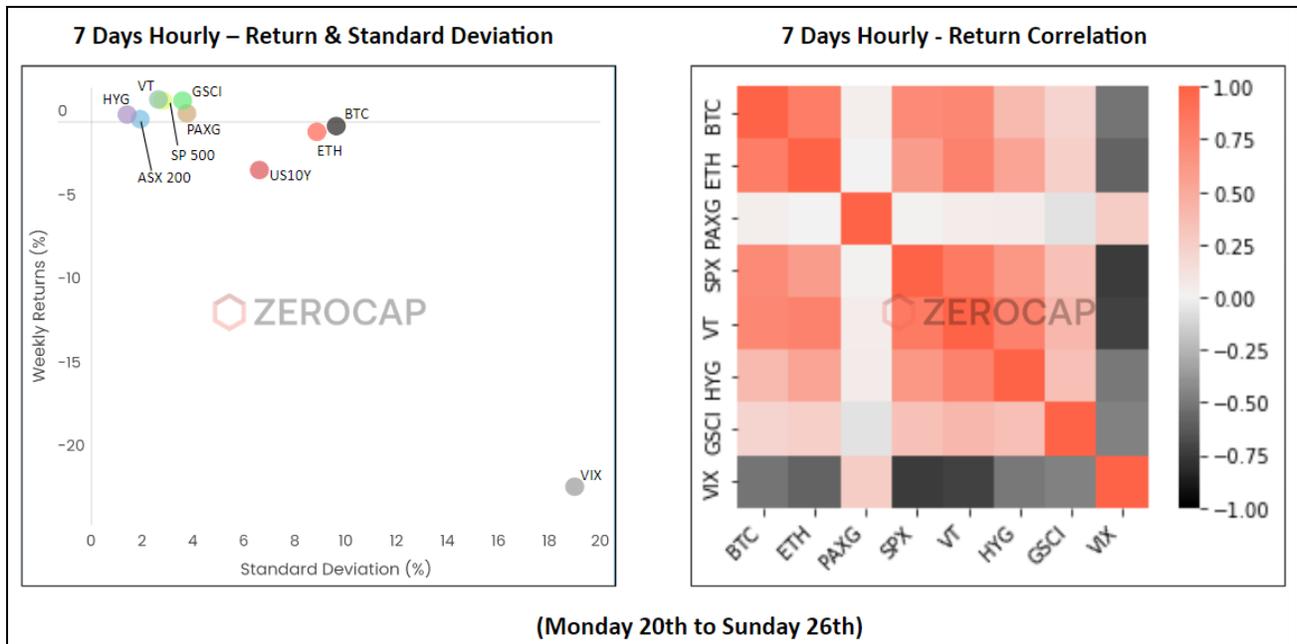
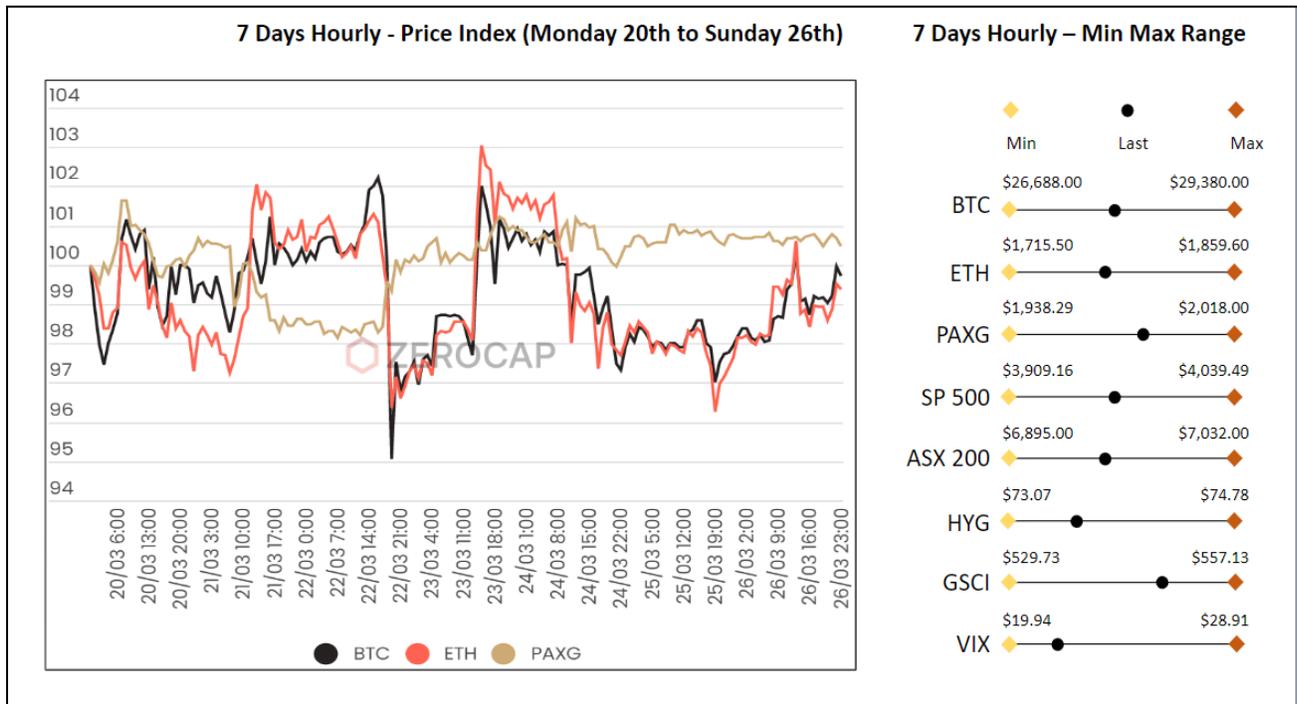


Zerocap provides digital asset investment and custodial services to forward-thinking investors and institutions globally. For frictionless access to digital assets with industry-leading security, contact our team at hello@zerocap.com or www.zerocap.com

Week in Review

- Terra (LUNA) founder [Do Kwon is arrested](#) in Montenegro using fake documents - faces [fraud charges](#) from US prosecutors hours after arrest.
- Binance [suspends all spot trading](#) in worldwide platform following software glitch.
- [Coinbase and the SEC](#) clash as Coinbase gets issued Wells notice - [Exchange claims](#) to be receiving legal threats from the SEC following request for reasonable crypto rules.
- [FDIC](#) debates if and how US government might be able to increase deposit insurance beyond \$250k if banking crisis continues to grow.
- Crypto's [Fear and Greed Index](#) hits highest greed level since Bitcoin's all-time high.
- [US Treasury study](#) states a CBDC may destabilise banks but improve household welfare - [Moody's report](#) claims bank profits are at risk under Central Bank Digital Currencies.
- US Senator Ted Cruz once again [introduces bill](#) to block American CBDC developments.
- [MakerDAO](#) votes to keep USDC as primary collateral, following brief depegging.
- [Sony patent](#) aims to provide NFT transfers across multiple content platforms.
- FED releases [joint announcement](#) with BoE, BoJ, ECB and SNB on actions to enhance the provision of US dollar liquidity.
- Crypto reform is coming to the US in 2023 due to SVB collapse, says [former chief of staff](#).
- [FED](#) hikes rates by a quarter percentage point, signals hikes are nearing an end.
- [US Consumer Sentiment](#) falls for the first time in four months.

Winners & Losers



Data source: Tradingview

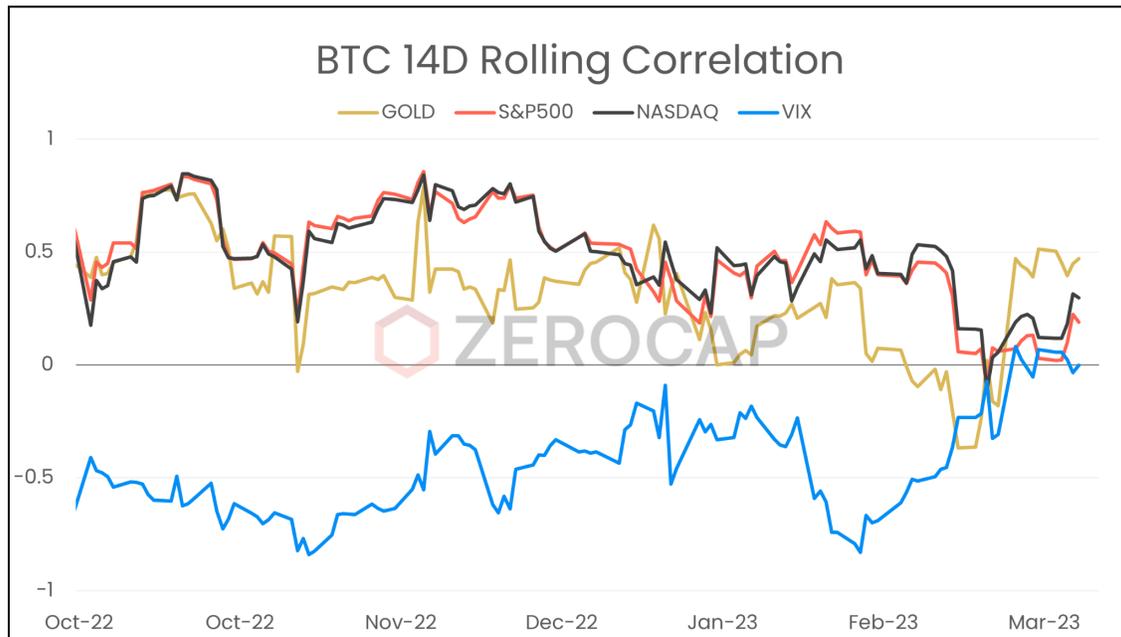
Market Highlights

Bitcoin's Outperformance

- Risk asset or store of value? Much like the Fed's current position, Bitcoin's classification is at a fork in the road. To maintain a sense of authority over inflation, while also acknowledging the emerging and delicate US banking context, the Fed raised rates by 25 basis points last week. While coming in at expectations, the hike didn't push prices higher, as concerns regarding the U.S. banking condition worsened. BTC traded well, consolidating above 27,000 despite some mid-week volatility. We see an increased correlation to safe-haven assets such as Gold, alongside correlational breakdown to equities. Last week, we even saw this trend flip back as Bitcoin's co-dependency to risk assets ticked higher off the back of heightened macro uncertainty. Ultimately we view BTC as a unique hedge - one that is emerging outside the category of risk vs safe haven. Its unique qualities as a highly mobile bearer asset is a hedge against balance sheet expansion, banking woes, and recently, traditional portfolios.

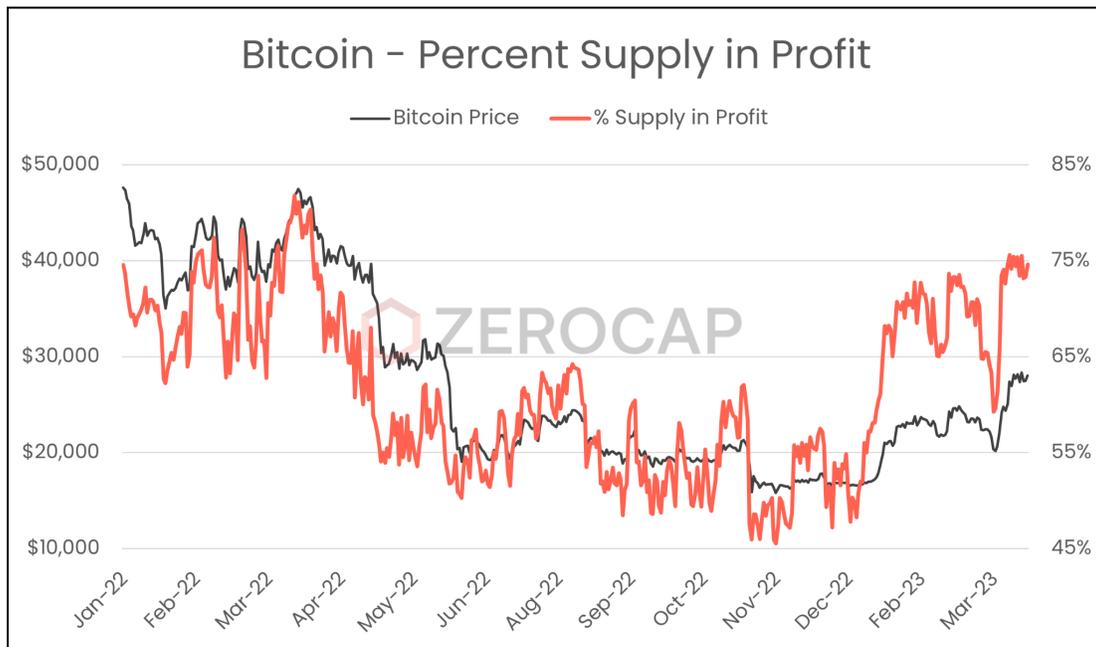


Source: Tradingview



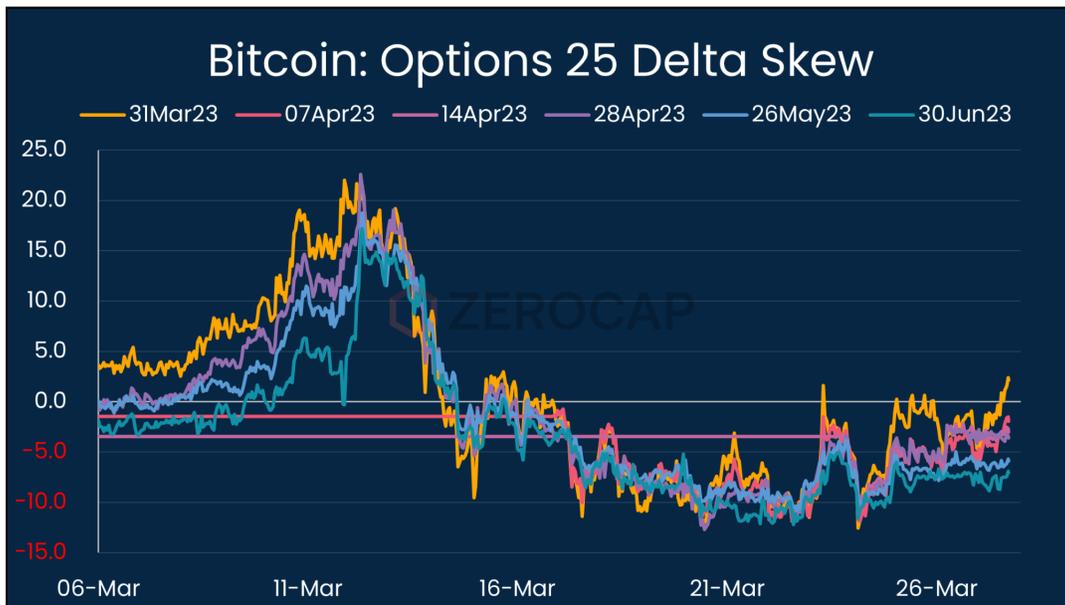
Source: Tradingview

- Market participants are pricing in a pause from the Fed, with a 70% chance of a hold for May's meeting. However, the Fed previously has made its stance clear which is that taming inflation is of top priority. Now the Fed must consider the possibility that a continued battle and commitment to taming inflation may lead to a further detriment in the U.S. banking system. While bearish for equities, the narrative of BTC as a store of value may be re-affirmed within this context. Contrastingly, the Fed may formulate a methodology to alleviate the position facing U.S. banks. Last week, we noted the Fed's decision to unwind a significant portion of their QT. In this scenario, QT headwinds transition to QE. Both narratives paint a potentially positive picture for BTC. However, it is also worthwhile noting that the % supply of BTC in profit is the highest it has been in over 12 months, which can lead to some profit taking.



Source: Glassnode

- We're yet to witness distributive price action in the majors despite strong overhead resistance suggesting that even in the context of short-term profit-taking and a potential pullback, bullish momentum could still be maintained with targets set on the 30,000 level.
- Aside from longer-term expires, which show some bias toward calls, BTC's 25d Skew remains relatively flat, providing room to move further if conditions hold.



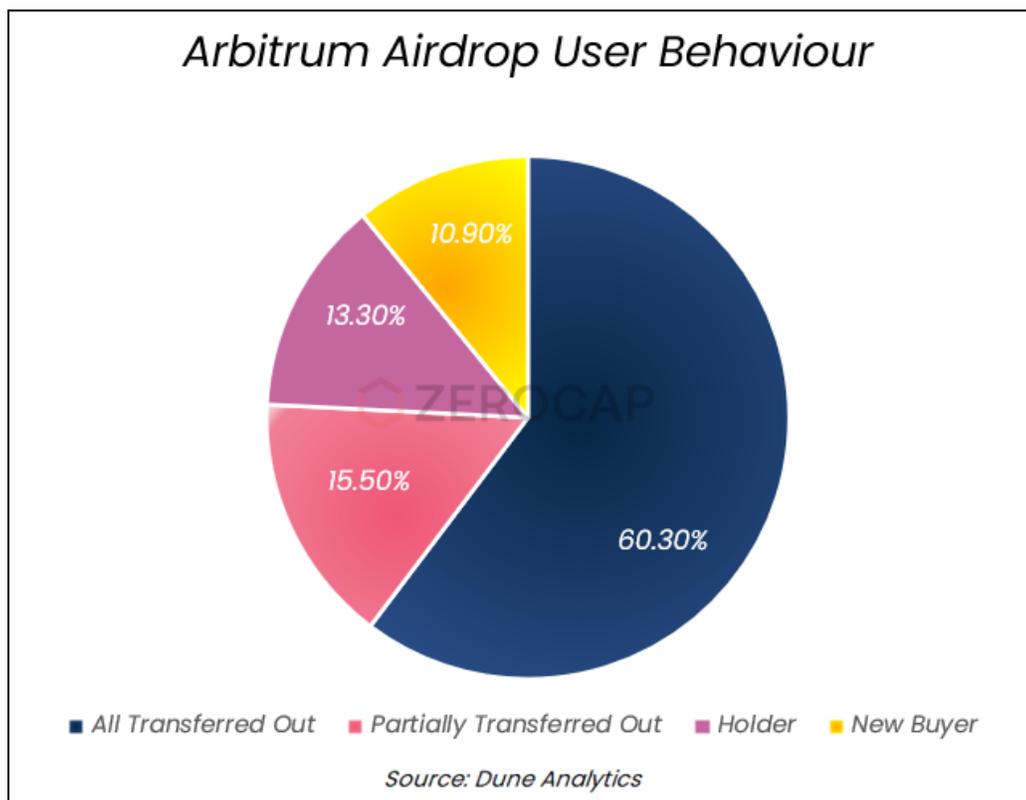
Source: Derebit

The Fed's preferred inflation measure, the U.S. PCE index, is set to be released this coming Friday. This print will likely form more cemented expectations surrounding the likelihood of a continued recession, where the narrative of BTC as a store of value or as a risk asset will likely be reaffirmed.

Arbitrum (\$ARB) goes LIVE

- Arbitrum's new token, \$ARB, was airdropped to eligible wallets on Thursday, marking the second optimistic rollup chain to launch its token after Optimism went live with \$OP in May of last year. A total of 533,429 addresses were eligible to receive a share of the total distribution, with the total airdropped amount representing \$1.65bn in value airdropped using ARB's weekly close price of \$1.28.
- When looking at airdrops of a similar size, such as Optimism, we note that the tokens have displayed strength in the weeks after the initial selling pressure has been exhausted. Venture capital firms and portfolio managers that missed the seed rounds can use the unrelenting selling pressure at the initial unlocks to time optimal entry points into the long-term projects they seek exposure to.

- By using the total claimed percentage and user behaviour of existing claimants, we can gauge the potential future impact of remaining claimants selling the token. As of Sunday's close, 85% of the initial eligible set of users had claimed their token, with 75% of this segment transferring their ARB to exchanges in full or partial amounts. With the majority of the selling pressure seemingly exhausted, we see the potential for ARB to outperform the broader crypto market in the coming weeks.



What to Watch

- Bank of England's governor Bailey speaks and Australian CPI, on Tuesday.
- US' final quarter GDP and unemployment claims, on Thursday.
- Canada's month-on-month GDP and US' Core PCE, on Friday.

Research Lab

- [What are CBDCs and how do they Work?](#)

Learn the main intricacies of Central Bank Digital Currencies in this article by Innovation Analyst Finn Judell.

- A deep breakdown of CBDCs and their functionality
- The pros and cons of Central Bank Digital Currencies
- Retail versus wholesale CBDCs
- Comparisons with regular digital money and stablecoins
- The main territories adopting the technology, including Australia

- [The Evolution from Monolithic to Modular Blockchains:](#)

Monolithic blockchains have laid the foundation for decentralised systems, they are increasingly being challenged by a more flexible and dynamic contender: modular blockchains.

This article by Zerocap Innovation Lead Nathan Lenga delves into the fundamental differences between these two types of blockchains and elucidates why modular blockchains are poised to shape the future of this groundbreaking industry.

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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	SPGSCI	U.S. 10Y