

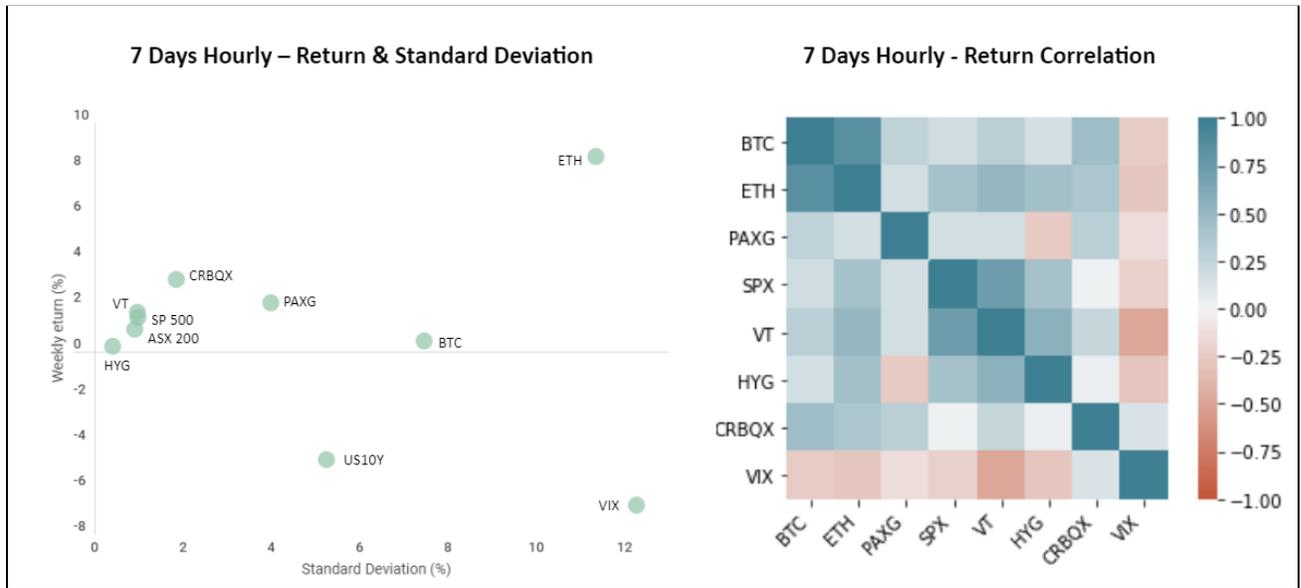
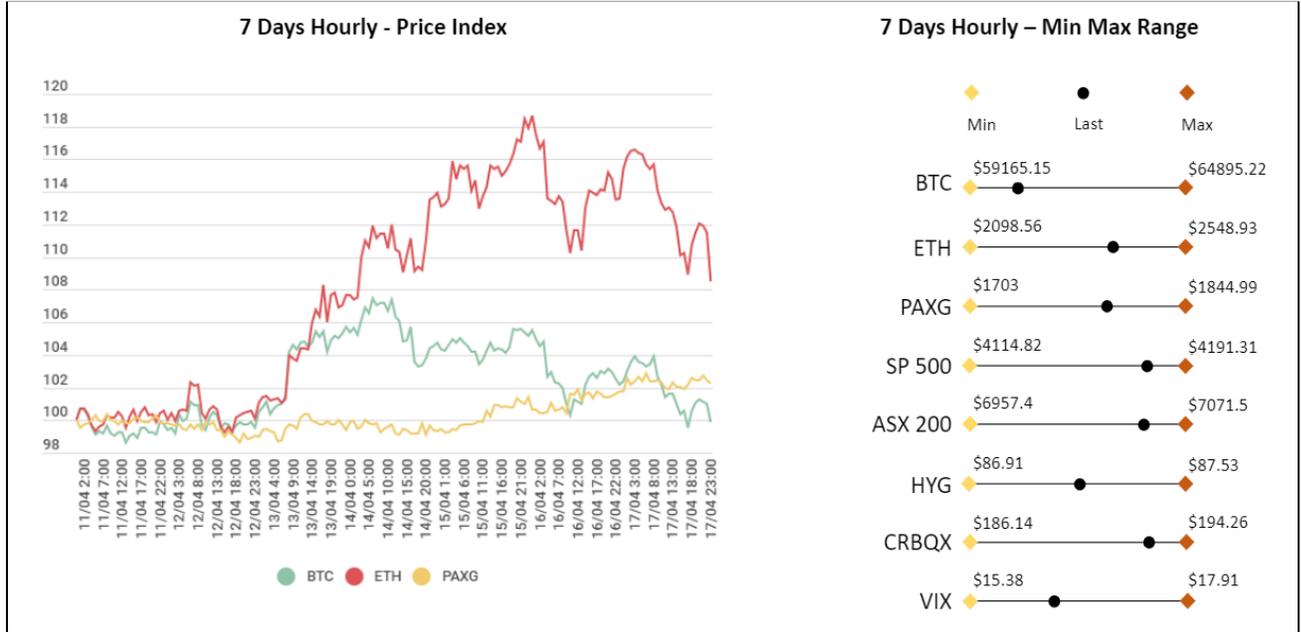


Week in Review

- The S&P 500 and Dow Jones Index continue to make [new highs](#) as bond yields [fall](#).
- Coinbase [closes](#) at \$328 after its first day of trading, implying a \$65 billion market capitalisation. Over 1 million shares of the stock were [purchased](#) by ARK Investments over two days.
- Ethereum [upgrades](#) to the Berlin Hard Fork, introducing many gas optimisations and a security upgrade. Holders are anticipating the next upgrade, London, that introduces EIP-1559.
- Consensus, a full-stack Ethereum product provider for developers, [raises](#) \$65 million from several prominent firms, such as JP Morgan, UBS, Mastercard and Alameda Research.
- Two Ethereum ETFs were [approved](#) for listing on the Toronto Stock Exchange.
- Rothschild Investment [discloses](#) holdings in the Grayscale Ethereum Trust, worth \$6.29 million as of 18 April.
- Binance Coin [rises](#) to the 3rd largest cryptocurrency by market capitalisation, said to be driven by the Coinbase IPO.
- Dogecoin [went](#) parabolic, taking the spot of the 5th largest cryptocurrency this week.
- Turkey [bans](#) crypto payments.
- AXA Switzerland [to allow](#) customers to pay in bitcoin.
- HSBC [prohibits](#) customer purchases of Microstrategy shares.



Winners & Losers





- The week opened with BTC just under US\$60,000, continuing the uptrend in anticipation of Coinbase's midweek IPO. Early on Wednesday morning, a new ATH was hit at US\$64,900 before the asset fell close to its long-term trendline support at US\$56,400. Buy the rumour, sell the news was the case with the Coinbase IPO, leading to over ~US\$10B in liquidations for leveraged traders.
- Ethereum had a similarly bullish start to the week, establishing a new ATH by Friday at US\$2,550. While correlation to Bitcoin remains influential, the main catalyst for the week's increase was the success of the Berlin Hard Fork, an upgrade to the security and gas optimisation of the network. Overall, BTC recorded a 0.43% gain and ETH a 8.56% gain.
- Gold continued its uptrend primarily due to a weakening US dollar and suppressed treasury bond yields. The week opened at US\$1,670 and rose to its highest in 7 weeks at US\$1,845, recording +2.1%.
- Despite a retrace off last week's low of ~1.61 in the US10Y, the key support level couldn't hold this week, leading to a sell-off to the weekly (and monthly) low of 1.53 on Thursday. The asset closed at 1.58 this week, recording a 4.75% loss. Positive US economic data continues to suggest a faster economic recovery. However, new data this week had minimal influence on the US10Y. Some expect that the quicker recovery narrative has already been priced into the bonds market, suggesting that any more positive news may have a suppressed impact.
- Equity markets continued to rally to new highs as the US10Y dropped, suggesting a positive outlook. This further fueled the sell-off experienced last week in the VIX leading to a further 6.77% drop week on week.
- The S&P 500 continues to reach new highs, recording a 1.47% weekly gain. Increased consumer confidence alongside continued promising jobless claims fueled inflows.
- Continued all-time highs across a significant number of markets have been driven by positive sentiment surrounding the US and the broader global market's projected Covid recovery speed. Markets are becoming increasingly desensitised to positive economic data which begs the question; how will they react if the frenzy slows or the expectations surrounding a quicker recovery are not met?



Macro, Technicals & Order Flow

Bitcoin



- The attention from Coinbase's IPO definitely overflowed into bitcoin, breaking new highs this week along with higher levels of derivative open interest. There was a massive deleveraging and liquidation at the end of the week, causing crypto market wide dip. The exacerbated derivatives sell-off has led to over-extension across the market. However, this was very quickly bid up by the market, with BTC only spending under 15 minutes below 54,000 before beginning to recover.

Total Liquidations

1H Rekt
\$188.65M
 \$188,652,077

4H Rekt
\$314.51M
 \$314,509,886

12H Rekt
\$9.35B
 \$9,346,183,962

24H Rekt
\$10.03B
 \$10,030,194,485

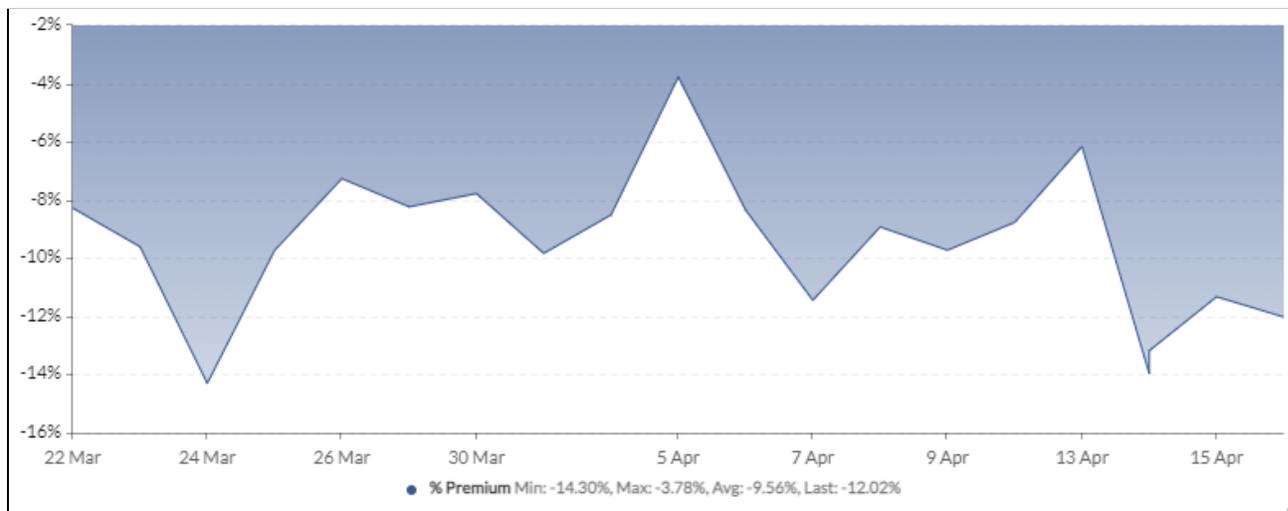
- We mentioned last week that the break above highs could be a wild one. With greater spot liquidity over time, large scale liquidations such as this should be more contained, although



we expect them to be a feature of this market more many more years to come. The lesson? Don't over-leverage!

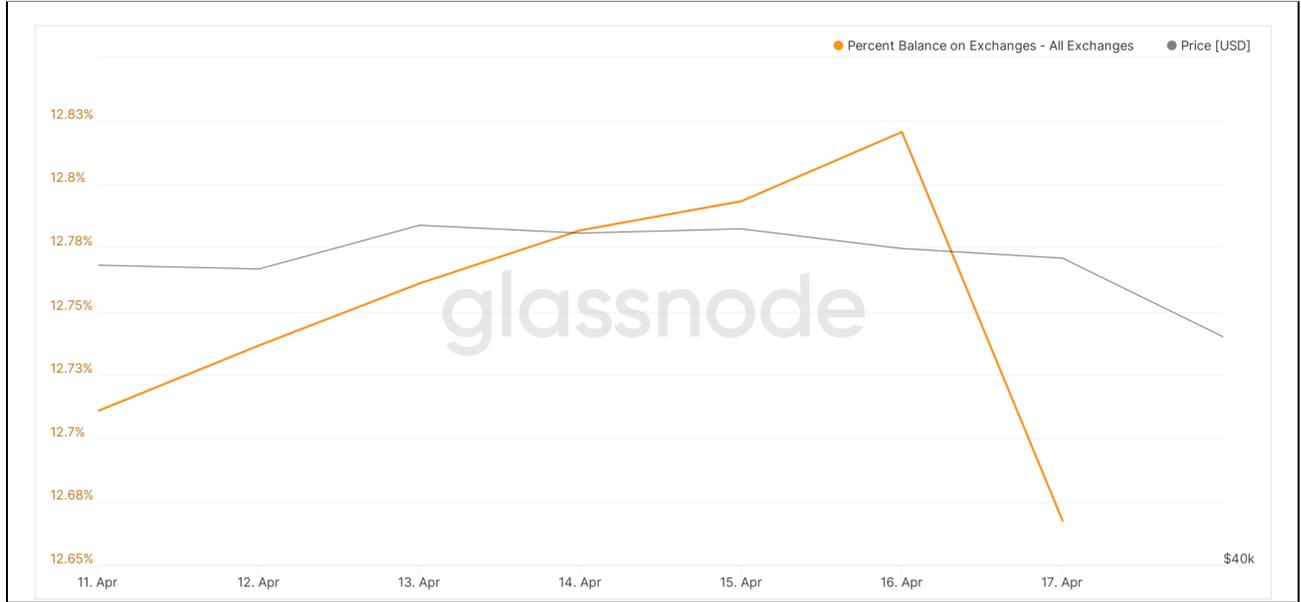
- Notably inflows to exchanges increased before the liquidations. This data point is becoming increasingly telling.
- Newsflow for the week – there has been some discussion and fear around governments banning bitcoin and other cryptocurrencies. Turkey has banned crypto payments, while corporations continue to integrate the asset into their payment systems. So what does this really mean for bitcoin? Turkey banning bitcoin is a response (amongst other things) because their residents are flooding out of the lira to safer stores of value. Myanmar is another [example](#), where nations continue to struggle against the government-issued currency, as they have recently imposed withdrawal limits on their own currency. The deeper insight here is that the case for bitcoin is strengthening as a hedge against fiat.

Grayscale Bitcoin Trust (GBTC) Premium

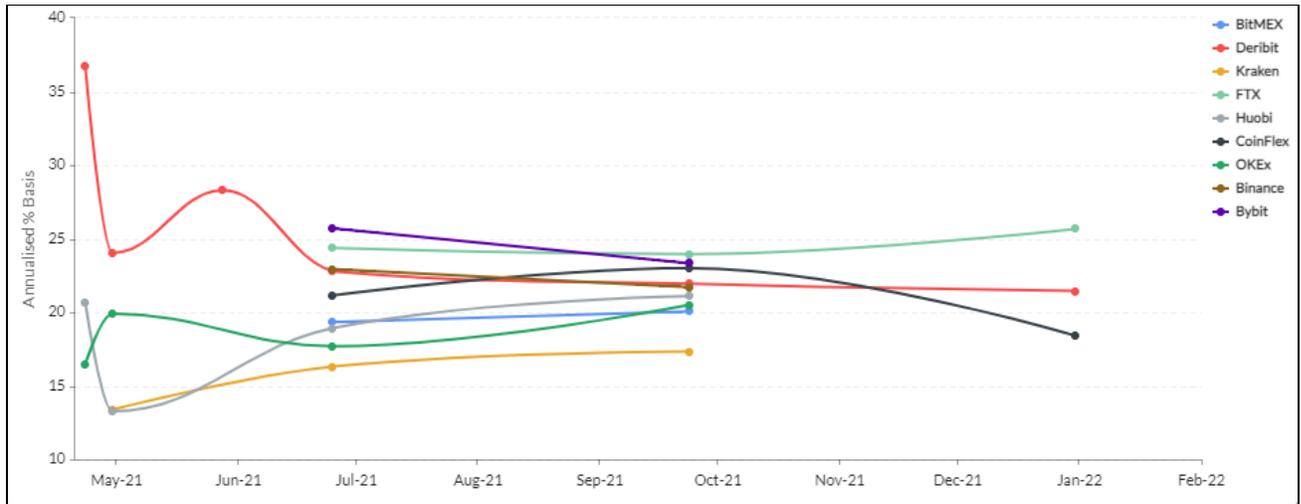




Bitcoin Percent Balance on Exchanges - All Exchanges

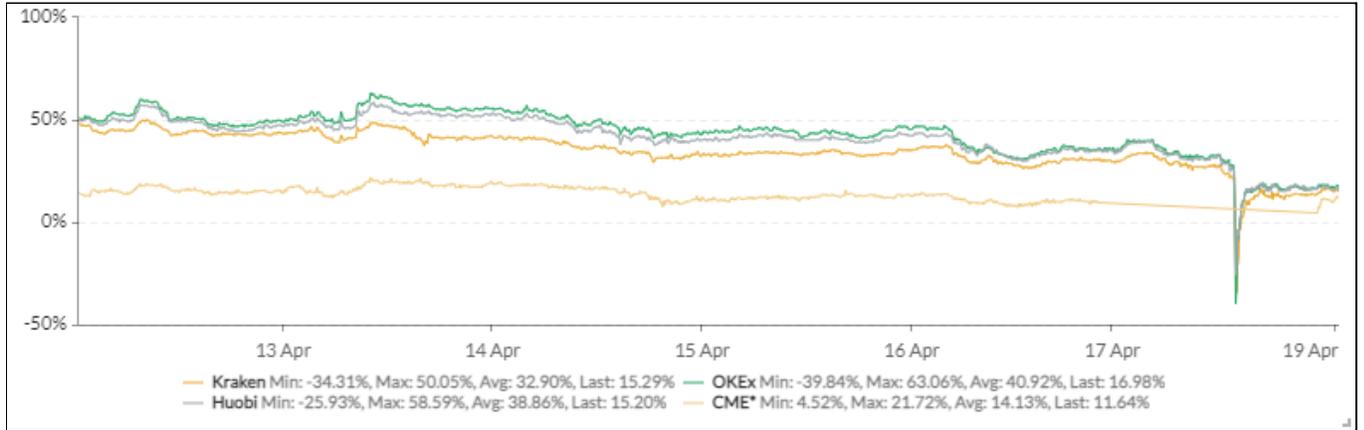


BTC Futures Annualised Basis - Current

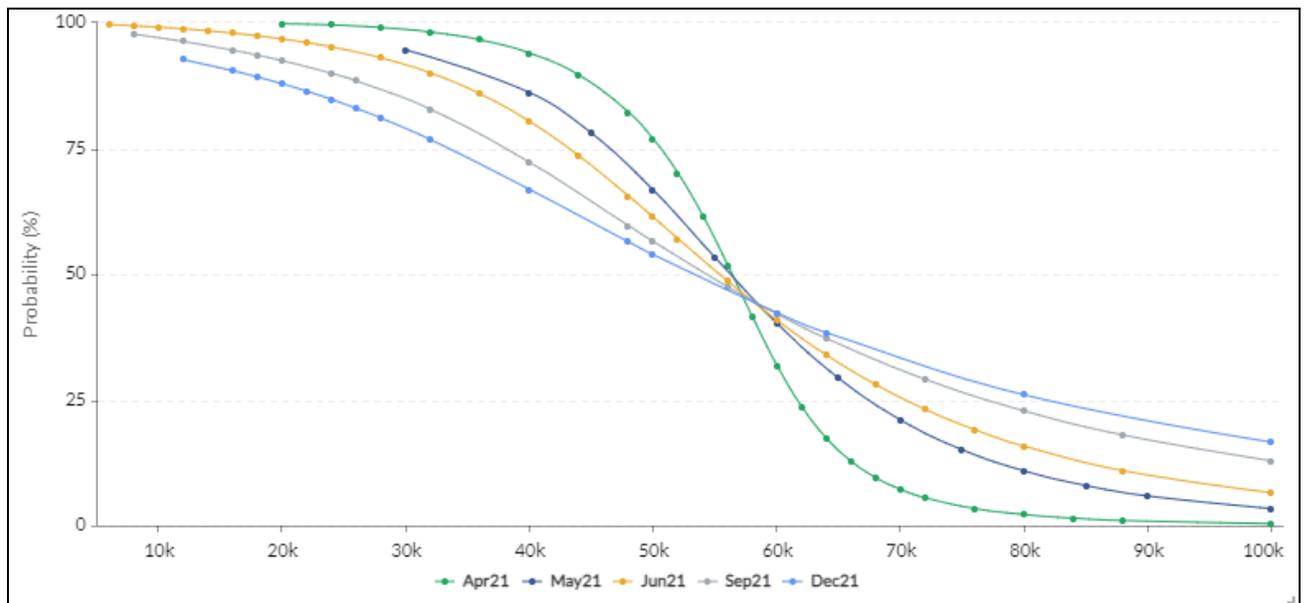




BTC Futures Annualised Rolling 1 Mth Basis

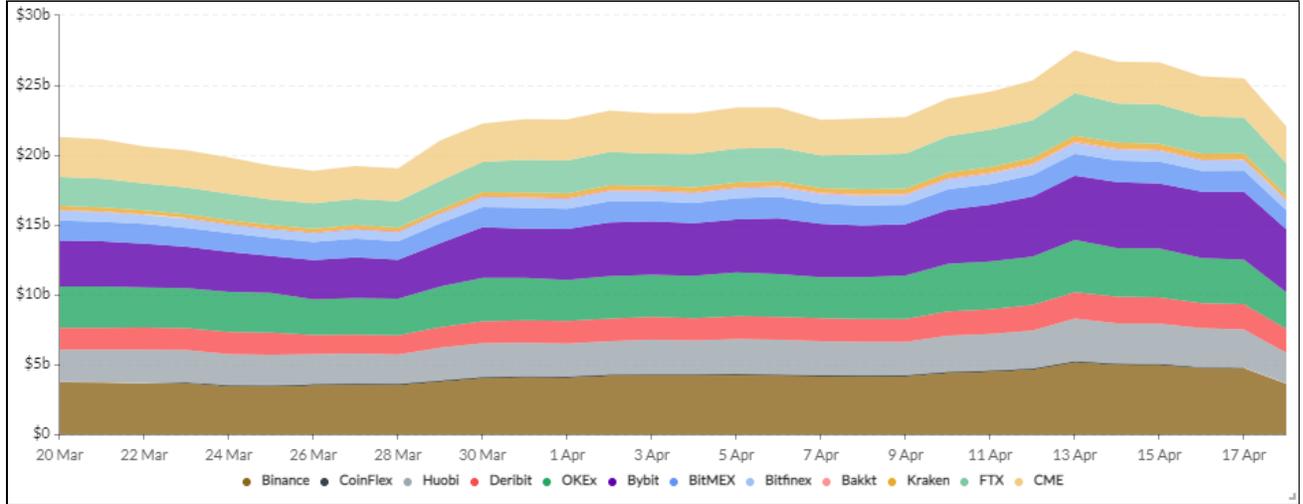


Probability of BTC being above x\$ per maturity

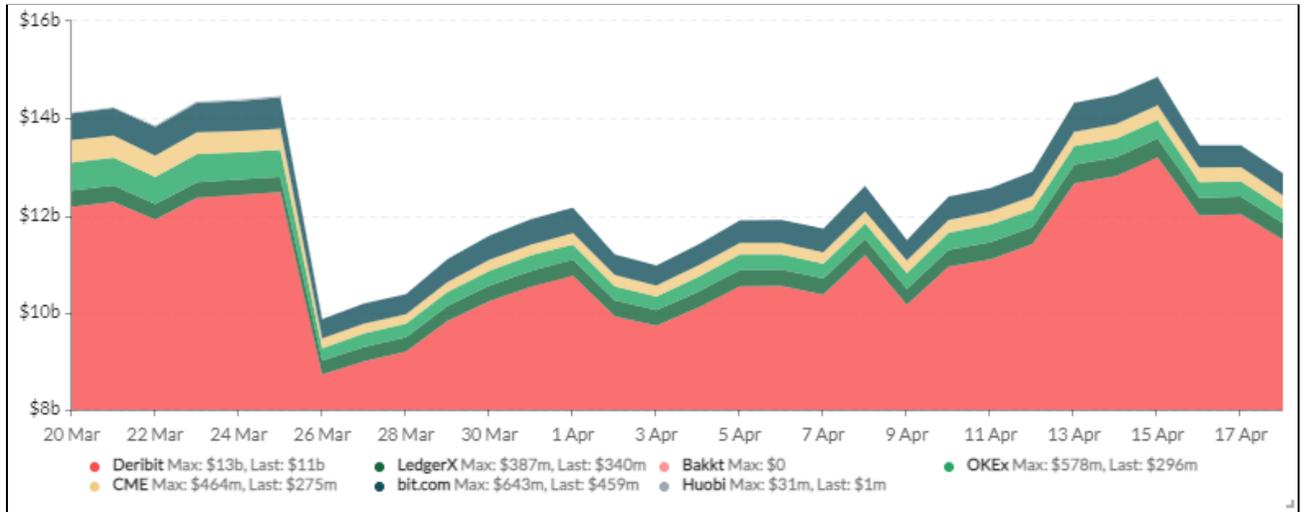




BTC Futures - Aggregated Open Interest



Total BTC Options Open Interest





Ethereum



- Ethereum had one helluva run before the liquidations took hold. Similarly short-lived to BTC's move, we are seeing increasing non-leveraged inflows.
- Positive news for Ethereum continues to flow; Citibank explains [DeFi](#), ETF listings, Consensus funding, successful upgrades, scaling solutions, NFT auctions, and more. The network is steadily cementing itself as the world's settlement layer for all assets.
- Year on year – similar to bitcoin, ethereum balances on exchanges continue to decrease on the longer-term view. This may indicate an increase in longer-term holders and coincides with the increasing amount of ETH used in DeFi.
- From the newsdesk, zkSYNC [announces](#) a breakthrough scaling solution, 20,000 TPS+ and Ethereum Dapp compatible, slated to launch in August.
- [Total value locked](#) in DeFi projects shot up to \$60.64 billion, an 18.5% increase from last week, supported by an increase in DeFi and ETH valuations, together with stablecoin inflows.

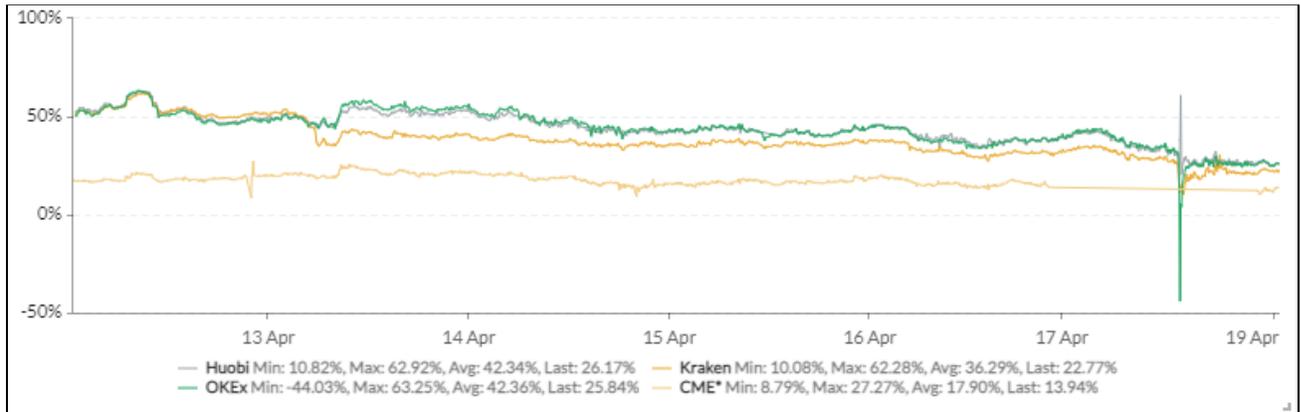


- The amount of ETH in the ETH 2.0 staking contract currently sits at [3,871,778](#), an increase of 2.4% from last week. This represents 3.28% of the total supply estimated to remain locked for ~ one year.
- As Ethereum pushes higher highs and generates institutional interest via DeFi, the attractiveness of an asset that has an intrinsic yield property via staking cannot be understated. If EIP1559 is successfully implemented and ETH becomes a deflationary asset that earns yield for stakers, what will that do to its price?

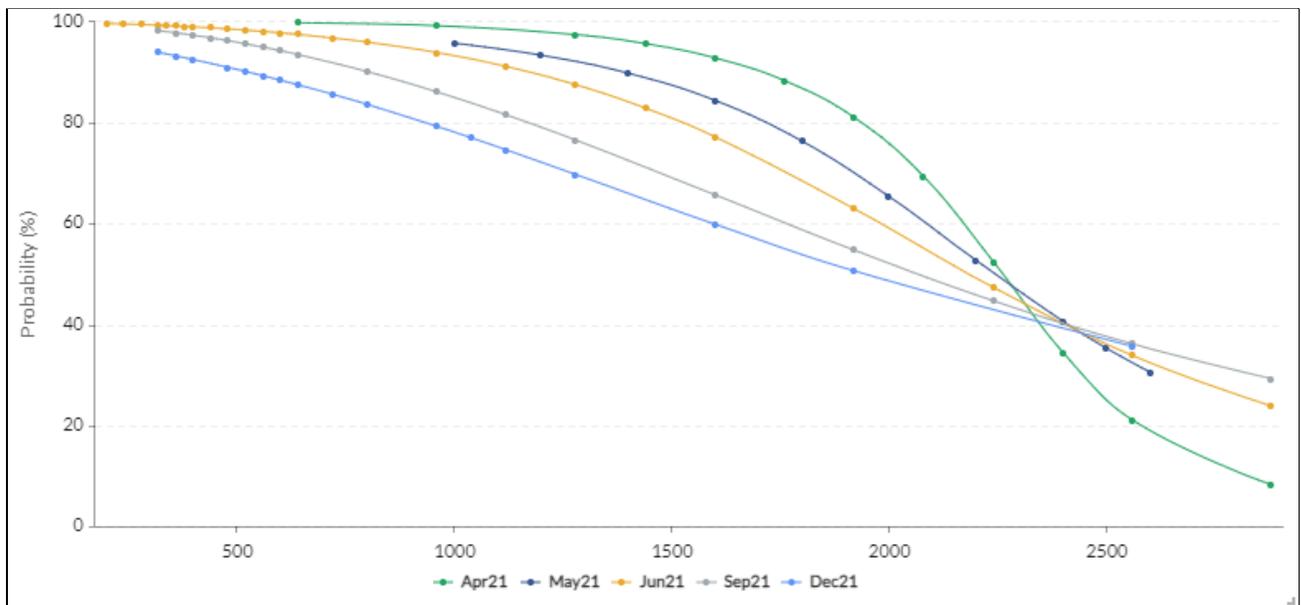
Ether Percent Balance on Exchanges - All Exchanges



ETH Futures Annualised Rolling 1 Mth Basis



Probability of ETH being above x\$ per maturity





DeFi & Innovation

- Thorchain's multichain guarded [launch](#) was a success, allowing users to swap between Bitcoin, Ethereum, Binance Chain, Litecoin and Bitcoin Cash without going to a centralised exchange.
- Yearn Finance continues to [balloon](#) as they hit over \$3 billion in AUM.
- StakeDao launches [v2](#), revealing more functionalities and a user-friendly interface aimed at integrating retail users into DeFi.
- Chainlink [releases](#) their 136-page whitepaper for its version 2.0.
- Edward Snowden [auctions](#) off an NFT based on his exposé for \$5.44 million, while Sotheby's auctions off an NFT by Pak for almost [\\$17 million](#).

What to Watch

- Coinbase's successful IPO sets the stage for other crypto companies to do the same. Will the asset class continue to claim mainstream media attention?
- There have also been [claims](#) that Coinbase employees who exercise their stock options will put those profits into cryptoassets. Does this hold true and will other crypto companies' employees do the same?
- As concerns of fiat devaluation continue in countries outside of the U.S, will bitcoin be the choice store of value for citizens?

Insights

- [Bitcoin Mining: An overview](#) - What will happen when all bitcoin is mined? That is one of the few questions that we answer in this piece, which covers how mining works, the impact on the crypto ecosystem and what the future holds for this crucial role in the Blockchain network.



ZEROCAP

Weekly Crypto Market Wrap

12 April 2021 – 18 April 2021

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