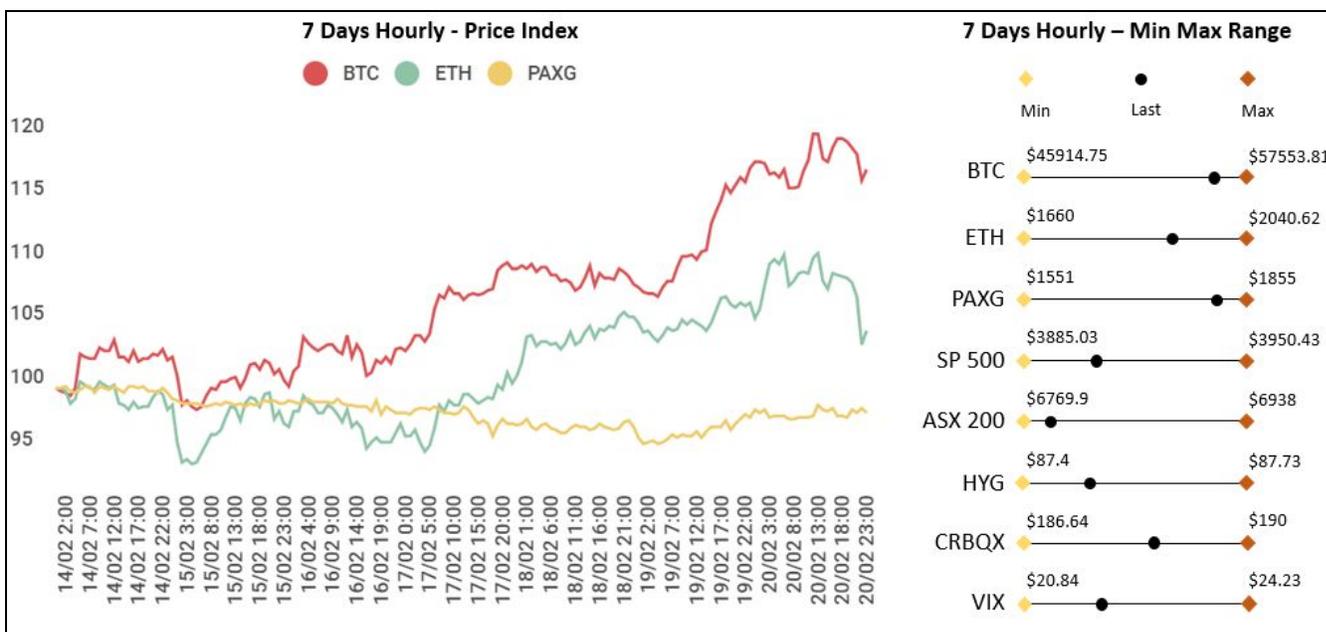


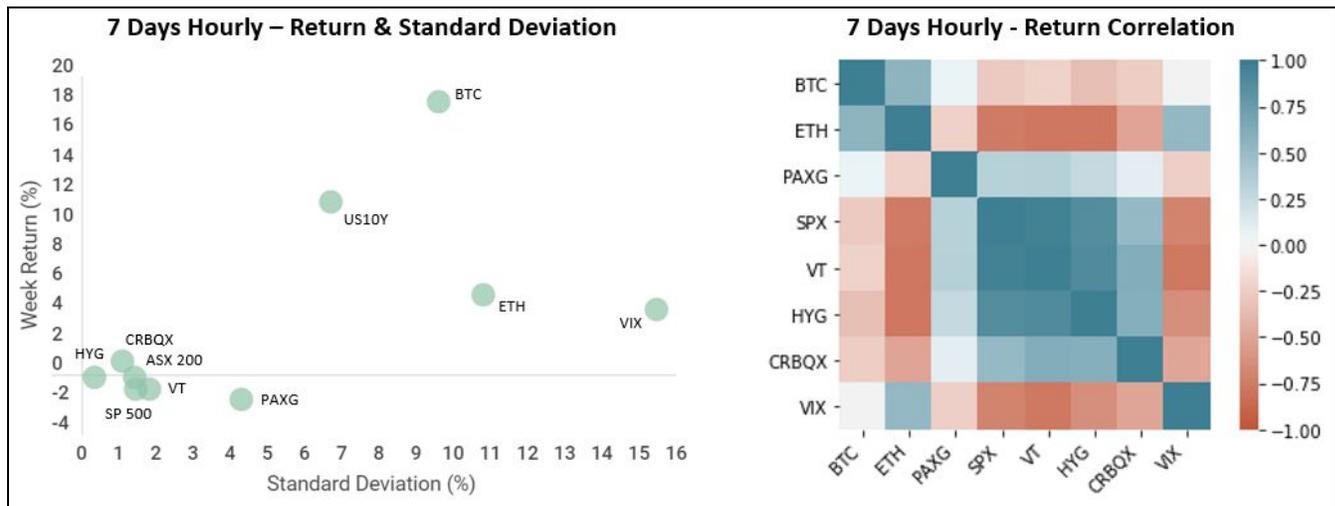


Week in Review

- Bitwise Asset Management launched the world's first [DeFi crypto index fund](#).
- MicroStrategy issued \$900 million worth of [convertible notes](#) to purchase bitcoin.
- Financial services firm New York Digital Investment Group (NYDIG) applied to offer a [bitcoin exchange-traded fund \(ETF\)](#) through the U.S. Securities and Exchange Commission.
- [Two Bitcoin ETFs](#) are now available on the Toronto Stock Exchange.
- [BlackRock](#) Chief Investment Officer of global fixed income Rick Rieder stated that the company started to “dabble a bit” in bitcoin in a CNBC interview.
- Digital artworks marketplace MakersPlace partnered with [Christie's for its first ever auction of a non-fungible token \(NFT\)](#) without any accompanying physical artwork, and ether (ETH) is accepted as one of the payment options.
- The increased interest in [PancakeSwap](#) led Binance Smart Chain to become the largest DEX and Binance Coin (BNB) as the third largest cryptocurrency.

Winners & Losers





- MicroStrategy’s announcement boosted its bitcoin stash again and money manager BlackRock’s “dabbling” in the cryptocurrency drove bitcoin past 50,000 earlier last week. It led the [bitcoin market cap to surpass \\$1 trillion](#) on Friday. This significant milestone fueled bitcoin to blast higher at the end of the week. Bitcoin closed the week at 55,936 with an 18.36% return.
- ETH passed 2,000 for the first time last week, smashing new records several times along the way. The main driver of ether price surge was the momentum from bitcoin and the [non-fungible token \(NFT\) sales](#) boom. ETH closed the week at 1,916.4 with a 5.28% return.
- Global equities experienced a pullback last week. The U.S. Congressional hearings on the recent GameStop trading frenzy impeded the U.S. equity market growth. The price of 10-year U.S. government bonds kept falling across the week, sending its yield to the highest level in nearly one year (1.35%).
- The Gold price dropped by 1.73% on higher treasury yields. The VIX slightly increased but was buffered by the positive vaccination news. The ongoing Washington negotiations over U.S. fiscal-aid packages will significantly affect the global economic recovery progress. Keep an eye on these outcomes.

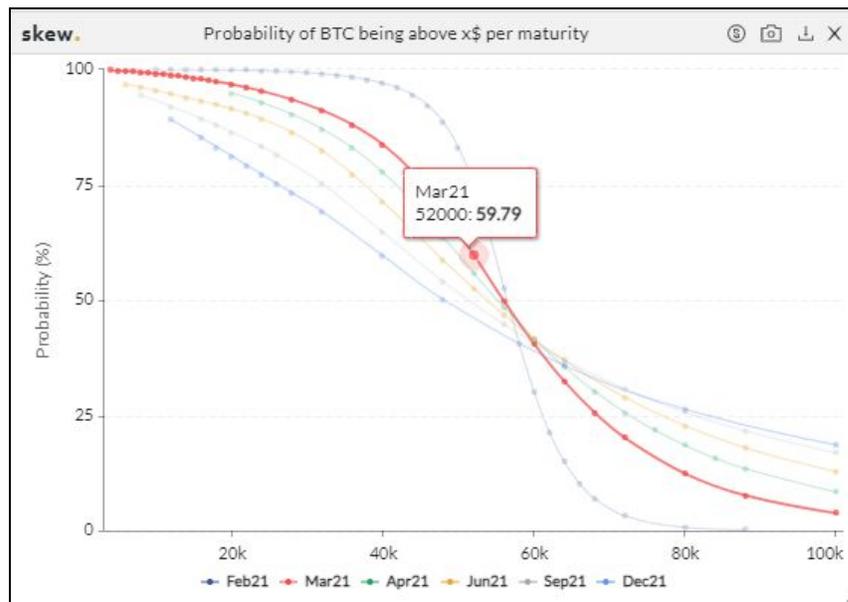


Macro, Technicals & Order Flow

Bitcoin



- We saw the break of 50,000 last week, and some very convincing follow-through.
- What's interesting about the current scenario is the amount of long-term capital entering the space as opposed to the 2017/18 boom and bust. Current participants are restricting supply with long-term treasury application and a view to hedge out long-term flows.
- Microstrategy [announces](#) that it intends to offer another \$600 million aggregate principal amount of convertible senior notes, planning to use the net proceeds to acquire more bitcoins.
- Grayscale [added](#) 1,640 BTC to its [Bitcoin Trust](#) this week, totalling 655,465 BTC, a 0.25% increase from the prior week. The trust currently holds 3.52% of all circulating Bitcoin.
- Downside risks include record record open interest in derivatives, leading to an increasingly long-sided and leveraged market.
- The futures basis is still strong, and should continue to be with USD liquidity constraints in the crypto sphere.





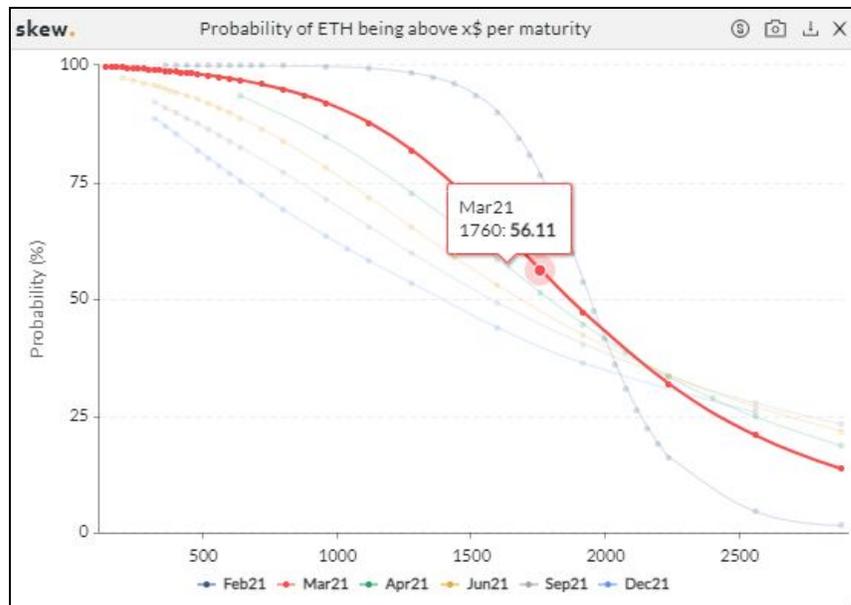
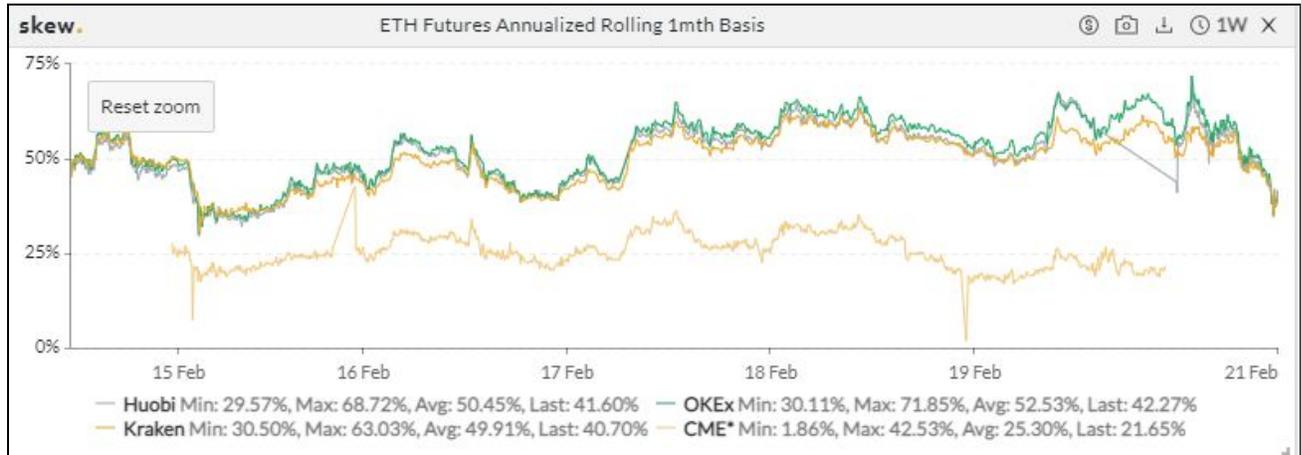
Ethereum



- A picture-perfect false break above 2,000 to what now looks to be a retracement back into the range. The ascending trendline at 1,655 should provide some longer-term support from late December.
- Notably Layer 1 blockchains have been rallying fairly substantially the last few weeks. Cardano, Polkadot, Solana amongst others. We were paying up to \$45 USD per ETH transaction at some points over the past week. The market is screaming out for alternatives, or Layer 2's that can help with scaling.
- Grayscale [added](#) 27,480 ETH to its [Ethereum Trust](#) this week, totalling 3.16m ETH, a 0.88% increase from the prior week. The trust currently holds 2.75% of all circulating Ethereum.
- The [total value locked](#) in DeFi projects rose to \$42.91 billion, an 5.67% increase from last week.
- The amount of ETH in the ETH 2.0 staking contract currently sits at [3,179,618](#), an increase of 3.60% from last week. This represents 2.77% of the total supply estimated to remain locked for 1 - 2 years.



- ETH futures have retraced their futures premium back to normal levels. This is a function of better price discovery on the CME with more liquidity and a nice healthy retracement getting underway.





What to Watch

- Binance Coin (BNB) soared to over \$40 billion in market cap, surpassing Tether as the third largest cryptocurrency behind bitcoin and ether. Its price also jumped by over 578% since the start of the year. Will the rapid surge of BNB price further cement Binance as the largest cryptocurrency exchanges by trading volume? Will Binance's PancakeSwap maintain the leading role among DeFi projects? How will other exchanges reference and compete with Binance's strategy?
- Non-fungible token (NFT) sales are seeing a boom, as more than [\\$100 million](#) crypto collectibles have been sold in the past 30 days. A digital [spiderman drawing](#) by a Marvel Comics artist was sold for 12.75 ETH (around \$25,000) after being converted into an NFT. Even one of the most famous auction houses, Christie's, announced its first-ever pure digital artworks. Is this a sign that art is changing? Or should we be cautious that the NFT surge will crash because ultimately these can be reproduced?
- Swiss Canton of Zug became the first region accepting both bitcoin and ether for [tax payment](#). How many people will prefer to pay taxes with bitcoin and ether, especially given their prices are skyrocketing? What are investors' current attitudes on cryptocurrency's monetary function?

Insights

- [Crypto's integration into the Australian financial system](#) - An overview covering the financial and regulatory integration of digital assets and what's needed to ensure Australia is not left behind.
- [Robinhood, GameStop frenzy players face Congressional questioning](#) - An analysis by Forkast, containing Zerocap Principal Trent Barnes's insights on how GameStop drama is continuing to accelerate uptake of crypto and decentralized finance (DeFi).



ZEROCAP

Weekly Market Wrap

14 February 2021 – 20 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