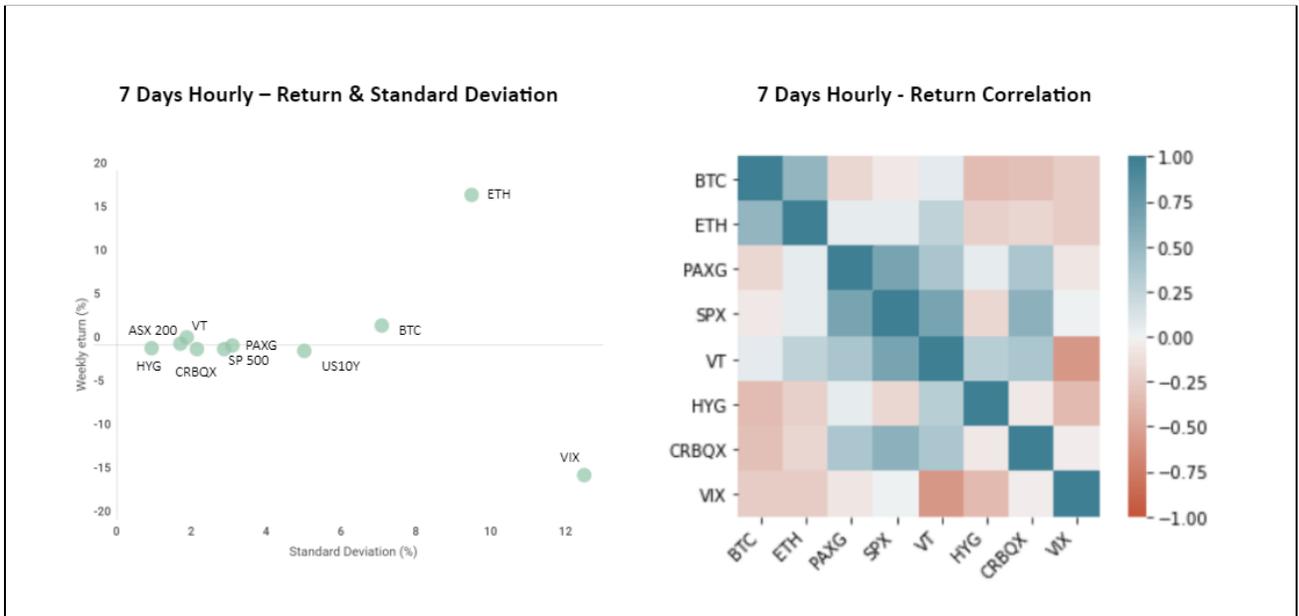
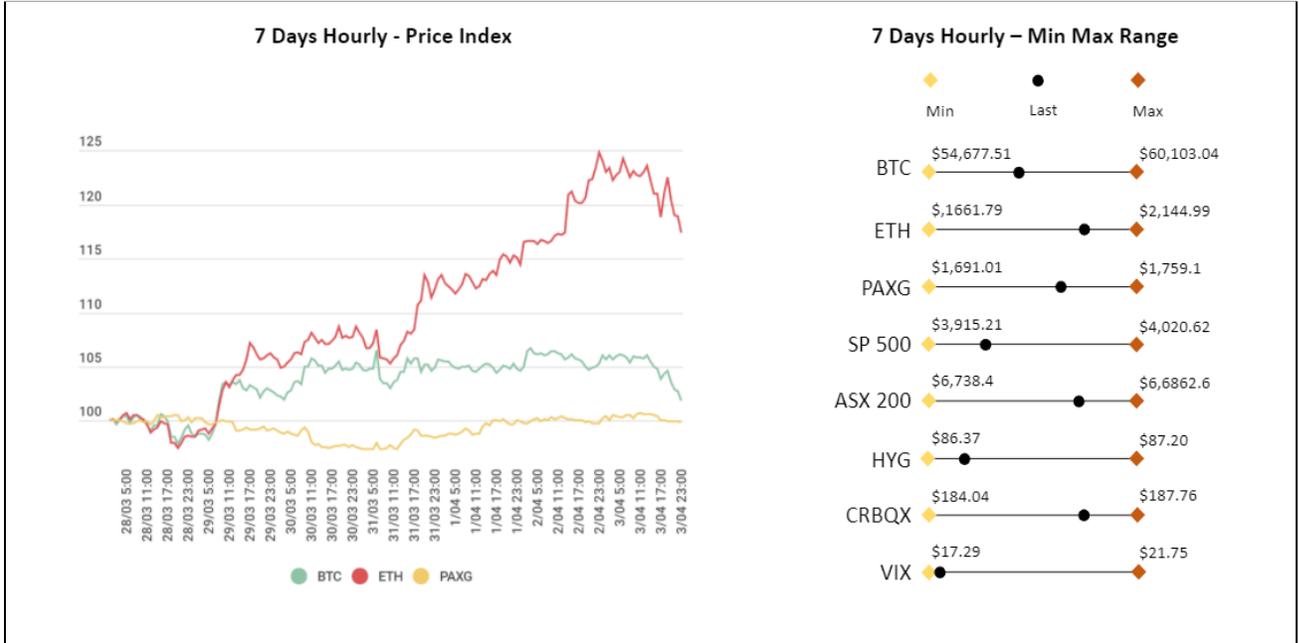


Week in Review

- Archego's Bill Hwang [unwinds](#) billions in leveraged equity positions causing an intraday sell off of key stocks. However, this was short-lived with the S&P 500 [closing](#) at over 4000 points, making a new all time high.
- Biden [intends](#) to fund a \$2.25 trillion infrastructure plan with an increase in corporate tax rates.
- [BlackRock](#) dips it toes into Bitcoin futures.
- [PayPal](#) launches crypto payments service for US consumers.
- [Visa](#) will allow liability settlements through dollar-backed USDC stablecoin.
- CME to launch [micro bitcoin futures](#) on May 3rd, representing 1/10 of each btc value.
- Goldman Sachs is close to [offering digital assets](#) to clients, according to VP Mary Rich.
- The Digital Yuan begins its [cross-border trials](#) through China and Hong Kong.
- Iowa House of Representatives approves bill that legally [recognises smart contracts](#).
- Coinbase [announces](#) its IPO launch date will be Apr. 14. It will trade on the NASDAQ under the ticker COIN.

Winners & Losers



- The week opened with BTC just over US\$55,800, before a spike on Monday morning kick-started a near week-long steady increase to US\$60,100. Following this weekly top, a



steady drop off ensued to retest support around the US\$56,700 level. The week closed just above the US\$57,000 level setting up nicely for another potential leg up this week. Sentiment remains positive as exchange outflows continue to exceed inflows and sellside liquidity decreases.

- Ethereum outperformed BTC this week as bitcoin dominance dropped below 60%. ETH opened the week at US\$1,715 which was followed by a quick drop and subsequent rally that lasted the entire week. The asset reached a new ATH at US\$2,145 on Friday before closing the week at ~US\$2,010, likely a result of Visa's ongoing support for the Ethereum ecosystem. Overall, BTC recorded a 2.23% gain which was no match for ETH's 17.16%.
- Gold prices saw a significant drop in the first half of the week as a strengthening dollar and rising treasury yields dampened the demand for the safe haven asset alongside an increasingly popular opinion that the US economic recovery will be shorter than originally anticipated. However, the second half of the week quickly reversed this trend as the dollar and treasury yield retreated on the back of a negative US jobs report. This swift turn-around resulted in a -0.07% week.
- The US 10-yr Treasury yield rate had a similarly volatile week, creating another local high at ~1.77% on Tuesday before retreating to ~1.67% to end the week. In addition to negative US jobs data, Biden spoke extensively last week regarding his 'Build Back Better' campaign, suggesting that more stimulus is on the way. As such, inflation forecasts will remain a key price driver moving forward as many anticipate the announcement of further QE.
- Positive ISM manufacturing data (highest reading in almost 40 years) and a range-bound week for 10Y yields indicated a strong US recovery and equity market rallies - leading to the VIX selling-off later in the week to post a -15.05% loss, closing at 17.33.
- The S&P 500 continued its positive moves on the back of the ISM data, and Biden's unveiling of his US\$2.25 trillion spending program.
- It appears as though markets will continue to have inflows in the coming weeks as sidelined investors begin to take positions. The quicker economic recovery narrative is having an impact on this, driving positive sentiment and participation. While this is the case, further details of Biden's recovery plans will continue to unfold which has a significant potential to influence markets.

Macro, Technicals & Order Flow

Bitcoin

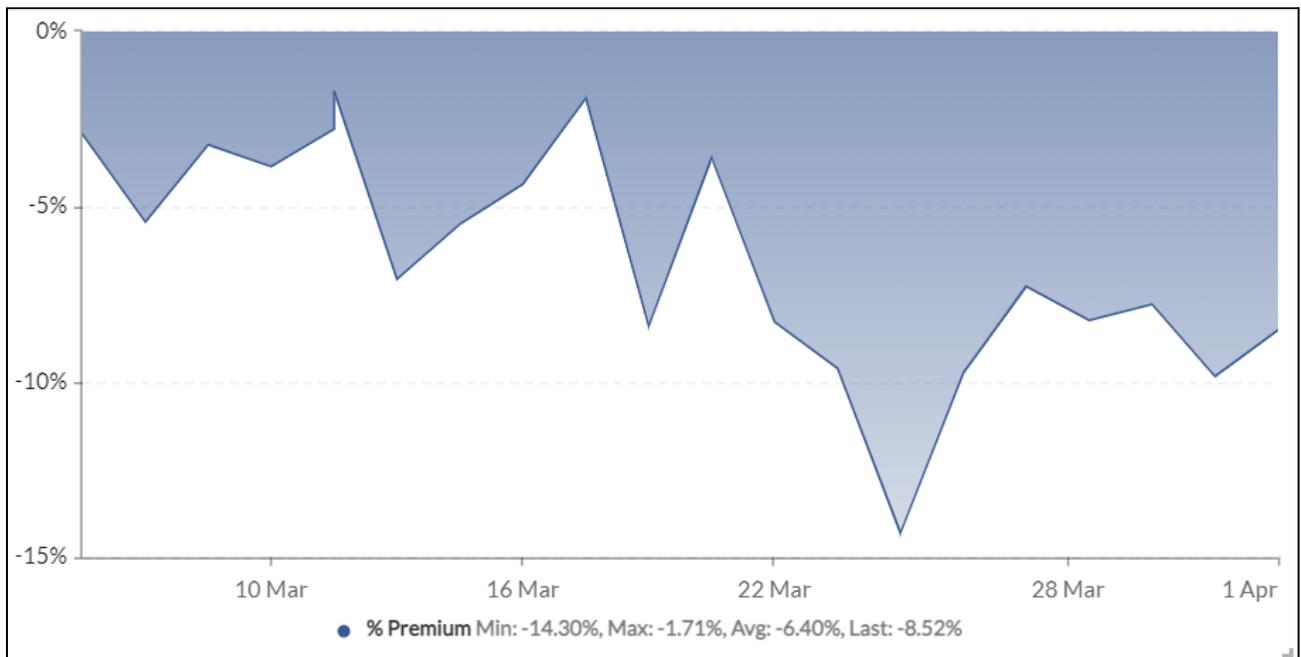
- Bitcoin continues to edge higher. Despite a bullish, but relatively muted week - we're seeing a positive and widening intraweek futures basis curve, and continued outflows from exchanges, suggesting a potentially aggressive topside move on the way.
- For those looking for entries, there's a beautiful intersection of the ascending trendline and from March and the recent descending trendline break circa ~\$4,750.
- Bitcoin has [broken](#) its general correlation with gold and stocks in Q1 2021, defining itself as a distinct asset class. Another driver for institutional inflows. This information could very well pave the way for earlier investment recommendations from the larger players than we otherwise would've seen this year. Morgan Stanley [placed](#) regulatory filings for exposure to bitcoin through twelve institutional funds this week. Many of the other large players are



looking for value entry points for their investors, and the right time to be ‘less wrong’ if volatility is on the horizon. Now is looking pretty good given correlation levels.

- The continuing decrease in the GBTC premium is another indicator that more offerings are on the horizon.

Grayscale Bitcoin Trust (GBTC) Premium

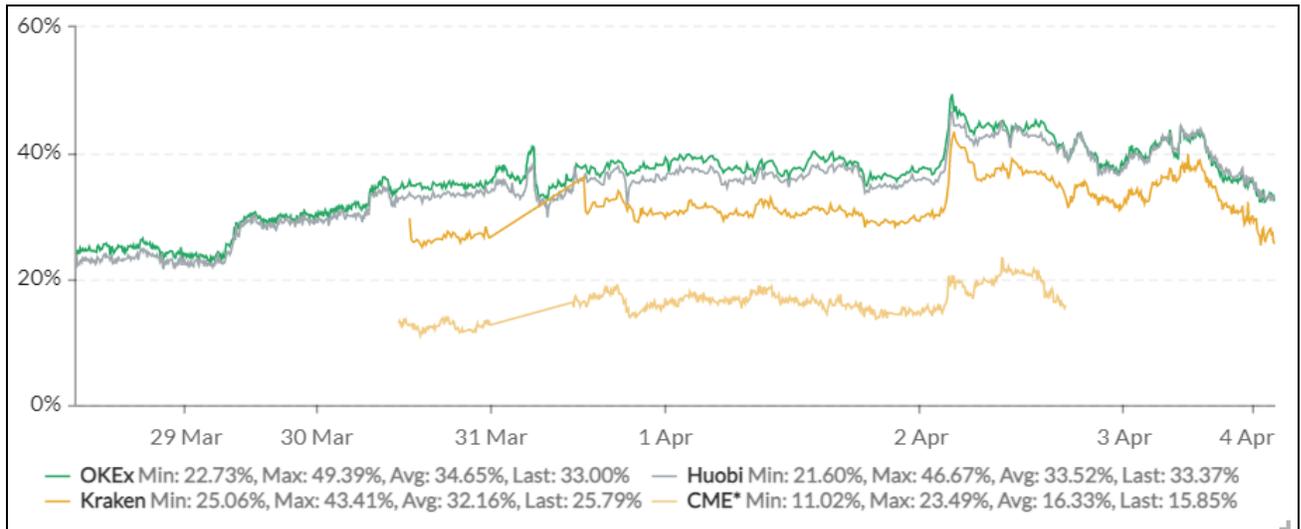




Bitcoin Percent Balance on Exchanges - All Exchanges

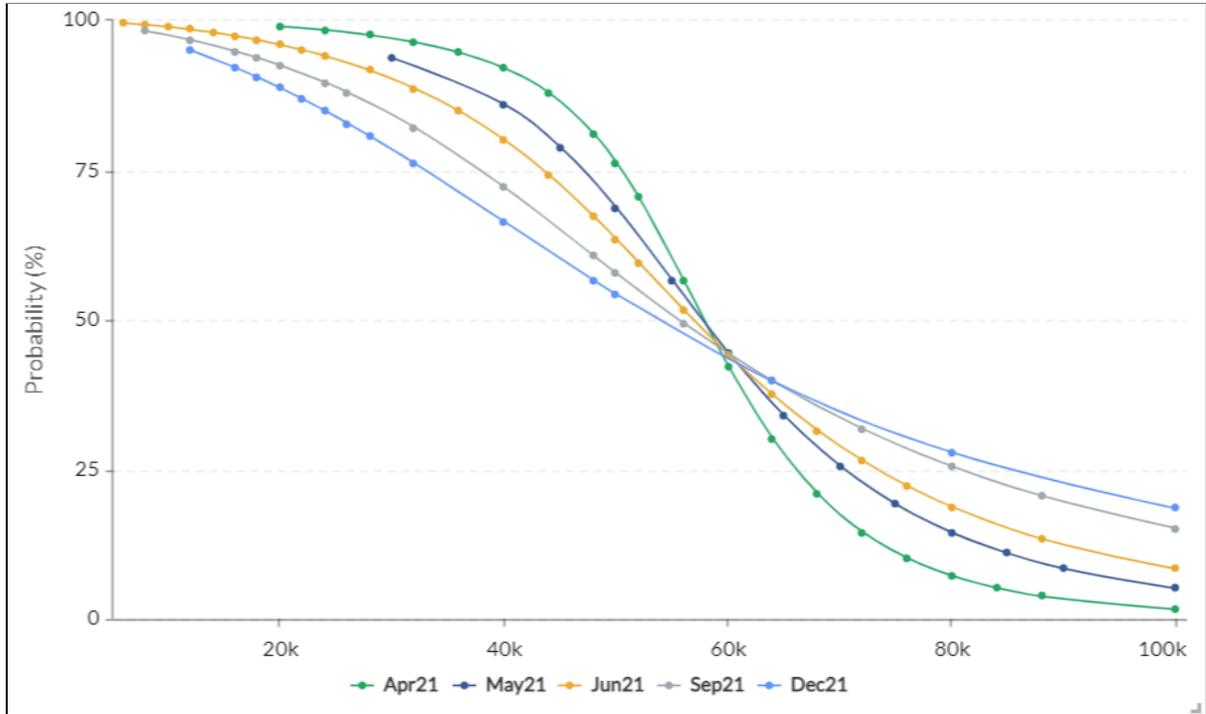


BTC Futures Annualised Rolling 1 Mth Basis

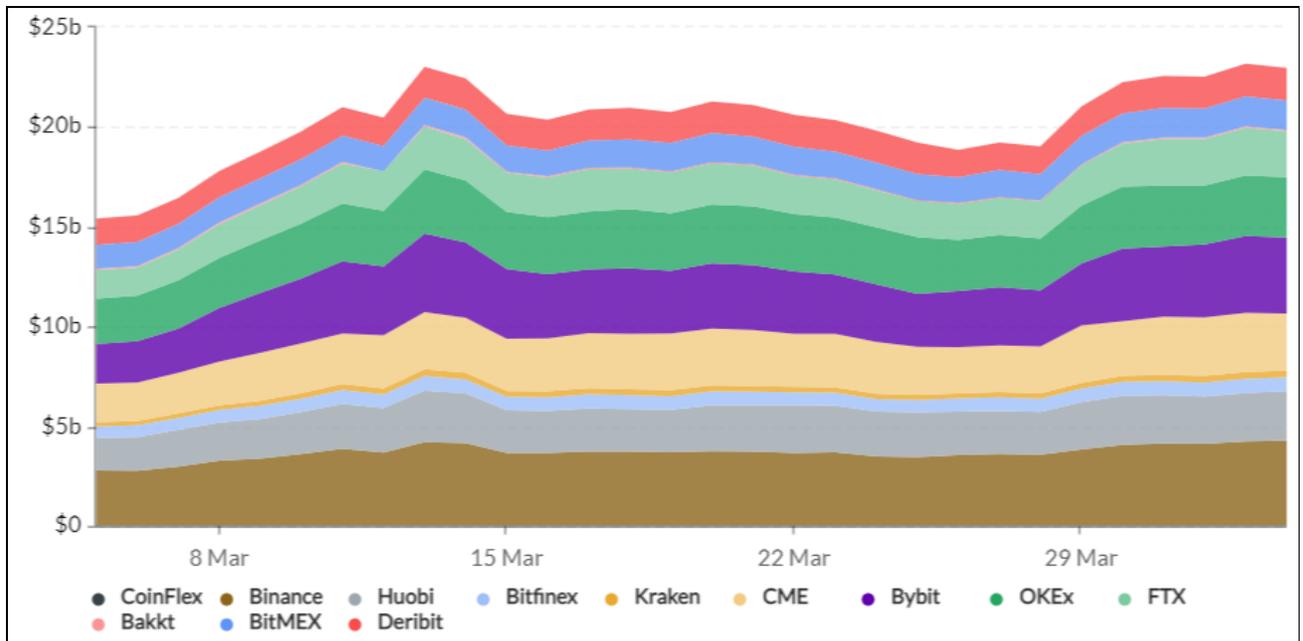




Probability of BTC being above x\$ per maturity

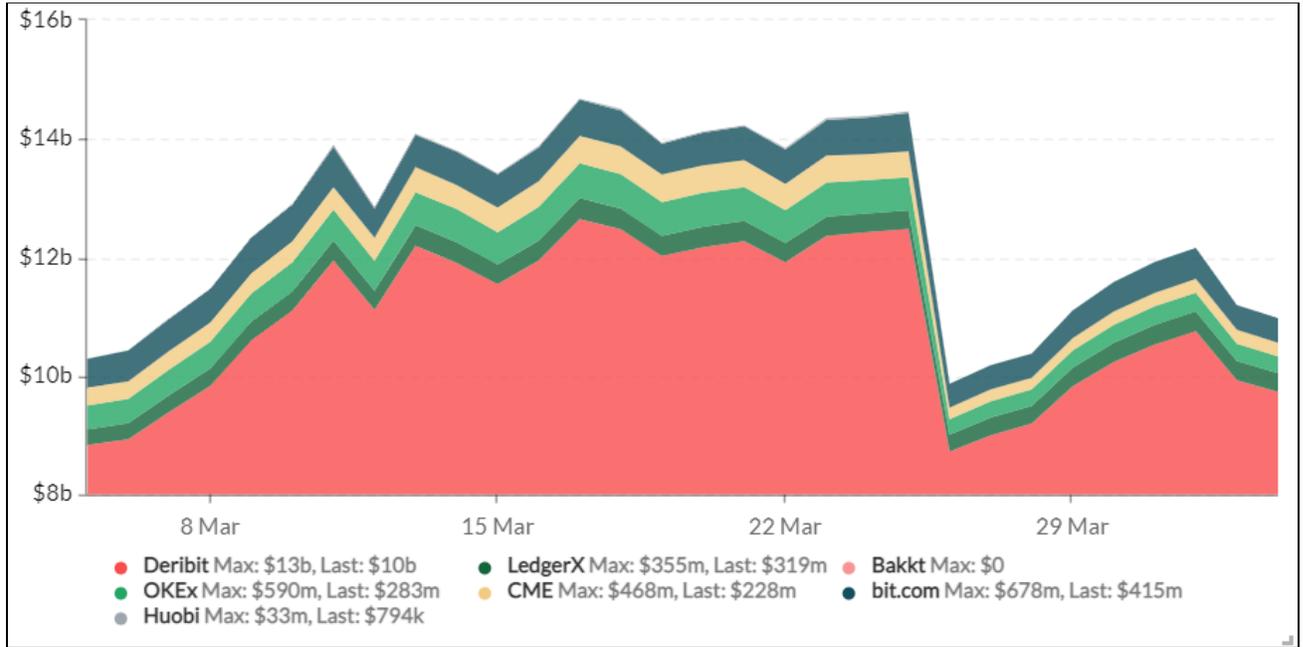


BTC Futures - Aggregated Open Interest





Total BTC Options Open Interest

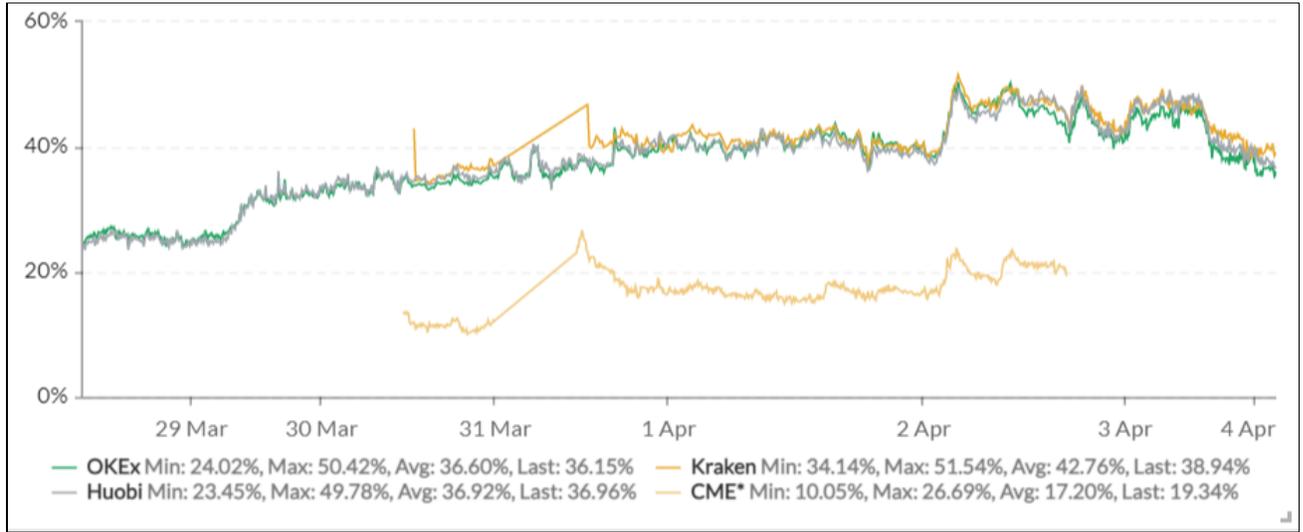


Ethereum

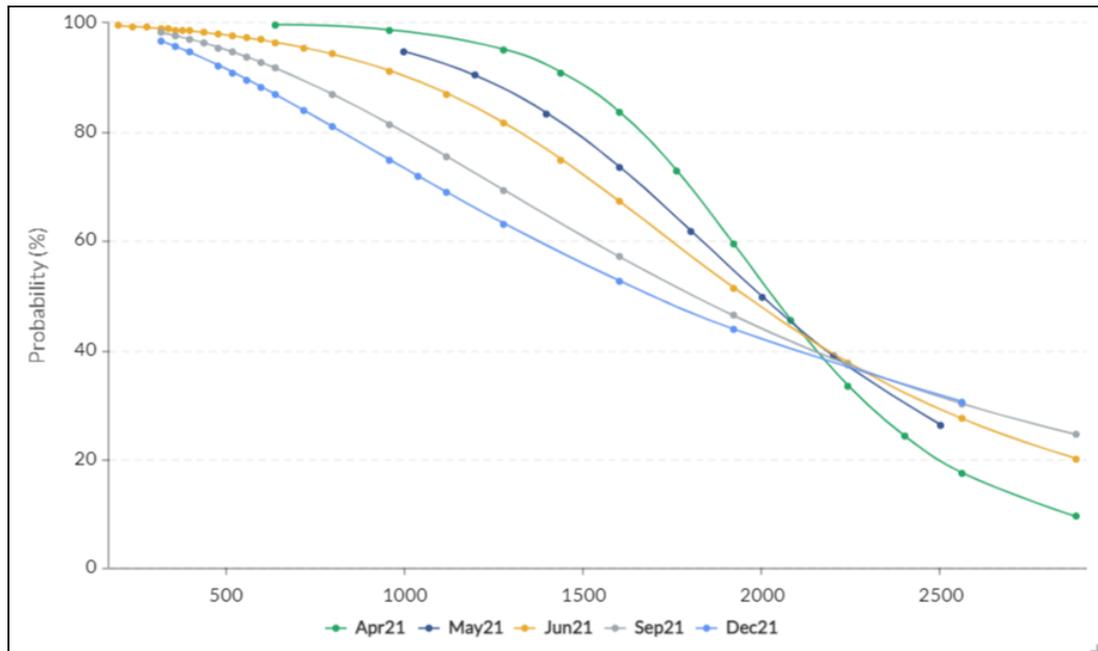


- We got the break of all-time-highs last week (unexpectedly)! Although the launch of Optimism (scaling solution) has been delayed, and just this week ImmutableX [failed](#) to launch its alpha scaling program by Q1, pushing the date back by two weeks, Ethereum is still the home for new economically significant DeFi projects. Protocols such as [FEI](#), [ForceDao](#) and [BasketDao](#) that are launching week after week. This consistent newsflow, and expected volume, has pushed the ETH protocol to new highs.
- ETH is holding above 2,000, forming new levels of orderflow. Given market sentiment and the [total value locked](#) in DeFi projects increasing to \$50.98 billion, a 25% increase from last week, we expect this level to hold in the short to medium term.
- Furthermore, the futures basis curve is still elevated in ETH, like BTC, and is indicating new highs in the coming months.
- The amount of ETH in the ETH 2.0 staking contract currently sits at [3,700,450](#), an increase of 2.67% from last week. This represents 3.21% of the total supply estimated to remain locked for ~ one year.

ETH Futures Annualised Rolling 1 Mth Basis



Probability of ETH being above x\$ per maturity





ZEROCAP

Weekly Market Wrap

29 March 2021 – 04 April 2021

DeFi & Innovation

- Lending protocol [Compound hits \\$15 billion](#) in available lending value on the platform.
- Sushiswap has been [added](#) to the Bitwise DeFi Index.
- FEI protocol [raises](#) over \$1.2 billion to launch their decentralised stablecoin project.
- [Dharma's](#) smartphone app integrates DeFi money markets, allowing US customers to connect their banks directly to DeFi.
- Crypto mining companies [Argo and DMG](#) unveil plans for a clean-energy bitcoin mining pool.
- [Dragonfly Capital](#) launches a \$225 million fund for DeFi, NFT and layer 2 Ethereum projects.
- NBA Top Shot creator Dapper Labs gets [\\$305 million](#) in funding round by investors such as Michael Jordan and Will Smith.

What to Watch

- How will the stock market respond to Biden's proposal to increase corporate tax rates?
- Bitcoin is sitting quietly while its counterparts make all time highs. Will the institutional asset make a break for it soon?
- Although Ethereum remains the home for new innovative and economically significant DeFi protocols, Binance Smart Chain has been gaining heavy traction and use. PancakeSwap, a fork of Uniswap, has amassed \$6.4 billion in total value locked and over \$500 million in trading volume everyday. Will these platforms continue to absorb market share? What will happen to this liquidity once Ethereum scales?

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

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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