



Market Commentary: October 2020

The price of bitcoin smashed through \$13K to start off the month of October as Central Banks around the world finally cave and give into the digital asset evolution. Meanwhile, digital currency continues to seep into traditional business models as one of the largest online payment systems in the world integrates bitcoin into its platform, the tokenization of traditional financial assets reaches an inflection point and one of the largest asset managers in the world finally releases its own cryptocurrency. Lastly, several public companies abandon cash for cryptocurrency as they begin “stacking sats” on their balance sheets.

In the Central Banking world, South Korea’s Central Bank has announced that it will begin its distribution phase of its central bank digital currency (CBDC) next year. The distribution phase is the last phase in its CBDC’s implementation and will finalize in December of next year. Currently, the Bank of Korea is consulting third parties on how to implement their CBDC ([Currency.com](#)). On the other hand, the Central Bank of the Bahamas, or CBOB, is working on a solution to make their CBDC, the Sand Dollar, interoperable with other global currencies. Cleopatra Davis, Head of Banking at CBOB, stated that digital currencies have become “extremely important during the time of COVID-19” because digital currency is accessible anywhere without physical interaction ([Cointelegraph](#)). The current President of the European Central Bank (ECB), Christine Lagarde, has stated that the ECB should be “prepared” to release a digital currency as the way humans interact with money is becoming increasingly digitized. According to Lagarde, the ECB is looking at the technology “very seriously” ([Cryptoslate](#)). Lastly in CBDC news, the Central Bank of China PBOC, has already processed \$162M or 1.1B Yuan worth of pilot digital currency transactions. China’s Digital Yuan looks promising as there are already 113,300 personal digital currency wallets and 8,800 corporate digital currency wallets that have been utilizing the Digital Yuan. It is interesting to note, that the PBOC has been researching digital currency electronic payments since 2014, far ahead of any other major developed nation ([The Block](#)).

Digital currencies and blockchain technologies continue to enhance traditional business models. PayPal has launched a service that will allow users to buy, sell and hold cryptocurrency in their PayPal account. The payment platform also plans to make cryptocurrency available to its 26 million merchants worldwide. Users will be able to exchange Bitcoin, Ethereum, Bitcoin Cash and Litecoin within their PayPal digital wallets. This development is paramount for the growth of the digital currency industry as cryptocurrencies will now be able to be used by over 300 million of PayPal’s users worldwide ([PayPal](#)). Yield, a Paradigm backed startup, is planning to offer what would be the first T-Bill like product in the cryptocurrency space. Unlike current interest rate products, which are mostly variable or fixed with a premium due to the extreme volatility of the crypto market, Yield will be the only one that provides stable long term borrowing and lending options. Like a T-Bill, the protocol’s token, fyDai (Fixed Dai), will offer a set return upon contract expiry ([Coindesk](#)). FTX, one of the fastest growing crypto exchanges, has launched tokenized equities. The exchange supports the trading of Facebook, Amazon, Netflix, Google, Apple, SPY and Tesla. If the product becomes popular among traders, it could pave the way for the tokenization of the +\$70 trillion equity market and enhance the



way we invest in stocks ([Decrypt](#)). JPMorgan Chase has finally released its stablecoin, JPM Coin, along with a new business arm dubbed Onyx, which will house its blockchain and digital assets enterprise. Takis Georgakopoulos, the bank's Global Head of Wholesale Payments, stated the launch of Onyx and JPM Coin is in response to the commercialization of blockchain technology and digital assets ([Cryptopotato](#)).

Finally, several companies ditch cash for bitcoin on their balance sheets. MicroStrategy, a publicly traded business analytics firm, is the first publicly traded company to buy and hold bitcoin as a reserve asset. The company had purchased 38,250 bitcoin in August and September, which is now worth more than \$500 million. CEO of MicroStrategy, Michael Saylor, stated that bitcoin is the "solution" to the hyper monetary inflation problem ([Decrypt](#)). Following in the footsteps of MicroStrategy, Stone Ridge Holdings Group, a \$10 billion asset management company, has stashed 10,000 bitcoin or around \$114 million with its subsidiary NYDIG ([Coindesk](#)). Square Inc., a publicly traded digital payment company, has also made an investment in bitcoin. For a public company larger than Goldman Sachs, their \$50 million investment in bitcoin may seem like a pittance, however, it is another firm embracing the trend of hoarding the "inflation proof" asset on their balance sheet ([Cointelegraph](#)).