



# ZEROCAP

## Weekly Market Wrap

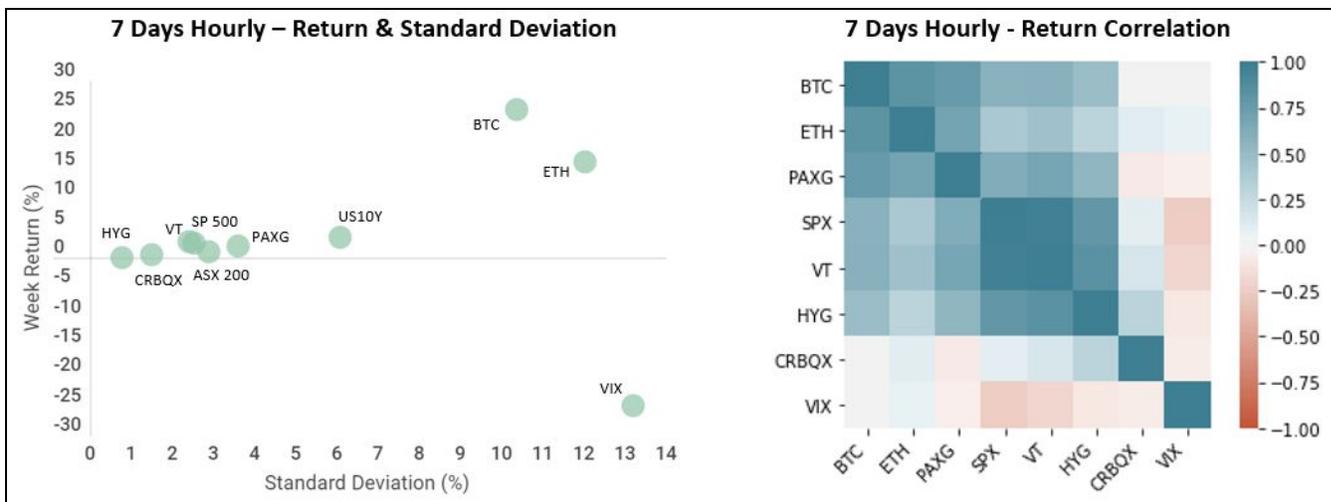
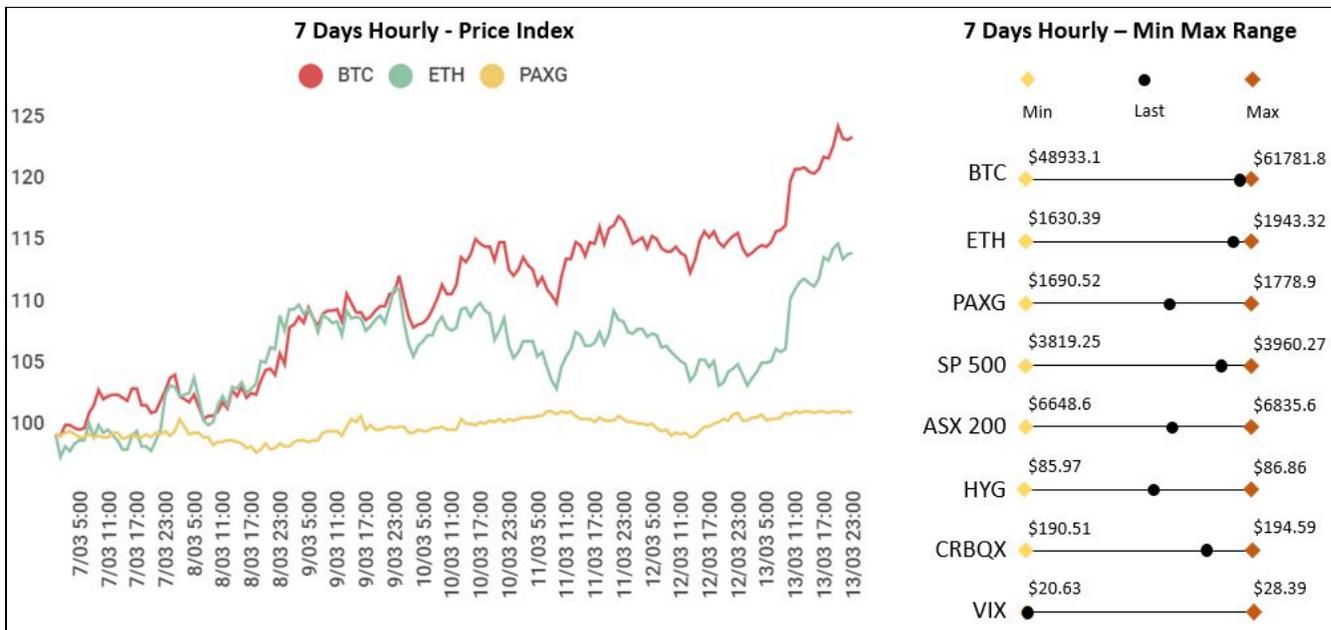
7 March 2021 – 13 March 2021

### Week in Review

- JP Morgan [announces](#) it will issue a structured note offering for a cryptocurrency basket, giving investors exposure to bitcoin-holding companies such as Microstrategy and Square.
- Norway listed company sets up an [investment arm](#), allocating \$58 million to Bitcoin and digital asset ventures.
- BlockFi, a digital asset lending platform, [raises](#) \$350 million valuing the company at \$3 billion.
- Amazon Web Services now [supports](#) the Ethereum network, allowing users to set up nodes easily.
- Stablecoin transactions on public blockchains [have surpassed](#) \$1 trillion in volume in 2020.
- Christie's [offered](#) its first NFT created by digital artist Beeple, selling for \$69.3 million with payment made in ETH.
- US lawmakers introduced [legislation](#) to create a digital asset task-force responsible for updating federal crypto regulations.
- Still in its trial program, Chinese banks implement the [Digital Yuan](#) into Shanghai stores.
- American ETF WisdomTree applied for a [crypto ETF](#), joining funds like NYDIG, Valkyrie and VanEck.
- The volume of South Korea's crypto exchanges [has surpassed](#) their stock market.
- Students in Georgia, US will have crypto-focused classes in high school through the new financial literacy [bill](#).



### Winners & Losers



- Monday saw bitcoin gain support above 50,000, resuming the asset’s uptrend. From Goldman Sachs to JP Morgan, the week was awash with institutional players further building their institutional offerings around the crypto space. On Saturday, a new all-time-high was reached at 61,781 before falling back to the ~59,000 to mark the end of the week with a 15.83% return.



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- Similarly, Ethereum had a positive week, finding new support above 1,700. General sentiment combined with the [hype](#) surrounding the non-fungible token (NFT) market saw price reach 1,943 on Saturday alongside BTC's new all-time high before retracing to end the week at 1,848, a 12.34% return from Monday's open at 1,729.
- The U.S. Treasury yield rate continued to increase, closing the week at 1.64%. Despite yield increases, the global share market dip was short-lived with the S&P up over 2.5%.
- Despite opening at its lowest price since June 2020 (US\$1,683/oz), the gold price has recovered slightly alongside the stock market to close the week at 1,726. The VIX plummeted to 20.7. We still feel the VIX is underpricing potential volatility from stock markets and interest rates, resulting from inflation which may pick up in the coming months.
- Despite lower VIX returns this week and a positive week for equities, we saw High-yield Corporate bonds range, continuing their slight downside momentum. We could be seeing some nervousness around the cost of capital and leverage. We are not out of the Covid woods just yet.
- The knock-on effect of this is that we've seen value stocks outperform growth stocks for the fourth week in a row. Who would've thought that strong balance sheets in times of uncertainty would perform? We are seeing some sector rotation here, and we expect this to continue. Dividend yields and value are emerging themes, and have not yet fully captured the mainstream media. Keep an eye on this.



### Macro, Technicals & Order Flow

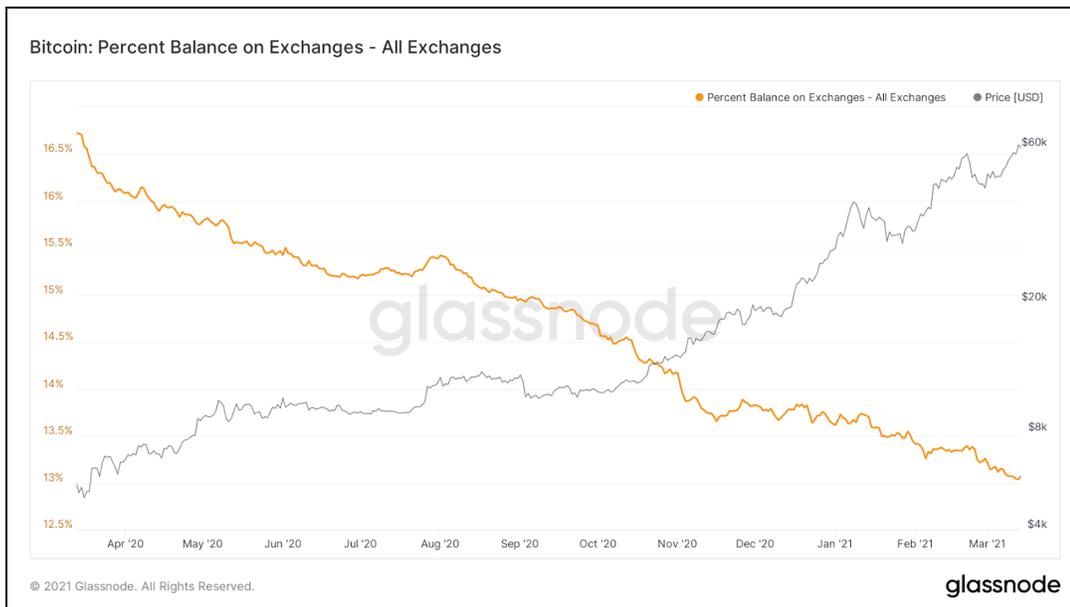
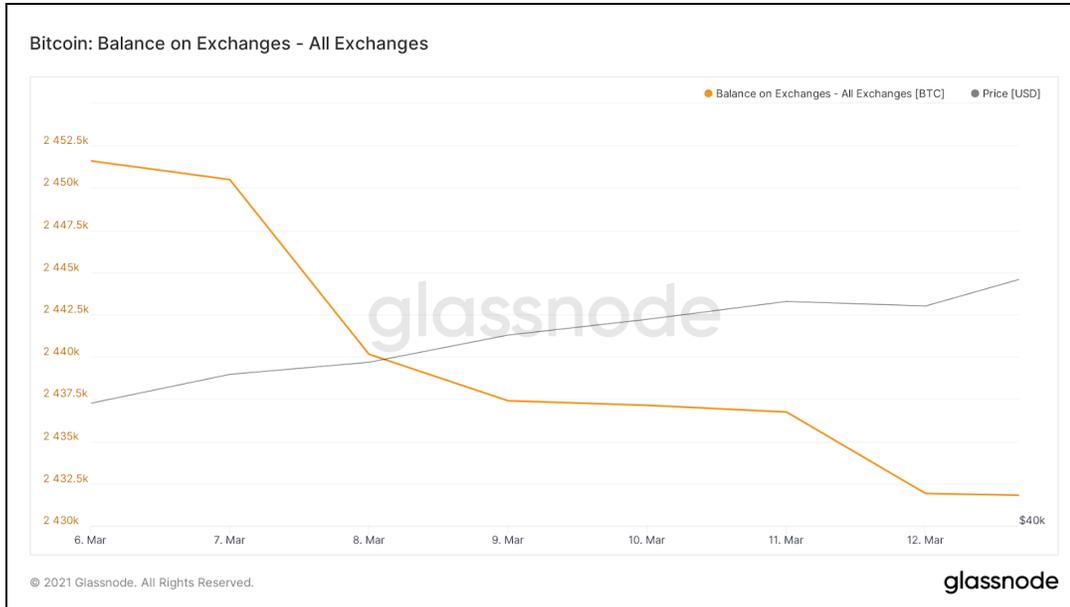
#### Bitcoin

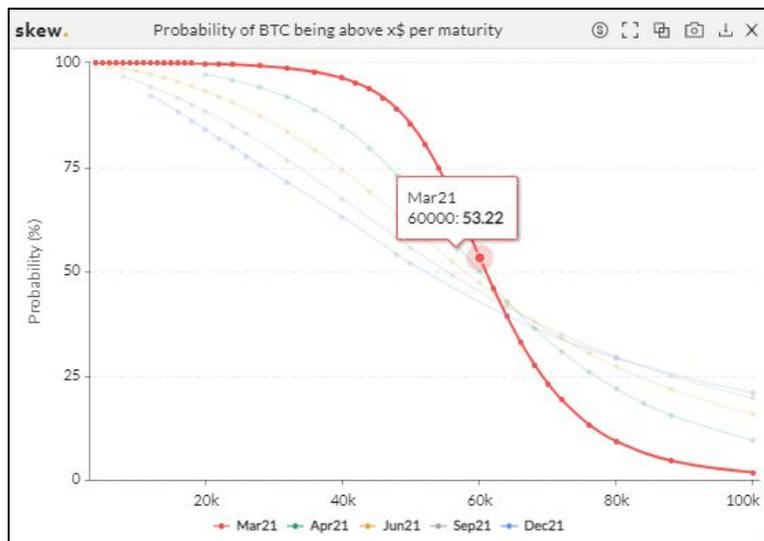
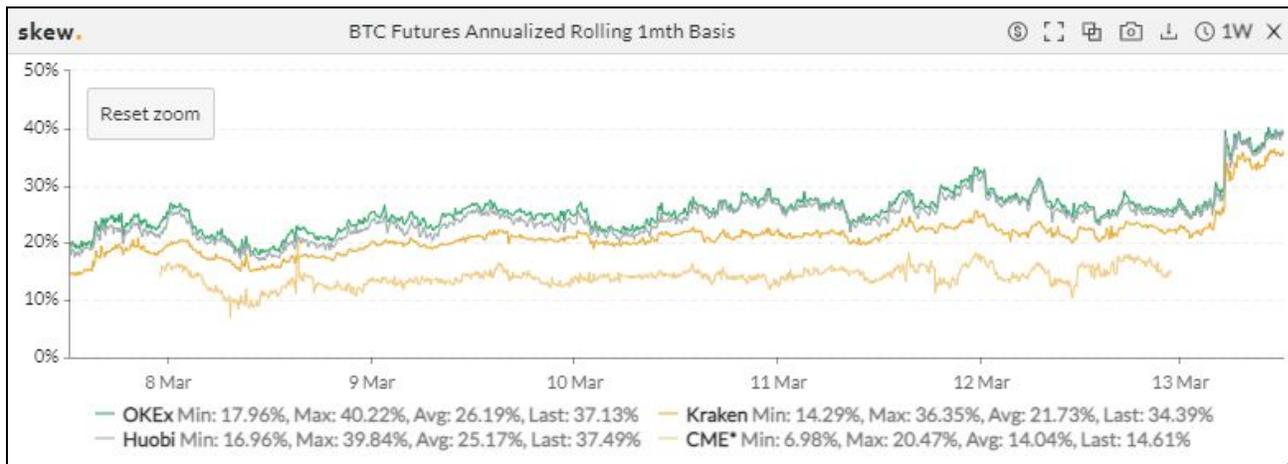


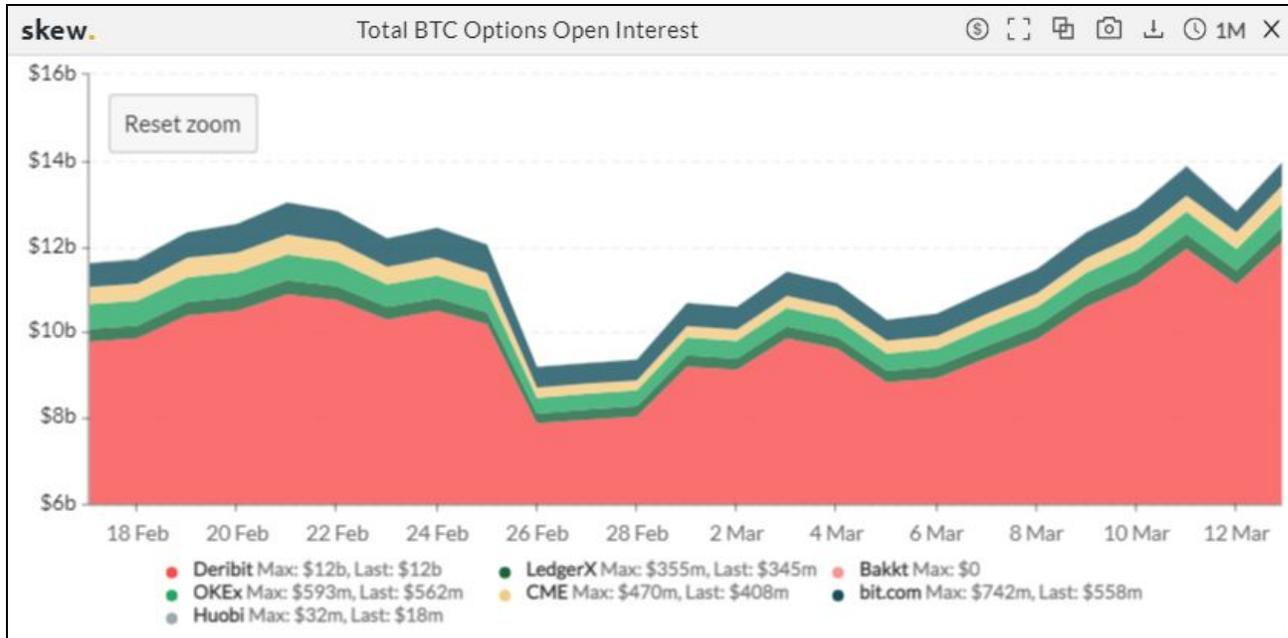
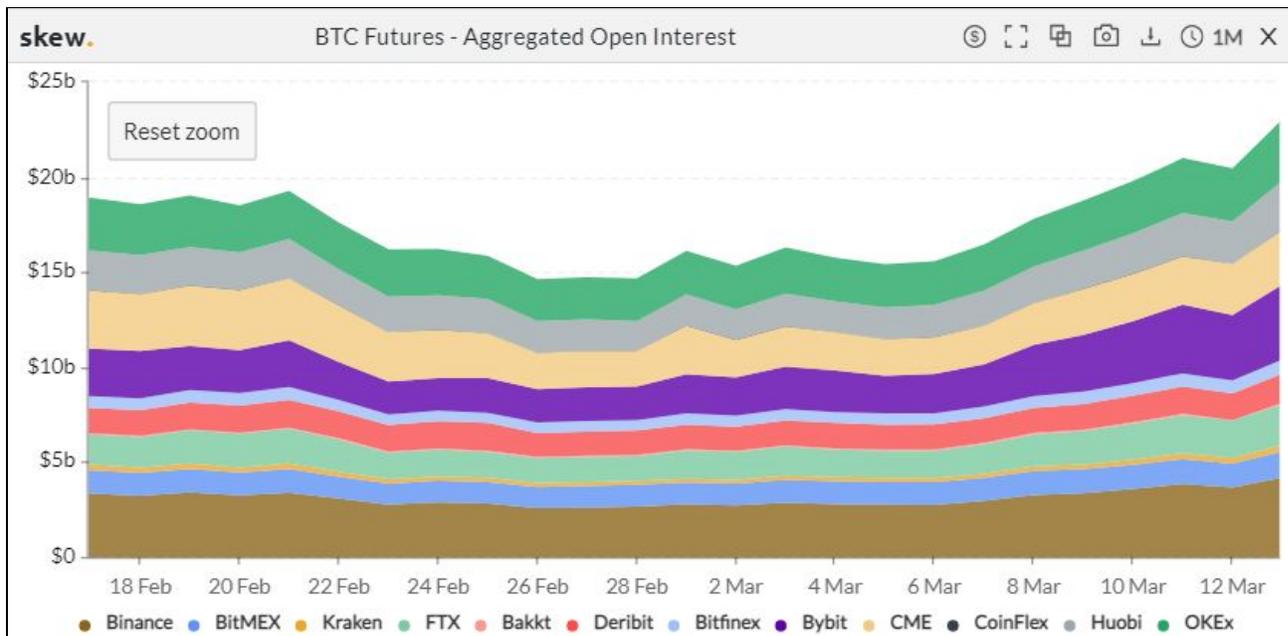
- A clean break above 60,000 has marked a new all-time high, but can it hold in the short-term? At the moment it looks like a false-break, but European flows should open into Monday and give us some direction.
- The basis went wildly positive, and has now compressed into Monday (15th March). We've had a relatively long run, and price could be extended. However, on-chain data is showing increasing outflows from exchanges which often leads to sell-side volume becoming muted.
- On balance, we are expecting a short retracement back into high 50,000's, before another leg to the topside within the next fortnight.
- Primary drivers of the next move will likely be newsflow – Valkyrie [filed](#) for an ETF that invests in companies that hold Bitcoin in their balance sheets, Goldman Sachs have [reported](#) an increasing demand from clients for Bitcoin. JP Morgan is increasing their



narrative around this asset class. We suspect that these are primers for impactful headlines over the coming weeks.









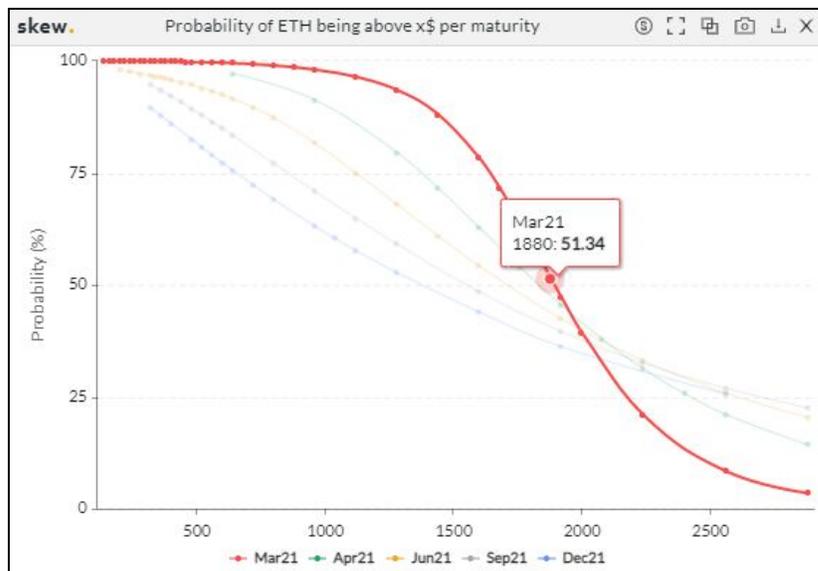
### Ethereum



- NFTs continue to thrive with ETH being the primary benefactor of its volumes. Ethereum didn't break prior highs, but scaling solutions are incoming and there is capital on the sidelines ready to move when initial results of these protocols become apparent.
- Vitalik Buterin, co-founder of Ethereum, is considering moving forward with migrating to Proof-of-stake earlier than expected. Newsflow and target dates on this could also prove the impetus for breaking highs.
- Grayscale's [Ethereum Trust](#) balance [decreased](#) by 1,484 ETH this week, totalling 3.17m ETH, a 0.05% decrease from the prior week. The trust currently holds 2.76% of all circulating Ethereum.
- DeFi continues to capture attention as BlockTower [raises](#) \$25 million for their DeFi fund.
- The [total value locked](#) in DeFi projects increased to \$44.9 billion, an 13.45% increase from last week.
- The amount of ETH in the ETH 2.0 staking contract currently sits at [3,524,450](#), an increase of 2.84% from last week. This represents 3.06% of the total supply estimated to remain locked for 1 - 2 years.



- The ETH futures basis followed BTCs - up to a 40% annualised premium, and now as I write this, back into the range. We are in for an interesting week!





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### What to Watch

- Funding rates for crypto perpetual futures are [high](#) again. What will this mean for crypto yields in the week to come?
- The price surges in other blockchains such as Cardano (ADA) and Binance Coin (BNB) have ridden on the coattails of Ethereum's scalability issues. With Optimism and ImmutableX coming out this month, will the market start to price in the success of Ethereum's scaling solutions?
- U.S. 10Y Treasury yields continue to [rise](#), raising concerns for higher risk assets such as tech stocks and digital assets. However, Bitcoin has made a new all time high during this period to \$61k. Will Bitcoin continue to show strength in spite of, or rather because of, the current macro environment?

### Insights

- How Asset Devaluation is Eating Your Purchasing Power: Detailing the domino effect of asset devaluation in the current global climate, and how cryptocurrencies such as bitcoin pose a solution to preserve portfolio wealth through its deflationary nature and intrinsic value.

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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