



## Market Commentary: November 2019

Bitcoin rolls-over in the month of November as investors abandon “buying dips” to “sell rallies”. Although bitcoin joins altcoin markets in succumbing to the bears, we continue to see exponential growth in digital asset markets. In the cryptocurrency mining space, we see that the growth of mining farms not only proves the sustainability of the digital asset space, but it could also be an alternative source of revenue for energy producers. Furthermore, we see several digital asset investment firms continue to make a significant push to educate the masses and make investing in digital assets for retail and institutional investors more seamless while focusing on meeting all the prerequisites of existing regulations.

The popular lending and borrowing platform Celsius has surpassed an astonishing \$4 billion in crypto loans. This is a 93% increase from the \$2.2 billion in crypto loans recorded at the start of 2019 ([Cryptoslate](#)). Meanwhile, the DeFi crypto credit protocol, Compound, has raised a \$25 million Series A led by the popular crypto Venture Capital firm A16z. Compound has \$103 million worth of crypto locked up in its platform. Although this is only a fraction of capital utilized on Celsius’ platform, it is still very impressive as it shows people’s trust in peer-to-peer DeFi lending ([Coindesk](#)). On the other hand, popular DeFi smart contract platform Tron (TRX), has announced that it has officially partnered up with tech giant Samsung. There are now over 4 million accounts registered on Tron’s platform, however, it is unsure how many are actually active ([Cointelegraph](#)). Nevertheless, this partnership exposes Tron to Samsung’s near one billion user base ([Cointelegraph](#)).

In other crypto-mining news, it was unveiled that data center developer Whinstone US is currently in the process of building a 1 Gigawatt Bitcoin Mine in Texas. This mining farm is planned to dwarf Bitmain’s mining farm, also located in Texas, which has the capacity to only ramp up to 300 Megawatts. The datacenter costs \$150 million to build and furnish ([Coindesk](#)). Realizing the opportunity cost of not having a bitcoin mining industry, China, has finally ruled to not ban crypto mining. This comes as no surprise, as in recent months, China made a complete U-turn regarding the regulation of digital asset and blockchain technology ([Decrypt](#)).

On the contrary, mobile data centers in the US and Canada have found a way to help oil and gas producers to help save on the costs of producing energy commodities. Upstream Data, for example, allows oil and gas companies to buy or rent data centers so, they can utilize their energy to also mine digital currencies. As a result, energy companies are able to produce a higher income for gas than any market price could return ([Bitcoin.com](#)).

Digital asset investment firms continue the push to make digital assets a ubiquitous asset class for both retail and institutional investors. In fact, Grayscale Investments has filed its most popular investment vehicle, the Grayscale Bitcoin Investment Trust (GBTC), with Form 10 of the SEC. If approved by the SEC, GBTC will become the first publicly traded digital asset trust to be an SEC reporting company and be compliant of section 12(g) of the Securities and Exchange Act of 1934 ([Medium](#)). Meanwhile, Canadian based firm 3iQ is convinced that the Ontario Securities Commission (OSC) will approve their Bitcoin ETF claiming that



they have solved the “pricing, custody, audit, and public interest issues”. If 3iQ gets approval for its ETF, it will have successfully become the first company to release a digital asset ETF (**Cryptoslate**).

Finally, last month’s unveiling of China’s digital asset currency has opened up the floodgates for the global digitization of fiat currency. Ghana is exploring a digital currency (**Cointelegraph**), Saudi Arabia and UAE are jointly issuing a digital currency (**Cointelegraph**), the Association of German Banks, a lobby group of over 200 private German Banks, are vouching for a digital Euro (**The Block Crypto**), the Federal Reserve is evaluating a digital dollar (**Coindesk**), Tunisia is launching their own digital currency, dubbed E-Dinar (**Cointelegraph**), the French Central Bank is developing a digital currency (**Coindesk**) and Turkey is planning on launching their own digital currency next year (**The Block Crypto**). The race to digitize fiat currency in 2020 has officially begun.