



ZEROCAP

Weekly Crypto Market Wrap

28 June 2021 – 4 July 2021

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.com or visit our website www.zerocap.com

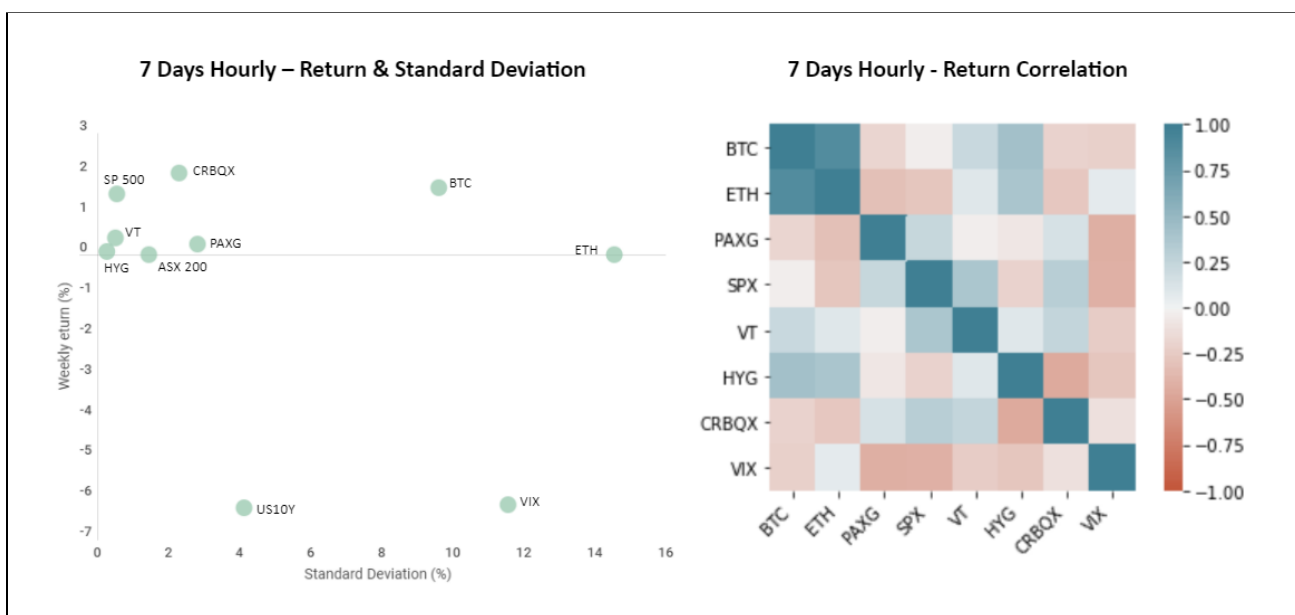
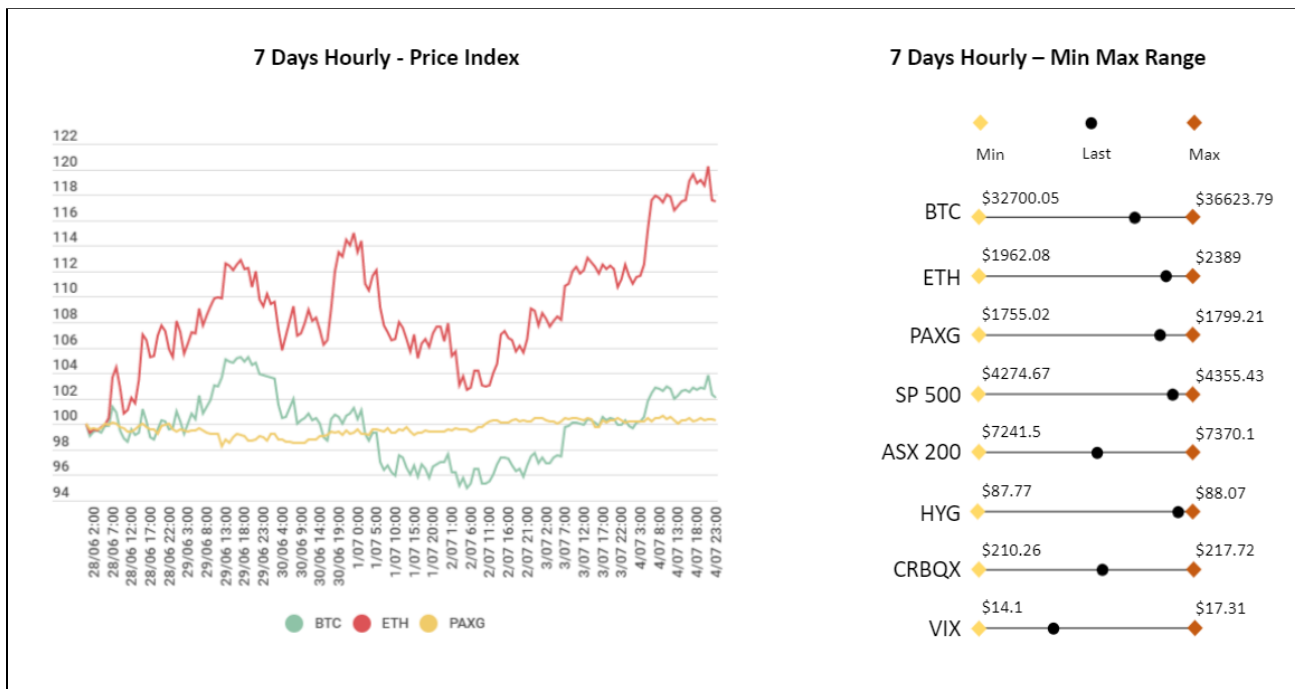
Week in Review

- Following the June jobs [report](#) printing 850,000 jobs added in June, the [S&P 500](#) closes the week scoring [seven records in a row](#), with the [Dow Jones' Index](#) closing on current highs.
- ASIC seeks public input on [crypto ETPs](#), focusing on Bitcoin and Ethereum.
- NYDIG and NCR enable 650 US banks to [allow BTC purchases](#) for customers.
- CryptoHead [Index](#) places the United States as the most “crypto-ready” country.
- A [new law in Germany](#) opens opportunities for up to \$415B in crypto investments.
- JPMorgan analysts believe the Ethereum network could jumpstart the \$40B [staking industry](#).
- Bitcoin's active addresses [fall 60% in six weeks](#), now behind Ethereum.
- Bitcoin [mining difficulty](#) records a ~28% drop following crackdown, its largest drop ever.
- Bitcoin Mining Council [registers](#) crypto mining with 56% sustainable energy mix.
- Morgan Stanley [reports](#) ownership of 28,289 GBTC shares as of April 30.
- Following its UK crackdown, Binance faces [withdrawal outages](#) and [criminal complaints](#) from Thailand, Cayman Islands and Japan.
- Cathie Wood's ARK Invest files for a [Bitcoin ETF](#).
- Russia launches [CBDC trial](#) with twelve banks, pursuing seamless ruble transactions.



- SoftBank [invests](#) \$200 million in Brazil's [Mercado Bitcoin](#) exchange, now valued at \$2.1B.

Winners & Losers





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- Bitcoin continued its recovery early in the week, reclaiming the US\$34,000 mark. The asset's declining hashrate (China mining shutdown) and subsequent decreasing mining difficulty sparked some doubt amongst investors, suppressing price mid-week. The asset persevered over the weekend, closing at US\$35,300 for a 1.65% gain.
- Ethereum outperformed Bitcoin this week as momentum builds in anticipation of the London hardfork. The number of active addresses continues to rise on the network as adoption grows and the DeFi landscape matures. Overall, ETH recorded a 17.14% gain WoW.
- The US10Y trended down this week, fueled by more talks of tapering from the Fed. The US June jobs report released on Friday compounded this as unemployment rose higher than expectations despite an increase in the non-farm payroll numbers. Overall, the US10Y recorded a 6.23% loss.
- A strengthening dollar and equities markets, in tandem with taper talks, placed pressure on gold early in the week which was set for its worst month since 2016. Weaker than expected economic data combined with delta-strain concerns drove a recovery from the weekly lows leading to a 0.28% increase WoW.
- Equity markets continued to rally with the S&P 500 claiming new highs while the NASDAQ and Dow Jones closed in on their highs. Overall, the three indexes recorded 1.5%, 1.54% and 1.04% gains respectively.



Macro, Technicals & Order Flow

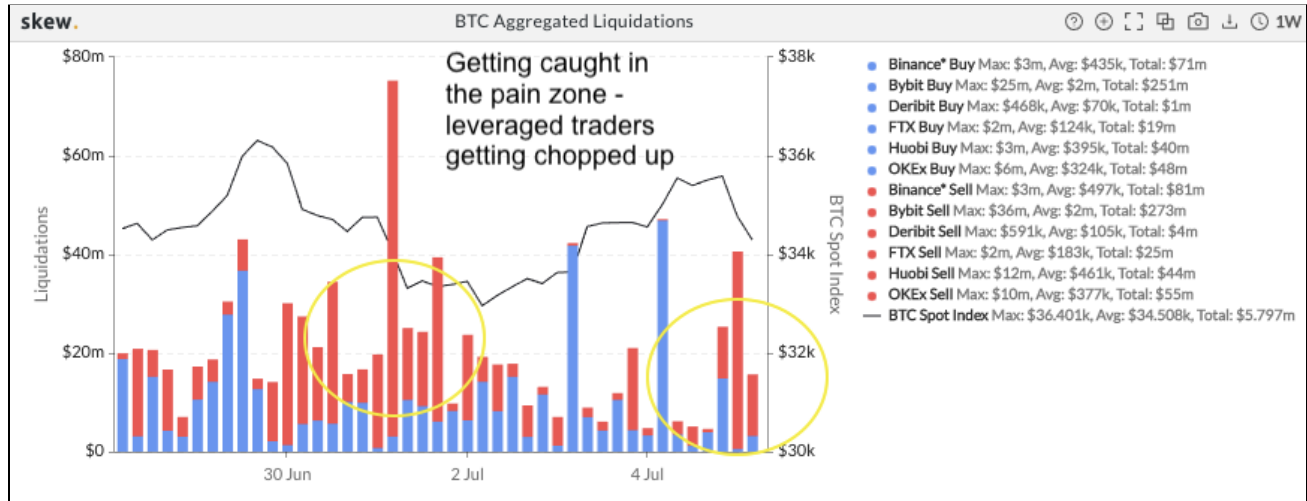
Bitcoin



- Price is hovering around 34,000 chewing up directional traders. The breaks are getting rejected, and topside moves are stalling.
- Directional traders are feeling the pain of failed breaks. We've mentioned a number of times that the 34,000 downside break keeps getting bought up (despite it being a bearish sign on a daily close). This was definitely a signal to sit on the sidelines - combine this information with the on-chain backdrop, and you see an uncertain short-term market.
- The following chart shows recent short liquidations across a selection of exchanges, which can be viewed as a proxy for broader market liquidations.



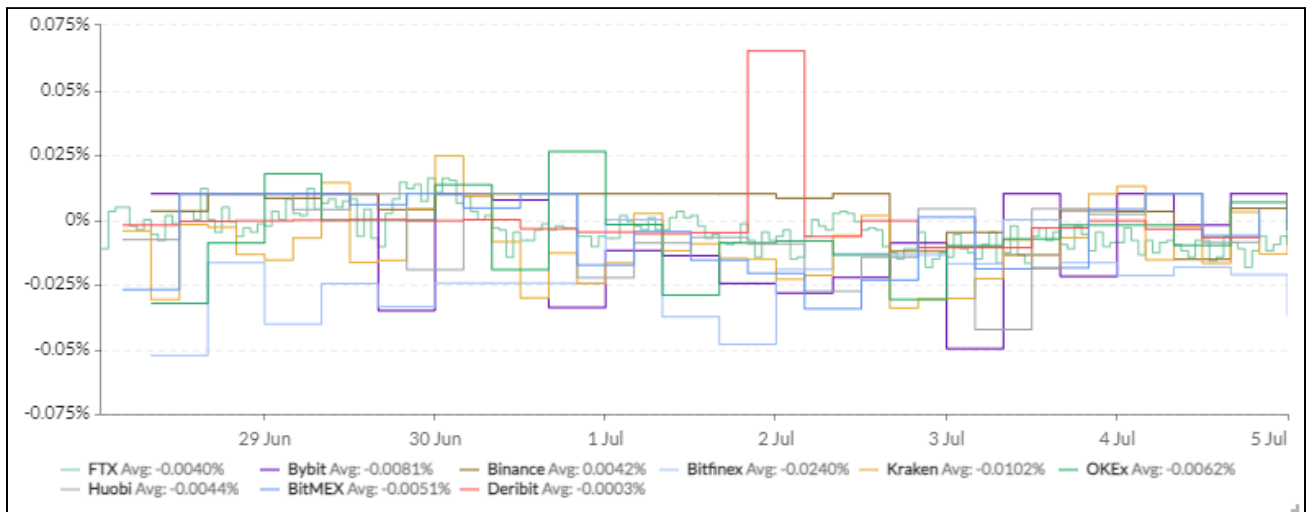
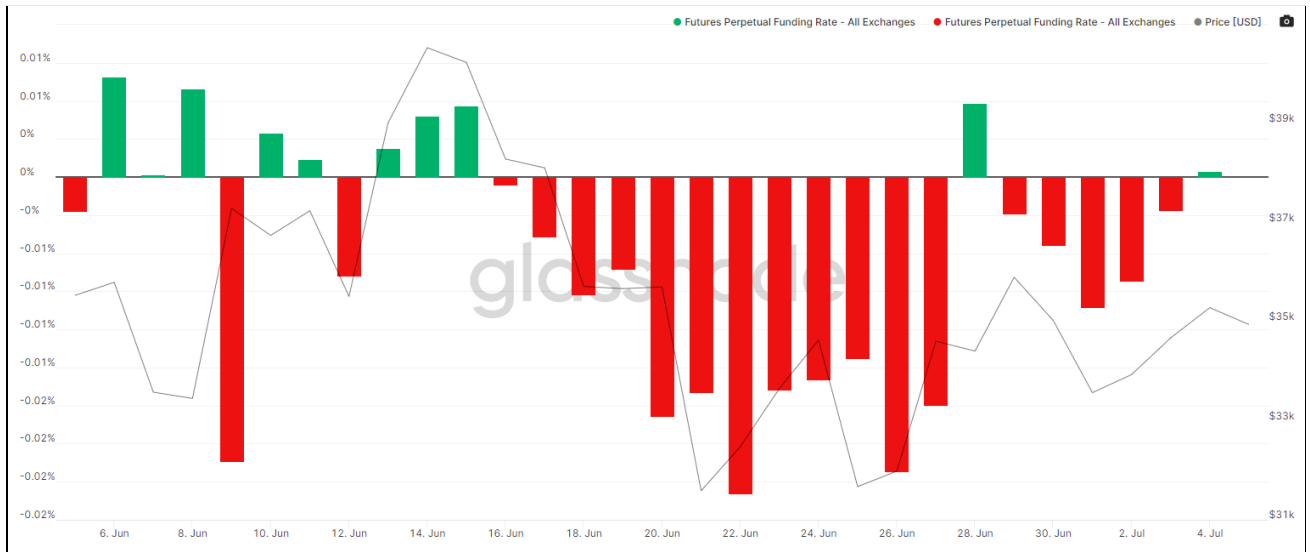
BTC Aggregated Liquidations



- Perpetual funding rates have still held negative for most of the week, signalling more shorts on balance. We are seeing a slight positive funding rate today, but this is likely due to a reduction in shorts from liquidations as opposed to bullish sentiment building (yet).
- The Futures Basis is currently hovering around 0%, with a negative lean over the week.
- Open Interest is steady, holding no clues to any upcoming fast moves.

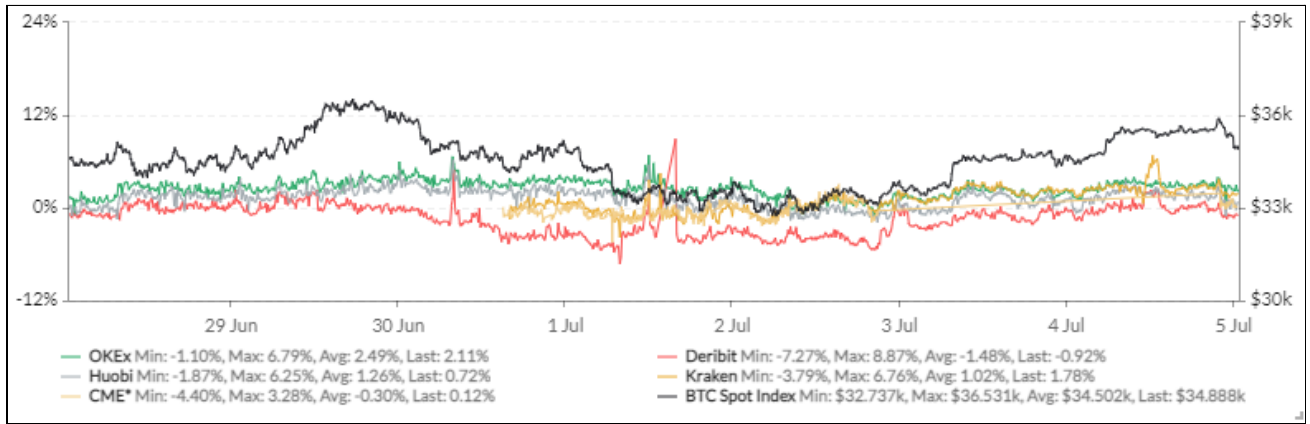


BTC Perpetual Swaps Funding

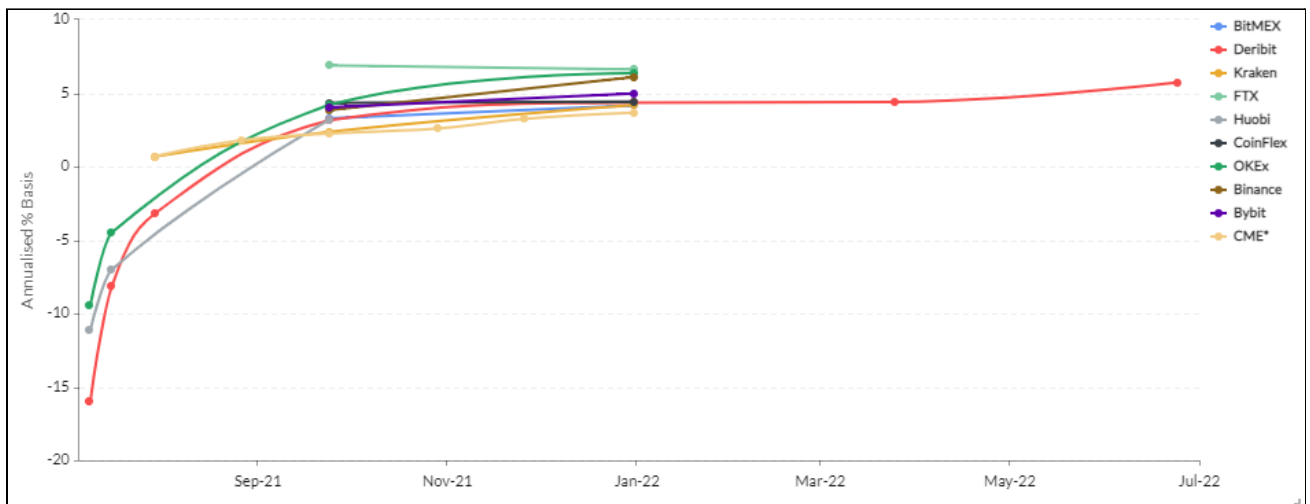




BTC Futures Annualised Rolling 1 Mth Basis

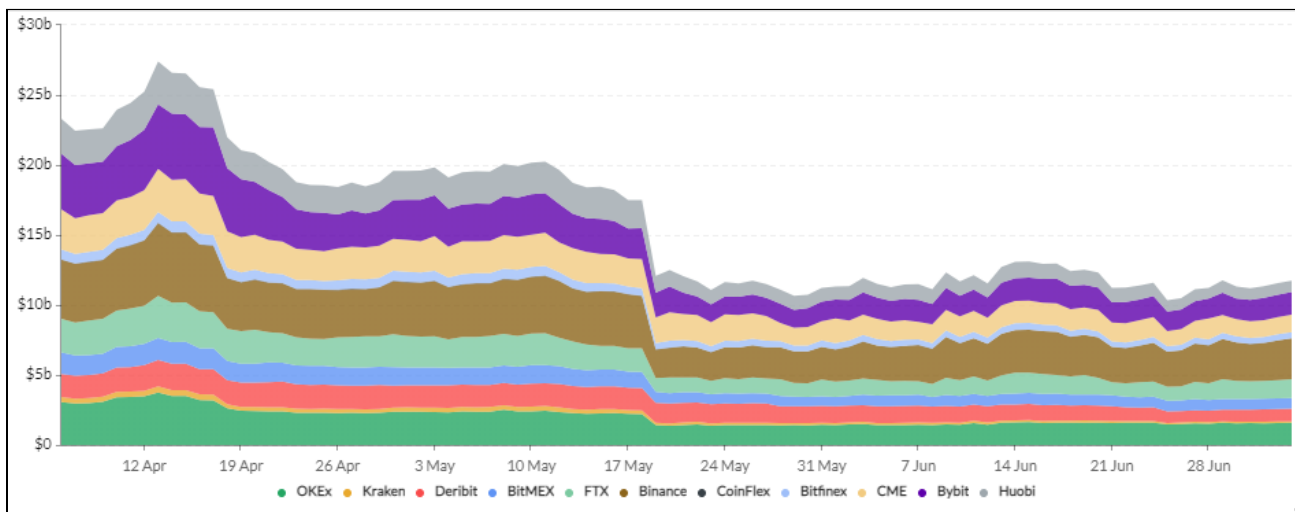


BTC Futures Annualised Basis - Current

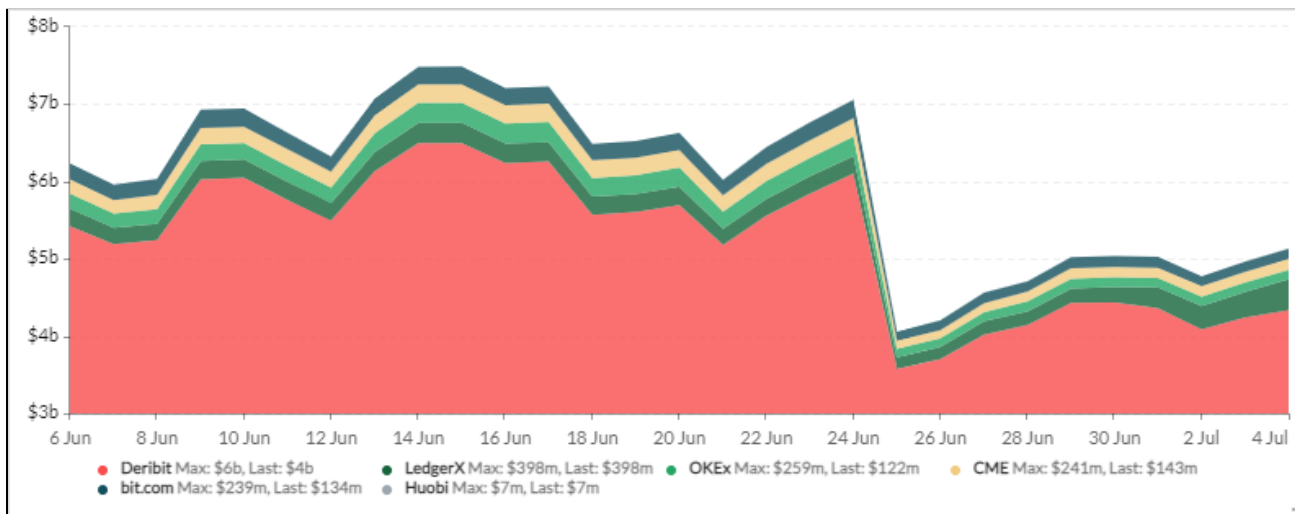




BTC Futures - Aggregated Open Interest



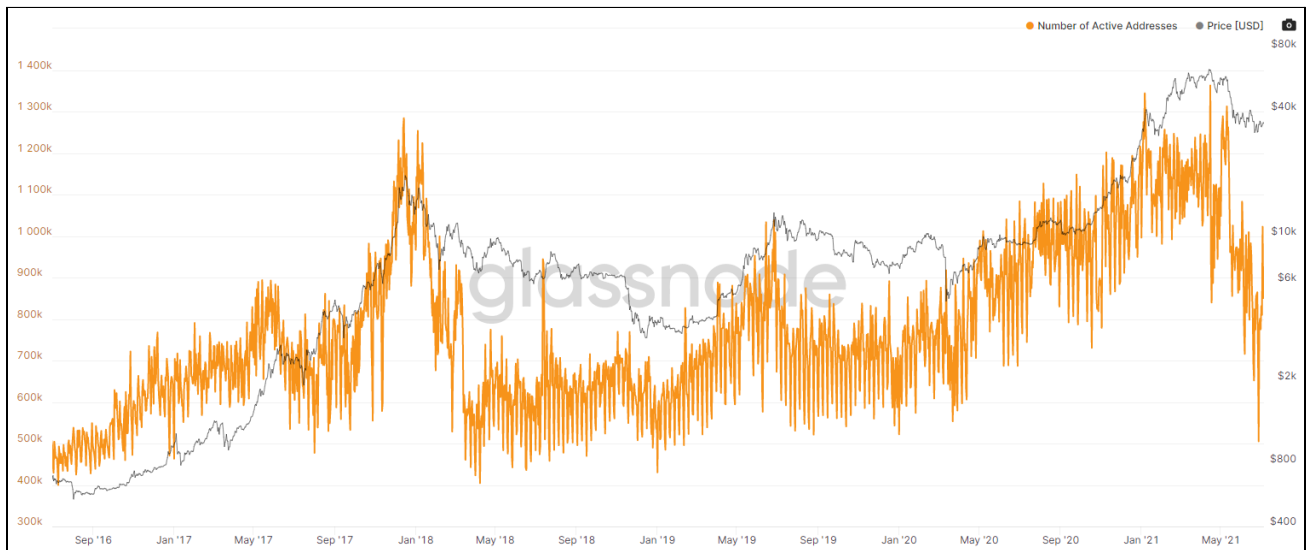
Total BTC Options Open Interest



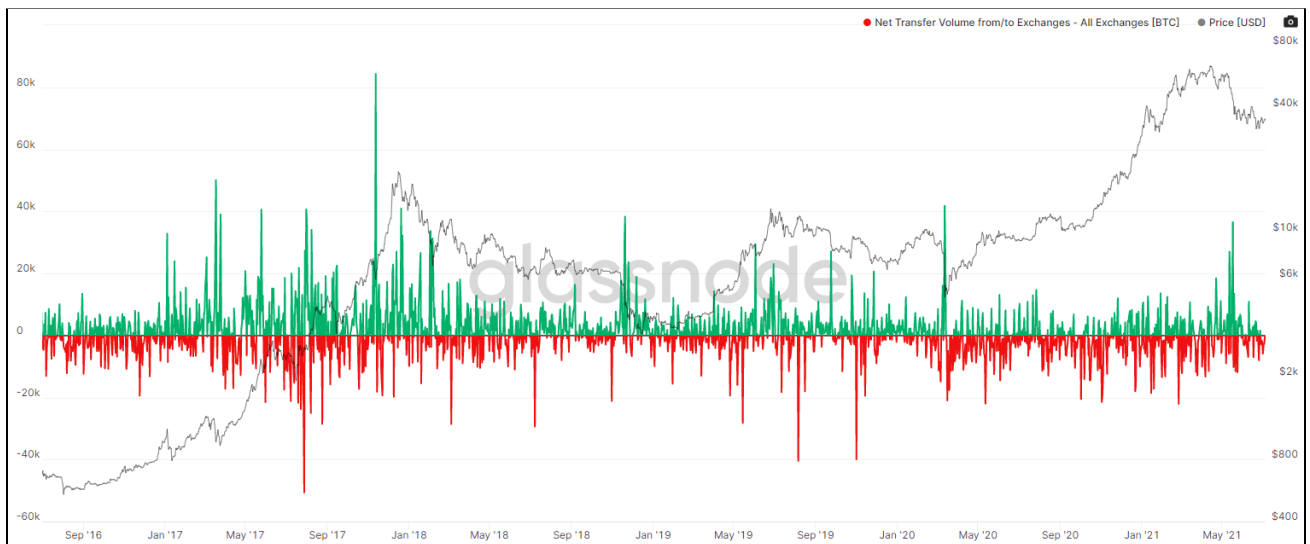
- On-chain data shows even further bearish drops in active addresses, whilst still conversely showing moderate outflows from exchanges. Divergent data persists.



Number of Active Bitcoin Addresses



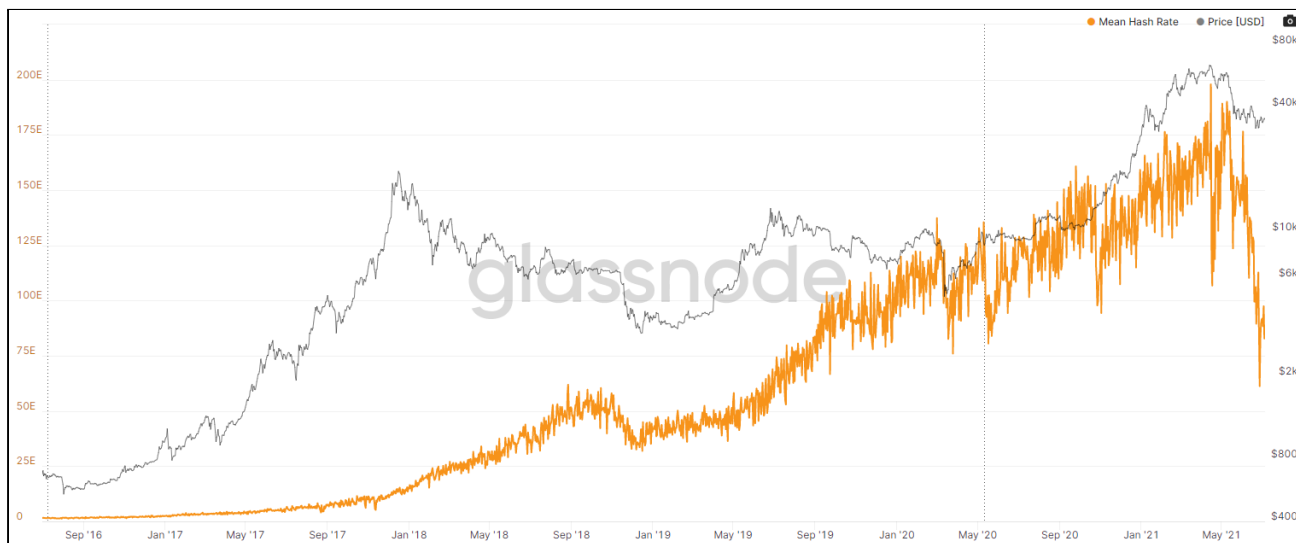
Bitcoin Net Transfer Volume from/to Exchanges



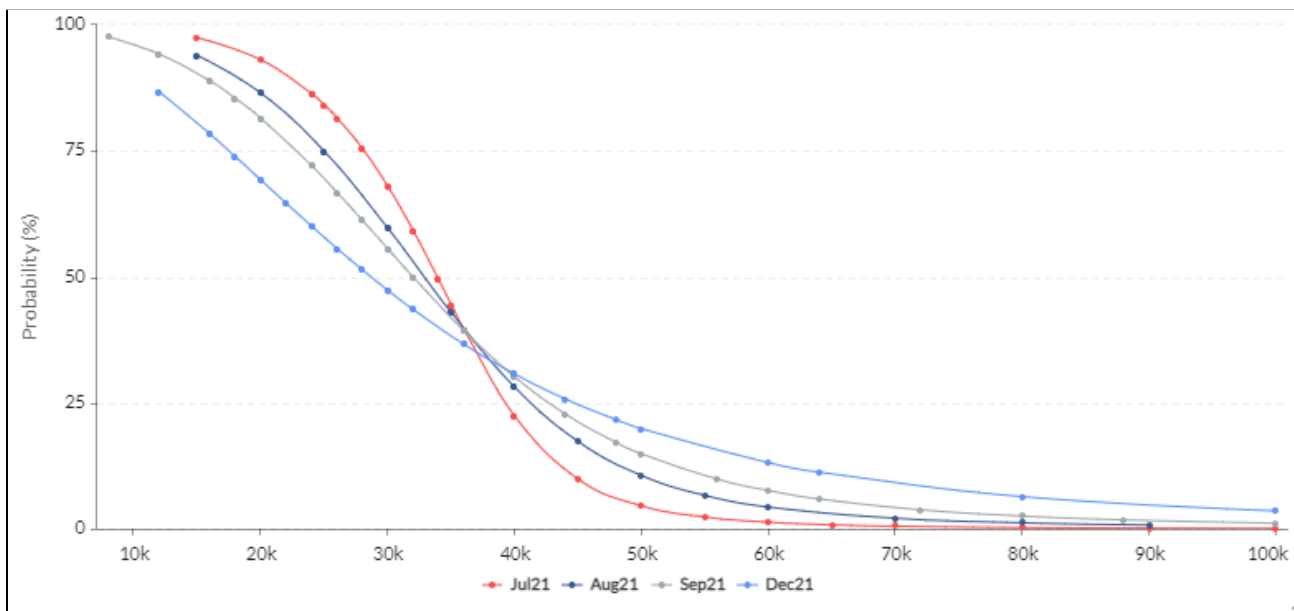
- The Bitcoin Hash rate saw a slight retracement this week, but is still in bearish territory.



Bitcoin Hash Rate

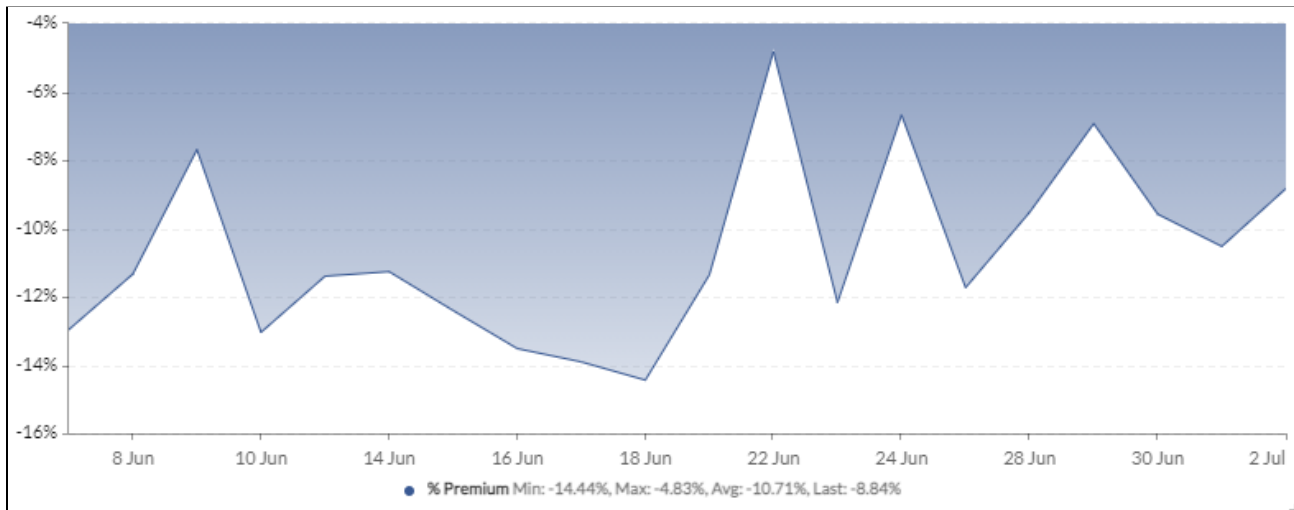


Probability of BTC being above x\$ per maturity





Grayscale Bitcoin Trust (GBTC) Premium





Ethereum

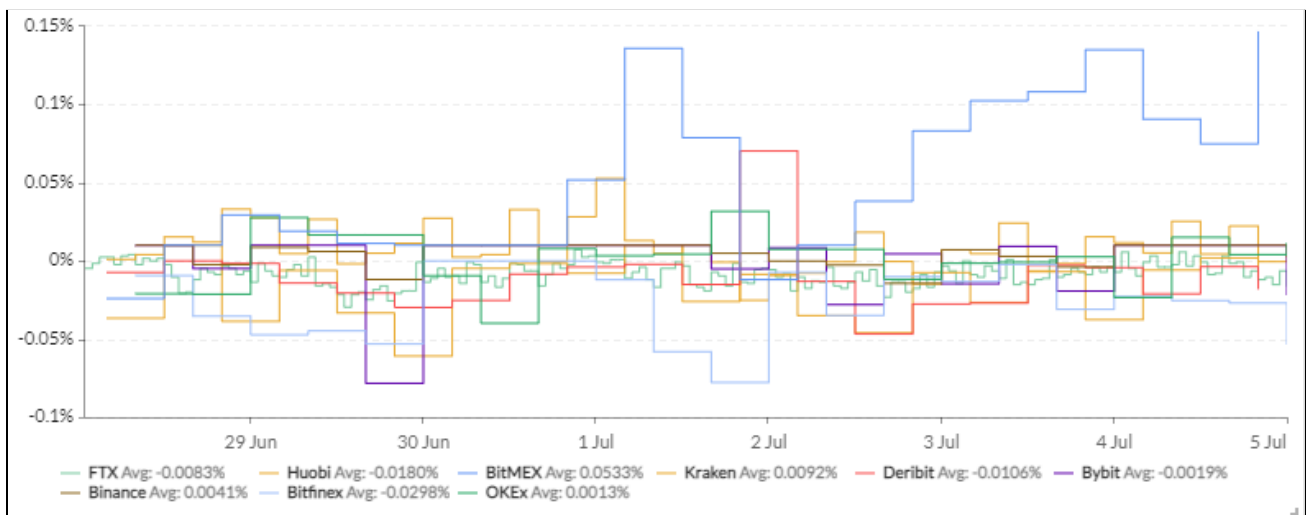


- Ethereum is holding the range more successfully than Bitcoin. The week has seen ETH hold above 2,000 support and looks to be edging toward the ascending trendline and 3,000 confluence.
- There is anticipation around the upcoming hardfork, which essentially turns Ethereum into a deflationary asset. Newsflow has been fairly bullish, particularly around the narrative that ETH's market cap could one day surpass BTC.
- It's no surprise that DeFi flows still dominate much of ETH's current value. The FTX DeFi perpetual is a collection of major DeFi projects. Unsurprisingly, its chart looks very similar to Ethereum right now.



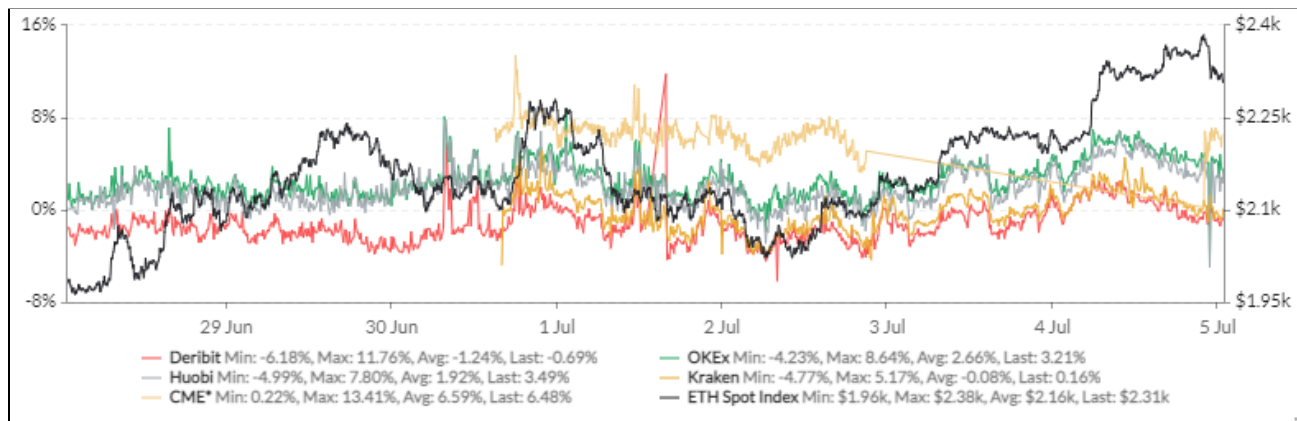
- ETH’s perpetual funding rate has still been, on balance, negative over the week. Although there have been some notable exceptions, with Bitmex smashingly positive. The funding arbitrage traders would be having a field day in these conditions.
- The Futures Basis has been mixed, but weighted to the positive side toward the end of the week. Open Interest is slowly building.

ETH Perpetual Swaps Funding

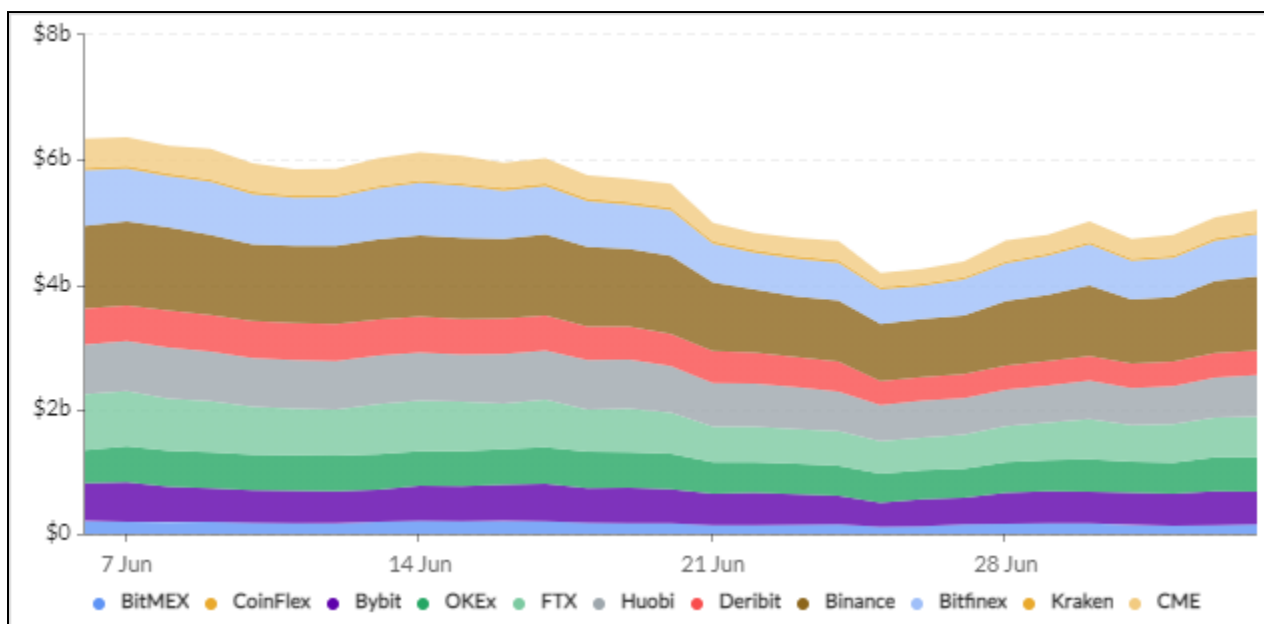




ETH Futures Annualised Rolling 1 Mth Basis



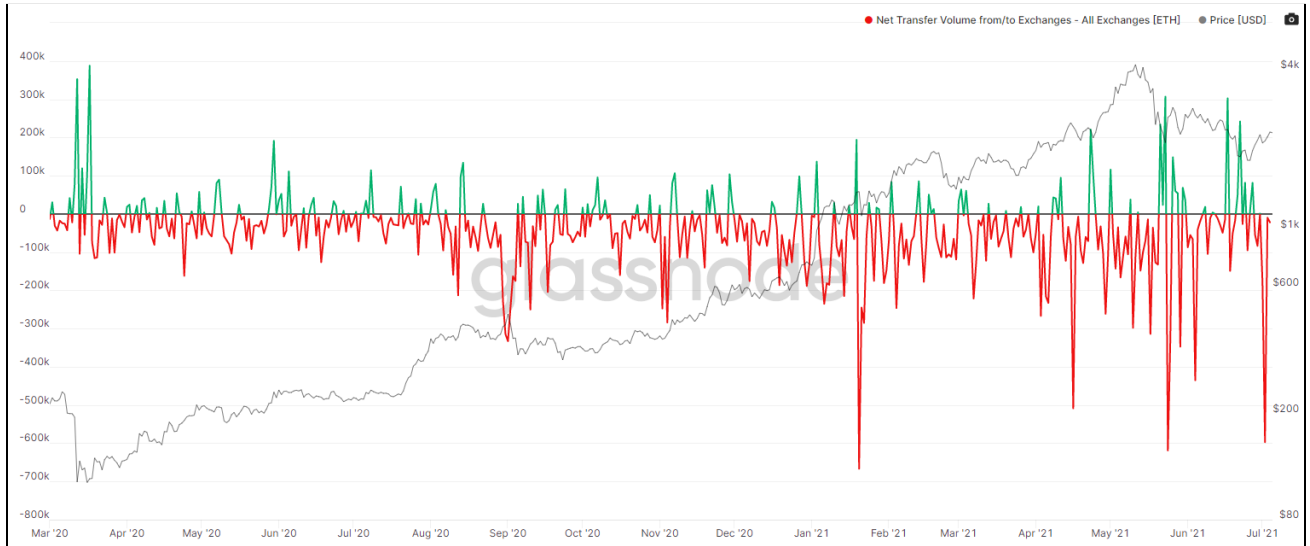
ETH Futures Aggregated Open Interest



- On-chain data paints a more bullish picture. Outflows spiked, indicating less selling pressure.
- On-chain activity has also spiked, in line with increased DeFi activity.



Ethereum Net Transfer Volume from/to Exchanges

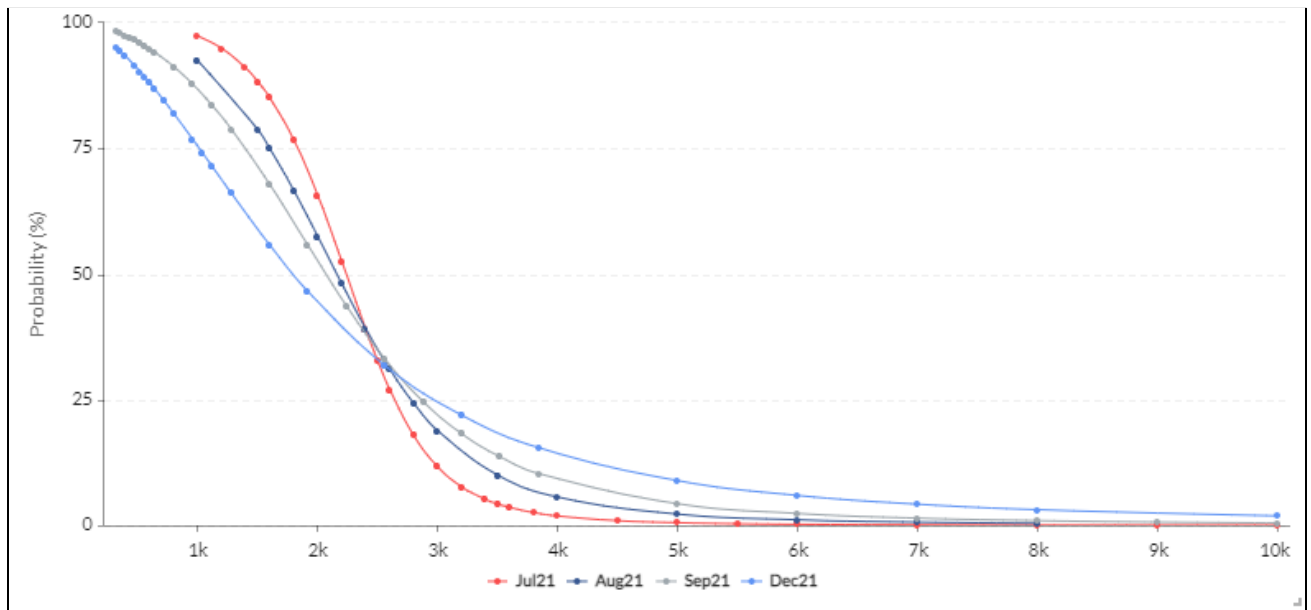


Ethereum Net Transfer Volume from/to Exchanges





Probability of ETH being above x\$ per maturity



- The amount of ETH in the ETH 2.0 staking contract currently sits at 5,878,748. This represents 5.04% of the total supply estimated to remain locked for ~ one year, continuing to slowly constrict supply.
- In summary, ETH is holding its range and we are beginning to see some confluence in signals. If the range holds this week, Open Interest grows and the Perpetual funding rates stabilise on the positive side, we could see a grind up to 3,000 resistance.



DeFi & Innovation

- Coinbase plans a [crypto app store](#).
- Compound Labs [launches treasury](#) for institutional-grade DeFi Yields.
- CoinMarketCap launches on-site [token swaps](#) through Uniswap.
- USDC is quickly becoming the [dominant stablecoin](#) on Ethereum.
- Twitter [enters NFT market](#), drops 140 free items on the popular Rarible platform.
- Formula 1 announces Crypto.com as its [global partner](#) for the F1 Series.

What to Watch

- June's record of 850,000 new jobs further reduced inflation fears in the US, with S&P 500, Nasdaq and Dow Jones breaking or maintaining highs. Tapering concerns remain, as the market prepares for measures from the Fed regarding its monetary policies, which may lead to a period of high volatility and overcorrections. The scenario does look promising for the American economy, but keeping an eye on the next CPI and tapering announcements are essential to analyse if the current market inflows are sustainable.
- China's crackdown loses steam and facilities continue their exodus to crypto-friendly territories, while Bitcoin's hashrate steadily drops. Mining difficulty plunged by 28%, making it easier to profit in the sector than pre-crackdown. We expect reduced market fears related to the ban as investors realise that China's restrictions did not threaten the Bitcoin technology. News on mining over the following week will certainly shed more light on its sentiment.

Insights

- Have a listen to the [CryptoNews interview](#) with our CEO Ryan McCall and CIO Jonathan de Wet, where they discuss DeFi Yield Farming research, what it takes for bitcoin to reach 100k this year, on-chain metrics and much more.



- [Bitcoin as legal tender: Meaning and implications](#) - We provide an analysis of El Salvador's decision along with the potential implications it brings to the nation, cryptocurrencies and even the global financial landscape.

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