

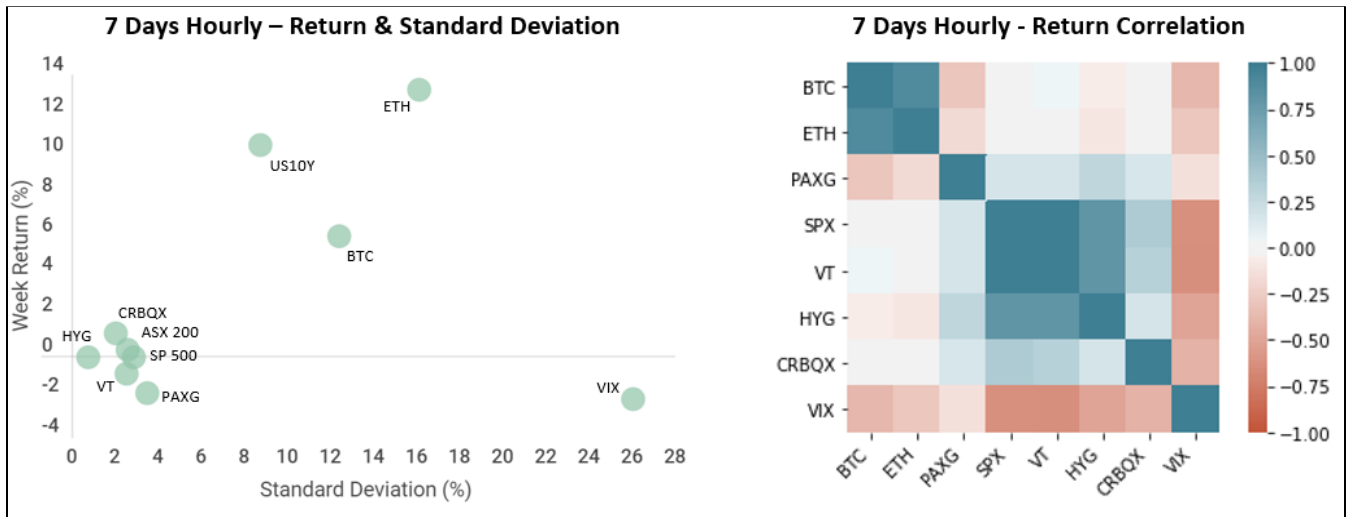
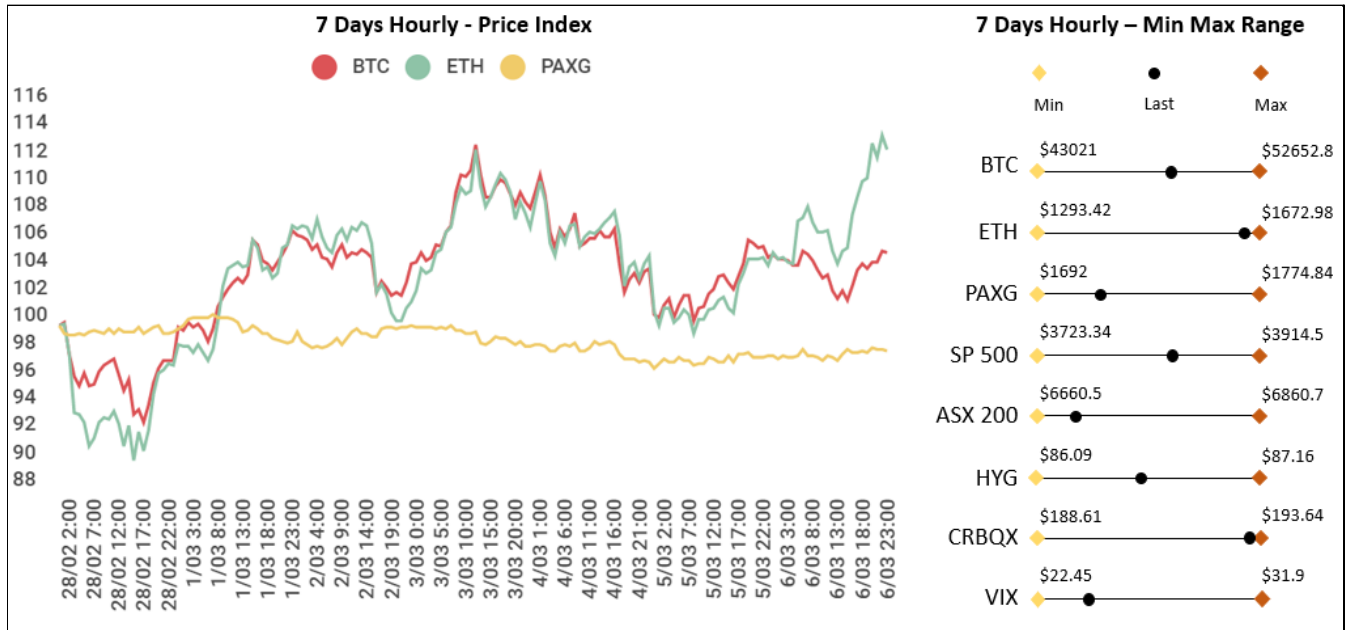


Week in Review

- The Senate [passes](#) the \$1.9 trillion Covid relief bill.
- Paypal [acquires](#) Curvmc, a digital asset custody provider.
- [Amazon Web Services \(AWS\)](#) added Ethereum into its Managed Blockchain service.
- The [Chicago Board Options Exchange \(CBOE\)](#) applied to list shares of VanEck's bitcoin exchange traded fund (ETF).
- [Citibank](#) released a report stating bitcoin is at the tipping point and could be the preferred currency for the international trade.
- [Huobi Asset Management](#) received a license to manage and distribute 100% virtual asset funds, and plans to launch a bitcoin fund, ethereum fund, and a multi-strategy fund.
- Bitcoin miner [Cipher](#) is to go public through a merger with blank-check firm Good Works Acquisition Corp, where the combined company would worth \$2 billion.
- Meitu Inc, listed on the Hong Kong exchange, [announced](#) a purchase of 15,000 ETH and 379.12 BTC as part of their cryptocurrency investment plan approved by their board of directors.
- Microstrategy spent another [\\$10 million](#) on bitcoin after a recent dip and market uncertainty.
- The [Grayscale Bitcoin Trust](#) indicates on their website that they are temporarily closing private placements.
- Bitwise's DeFi Index Fund [raised](#) \$32.5M in two weeks after launch.



Winners & Losers



- After lows at around 44,000 last week, bitcoin gradually staged back, managing to hit 52,652 on Wednesday. However, [the signal of more potential regulations for cryptocurrencies](#) by Biden’s SEC chair nominee dragged cryptocurrencies and risk-seeking



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Weekly Market Wrap

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assets down. However, the bitcoin price quickly rebounded. It closed the week 48.904 with a 6% return.

- Ethereum followed bitcoin, both affected by Gary Gensler and Jerome Powell's talk. However, the booming of non-fungible token (NFT) market enabled ethereum to close the week with a higher return of 13.27% at 1,651.16. The latest in NFT news – [Twitter CEO Jack Dorey](#) is offering his first tweet as an NFT, which is currently bid at \$250M now.
- The U.S. Treasury yield rate experienced another 10% surge to 1.57%, putting government bond prices under heavy pressure. The bond market tug of war between central banks and investors caused weakness on the global share market, compounded by [Powell's dovish statement](#) on Thursday.
- The gold price slid to a 9-month low (\$1716/oz) as the treasury yield kept increasing, with the Fed signalling no immediate move to address the surge in bond yields. The VIX dropped to 24.66. We feel the VIX is underpricing potential volatility from stock markets and interest rates, resulting from inflation which may pick up in the coming months.



Macro, Technicals & Order Flow

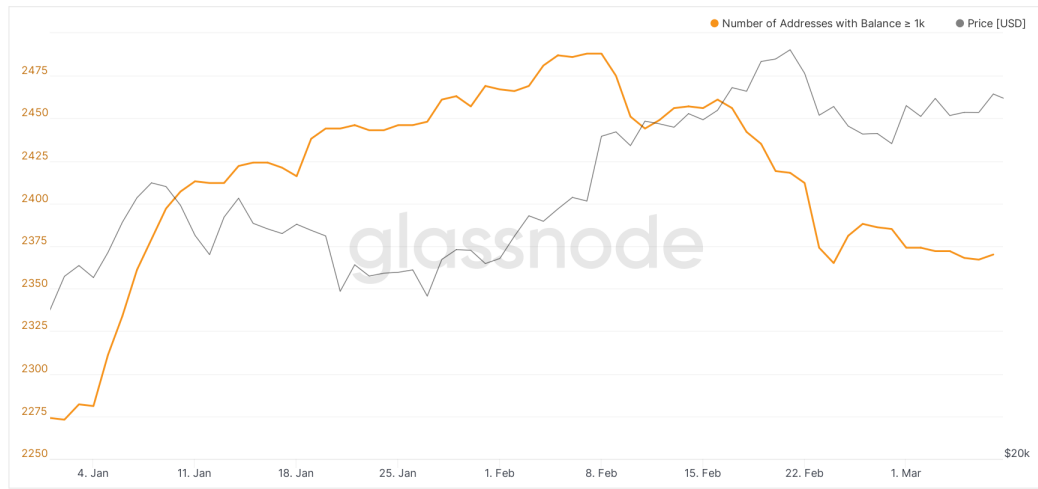
Bitcoin



- BTC key topside level sits at its all-time-high of 58,300. We had forecast a range-bound week, and range it did.
- The intermediary level to close above is 50,600 on the daily chart, exposing the price gap to all time highs. We feel this will break in the next fortnight should newsflow not turn bearish.
- Open interest in the derivatives markets is building again after the recent down-move, and general market sentiment is growing.
- We have seen a downtrend in the number of Bitcoin addresses holding over 1k BTC. However, addresses with more than 0.1 BTC continue to increase, suggesting that larger existing bitcoin holders are reducing BTC exposure, while retail continues to increase theirs.
- The futures basis is ranging. We expect some compression until all-time highs are broken again. There are increasing ways for non-bitcoin firms to gain exposure outside of futures markets, and we believe the basis opportunity may decrease moderately during range-bound conditions when compared to the historical mean.



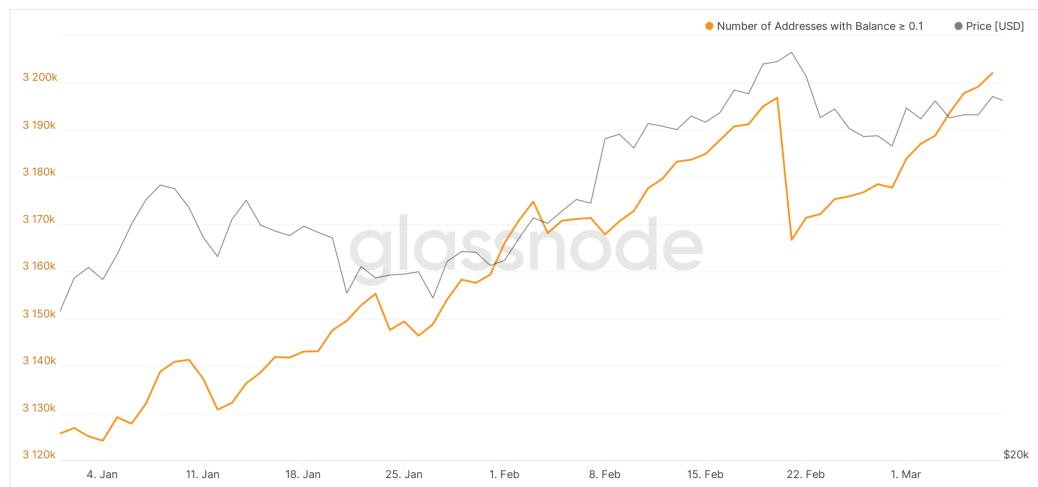
Bitcoin: Number of Addresses with Balance \geq 1k



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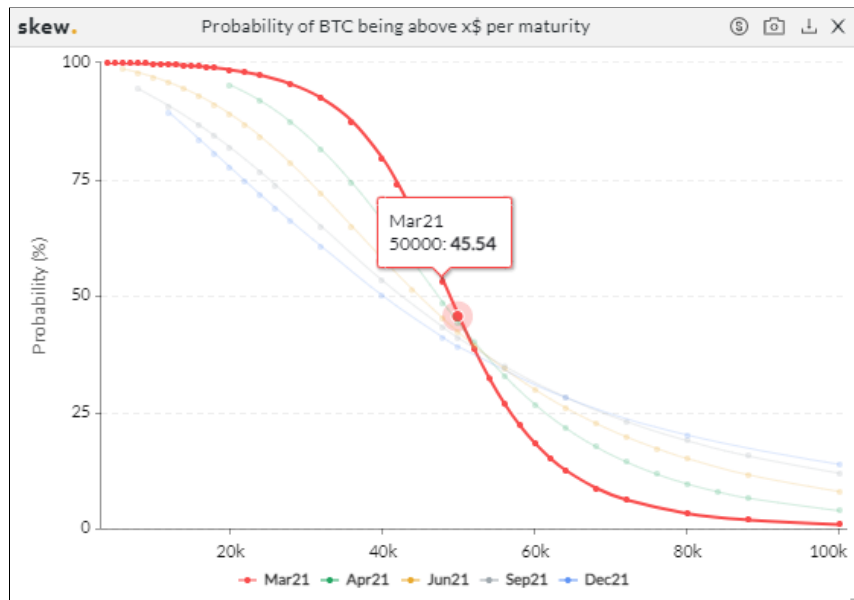
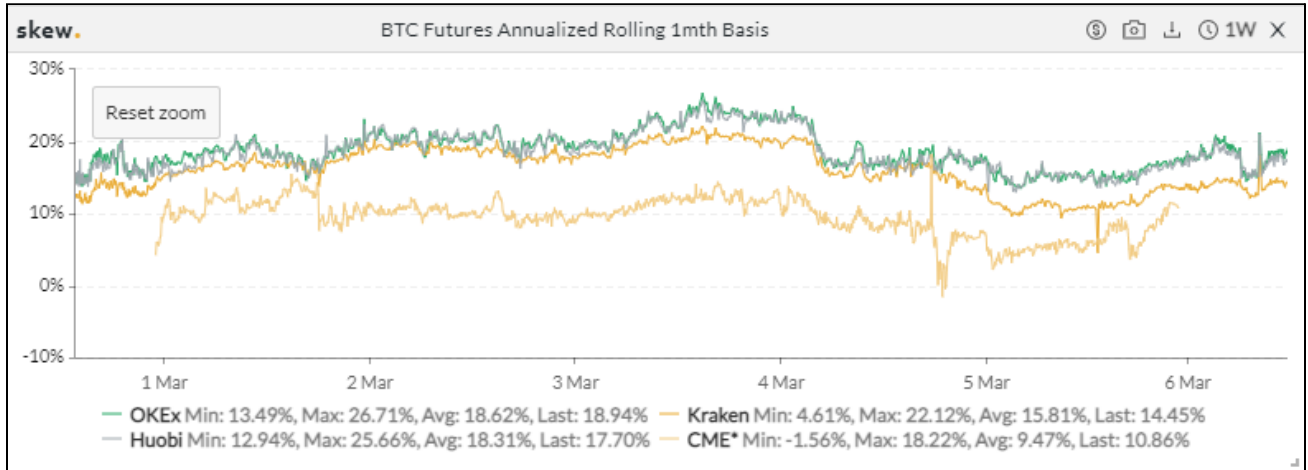
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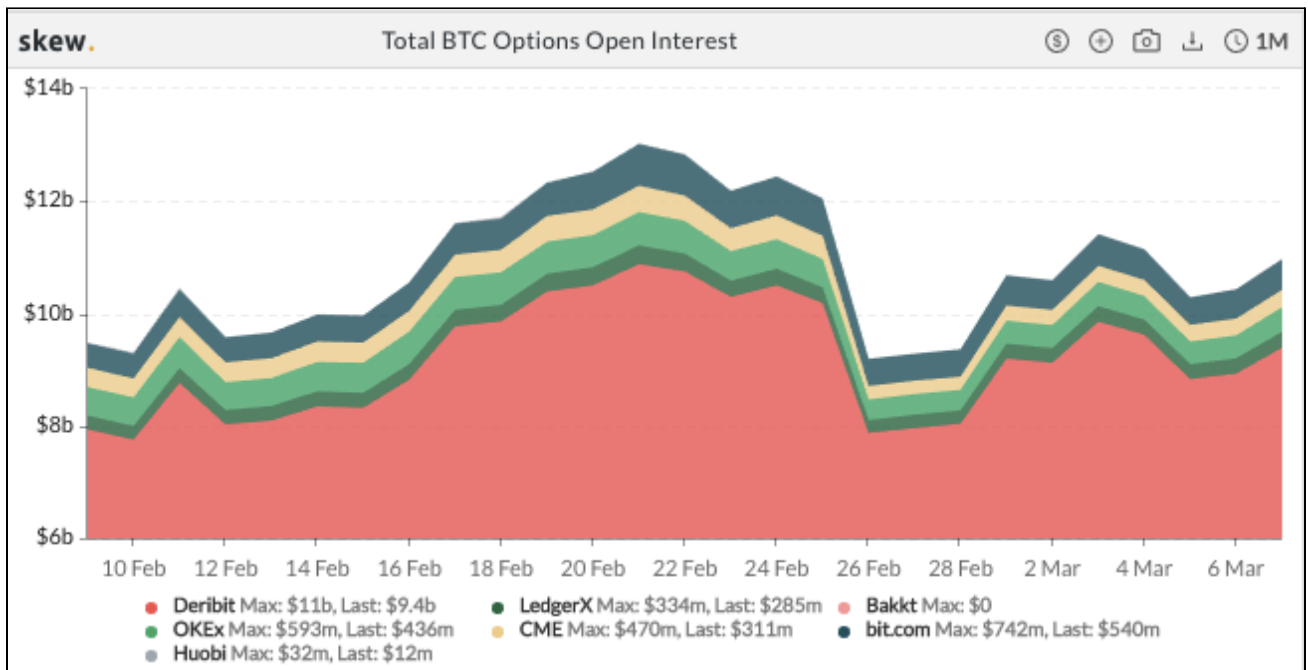
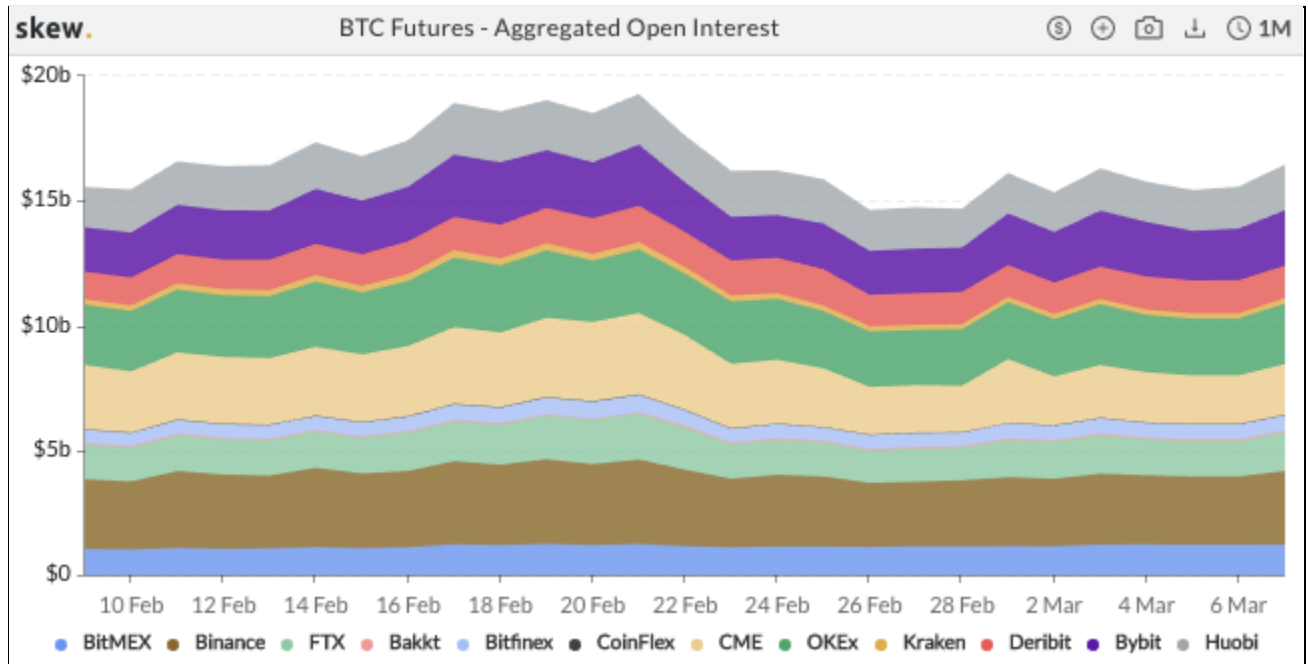
Bitcoin: Number of Addresses with Balance \geq 0.1



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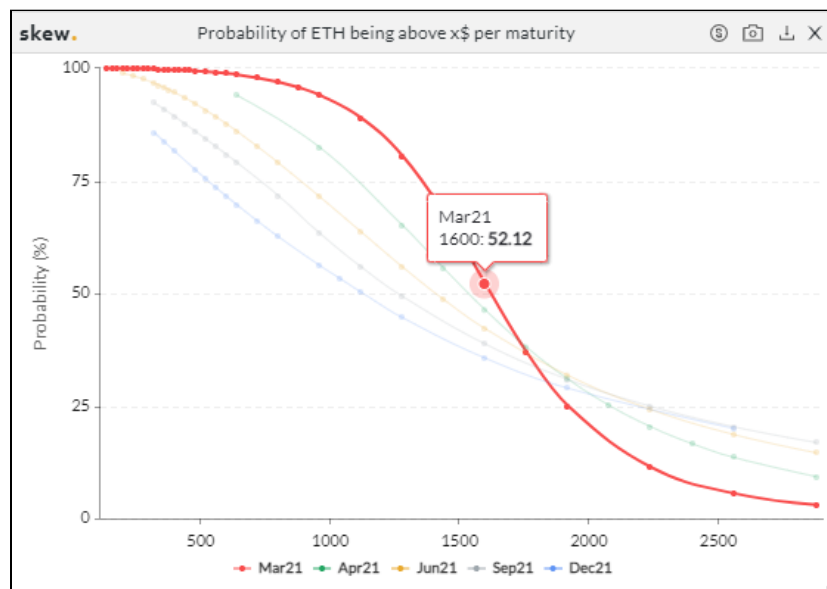
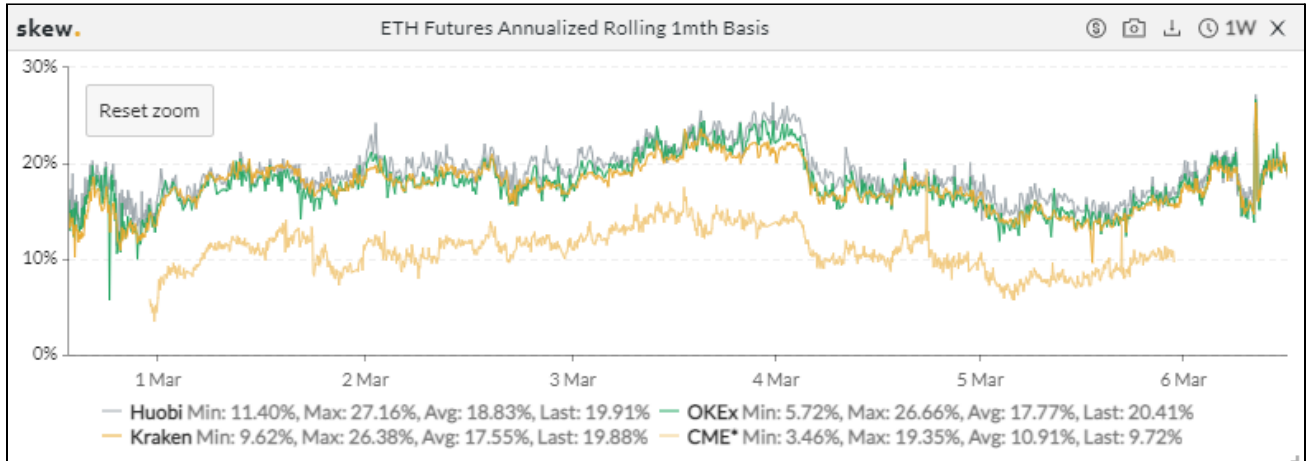
Ethereum



- As mentioned above, NFTs have been raging. ETH has been the benefactor of this volume as most of the NFT projects are built on the Ethereum protocol.
- Given the liquidity move, and subsequent base around 1,400, if we see continued inflows via DeFi and NFTs, ETH could test range highs around 2,000 this week.
- Adding to the bullish case – EIP1559, which introduces the burning mechanism for Ethereum gas fees to reduce inflation and potentially make the network deflationary, is confirmed by developers to be slated into July’s upgrade.
- Furthermore, Two scaling solutions, Optimism and ImmutableX are due to launch this month.
- Grayscale [added](#) 3,180 ETH to its [Ethereum Trust](#) this week, totalling 3.17m 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 increased to \$38.86 billion, an 8.21% increase from last week.



- The amount of ETH in the ETH 2.0 staking contract currently sits at [3,427,170](#), an increase of 3.14% from last week. This represents 2.98% of the total supply estimated to remain locked for 1 - 2 years.
- Futures basis is ranging, but we expect expansion towards the end of this week given positive event-risk on the horizon.





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What to Watch

- The surge in the U.S. Treasury yield has brought great pressure to the valuation of technology stocks and growth stocks. This led to concern around Tesla, as it is essentially a technology growth stock. Since the electric vehicle maker announced its crypto buy-in, its share price has fallen by a stomach-churning 30.8%. It seems that there is a relationship between high tech giants and bitcoin treasury allocation (e.g. Tesla, ARK, Microstrategy). What will high tech companies do in the current macro environment?
- China's Inner Mongolia has banned cryptocurrency mining and declared that all mining projects will be shut down by April. According to the [Cambridge Bitcoin Electricity Consumption Index](#), China (around 65%) was the largest bitcoin mining area globally, while Inner Mongolia alone accounts for around 8% due to its cheap energy. As a comparison, the United States accounts for 7.2% of global bitcoin mining. Will the shutdown bring more opportunities to miners in other regions?

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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