



Market Commentary: April 2021

In the month of April, governments around the world embrace cryptocurrency as an alternative payment solution and as a “saving grace” in order to continue to be able to interact within the global economy, private and public companies continue to invest in digital asset technology, and important developments arise from the crypto industry’s market leaders.

Governments all over the world continue to embrace digital assets. Scott Conger, Mayor of Jackson, Tennessee, is following in the footsteps of Miami’s Mayor, Francis Suarez, and is exploring ways to pay the city's employees in bitcoin, mine bitcoin and hold bitcoin on the city’s balance sheet. Although the city of Miami has a much larger population than Jackson, this could be the start of a bigger trend of growing bitcoin adoption among cities in the US (The Street | Crypto). Several people are now calling the Caribbean island of Bequia, bitcoin island, after the island recently began allowing both residents and visitors to pay for local goods and services in bitcoin. However, Bequia is not the first island to adopt digital assets as a means of payment, as the Bahamas has also rolled out its own digital currency backed by the nation's Central Bank, Project Sand Dollar. The move to adopt digital currencies among Caribbean islands comes in response to a global “de-risking” by large institutional banks. In other words, it has become increasingly difficult for banks in the Caribbean to transact internationally through the traditional banking system (Cointelegraph). Iran’s Central Bank is now permitting its country’s financial institutions to utilize digital currencies by sanctioned miners to pay for imports. Iran is utilizing digital currencies in order to circumvent US economic sanctions, which has historically stricken its economy. It is expected that Iran’s local crypto mining industry could generate ~\$2M a day in revenue (Coindesk).

Public and private companies continue to invest in digital assets. WeWork, a workspace sharing platform, has partnered with crypto payment processor, BitPay, to accept payment in cryptocurrency. Additionally, WeWork has also partnered with Coinbase in order to aid in transacting with landlords and third party partners in cryptocurrency (Yahoo Finance). PayPal’s 70 million user mobile payment service, Venmo, has recently announced it will be integrating cryptocurrencies onto its platform. Users will now be able to buy, sell and hold cryptocurrency through Venmo. Venmo has also been granted a conditional New York State Department of Financial Services (NYFDS) permit, which allows Venmo to service cryptocurrency customers in one of the most heavily regulated crypto states in the US, New York (Cryptoslate). The investment and development arm of the European Union, the European Investment Bank (EIB), has issued \$121 million worth of bonds on the Ethereum blockchain. The bond sale will be composed of two year notes and will be overseen by several of the industry’s giant’s such as Goldman Sachs, Banco Santander and Societe Generale. The move could pave the way for the tokenization of the entire \$100 trillion fixed income market on public blockchains (The Block).

There were notable developments from the market leaders in the cryptocurrency industry. Jeremy Allaire, CEO of Circle, a payments company, revealed that the firm’s flagship product, its dollar backed stablecoin, USDC, is on track to flip PayPal in transaction dollar amount. In 2020, the nascent stablecoin posted an impressive \$500B in total transaction volumes, while PayPal posted around \$936B in total transaction volumes (Cointelegraph). Tether, the issuer of the largest stablecoin by market capitalization, USDT, has once again dismissed the FUD concerning the company’s transparency and solvency. In an independent assurance report by one of the largest accounting firms in the world, Moore Cayman, verified that Tether’s USDT stablecoin was fully backed (1:1) by US dollars. This is an important development as notorious rumors surrounding the company and its possible impact on the crypto market can finally be put to rest (Coinmarketcap). IOG, parent company of one of the most well known layer 1 blockchains, Cardano, has just secured its second partnership with an African country. IOG’s partnership with Tanzania will help the East African country enable mobile internet connectivity, digital identity, and financial empowerment to its rural communities. It is expected that Cardano continues to secure more partnerships with African countries as outlined in its “Africa Strategy”. It is important to note that Charles Hoskinson, the Founder of Cardano, believes that Africa will play a major role in the digital economy expecting Africa to surpass the rest of the world in blockchain adoption (Cryptoslate).