



Market Commentary: August 2020

This month in digital asset markets DeFi continues its hot streak as it, once again, surpasses all time highs and attracts even more crypto projects into the space. In the traditional financial sector, financial service firms continue to roll out more crypto products for the retail investor, while South Korean Banks make a pivotal entrance into crypto markets. Lastly, blockchain technology continues to enhance inefficient databases, while also being a possible remedy for a widely debatable topic regarding the upcoming US election.

DeFi markets surpass \$4 billion in total value locked (“TVL”) ([Cointelegraph](#)) and its market capitalization surpasses \$15 billion ([Decrypt](#)). The explosion in DeFi adoption has led popular DeFi exchange, Uniswap, to surpass Coinbase Pro in daily trading volume. According to Uniswap’s trading records, on the day it surpassed Coinbase Pro in trading volume, it did \$426 million in volume as opposed to Coinbase Pro’s \$349 million ([Cointelegraph](#)). What many refer to as the “meme mania,” the speculative frenzy among cryptocurrencies based off of popular internet memes, could be attributed as the primary driver of the increase in trading volume on Uniswap. Several meme tokens, in which the majority are dubbed worthless by “crypto” investors, amassed gains over thousands of percent in just several days, while one meme token rose over an astonishing 1 million percent in just several weeks of trading. However, risks are prevalent in the meme mania as many investors lost everything to meme token scams (see: [BKCC Medium](#)). It is important to note that most DeFi speculation is taking place on the Ethereum blockchain, which is now leading many other layer 1 networks to make their way into the DeFi space. In fact, Tron recently launched “Just Swap” to compete with Ethereum’s DeFi sector. Additionally, Brendan Blumer, CEO of EOS, tweeted that EOS will “unleash DeFi” stating further that EOS is a better alternative to Ethereum’s slow and costly DeFi network ([Daily Hodl](#)).

In the traditional financial service sector, Fidelity Investments, the 5th largest asset manager in the world with \$2.7 trillion in assets under management (“AUM”), is launching its first Bitcoin-only fund. This product will be geared towards institutional investors with a minimum investment set at \$100,000. Fidelity is most likely trying to anticipate a surge of institutional capital entering into the digital asset space ([CryptoPotato](#)). 21Shares, formerly Anum, a crypto exchange products provider (ETP), has crossed over \$100 million in AUM. 21Shares is one of few financial services providers at the intersection of crypto and traditional finance that is gaining market share in the European market. 21Shares’ ETPs are listed across both Switzerland’s and Germany’s stock



exchanges ([The Block](#)). In Asia, four of the five largest South Korean Banks have announced their plan to provide cryptocurrency services next year after the government enforces a key piece of regulation regarding cryptocurrency. This comes after the US Office of the Comptroller of the Currency (OCC), had announced recently that US banks are authorized to provide cryptocurrency services. Clearly, the banking industry is getting ready to take on a wave of crypto assets in the coming months ([Bitcoin.com](#)). Blockchain technology continues to replace inefficient databases worldwide. In fact, one million citizens of South Korea have abandoned their physical driver's license for a digital blockchain based driver's license. Through the PASS smartphone app, South Koreans are able to verify their proof of age for buying things like cigarettes and alcohol ([Blockchain News](#)). On the other hand, VeChain's newly released blockchain application, ToolChain, intends to immensely improve the tracking of the global food supply chain ([Cointelegraph](#)). The release of ToolChain is most likely in response to the current COVID-19 pandemic, effectively, trying to verify the quality and safety of the sourcing, storing and delivery of food. Lastly, as the United States Presidential Election heats up, one of the most debatable topics that has surfaced is the use of mail-in ballots. Although the country is divided by this issue, the United States Postal Service (USPS) may have a solution. The USPS has just patented a blockchain backed mail-in voting technology that would make voting by mail both secure and convenient. It is unclear whether the USPS will actually implement the technology, it could provide not just the US election, but global elections with a transparent and convenient voting solution ([Coindesk](#)).