



# ZEROCAP

## Weekly Market Wrap

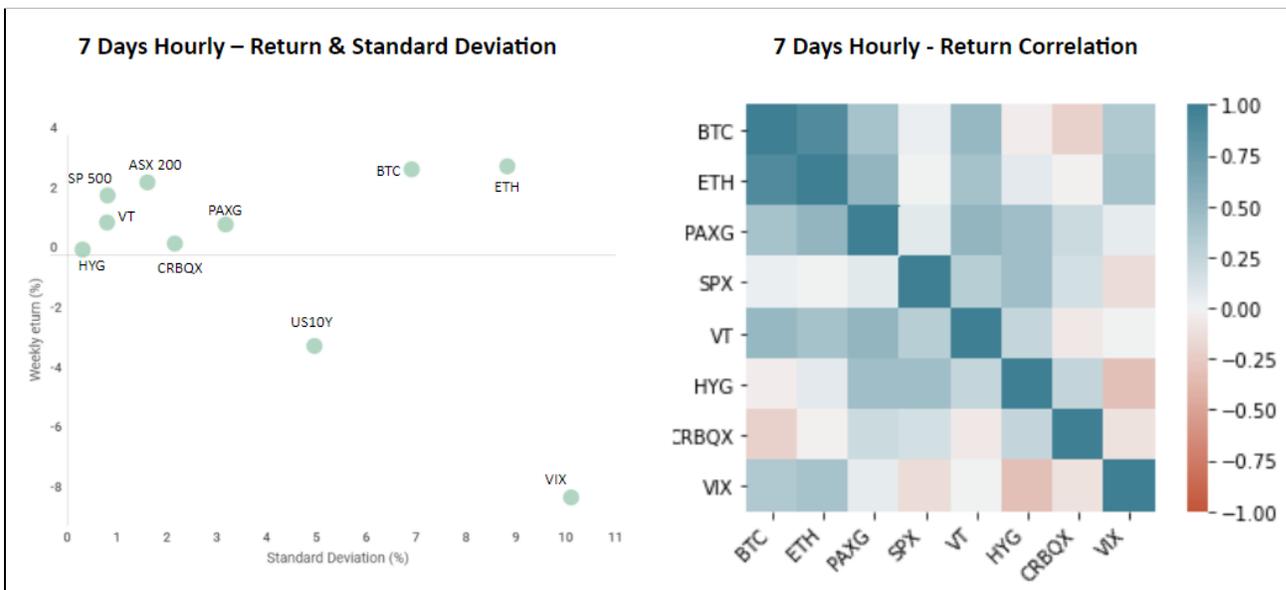
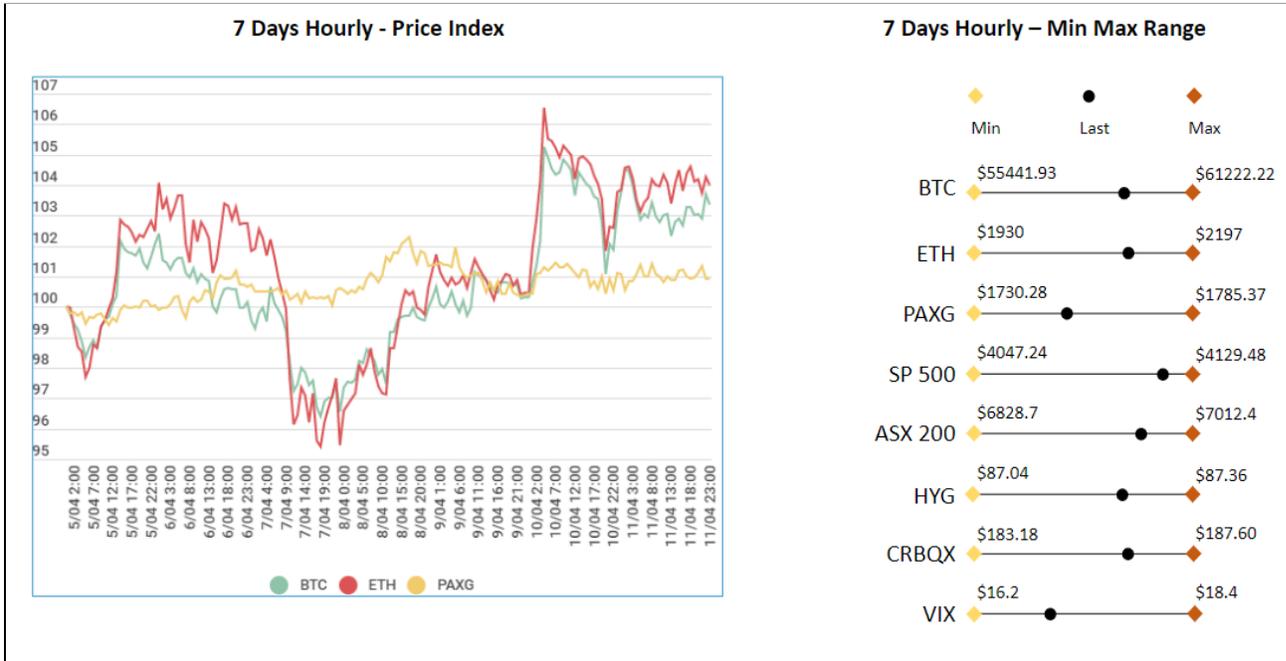
05 April 2021 – 11 April 2021

### Week in Review

- Equities [continue](#) to push higher levels as the S&P 500 and Dow Jones Index continue to make all-time highs.
- The market cap of the cryptocurrency market [crosses](#) \$2 trillion.
- Hong Kong-listed company, Meitu, [buys](#) another \$10 million in bitcoin.
- Bitcoin's futures market hits a [record-high of \\$73,500](#) for June contracts.
- Coinbase [reported](#) astonishing numbers in their Q1 earnings report ahead of its IPO on April 14th, i.e. \$1.8 billion in revenue.
- Robinhood [reports](#) that 9.5 million customers traded crypto in Q1 2021, up from 1.7 million in Q4 2020.
- Grayscale [states](#) their intentions to convert the Grayscale Bitcoin Trust into an ETF.
- Miami's mayor [discusses](#) how to integrate city services onto the blockchain, with Ethereum developers.
- Christie's to hold an auction for [CryptoPunks](#), another Ethereum-based NFT collection.



### Winners & Losers



- The week opened with BTC just over US\$58,000 after experiencing a relatively muted week. On Saturday, we saw a strong push above the US\$60,000 mark which resulted in consolidation around the price level for the rest of the weekend, closing on Sunday at



US\$59,900. Coinbase's announcement of significant Q1 earnings was a key driver of positive sentiment and the subsequent price jump.

- Tight correlation with Bitcoin this week meant that Ethereum faced a similar price jump early Saturday morning after another few days of ranging. This led to another all-time-high (ATH) at US\$2,197 before retracing into a consolidation above prior highs, suggesting a potential flip to support and implied upside in the coming weeks. Overall, BTC recorded a 2.85% gain and ETH a 2.96% gain.
- Gold saw a slow and steady gain over the week, posting a monthly high around US\$1,760 on Thursday. This is predominantly due to suppressed USD value and tempering treasury yields. Despite a slight rebound later in the week, gold gained 1.01%.
- Conversely, the US 10-yr Treasury yield rate saw a multi-session drop to a two-week low at ~1.61, with some suggesting it was the market pricing in an accelerated timeline for interest rate increases. Jerome Powell also made comments this week expressing the Fed's lack of concern for inflation as he projects it won't last beyond this year. Friday saw a Chinese economic report swiftly reverse this trend as it showed Chinese factory activity had risen the most in two years in March due to rising raw material prices. Despite the news, the US10Y realised a net loss of 3.04% for the week.
- Equity markets continued to rally to new highs as the US10Y dropped, suggesting a positive outlook. This led to a sustained sell-off in the VIX throughout the week recording -8.09%.
- The S&P 500 continues to reach new highs, recording a 2% weekly gain. Increased consumer confidence, staggering employment growth data and manufacturing activity beyond pre-pandemic levels are all suggestive of economic recovery that is now being reflected across US equity markets.
- As expected, inflows have picked up from the moderate recent weeks. A wave of positive US economic data has driven many to re-enter markets, although there remains uncertainty as we await the impacts of Biden's stimulus and increased tax proposal.



### Macro, Technicals & Order Flow

#### Bitcoin

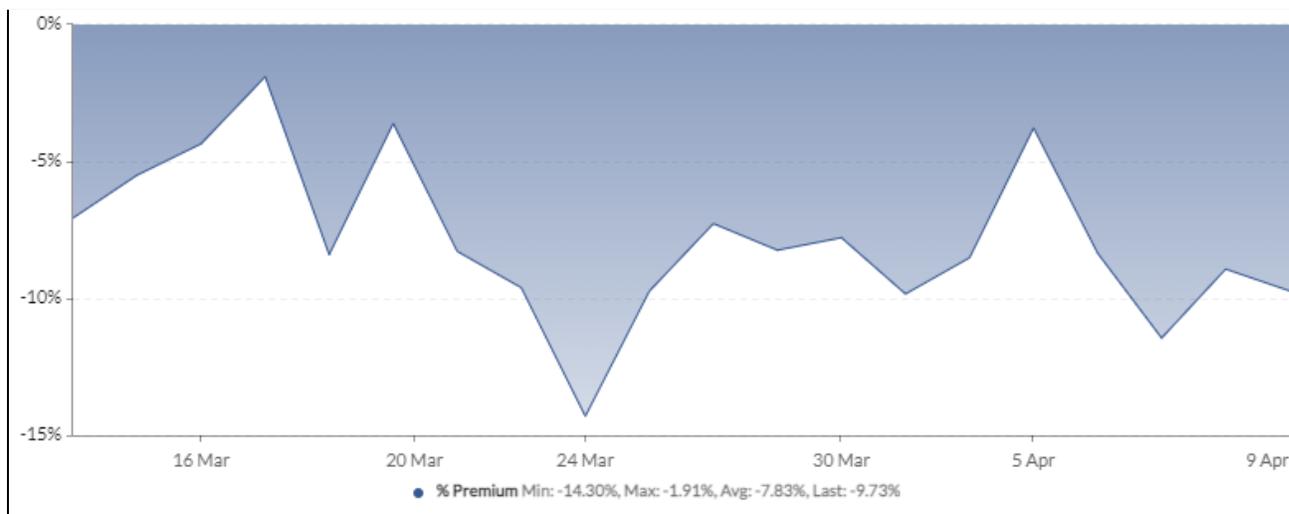


- Last week we suggested an aggressive move could be on the way given a positive and widening intraweek futures curve. As I write this we see the basis swing above 100% annualised on the April 16 expiry. The move is coming, and will likely play out this week breaking all-time highs.
- For those who attempted an entry at the intersection of the ascending and descending trendlines, we just missed ours by 80bps. Close!
- The Coinbase IPO is no doubt having a great positive effect on the crypto market as a whole. Combine this with elevated risk assets, and we are looking poised for a run.



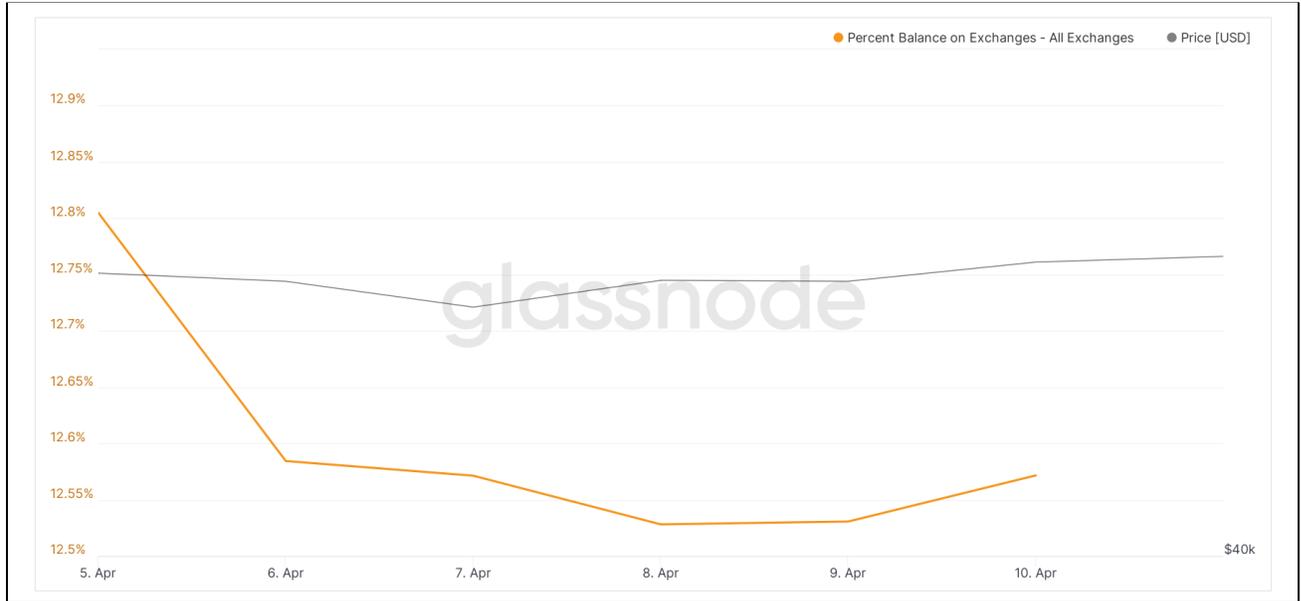
- Newsflow, although quieter this week, was ongoing. Barron's featured BTC on the front page of their latest issue whilst Peter Thiel [discussed](#) Bitcoin's potency as a weapon against the US and the US Dollar.
- Keep an eye on the break of highs if we get it this week. There are elevated open interest in derivatives. We could see some wild swings.

### Grayscale Bitcoin Trust (GBTC) Premium

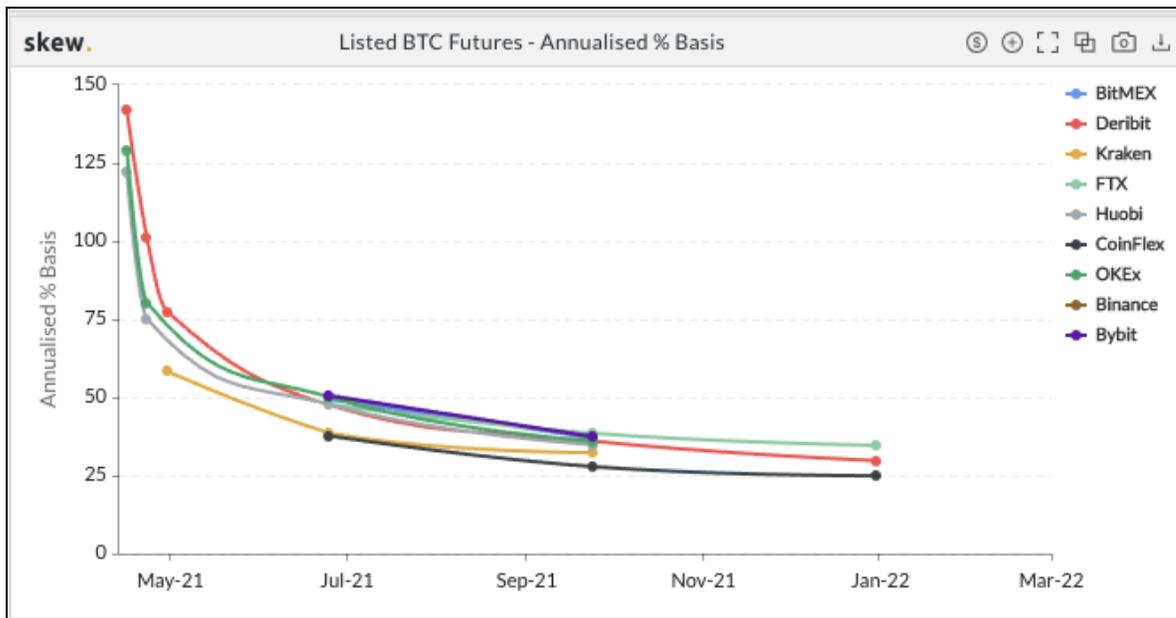




### Bitcoin Percent Balance on Exchanges - All Exchanges

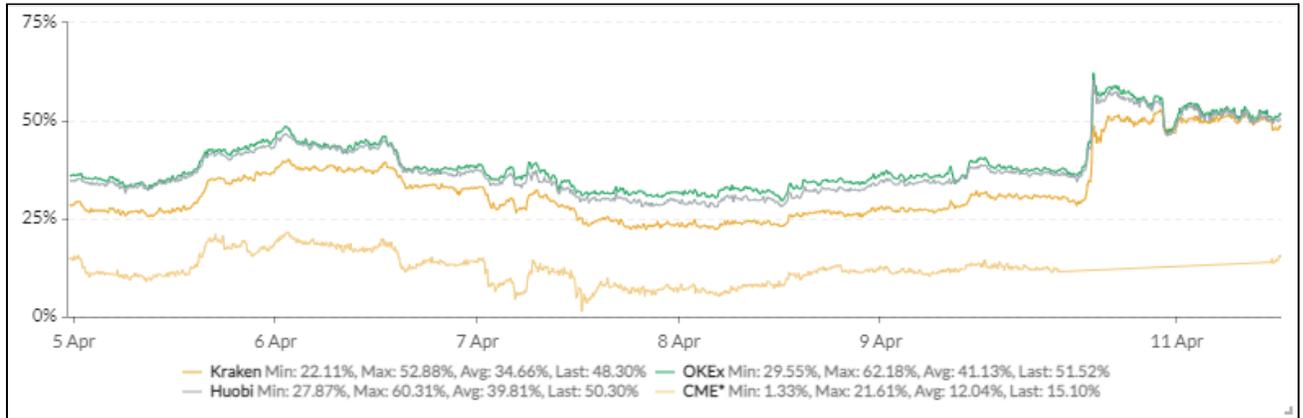


### BTC Futures Annualised Basis - Current



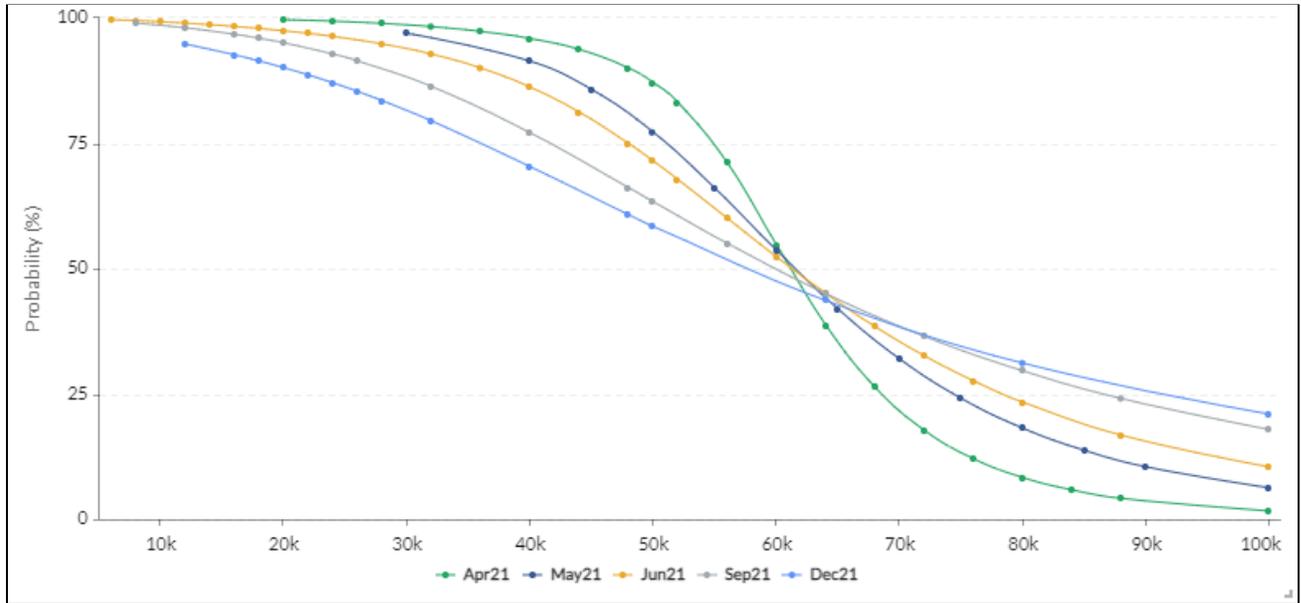


### BTC Futures Annualised Rolling 1 Mth Basis

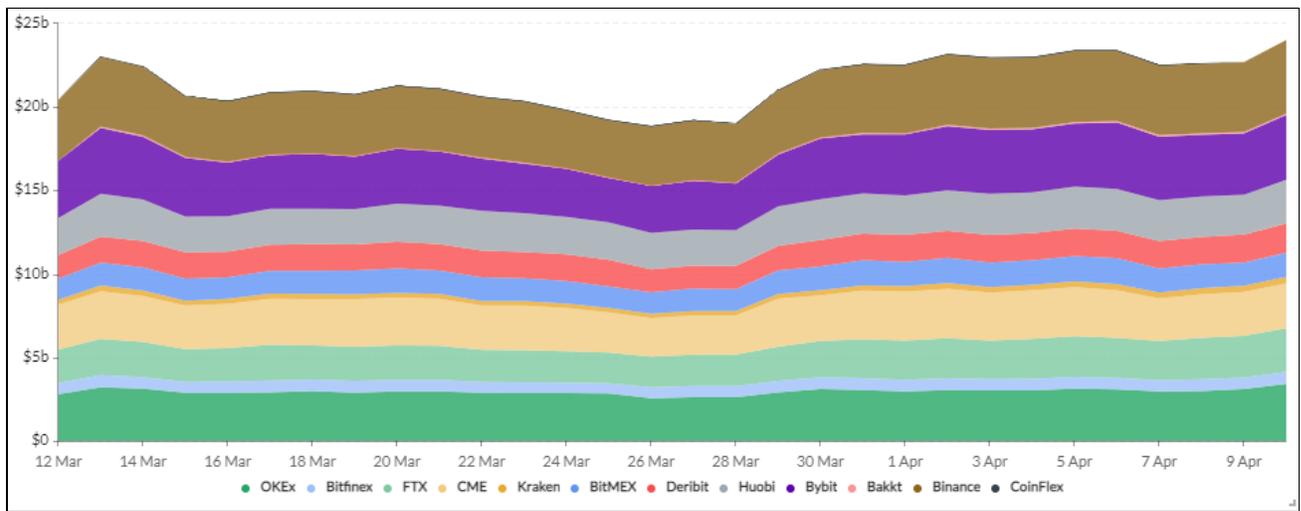




### Probability of BTC being above x\$ per maturity

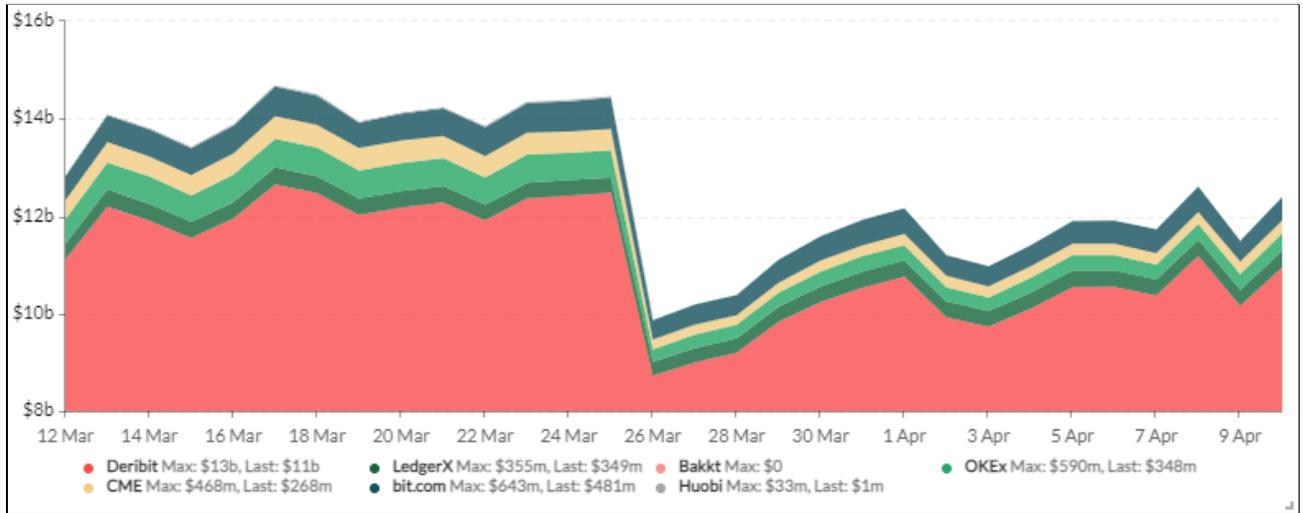


### BTC Futures - Aggregated Open Interest





### Total BTC Options Open Interest





### Ethereum

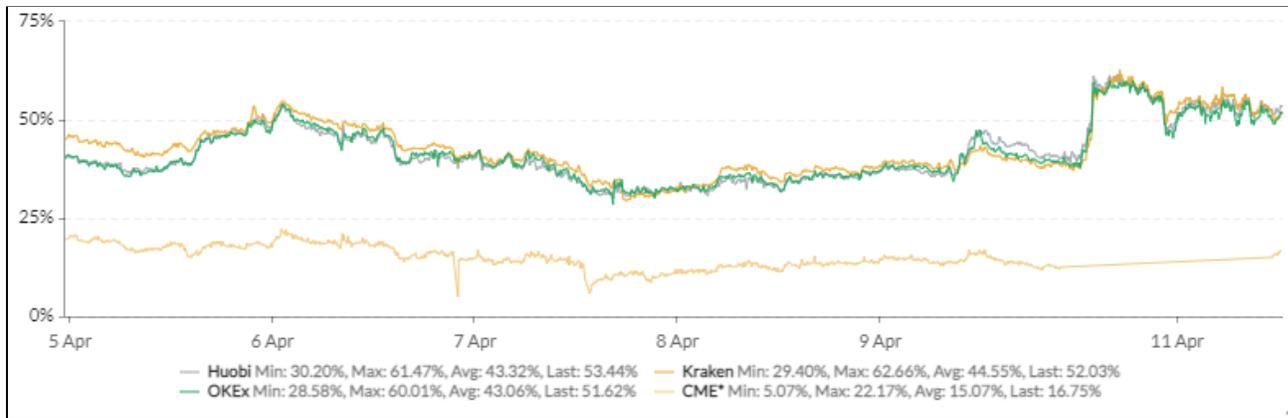


- We expected ETH to hold above the 2,000 level last week. We saw a slight retracement back into the range before heading above prior highs.
- Altcoins are on the move, and given the sheer amount of projects built on ETH, we see inflows and activity build.
- ImmutableX [launched](#) its alpha [program](#), currently only supporting Godsunchained NFTs. One of our analysts' experienced its zero-fee trading and ETH withdrawals this week - all has gone smoothly.
- [Total value locked](#) in DeFi projects increased mildly to \$51.16 billion, a 0.35% increase from last week, which begs the question - are we seeing sector rotation in other verticals?
- The amount of ETH in the ETH 2.0 staking contract currently sits at 3,781,122, an increase of 2.2% from last week. This represents 3.28% of the total supply estimated to remain locked for ~ one year.

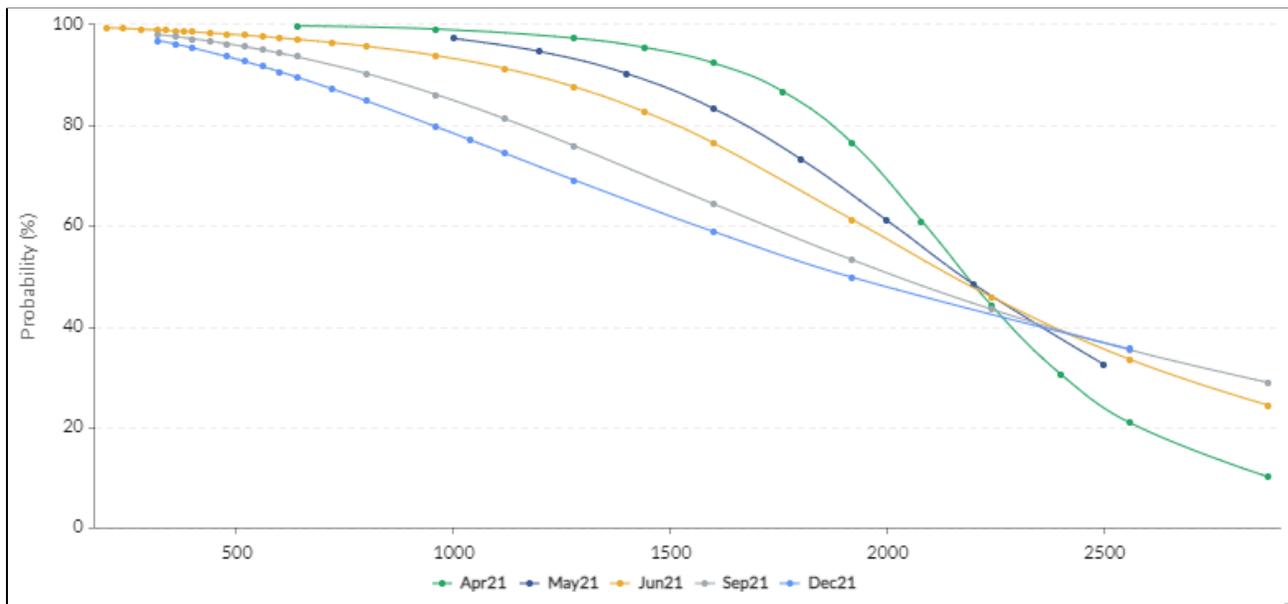


- As I write this, the ETH basis is steady and elevated, with rising open interest across all derivatives. Like BTC, we expect higher highs this week with potential two-sided volatility.

### ETH Futures Annualised Rolling 1 Mth Basis



### Probability of ETH being above x\$ per maturity





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### DeFi & Innovation

- Yearn Finance [hits](#) over \$2.5 billion AUM.
- Sushiswap [teases](#) version 3, aiming to increase capital efficiency of liquidity providers.
- UMA protocol [launches](#) call options with xSushi tokens.
- Revolut [enables](#) trading for 11 new cryptocurrencies.
- NFL superstar Tom Brady [plans to launch an NFT platform](#) called Autograph.
- Swedish Central Bank [releases report](#) on Sweden's digital currency E-krona's pilot phase.

### What to Watch

- Coinbase's IPO will introduce a new vehicle for exposure to the cryptocurrency market. As a tech stock in cryptocurrency and the revenue [numbers](#) to back it up, how will the market value the stock? If the listing is successful, how will that impact other exchanges such as Binance, FTX, Uniswap and Sushiswap?

### Insights

- [NFTs: Potential beyond collectibles](#) - A brief coverage of what NFTs are, their advantages for the global market and several applications beyond digital collectibles that may be widely implemented in the near future.

### About us

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](mailto:hello@zerocap.io)



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### Disclaimer

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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