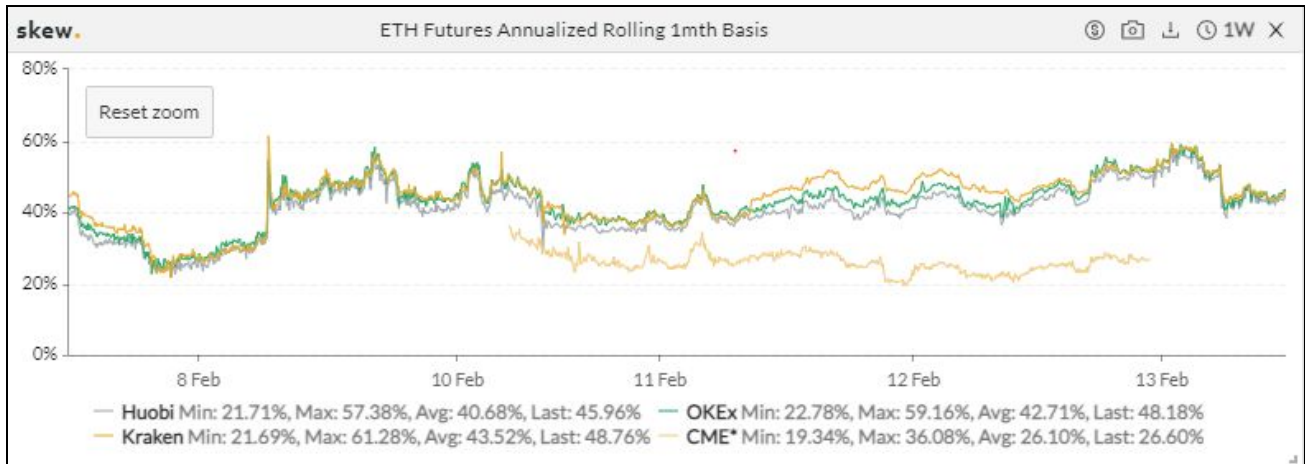




Ethereum



- Ethereum continues to perform, following a similar ascending channel to bitcoin.
- Key level sits at the 2,000 psychological level. The market is getting increasingly long given DeFi inflows, and given we now have robust price discovery on the CME, we expect some mediation from here. A re-test of support would likely not fall below 1,600 give how bullish unleveraged TWAP buying is at the moment.
- Grayscale [added](#) 92,297 ETH to its [Ethereum Trust](#) this week, totalling 3.13m ETH, a 2.91% increase from the prior week. The trust currently holds 2.73% of all circulating Ethereum.
- The [total value locked](#) in DeFi projects rose to \$40.6 billion, an 22.40% 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 [3,069,090](#), an increase of 3.66% from last week. This represents 2.68% of the total supply estimated to remain locked for 1 - 2 years.
- The ETH futures basis has had a slow start on the CME in terms of premium, but is generally following the patterns of the crypto exchanges. We expect increased activity here by the institutional players in the coming months.





What to Watch

- Tesla's annual report revealed that its allocation was around [7.7% of its gross cash to bitcoin](#). Will this news spark other major corporations to emulate the electric vehicle maker by allocating their treasuries? Ned Segal, Twitter's chief financial officer, stated that [Twitter](#) discussed the possibility of adding crypto assets into its books.
- Some Ethereum-based projects have shut down due to rising gas fees, such as [Unite](#) who aimed to offer social media tokens. The average cost of using Ethereum has been increased by a staggering 35,600% since last January. This drove more ethereum users to trade on ethereum's second layer solutions. More than 40,000 transactions are occurring in [Loopring](#) every day. Will the expensive gas fees promote the construction of ETH 2.0 or prohibit the development of ethereum?
- Australian financial regulators, [ASIC](#), started taking an open position to bitcoin exchange-traded funds (ETF) as long as investors are protected by the proper rules, revealed by a report in the Australian Financial Review. The shift in regulators' attitudes represented a significant signal for crypto adoption in Australia, as the government is willing to discuss the opportunity, implications, and risks associated with the listing of structured retail products. Who will be the first one to list its bitcoin ETF in the Australian market?

Insights

- [Ethereum: Settlement Layer for the Digital Dollar](#) - A brief breakdown of why ethereum works as a settlement for USD-backed stablecoins; their transactional advantages, storage value, utilities in trading and earning yield.
- [Traditional Metrics in Digital Assets](#) - An explanation of the metrics behind digital assets and how key ratios are utilised to analyse trends in bitcoin and ethereum.



ZEROCAP

Weekly Market Wrap

7 February 2021 – 13 February 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	Treasury Yields
BTC	ETH	PAXG	S&P 500, ASX 200, VT	HYG	CRBQX	U.S. 10Y