

Weekly Crypto Market Wrap

19th June 2023



ZEROCAP.COM

AUSTRAC REGISTERED DIGITAL CURRENCY EXCHANGE SERVICE PROVIDER DCEI00635539-001

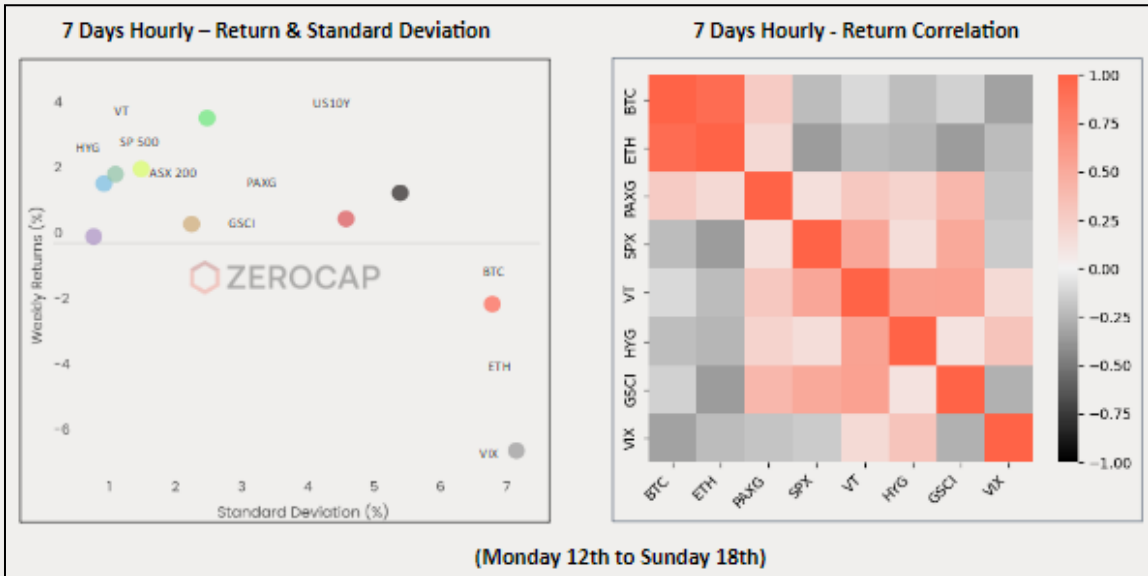
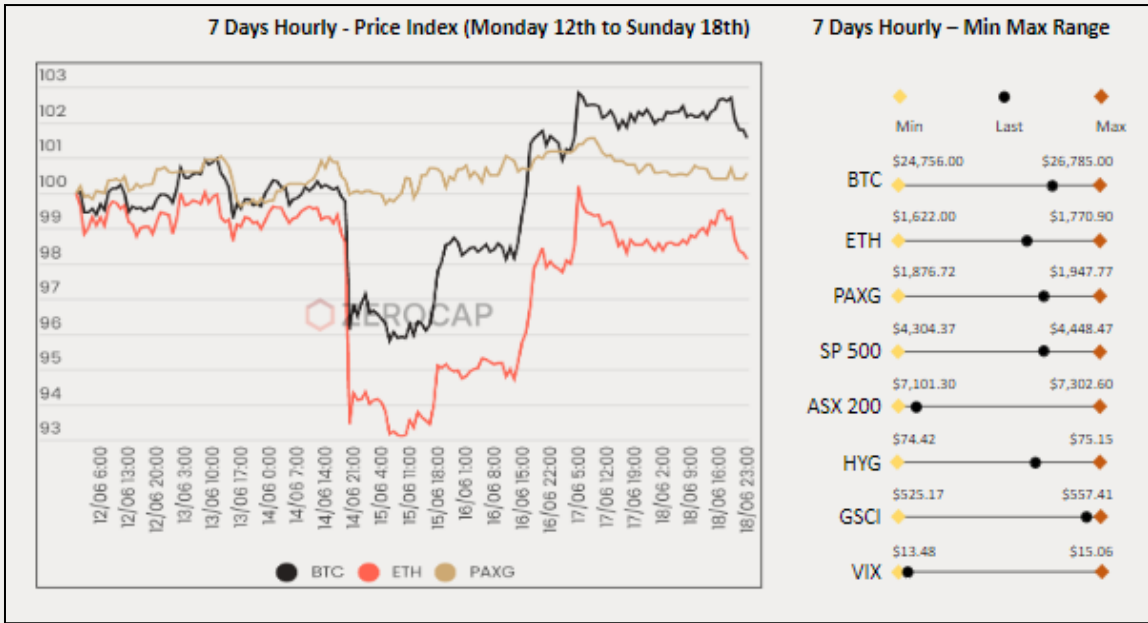
Zerocap Pty Ltd ABN: 99 164 874 597

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

- BlackRock files for [Bitcoin ETF](#) in push into crypto market.
- [Hong Kong](#) government pressures banking giants HSBC and Standard Chartered to accept crypto clients and support licensed crypto exchanges.
- Binance announces [departure](#) from Dutch market after failing to obtain license - currently [under investigation](#) in France for money laundering.
- US lawmakers file "[SEC Stabilization Act](#)" to fire Chair Gary Gensler quoting "abuse of power" since taking office - Act follows recent SEC lawsuits against Binance.US and Coinbase.
- Binance launches Bitcoin cloud [mining services](#) amid SEC lawsuit crackdown - exchange [starts negotiations](#) with Commission.
- US judge signs off on [Binance x SEC agreement](#) for exchange to move all US customer funds and wallet keys back onshore.
- Coinbase announces repurchase of \$65 million in [convertible notes](#) at a 29% discount - 0.5% of senior notes due for 2026.
- Tether (USDT) [CTO clarifies](#) that recent \$1B in USDT mint on Ethereum is for chain swaps.
- In unprecedented use of crypto for the country, [Bank of China](#) issues \$28M in digital structured notes on Ethereum blockchain.
- US inflation rises steadily to [lowest level](#) in the last 4 years.
- [FED's FOMC](#): Reserve leaves rates unchanged at 5 - 5.25% while expecting two smaller rate hikes by the end of 2023.
- European Central Bank [boosts interest rates](#) to 22-year high.
- [Bank of Japan](#) leaves rates unchanged at ultra-low levels, markets unsure.

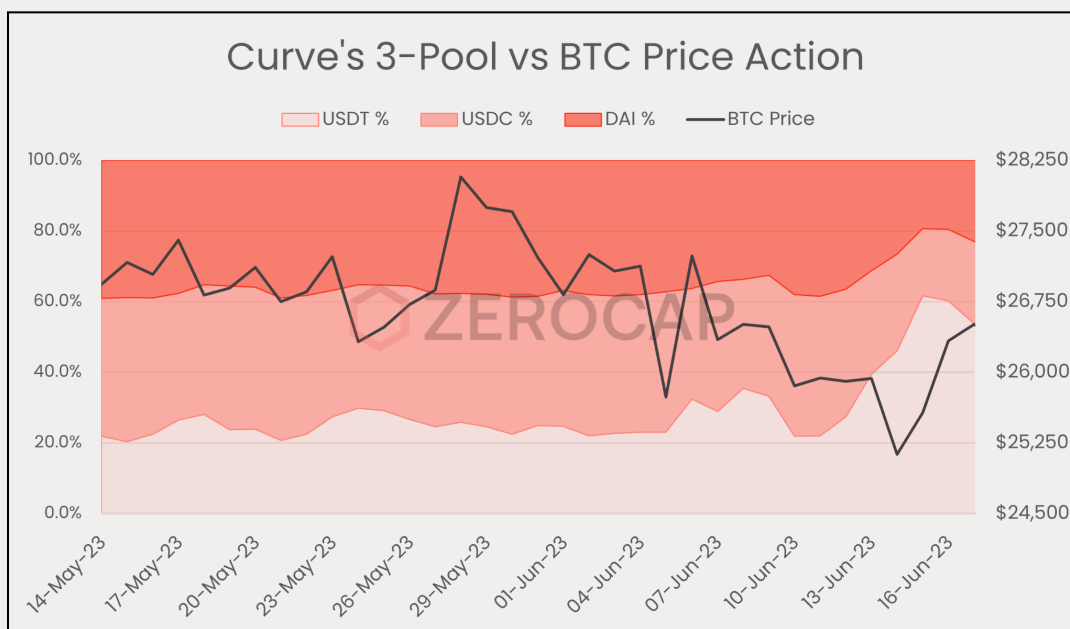
Winners & Losers



Data source: TradingView

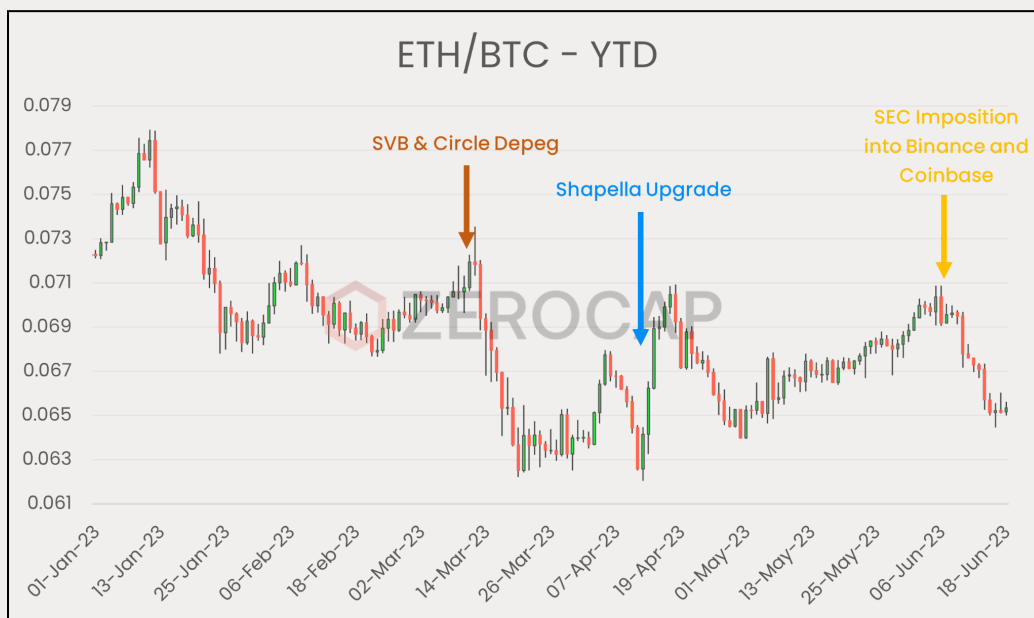
Market Highlights

- This week surpassed its predecessor with a series of captivating headlines, resulting in fluctuating market activity. On Tuesday, the release of U.S. inflation data created anticipation for ongoing interest rate hikes, despite expectations of a pause in June. This prevented BTC from surpassing the 26,000 mark. Additionally, the Fed's anticipated pause on Wednesday reinforced the belief that pauses would be short-lived, causing BTC to decline even further.
- An intriguing turn of events occurred during Thursday's session when BTC's trajectory reversed, coinciding with a temporary de-pegging of USDT. Concerns rippled through the market due to news surrounding Curve's 3 Pool, a liquidity pool composed of USDT, USDC, and DAI. Notably, USDT's concentration surpassed 50% for the first time since November 2022, fueling anxieties. The growing dominance of USDT compared to USDC and DAI suggests that traders were offloading USDT. Consequently, USDT plummeted to as low as 0.99580 on platforms like Coinbase, while BTC gradually climbed back above 25,500. This indicates that USDT sellers sought refuge in BTC, considering it a safe-haven asset—a characteristic that has persistently defined BTC throughout 2023.



Data source: Tradingview

- The SEC's intervention in Binance and Coinbase, along with the recent de-pegging of USDT, are part of a series of events that have consistently prevented upward momentum for cryptocurrencies. Although BTC has gained nearly 60% this year, it has also experienced a 13% decline in the past two months. Analyzing ETH/BTC, we can observe some factors that have contributed to a risk-off sentiment, as the pair has continued its downward trend since the beginning of the year. While Shapella has favoured ETH, BTC's safe-haven attributes have led to overall outperformance year-to-date.

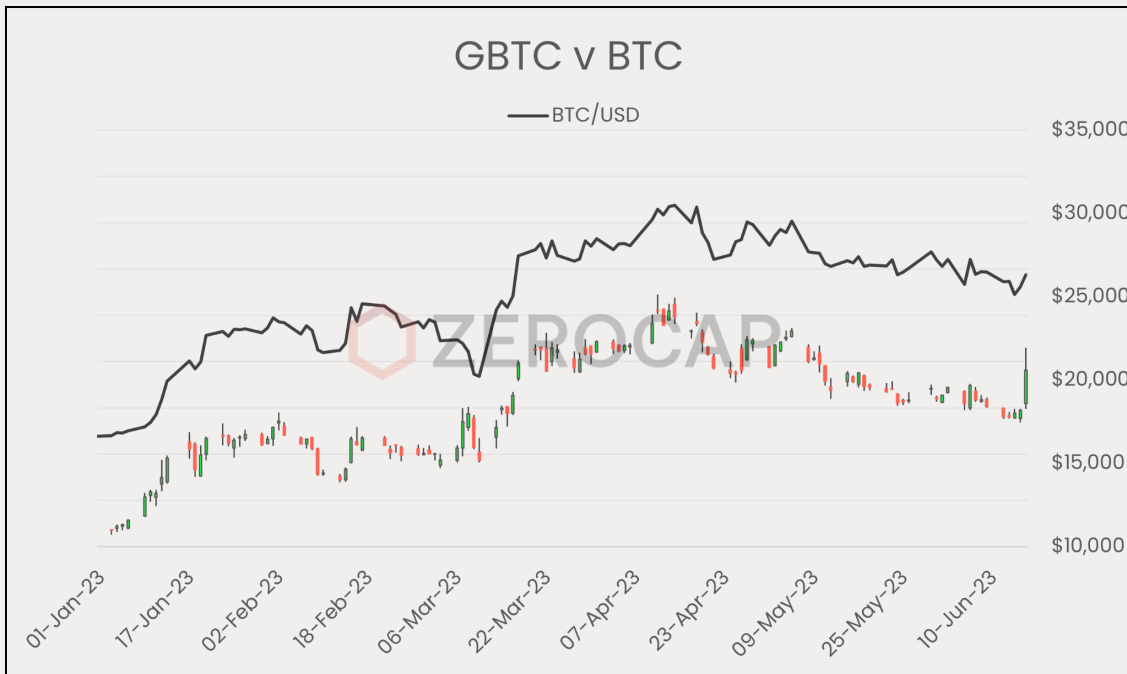


Data source: TradingView

- Notably, although BTC has experienced a sell-off in the past two months, this week marked the first pause in interest rate hikes since the Fed's initial hike in March 2022. Shifting sentiment is evident in equities, with the Nasdaq experiencing an 18% increase in the same 2 months. Objectively, crypto prices have been weighed down and have yet to catch up with equities. It is often observed that BTC and ETH tend to follow risk assets such as equities, taking the path of least resistance. News of BlackRock's (\$10 trillion AUM) application for a Bitcoin ETF amidst ongoing regulatory pressure may be interpreted as a sign that regulatory pressure could potentially ease. Nevertheless, BlackRock's involvement is undoubtedly positive for long-term price action, and we can anticipate a decrease in negative crypto-specific headlines will pave the way for upward movement, with ETH and BTC leading the charge.

Blackrock's Spot Bitcoin ETF Application

- This week, Blackrock's iShares Bitcoin Trust submitted a spot Bitcoin ETF application to the SEC that may have a better chance than previous efforts from previous applications. This heightened optimism stems from a proposed "surveillance-sharing agreement" among trading platforms, designed to curb market manipulation - a concern explicitly identified by the SEC as the main reason for denying earlier spot ETF applications. With Nasdaq poised to participate in this agreement by operating a Bitcoin (BTC) spot trading platform, the latest submission appears better positioned than any before it to secure approval. Blackrock's formidable record, with 575 out of 576 ETF applications approved by the SEC, bolsters the likelihood of a positive outcome, although we may still need to see more regulatory oversight on existing crypto exchanges before any progress is made.
- The potential impact of a Blackrock ETF approval is underscored by the company's own experience with its iShares Gold ETF, which received approval in 2004 and subsequently catalysed remarkable growth in that asset class. Blackrock effectively promoted the narrative that gold deserved a more prominent role in diversified portfolios, and we're seeing similar dynamics with Bitcoin and its SOV narrative forming now. Should it gain approval, it may validate Bitcoin in much the same way.
- The selection of Coinbase Custody as the custodian bodes well for their custodial business and was met positively by the market with a 5% rise in \$COIN on Friday. Grayscale's GBTC also surged over 15% since the news, sparking fresh hope that its own SEC entanglements could potentially be resolved in the future, depending on the outcome of Blackrock's submission. The trust has traded at a sizable discount to Bitcoin's price, and even considering Friday's move still remains at a 42.8% discount.



Data source: TradingView

What to Watch

- UK's CPI and FED Chair Jerome Powell testifies about Semi-annual Monetary Policy Report, on Tuesday.
- UK's Monetary Policy Summary and the second day of FED Chair's semi-annual testimony, on Thursday.
- France, Germany, UK and US' Flash Services and Manufacturing PMI results, on Friday.

Insights

- [Maximise Returns, Minimise Risk: The Power of Zerocap's Bearish PPN:](#)

We are excited to introduce our newest product, the Bearish Principal Protected Note (PPN) - providing a unique opportunity for investors anticipating a downside in crypto assets.

With this PPN, you can participate fully in the potential downside performance of Bitcoin, while maintaining a 90% protection level on your capital. This means the maximum possible loss is limited to just 10% of your initial investment.

[Download Fact Sheet](#) (For wholesale investors only.)

Research Lab

- [The Role of Central Banks in the Age of Digital Currencies:](#)

Here is a thought-provoking analysis of the evolving role of central banks in the age of digital currencies, where Beau Chaseling covers the historical evolution of central banking, the potential impact of blockchain technology on central banks, and the emergence of central bank digital currencies (CBDCs).

- [The Operation of MEV in Cosmos' Interconnected Ecosystem:](#)

Learn all about the rise of MEV with layer 0 protocols, various methods of MEV extraction, the role of the Inter-Blockchain Communication Protocol (IBC), interchain MEV and more in this Research Lab article by Innovation Analyst Beau Chaseling.

Disclaimer

This material is issued by Zerocap Pty Ltd (Zerocap), a Corporate Authorised Representative (CAR: 001289130) of Gannet Capital Pty Ltd (GC) AFSL 340799.

Material covering regulated financial products is issued to you on the basis that you qualify as a “Wholesale Investor” for the purposes of Sections 761GA and 708(10) of the Corporations Act 2001 (Cth) (Sophisticated/Wholesale Client), or your local equivalent.

This material is intended solely for the information of the particular person to whom it was provided by Zerocap and should not be relied upon by any other person. The information contained in this material is general in nature and does not constitute advice, take into account financial objectives or situation of an investor; nor a recommendation to deal. Any recipients of this material acknowledge and agree that they must conduct and have conducted their own due diligence investigation and have not relied upon any representations of Zerocap, its officers, employees, representatives or associates. Zerocap has not independently verified the information contained in this material. Zerocap assumes no responsibility for updating any information, views or opinions contained in this material or for correcting any error or omission which may become apparent after the material has been issued. Zerocap does not give any warranty as to the accuracy, reliability or completeness of advice or information which is contained in this material. Except insofar as liability under any statute cannot be excluded, Zerocap and its officers, employees, representatives or associates do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this material or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this material or any other person. This is a private communication and was not intended for public circulation or publication or for the use of any third party. This material must not be distributed or released in the United States. It may only be provided to persons who are outside the United States and are not acting for the account or benefit of, “US Persons” in connection with transactions that would be “offshore transactions” (as such terms are defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”). This material does not, and is not intended to, constitute an offer or invitation in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. If you are not the intended recipient of this material, please notify Zerocap immediately and destroy all copies of this material, whether held in electronic or printed form or otherwise.

Disclosure of Interest: Zerocap, its officers, employees, representatives and associates within the meaning of Chapter 7 of the Corporations Act may receive commissions and management fees from transactions involving securities referred to in this material (which its representatives may directly share) and may from time to time hold interests in the assets referred to in this material. Investors should consider this material as only a single factor in making their investment decision.

* 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

Contact 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.com

