



# ZEROCAP

## Weekly Market Wrap

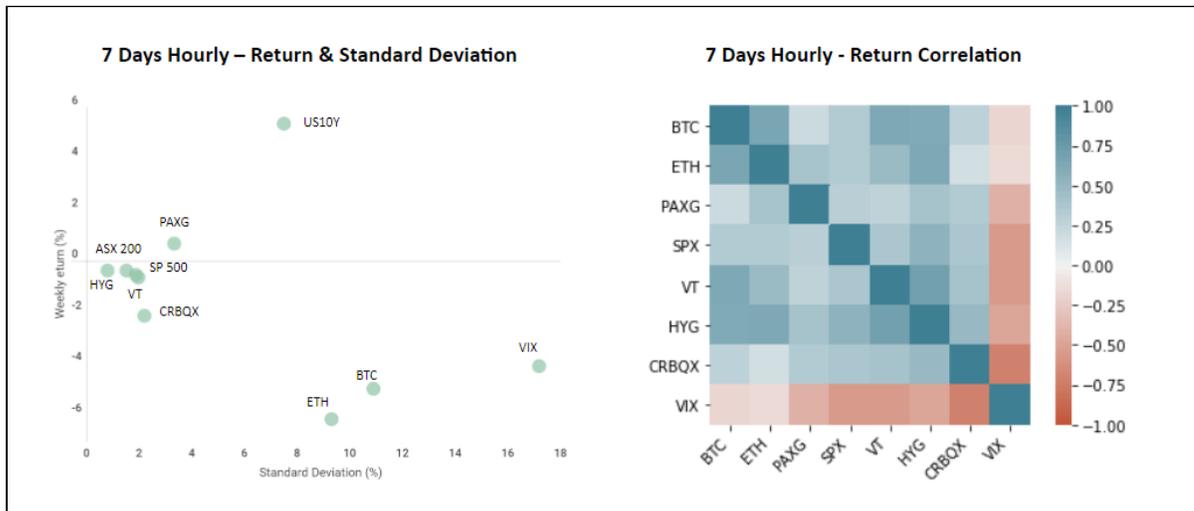
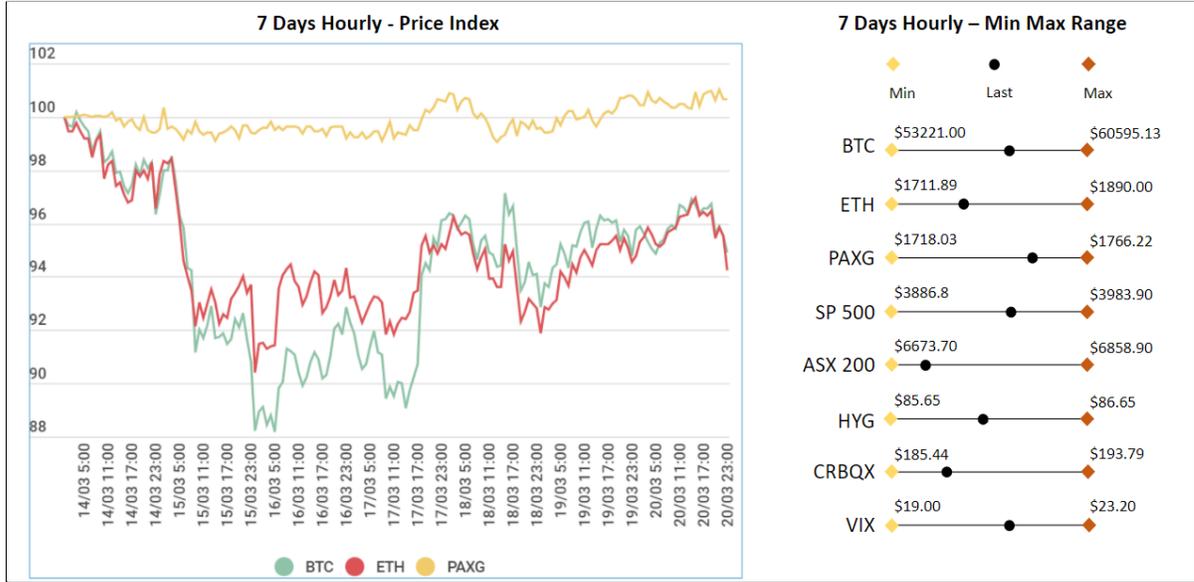
15 March 2021 – 21 March 2021

### Week in Review

- The Federal Reserve triggers a muted rally on stocks and crypto by [signalling](#) there will be no increase in yield rates at least until 2023.
- Morgan Stanley [rumoured](#) to invest in Bithumb, a cryptocurrency exchange based in Korea.
- Hong Kong listed company, Meitu, [buys](#) another 16,000 ETH and 386 BTC.
- Deutsche Bank crypto [report](#) states that “bitcoin is too important to ignore”.
- Visa [partners with Crypto.com](#) for cooperative network access and the rollout of credit based on cryptocurrency holdings.
- Fireblocks [raises \\$133 million](#) in funding to bring banks and FinTech to crypto.
- Morgan Stanley plans to offer [three bitcoin funds](#) to high net-worth clients.
- Cryptocurrency inflows hit a record-high in the US of [\\$4.2 billion](#) for Q1 2021.
- Digital asset liquidity provider B2C2 eyes options and lending products for [mid-2021](#) release following its acquisition by SBI Financial Services.
- Americans might use almost \$40 billion from stimulus checks to invest in bitcoin and stocks, according to Mizuho Securities [survey](#).
- Popular trading platform [eToro goes public](#) via US\$10 billion SPAC.
- Brazil's Stock Exchange approves [two new crypto ETFs](#) in Latin America.



### Winners & Losers



- Despite further institutional support from the likes of Deutsche Bank and Morgan Stanley, Bitcoin had a predominantly sideways week, ranging between ~US\$53,221 and US\$61,700. Crypto inflows increased on the back of US stimulus cheques, although the rise of altcoin markets suggest that bitcoin may not have been the predominant benefactor. Similarly, Ethereum had a week of ranging between ~US\$1,711 and ~US\$1,931 and failed to break out



on ETH/BTC charts. Overall, BTC recorded a -4.97% week slightly outperforming ether which ended at -6.16%.

- Gold had a slight recovery from last week's dip, rising to ~US\$1,745/oz to close the week. Gold may have a tough time in the short-term with rising treasury yields, but we feel that the market is still pricing in a shorter recovery to Covid-19 than reality, and this presents some potential safe-haven flows into gold in the medium-term.
- The US 10-yr Treasury yield rate continued to increase, peaking at 1.754% this week. The Federal Reserve announced an extension of its [SLR rule](#), allowing commercial banks to utilise more of their balance sheet with the hope that this will increase demand for treasuries, stemming interest rate growth. Despite best efforts, the overarching message that the Fed will not counter inflation until 2023 feeds the growing narrative that value stocks will increasingly outperform momentum stocks in the coming years.
- The VIX showed little movement this week, closing -0.8 from the weekly open at 21.8. Low volatility was a result of quieter markets and reassurance from the Fed.
- In the coming weeks, we will likely see more reaction to the Fed's decision to hold interest rates down until 2023. This, combined with further stimulus, could see further topside moves in growth stocks and cryptocurrencies. However, the medium to longer-term indicators are favouring value stocks and stores of wealth (Bitcoin) at this juncture.



### Macro, Technicals & Order Flow

#### Bitcoin



- We forecast a short-term false break before moving higher last week. We got the short-term move, but not the follow-through we were expecting. Generally muted markets this week across the board.
- A pennant has formed, which will probably break one way or the other this coming week. Our bet is topside - we are still seeing the institutional bet growing - the Canadian Purpose Bitcoin ETF [broke](#) \$1b in AUM one month after its launch, JP Morgan are releasing crypto products, and much more from other firms on the horizon.
- Furthermore, rising 10Y yields are building more inflationary commentary across the media and the amount of Bitcoin held on exchanges continues to decrease, suggesting an increase in longer-term Bitcoin holdings.

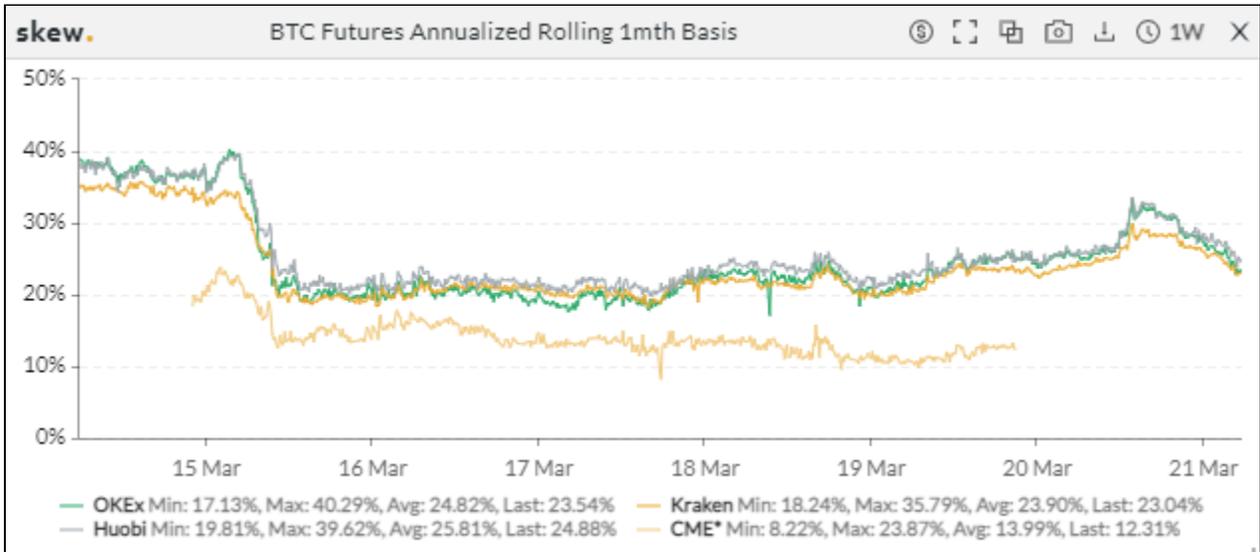


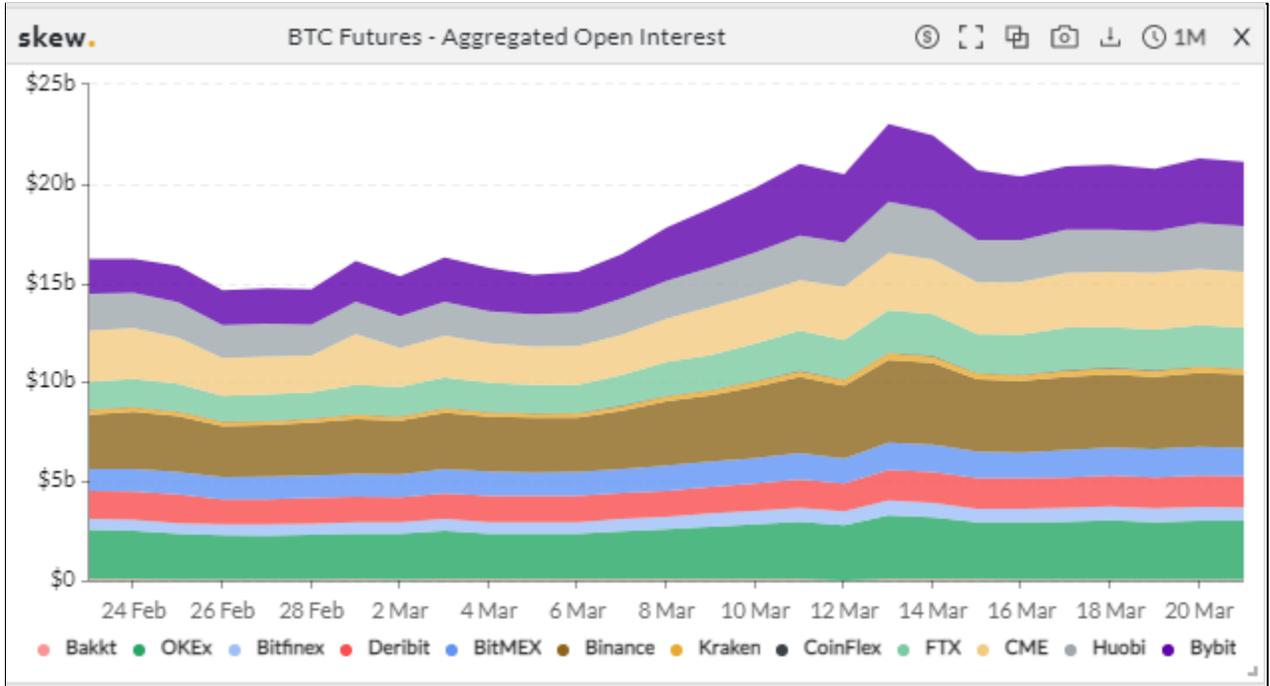
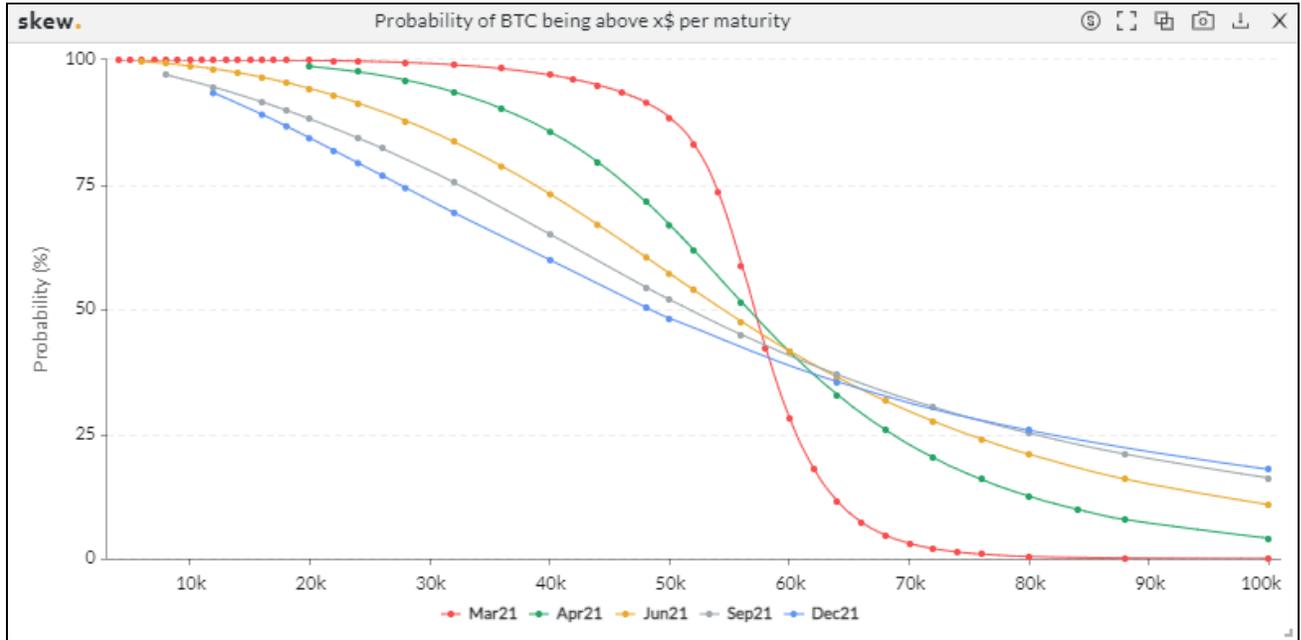
Bitcoin: Percent Balance on Exchanges - All Exchanges

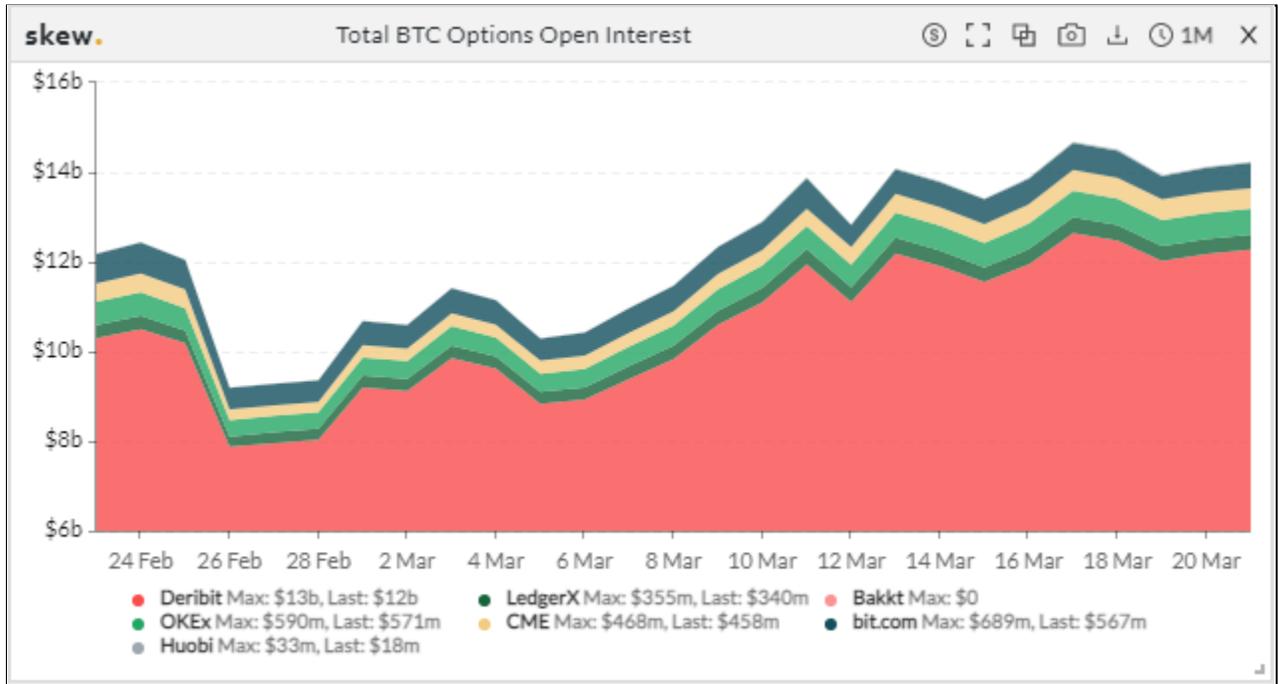


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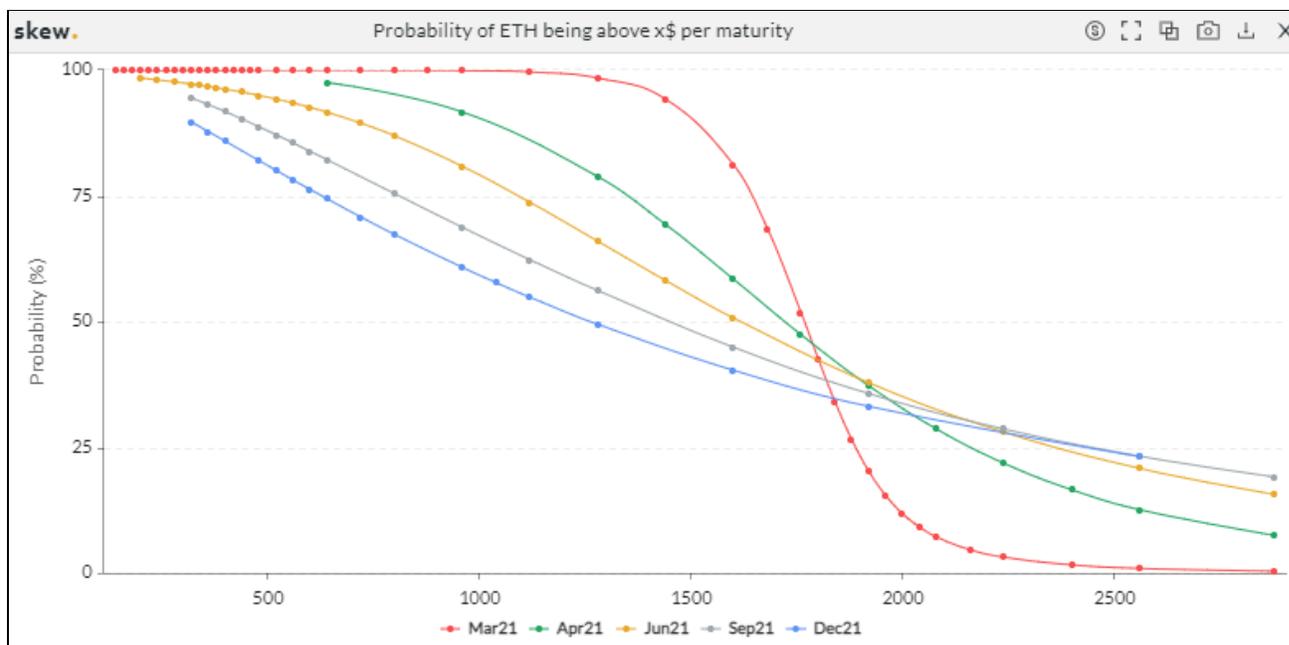
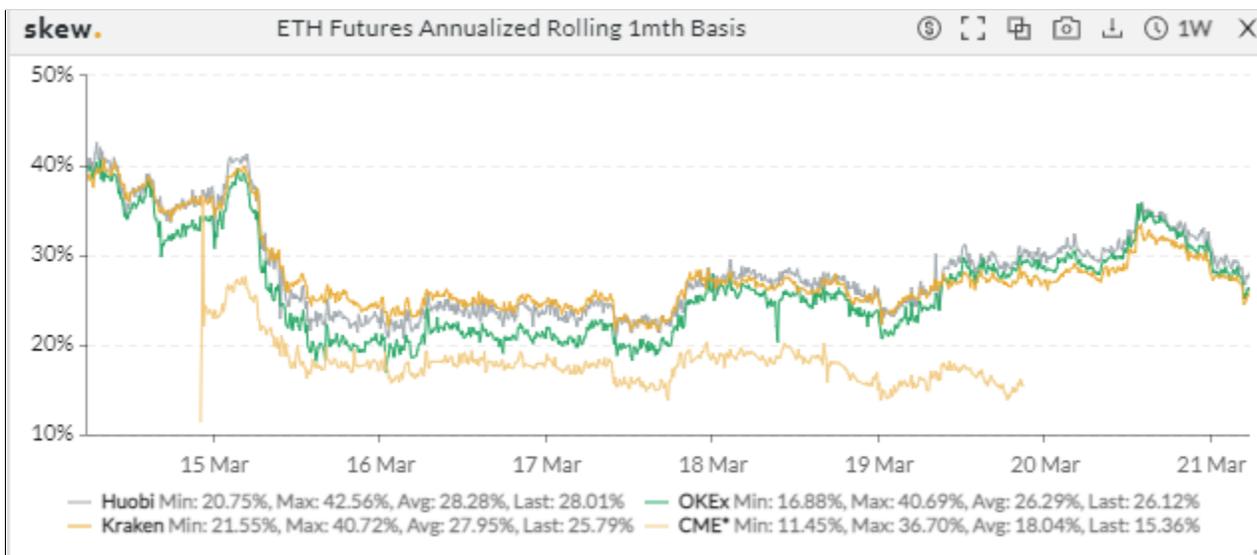
### Ethereum



- Ethereum followed bitcoin and traditional markets this week, ranging around 1,780. In the background the market has been feverishly trading NFTs and watching a number of key developments leading up to the Optimism scaling launch.
- Bank of America came out this week and [said](#) that DeFi is potentially more disruptive than bitcoin, and yet the ETH barely moved. The OTC (off-exchange) markets have still been fairly active.
- The futures basis has been volatile this week, and open interest in derivatives is growing. It feels like we are getting ready for a move.
- Grayscale's [Ethereum Trust](#) balance [increased](#) by 3,160 ETH this week, totalling 3.176m ETH, a 0.1% increase from the prior week. The trust currently holds 2.76% of all circulating Ethereum.
- The [total value locked](#) in DeFi projects decreased to \$43.4 billion, an 3.31% decrease from last week.



- The amount of ETH in the ETH 2.0 staking contract currently sits at [3,560,034](#), an increase of 1% from last week. This represents 3.09% of the total supply estimated to remain locked for ~ one year.





### What to Watch

- Ray Dalio [believes](#) we are in the late stage of the Big Debt Cycle, where cash is continually being devalued via money printing and bonds are becoming less attractive due to low yields. Will this result in an exodus from cash and bonds into non-debt and non-dollar assets? Will America implement tax changes and capital controls in response to capital flight? What does this mean for Bitcoin and its digital gold narrative?
- Morgan Stanley's [offers](#) access to Bitcoin funds to their clients. Will more investment banks do the same?
- Ethereum's scaling solutions, Optimism and ImmutableX comes out this month. Will they successfully address Ethereum's high fees and scalability issues?

### Insights

- [Optimism - The new scaling solution for Ethereum](#): With the potential to reduce Ethereum's current fees by 100x or more, a highly anticipated scaling solution called Optimism is slated to launch this month. Have a look at the technical benefits, challenges and what Optimism might mean for the Ether asset.

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15 March 2021 – 21 March 2021

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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