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Q2 2020 saw the recovery of crypto markets after a rough Q1 where the world felt the impact of the COVID-19 pandemic. Total cryptocurrencies market capitalization increased by 44.5% in Q2. The Bitcoin market took only 48 days to recover after falling by 35% within 24 hours during March's Black Thursday.

Q2 saw the huge growth of the Decentralized Finance (DeFi) movement. We at CoinGecko have been actively involved in DeFi ever since we published our How to DeFi book earlier this year.

DeFi yield farming became the “in” thing to do. The launch of Compound Finance’s governance token, COMP caught everyone’s attention with COMP storming into the Top-30 tokens in terms of market capitalization.

Overall, DeFi tokens have outperformed all other token categories. The market capitalization of the Top-5 DeFi tokens grew by 133%. Their trading volume also almost doubled in Q2.

At CoinGecko, we have been kept busy with product improvements such as our collaboration with Hacken to improve Trust Score with a cybersecurity component, the launch of CoinGecko Candy, and the launch of our stablecoin section.

We are always looking for ways to further improve CoinGecko to make it a better experience for you. Suffice to say, it's been a pretty eventful Q2 and we're looking forward to the second half of the year!
Spot Markets Overview

Market capitalization grew significantly, but users were trading less

**+44.5%**
Total Market Cap Increase in Q2 2020

In Q2 2020, total cryptocurrencies market cap **grew by 44.5%**, but spot trading volume **declined by 55%**.

Historically, market cap and spot trading volumes have been positively correlated, but the trend seemed to have shifted in Q2 2020.

There could be few plausible reasons for such shift: users HODL-ing, diminished market confidence after March’s Black Thursday, and market interest shifting towards Decentralized Finance (DeFi) & Derivatives trading.
Q2 was a fantastic quarter for ETH and BTC. Ethereum was the largest gainer (+69.3%), followed closely behind by Bitcoin (+42.5%).

XRP, BCH & BSV failed to rally alongside, and ended the quarter with either minor gains or losses.
Ethereum was once again the biggest gainer in Q2 2020. Its dominance increased by +1.6%, surpassing Bitcoin’s gain of +0.3%.

1Others (8-30) refers to top 8-30 coins by Market Capitalization on CoinGecko as of 1 July 2020.
It took 48 days for Bitcoin to fully recover from the Black Thursday.

Bitcoin's average trading volume in Q2 were 20% lower compared to Q1.

However, Bitcoin has yet to break 2020’s price peak of $10,328.90.

Bitcoin closed Q2 up 78% from March’s Black Thursday bottom.

Bitcoin price up 78% from March’s Black Thursday. It had remained flat since May.
BITCOIN’S 3RD HALVING
In the 50-days post-halving in 2020, Bitcoin’s price increased by 5%.

**Bitcoin Price Pre- and Post-Halving**

**2020 BTC Price (USD)**

- 50 Days before Halving
- 2020 Halving
- 50 Days after Halving

**2016 BTC Price (USD)**

- 50 Days before Halving
- 2016 Halving
- 50 Days after Halving

**Bitcoin’s 3rd Halving (2020)**
- 50-Days before Halving, BTC’s price increased by 50%.
- 50-Days after Halving, BTC’s price decreased by 5%.

**Bitcoin’s 2nd Halving (2016)**
- 50-Days before Halving, BTC’s price increased by 11%.
- 50-Days after Halving, BTC’s price decreased by 9%.

Despite having a market capitalization 15 times larger in 2020 than in 2016, Bitcoin showed a more bullish price movement during the 3rd Halving event.

Bitcoin went through its 3rd Halving on 11 May 2020 where miners’ block reward were halved from 12.5 BTC to 6.25 BTC per block.
### Bitcoin Halving

Bitcoin mining has become industrialized over the years

Hash rates (H/s) refers to the speed at which a miner computes a hash in a second. Miners all over the world compete to contribute hashes to “win the lottery” and earn the block reward.

Bitcoin hash rates have seen exponential growth as more miners participate with increased scale and efficiency. Over the years, miners have switched from CPU/GPU/FPGA hobbyist to ASIC enthusiasts and full-scale ASIC industrial operations.

Fueled by the economic incentive of Bitcoin rewards, miners push the limits of chipset manufacturing. Miners today must optimize all parts of their operations (energy sourcing, logistics, scale etc.)

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**Source:** Blockchain.com
Bitcoin Halving

Bitcoin’s hash rate dropped 27% post-halving, eventually recovering by end-Q2

Immediately after the 2020 Halving, Bitcoin’s hash rate dropped by 27%.

Block rewards were now halved causing certain miners using older ASICs to be unprofitable. These unprofitable miners stopped operations causing the hash rate to drop.

To remain profitable, some older miners switched from mining Bitcoin to other SHA256 compatible blockchains such Bitcoin Cash (BCH) or Bitcoin SV (BSV).

The large drop in hashrate post-halving was also contributed by miners switching off their machines to move to Sichuan. Miners do so to take advantage of the rainy season in Sichuan that will result in excess hydro-electric power in the region with lower electricity cost.

Sichuan province accounted for 54% of global mining share in December 2019.

Source: Blockchain.com, Slushpool.com, CoinShares.com

March’s Black Thursday causing certain unprofitable miners to shut off their machines.

Dropped 27%

Total Hash Rate (TH/s)


3rd Halving (May 11th 2020)
There was an increase in the average Bitcoin transaction fee before, during, and immediately after the Halving.

2 weeks before the Halving, average transaction fee was 306% higher ($2.15) compared to Jan-May average ($0.70).

During the Halving period, average transaction fee was 647% higher ($4.53) compared to Jan-May average ($0.70).

Post-Halving, average transaction fees have gone back down to $1.08 though it remained higher than the Jan-Apr average.

Source: Blockchain.com, Slushpool.com
STABLECOINS
Top-5 Stablecoins continued its upward momentum, adding $3.65B (+48.3%) and closing Q2 with a total circulation of $11.2B.

The majority of Q2 increase came from Tether +$3.38B (+54.0%) followed by USDC +$293M (+42.0%).

Trading volumes have dwindled despite the rise in circulation. This may be a result of investors seeking safe haven and using stablecoins for non-trading related activities such as staking/DeFi.
Velocity = Volume / Market Cap.

Velocity can be used as a proxy to put into perspective how widely traded a stablecoin is relative to its market cap.

Throughout April to mid-May, most stablecoins moved at a considerable velocity.

This suggests that as Bitcoin moves up, so do stablecoins as traders seek arbitrage opportunities.

From mid-May onwards, as Bitcoin price stabilizes, velocity of stablecoins dropped significantly. This indicates a likely behavior shift from trading to HODL-ing.
In H1 2020, USDT's circulation increased by over 100% from 4.7 billion to 9.6 billion.

Issuance of USDT is highly positive correlated with Bitcoin’s price, especially in Q2 2020.

USDT is the most popular trading pair in both spot and derivative exchanges. It has seen continuous strong growth in Q2 despite the decrease in spot trading volume. This may be due to the increased usage in businesses engaged in import & export trades in China & Russia.

The issuance of USDT is highly positive correlated with BTC Price in Q2 2020.
PART 2
CRYPTO EXCHANGES
In Q2 2020, the average of Top-10 Spot Exchange trading volume went down 7% from Q1 2020.

This is similar with our Q2 2020 - Part 1 Report, where we found that total volume for Top-30 cryptocurrencies were down 55% compared to Q1 2020.
Trading volume decline was led by Binance with a fall of 10% ($183M)

**Top-10 Spot Exchange Average Trading Volume**

<table>
<thead>
<tr>
<th>Exchange</th>
<th>Average Trading Volume Q1 2020</th>
<th>Average Trading Volume Q2 2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binance</td>
<td>$4.0B</td>
<td>$3.0B</td>
<td>-10.0%</td>
</tr>
<tr>
<td>OKEx</td>
<td>$2.0B</td>
<td>$3.0B</td>
<td>+1.3%</td>
</tr>
<tr>
<td>Coinbase Pro</td>
<td>$1.0B</td>
<td>$0.8B</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Bitstamp</td>
<td>$0.8B</td>
<td>$1.0B</td>
<td>+14.8%</td>
</tr>
<tr>
<td>Kraken</td>
<td>$3.0B</td>
<td>$4.0B</td>
<td>-33.8%</td>
</tr>
<tr>
<td>Kucoin</td>
<td>$1.0B</td>
<td>$0.8B</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Bitfinex</td>
<td>$2.0B</td>
<td>$1.0B</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Bitflyer</td>
<td>$1.0B</td>
<td>$0.8B</td>
<td>-32.6%</td>
</tr>
<tr>
<td>Poloniex</td>
<td>$0.8B</td>
<td>$0.8B</td>
<td>-1.5%</td>
</tr>
</tbody>
</table>

Source: Selected Top-10 Exchanges by CoinGecko’s Trust Score

**Overall Q2 spot trading volume** had a net decline of 7% vs. Q1 2020. However, **two exchanges** gained its trading volume in Q2: **Kraken** and **Bitstamp**.

**Bitstamp** had the **highest growth** in its trading volume, growing **14.8% ($20M)**, accounting for **90%** of the total gross gain in volume.

In Q2 2020, **Binance’s trading volume** went down by **10% ($183M)** compared to Q1 2020; accounting for **53%** of the total gross decline in trading volume.

The second major contributor to the decline is **Bitfinex**. Its trading volume went down by **34% ($66M)**.
The surge in DEX trading volume was due to the rise of Decentralized Finance (DeFi) movements such as yield-farming using stablecoins and DeFi governance tokens.

Overall, Top-4 Decentralized Exchanges (DEX) trading volume** had a net increase of **56.1%** in Q2 compared to Q1 2020.

Uniswap V1 had a large jump of **152.4% ($7M)**, where it contributed to **85%** of total gross gains.

Kyber Network was the only DEX that had a decline in its trading volume, going down **14.8% ($689K)**.

The surge in DEX trading volume was due to the rise of Decentralized Finance (DeFi) movements such as yield-farming using stablecoins and DeFi governance tokens.

Source: Selected Decentralized Exchanges listed on CoinGecko

dYdX trading volume is based on spot trading volume, excludes derivatives volume.

** Uniswap V2 was not included in the calculation for total average trading volume
In Q2 2020, Binance was still the web traffic leader with 30% market share (and by a considerable margin). Binance grew by +9% while the rest of the industry grew by an average of +5%.

However, our research suggests that traffic growth for certain exchanges may be inorganic, as top traffic referrers were crypto ad or faucet sites.

OKEx registered the highest web traffic gain of +239% in Q2.

However, this growth may appear inorganic as its top 5 referring sites were crypto ad / faucet sites such as adbtc.top and cointiply.com.

Reported trading volume also did not increase in accordance with the web traffic spike.

Binance also exhibited similar behavior with its top 2 referrers being crypto ad / faucet sites.

Source: Similarweb.com
Centralized Exchange Tokens
**Top-5 Centralized Exchange Tokens**

Market capitalization for exchange tokens grew in tandem with the broader crypto market

In Q2 2020, Top-5 Exchange Tokens **total market cap** increased by **24%**.

However, the **total trading volume** for the Top-5 Exchange Tokens were down by **10% Q-o-Q**.

The **downtrend in the trading volume** may be a signal that investors were **more careful** with their trading or there were more retail participants who trade a minimal amount of coins while the whales may have been practicing HODL.

### Top-5 Exchange Tokens Market Cap as at 30th June 2020

(vs. growth in Q2 2020)

<table>
<thead>
<tr>
<th>Token</th>
<th>Market Cap</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binance Coin (BNB)</td>
<td>$2.3B</td>
<td>(+20%)</td>
</tr>
<tr>
<td>OKB (OKB)</td>
<td>$1.4B</td>
<td>(+16%)</td>
</tr>
<tr>
<td>LEO Token (LEO)</td>
<td>$1.2B</td>
<td>(+21%)</td>
</tr>
<tr>
<td>Huobi Token (HT)</td>
<td>$970M</td>
<td>(+25%)</td>
</tr>
<tr>
<td>FTX Token (FTT)</td>
<td>$287M</td>
<td>(5%)**</td>
</tr>
</tbody>
</table>

Source: Selected Top-5 Exchange-Based Tokens on CoinGecko

*FTT token market cap starts from 17 April 2020*
Top-5 Centralized Exchange Tokens

OKB outperformed with the highest return of 90% in YTD (Jan-June)

Overall, top 5 exchange tokens had good returns in H1 2020.

Among the top-5 exchange tokens, OKB performed the best with over 90% increase YTD.

BNB has recovered from its price decline in Q1 2020 and ended Q2 2020 up 12%.
Top-5 Centralized Exchange Tokens

However, OKB’s return actually slowed down in Q2 2020

The average return in Q2 2020 for top 5 exchange tokens were 21%.

BNB ended Q2 2020 up 22%. This was much better than its Q1 performance of -8%.

OKB had slower growth (+17%) in Q2 2020, compared to Q1 2020 (+65%).

Source: Selected Top-5 Exchange-Based Tokens on CoinGecko
**Top-5 Centralized Exchange Tokens**

Despite the good price return, users were trading less of the exchange tokens and Huobi Token had the largest fall in trading volume.

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**Top-5 Exchange Token Q2 Performance**

<table>
<thead>
<tr>
<th>Token</th>
<th>Market Share %</th>
<th>Total</th>
<th>Average Trading Volume Q2 2020</th>
<th>Average Trading Volume Q1 2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td>BNB</td>
<td>36%</td>
<td>+2.3%</td>
<td>$6.8M</td>
<td></td>
</tr>
<tr>
<td>HT</td>
<td>35%</td>
<td>-21.1%</td>
<td>$55M</td>
<td></td>
</tr>
<tr>
<td>OKB</td>
<td>14%</td>
<td>-15.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEO</td>
<td>12%</td>
<td>+66.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTX</td>
<td>3%</td>
<td>-66.1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Selected Top-5 Exchange-Based Tokens on CoinGecko*

---

**Overall trading volume** went down by **10%** vs. Q1 2020.

There were **two gainers** in Q2: BNB and LEO.

BNB was a major gainer with an increase of **+2.3% ($6.8M)**, accounting for **65%** of the total gross increase in trading volume.

HT was the biggest loser with a loss of **-66.1% ($55M)** in trading volume, accounting for **21.1%** of the gross loss in trading volume.
### Top-5 Exchange-Based Tokens Burn Statistics

<table>
<thead>
<tr>
<th>Exchange</th>
<th>Ticker</th>
<th>Q2 Amount burned</th>
<th>Q2 % Burned</th>
<th>Price (1 Jul 2020)</th>
<th>% Price Change (Q2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OKEx</td>
<td>OKB</td>
<td>3,509,874</td>
<td>0.4%</td>
<td>$5.05</td>
<td>17%</td>
</tr>
<tr>
<td>FTX</td>
<td>FTT</td>
<td>1,591,247</td>
<td>0.5%</td>
<td>$2.87</td>
<td>20%</td>
</tr>
<tr>
<td>Bitfinex</td>
<td>LEO</td>
<td>5,661,440</td>
<td>0.6%</td>
<td>$1.26</td>
<td>21%</td>
</tr>
<tr>
<td>Binance</td>
<td>BNB</td>
<td>3,373,988</td>
<td>1.7%</td>
<td>$15.35</td>
<td>22%</td>
</tr>
<tr>
<td>Huobi</td>
<td>HT</td>
<td>11,542,762</td>
<td>2.3%</td>
<td>$4.15</td>
<td>25%</td>
</tr>
</tbody>
</table>

### Q2 Price Growth vs. % of Tokens burned

Price change seemed to be directly correlated with amount burned, though it appears that there are diminishing returns. Note that many other factors may also influence price movement.

Source: Selected Top-5 Exchange-Based Tokens on CoinGecko

*Burn % is calculated based on initial supply (eg. 200m for BNB)*
PART 3
DERIVATIVES - BTC PERPETUAL SWAPS
BitMEX and Binance Futures saw large declines in their trading volume dominance in Q2. Derivatives trading volume trended downwards and showed sign of shrinkage in Q2. In Q2, BitMEX & Binance Futures saw large declines in terms of volume dominance - likely due to Huobi's entrance to the market. Huobi ended Q2 with 18.7% volume dominance - an impressive feat given that the market appeared to be stagnant at best.

Derivatives - BTC Perpetual Swaps

Industry wide experienced over $2B decline in the trading volume

Q2 saw an industry wide decline, with BitMEX (-$1.3B) & Binance Futures (-$1.1B) bearing the brunt of the losses.

Despite the decline, Huobi bucked the trend and managed to grab up to $800M worth of daily trading volume.

It would seem that derivatives are becoming less popular amongst retail traders.

Source: CoinGecko. Dominance is measured for top-8 exchanges trading Bitcoin Perpetual Swaps

*Huobi BTC Perpetual swap pair only tracked starting 4th April 2020.
However, open interest doubled and BitMEX lost 11.6% in dominance

Overall, open interest volume **doubled** in Q2 2020 - investors are expecting more volatility.

BitMEX lost **-11.6%** in dominance, signalling a shift in investor preferences. Despite losses, BitMEX still remained as market leader for BTC perp swaps in Q2.

Binance Futures and Bybit were both fast catching, posting gains of **+2%** and **+4.6%** respectively.

**Source:** CoinGecko. Dominance is measured for top-8 exchanges trading Bitcoin Perpetual Swaps

*Huobi BTC Perpetual swap pair only tracked starting 4th April 2020.*
CoinGecko Q2 2020 Cryptocurrency Report

Derivatives - BTC Perpetual Swaps

BitMEX grew despite its dominance decrease. Binance Futures & Bybit fast catching up

Despite seeing a huge 11% decrease in its market dominance, BitMEX’s open interest actually grew $204M to $665M (+44%).

Binance Futures had a similar absolute increase in its open interest but worth noting it outperformed BitMEX with a growth of 112%.

Bybit & Huobi are the next largest contributor (+$182M, +$185M) to net increase in open interest.
Sponsored

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DECENTRALIZED FINANCE (DEFI)
**Decentralized Finance (DeFi)**

DeFi market capitalization grew at the highest rate

Top-5 DeFi Tokens saw the highest market capitalization growth of 133% in H1 2020.

This was followed closely by the Top-5 Stablecoins at 114%.

COMP was one of the top-5 DeFi tokens on 1st July 2020 but was excluded as the trades only went live on 17 June 2020.
DeFi Tokens outperformed all other categories as its trading volume went up by **186%**, followed by Exchange-based tokens, where its trading volume grew by **13%**.

As previously explored in Part 1, the trading volume for the top-5 cryptocurrencies and stablecoins went down **18%** and **28%** respectively.

COMP was one of the top-5 DeFi tokens on 1st July 2020 but was excluded as the trades only went live on 17 June 2020.
Decentralized Finance (DeFi)

DeFi-ying the odds, DeFi DeFinately Outperformed in Q2 2020

Price Return of the Top 5-coins by Categories

<table>
<thead>
<tr>
<th></th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>H1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-5 DeFi Tokens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LINK</td>
<td>22%</td>
<td>102%</td>
<td>159%</td>
</tr>
<tr>
<td>MKR</td>
<td>-32%</td>
<td>56%</td>
<td>5%</td>
</tr>
<tr>
<td>ZRX</td>
<td>-18%</td>
<td>121%</td>
<td>86%</td>
</tr>
<tr>
<td>KNC</td>
<td>137%</td>
<td>175%</td>
<td>552%</td>
</tr>
<tr>
<td>SNX</td>
<td>-50%</td>
<td>222%</td>
<td>62%</td>
</tr>
<tr>
<td>Top-5 Cryptocurrencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BTC</td>
<td>-11%</td>
<td>42%</td>
<td>27%</td>
</tr>
<tr>
<td>ETH</td>
<td>2%</td>
<td>69%</td>
<td>75%</td>
</tr>
<tr>
<td>USDT</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>XRP</td>
<td>-11%</td>
<td>1%</td>
<td>-9%</td>
</tr>
<tr>
<td>BCH</td>
<td>8%</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td>Top-5 Exchange Tokens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BNB</td>
<td>-8%</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td>OKB</td>
<td>65%</td>
<td>17%</td>
<td>93%</td>
</tr>
<tr>
<td>LEO</td>
<td>27%</td>
<td>21%</td>
<td>54%</td>
</tr>
<tr>
<td>HT</td>
<td>21%</td>
<td>25%</td>
<td>51%</td>
</tr>
<tr>
<td>FTX</td>
<td>12%</td>
<td>20%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Q2 was extremely **DeFi-centric**, where DeFi tokens **outperformed** other categories despite the unpromising results from Q1.

In Q2, a total of **4 out of 5** DeFi tokens **top the highest increase** in price return when compared to the other Top-5 cryptocurrencies and Top-5 exchange tokens.

DeFi tokens **MKR, ZRX and SNX** made a fantastic comeback in Q2, turning around from being the worst performers with negative price returns in Q1 to becoming the major winners of Q2.

This is highlighted by **SNX** storming ahead with a staggering **222%** increase in price return in Q2 in spite of a **50%** decrease in Q1.

In **H1 2020**, DeFi token **KNC** had the highest increase in price return at **552%**, followed by another DeFi token **LINK** at **159%**.

**COMP** was one of the **top-5 DeFi tokens on 1st July 2020** but was excluded as the trades only went live on 17 June 2020.
Decentralized Finance (DeFi)

Aave (LEND) led the DeFi Tokens pack in mid-2020

Among DeFi tokens, **Maker** (MKR) had the lowest return at 5%.

Aave (LEND) had the highest return with a whopping **712%**, followed by Kyber Network (KNC) at **552%**, and REN (REN) at **375%**.

DAI is excluded and classified as a stablecoin.

H1 2020 was an impressive first half of the year for the Top-10 DeFi Tokens as all showed positive gains in price.
Decentralized Finance (DeFi)

DeFi market recovered substantially after the March’s Black Thursday

Zooming into Q2 2020, all tokens gained momentum ranging 50% to 600%.

Aave (LEND) remained a token with the highest growth at 560%.

Maker (MKR) recovered from March’s Black Thursday loss where it fell more than 50% in Q1. It recovered 56% in Q2.

DAI is excluded and classified as a stablecoin.
DeFi thrived, more users are now active in trading DeFi tokens

### Top-10 DeFi Tokens Q2 2020 Performance

- **Total**: +29%
- **Chainlink**: +24%
- **Kyber Network**: +40%
- **0x**: +51%
- **Augur**: +15%
- **DAI**: +96%
- **Compound**: +264%
- **Loopring**: +168%
- **Maker**: +168%
- **REN**: +35%
- **Aave**: +90%
- **Synthetix Network Token**: +73%

**Overall trading volume** went up by 29% vs. Q1 2020.

**Top 10 DeFi tokens all increased** in trading volume.

**Chainlink (LINK)** was the major gainer with an increase of 24%, accounting for 51% of the total gross increase in trading volume.

This is possibly due to the recent Chainlink's price oracle integration with China’s Blockchain Service Network (BSN), thus driving price and trading volume up.

**Compound (COMP)**, a newly issued governance token emerged to be one of the Top-10 DeFi tokens in Q2.

*DAI is excluded and classified as a stablecoin.*
With DeFi becoming more popular, three new tokens came to join the market.

**Compound (COMP)**

Compound started in 2017 as the second-largest decentralized lender but its governance token was only traded since 17 June 2020.

COMP price surged where it increased 300% within 4 days to $300.

By the end of Q2, its market capitalization was $686m, the highest among the other two newcomers and 2nd largest among all DeFi Tokens.

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**UMA (UMA)**

UMA, a new synthetic token used to track ETH/BTC price ratio, was listed on Uniswap on April 29th 2020.

Its price went up by 530% since it was launched, increasing from $0.30 to $1.82.

By the end of Q2, its market capitalization was $93m, making it the 15th largest DeFi Token.

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**Balancer (BAL)**

Following the DeFi mania, Balancer Lab was another DeFi token that went live in Q2.

Its price jumped 14% to its peak at $17, before falling down by 30% from its initial price.

By the end of Q2, its market capitalization was $64m, setting it as the 21st largest DeFi token.
DEFI HIGHLIGHTS
## DeFi Highlight

### Yield Farming

**Decentralized Finance (DeFi)** is the open financial system (predominantly on Ethereum) which allows anyone from anywhere to make use of various financial protocols (lending, borrowing, trading) without the need of any central authorities.

**Yield Farming & Liquidity Mining** are the two terms that are going crazy lately. Let’s see what they are and explore how crazy things got!

### Ways to earn yields in DeFi:

<table>
<thead>
<tr>
<th>Protocol</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compound</strong></td>
<td>As a depositor, you could earn interest/yields from the assets that you lend to Compound. The yield earned comes from interest paid by borrowers.</td>
</tr>
<tr>
<td><strong>Uniswap</strong></td>
<td>Provide liquidity to specific pools (eg. ETH/DAI), earn trading fees when users perform a trade. Yields are earned from users who pay trading fees when they trade.</td>
</tr>
<tr>
<td><strong>Maker</strong></td>
<td>Get DAI, put it into Maker’s DAI Savings contract, earn interest from it. The interest is funded by the <strong>stability fees</strong> paid by Maker Vault owners.</td>
</tr>
</tbody>
</table>

**Yield Farming**

To distribute funds in whichever combination across protocols for the best possible returns (eg. 50% Compound, 50% Maker). In the early stages, it was essentially earning from fees paid by users (borrowers, traders) as a liquidity provider.

And then it all changed once **Liquidity Mining** got in and became the rocket fuel for the scene.
Liquidity Mining

Typically in exchanges, market makers are paid to provide liquidity, while exchanges themselves earn from trading fees.

In DeFi, there is no centralized operator and liquidity providers generally earn from users of the platform (borrower interest, trading fees). Liquidity mining steps thing up a notch by providing extra incentive to liquidity providers, most commonly in the form of governance tokens. E.g: Compound (COMP) and Balancer (BAL).

Governance tokens usually gives rights to voting/decision weightage to help define parameters that run a particular platform. The token themselves are not pegged to anything, but instead derives its intrinsic value from the utility of the platform it provides governance rights to.

“If Yield Farming was actually farming, then Liquidity Mining is the fertilizer.”

Yield Farming

Putting assets to work to generate returns, much like how you are able to earn interest off your cash in bank.

> Earn interest by providing assets

Liquidity Mining

When you provide liquidity, you earn “shares” of the company or protocol you deposit in.

> Earn COMP for lending/borrowing

Lots, lots of profits.

Liquidity mining made it insanely profitable to put your assets on DeFi protocols that supported it (e.g. COMP, BAL), and that brought in a lot of attention.

> Earn Interest & COMP at the same time
DeFi Highlight

Just how crazy did it get?

Total Value Locked (USD) for DeFi protocols, July 2020

Some numbers to put things into perspective:

- **3.67x**
  - This is how much the Total Value Locked into DeFi surged in Q2.
- **$1.4B**
  - The amount of collateral added between June 15 - July 15 alone.
- **#1**
  - This is where Compound sits in terms of ranking for $ value locked in.
- **28.27%**
  - It is now Compound Dominance, instead of Maker Dominance.

High yields are fun, but be mindful of risks.

See Vitalik’s tweet on DeFi, yield & risk:

“... Interest rates significantly higher than what you can get in traditional finance are inherently either temporary arbitrage opportunities or come with unstated risks attached.”

Total Value Locked from DeFi Pulse
COINGECKO HIGHLIGHTS
CoinGecko Trust Score Improved

Cybersecurity evaluated in addition to Liquidity, Scale & API.

At the start, Trust Score evaluates exchanges based on the following factors:

**Liquidity**
- How likely crypto assets can be traded at a price which best reflects its intrinsic value.

**API Technical Expertise**
- Measures the coverage of an exchange’s API & availability of liquidity/historical data.

**Scale of Operations**
- Parameters indicating scale of exchange, yet don’t necessarily correlate directly with liquidity.

On July 2020, we added Cybersecurity with Hacken

Cybersecurity for Trust Score evaluates how well-prepared an exchange is against external threats towards its platform & users through three facets of cybersecurity:

1. **Product & Infrastructure** - Availability of DNS SEC, Firewalls, Spam Protection and more for an exchanges’ frontend & web services.

2. **User Account Security** - Evaluates the enforcement of 2-factor auth (2FA), Password Policies, Captcha, Phishing protection & more.

3. **Bug Bounty & Track Record** - Bug bounty programmes crowdsource vulnerability disclosures in a responsible & controlled manner.

For more, check out our blog post on Cybersecurity update for Trust Score!
Stablecoins and Discover

What’s new at CoinGecko

Track & grab data for all crypto stablecoins at once -

- **Customizable** - Add/Remove coins from the charts.
- **Comprehensive** - CNY, USD, EUR & GBP stablecoins.
- **Market Capitalization Chart** - See how much stablecoins are being circulated across the market.
- **Market Dominance Chart** - Tether is king, who is next?
- **Trading Volume Chart** - Stablecoins volume.

With >7600 coins (at time of writing), it’s probably a challenge to find gems to buy. We’re here to help! At the start, you’ll be able to see:

- **What’s new** - Recently Added coins
- **What’s hot** - Trending Search coins
- **Popular** - Most Voted by sentiment
- **Long opportunity** - Most Positive Sentiment votes

We’ll be adding more ways to help you Discover Coins. Stay tuned!
CoinGecko Candy

Be Rewarded for Using CoinGecko

Candy - Our very own rewards program here at CoinGecko, made to thank all of our supporters!

You can collect Candy for free by logging on daily - head over to CoinGecko.com or use our mobile app (iOS & Android).

Keep collecting to increase your streak for more Candies every day and use them to bring home exclusive goodies 🤩!

Read here to find out more!

Happy collecting!
Gotta collect ‘em all!
THAT’S ALL! THANK YOU FOR READING :)

Take a 1-minute survey and let us know how you feel!