August 2020
Monthly Crypto Report

However, trading volume lagged and remained lower than the first half of the year despite the soaring market capitalisation, suggesting that confidence in the market is high and people are likely HODL-ing to accumulate wealth.
Chainlink and Polkadot rose to the top-5 positions and outperformed all

**Top-5 Crypto Returns**

Bitcoin moved the least throughout August (3.1%), while Chainlink and Polkadot recorded massive gains of 101.3% and 114.5% respectively.

Ethereum, the heart of the entire Decentralized Finance (DeFi) movement, moved by a fair margin of 25.9%.

Perhaps it still has room to grow?

**Average Top-5 Crypto Returns** in August 2020

- **BTC**: +3.1% (+23.8%)
- **ETH**: +25.9% (+53.4%)
- **XRP**: +8.9% (+47.5%)
- **LINK**: +101.3% (+70.1%)
- **DOT**: +114.5% (N/A)

*Top-5 Cryptocurrencies exclude Tether stablecoin*
Ethereum remained the largest gainer for market dominance as Bitcoin slipped.

**Top-30 Coins Dominance**

Market Dominance August 2020 (vs. July 2020 market dominance)

<table>
<thead>
<tr>
<th>Coin</th>
<th>Market Dominance August 2020</th>
<th>July 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>BTC</td>
<td>61.1%</td>
<td>65.8%</td>
</tr>
<tr>
<td>ETH</td>
<td>13.9%</td>
<td>12.2%</td>
</tr>
<tr>
<td>USDT</td>
<td>3.8%</td>
<td>3.4%</td>
</tr>
<tr>
<td>XRP</td>
<td>3.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>LINK</td>
<td>1.7%</td>
<td>0.9%</td>
</tr>
<tr>
<td>DOT</td>
<td>1.6%</td>
<td>n/a</td>
</tr>
<tr>
<td>BCH</td>
<td>1.4%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Others (8-30)</td>
<td>11.8%†</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

Bitcoin continued to lose its market dominance by 4.7% while Ethereum climbed up by 1.8% to 14.1% as the largest gainer.

Chainlink followed with a gain of 0.8% to 1.7% while Polkadot replaced Bitcoin Cash with 1.6% market dominance.

†Others (8-30) refers to top 8-30 coins by Market Capitalization on CoinGecko as of 1 August 2020.
In August 2020, market cap for the Top-5 stablecoins grew by $3.2B (+25%), almost doubling the growth in July at $1.5B (+14%).

USDT accounted for 80% of stablecoins growth (+$2.5B) in August 2020. USD Coin also experienced strong growth of $398M (+37%).
Two newcomers in the top-5 DeFi tokens recorded their biggest monthly gains with Yearn.Finance (YFI) at +749% and UMA (UMA) at +432%.

August is the most bullish month yet for DeFi tokens as the price returns soared to All-Time-High levels.

YTD wise, UMA led the pack with a massive gain of +7,279%.
Cryptocurrency Exchanges

Decentralized Exchanges (DEX) growth outperformed Centralized Exchanges (CEX) growth again by 3X

In August, trading volumes of the top-6 DEX increased by a whopping 247%, outperforming the top-6 CEX which grew at a relatively lower rate by 85%.

The growth of DEX is likely due to the fast-paced development in the DeFi space, such as new launches in liquidity mining, yield farming, governance tokens, and more which drove up traffic & volume considerably.

DEX's fraction to CEX's volume grew to 7% compared to 4% in July as the DeFi movement continued to pick up steam on decentralized exchanges.
Top-6 DEX Trading Volume Dominance for Jun - Aug 2020

Overall, the market has grown more than 3X in trading volume month-on-month. Uniswap continued to solidify its August dominance, ramping up its market share from 47% to 61%.

Uniswap maintained its position as the most popular DEX from June to August and was responsible for 47% of the DEX volume increase, with a growth of $6.18 billion.

Curve Finance’s dominance shrank even further in August from 24% to 13%.

Balancer, Kyber, and dYdX declined in varying degrees as well in terms of market dominance.

Uniswap continued to dominate while others trailed behind.
Since the start of 2020, transaction count on Ethereum has risen consistently and exceeded 1.2 million towards the end of July 2020. It maintained the same levels throughout August and appeared to be on track to break 2018’s peak transaction levels.

Gas prices were also on an uptrend, exceeding 400 gwei towards the end of August. Average gas prices at the start of the year were oscillating around 10 gwei and have been steadily increasing with little signs of going down.

In 2018, trading activity was not as active despite lower transaction fees. There has been an increase in transaction volume despite the rising cost of gas. This may be indicative of the current alt-season.

Source: Etherscan.io
August Token Special Highlight:

**Serum (SRM)**

**What is Project Serum?**
A new DEX built on top of Solana and is interoperable with Ethereum and Bitcoin.

**How is it different from Uniswap?**
Traders have control over the orderbook as opposed to Uniswap that relies on Automated Market Maker (AMM).

**Why on Solana and not Ethereum?**
Solana aims to resolve the bottleneck that is the congestion happening on Ethereum with high gas fees & throughput limitation. Solana can theoretically process up to 710k transactions per second (tps) vs. Ethereum's 15 tps.

**What is Serum (SRM) and what can you do with it?**
SRM is the native token to the protocol and can be used for staking. It can also be utilized to pay for trading fees and provides up to 50% discount.

**Stats**

<table>
<thead>
<tr>
<th>Price</th>
<th>Trading Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4</td>
<td>1.28</td>
</tr>
<tr>
<td>$3</td>
<td>0.98</td>
</tr>
<tr>
<td>$2</td>
<td>0.68</td>
</tr>
<tr>
<td>$1</td>
<td>0.38</td>
</tr>
<tr>
<td>$0</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Serum was sold at $0.11 during IEO and surged to $1.57 on the first day of sale, an increase of 1,327%.

The hype towards SRM brought its price up to $3.40, marking a 2,991% return as of August.

**Polkadot (DOT)**

**What is Polkadot**
Polkadot is a blockchain protocol that connects different blockchains together into a single unified network.

**How does it work?**
Polkadot supports sharding where transactions are processed in parallel chains, making it scalable, cheaper and faster.

**How many projects are there?**
Over 200 projects are building on Polkadot, including Chainlink, Ankr, and Akropolis. Visit Polkadot’s page and CoinGecko for more info!

**What is Polkadot (DOT) and what can you do with it?**
DOT is the native token to the Polkadot blockchain where the holders can participate in the platform’s governance, staking and bonding.

**Stats**

<table>
<thead>
<tr>
<th>Price</th>
<th>Trading Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8</td>
<td>4.08</td>
</tr>
<tr>
<td>$6</td>
<td>3.08</td>
</tr>
<tr>
<td>$4</td>
<td>2.08</td>
</tr>
<tr>
<td>$2</td>
<td>1.08</td>
</tr>
<tr>
<td>$0</td>
<td>0.08</td>
</tr>
</tbody>
</table>

DOT had a 100x redenomination on 21 August 2020 and the price return has grown 117% from $2.90 to $6.30 since then.
August Yield Farming Newcomers

Are you a member of the August Foodie or Y Club?

**Foodie**

- **Sushi (SUSHI)**
  - Similar to Uniswap, except liquidity providers receive a portion of LP rewards in the form of SUSHI tokens.
  - SUSHI rewards are boosted 10x for 2 weeks (until 13 Sept), providing lucrative returns for liquidity providers.

**Y Club**

- **YAMv2 (YAMV2)**
  - YAMv1’s fatal bug banded community members together to push through YAMv2, serving as a band-aid while YAMv3, the expected legitimate YAM protocol is to be released soon.
  - YAMv3 will be audited by PeckShield before its release.

**YF Value (YFV)**

- YFV is a spin-off of YFI with a different emission & reward structure - in addition to YFV rewards, it also gives vUSD & vETH, which are rebased to target a price of 1 USD and 1 ETH respectively.

**YF Link (YFL)**

- YFL is also a spin-off of YFI, but with an added focus on Chainlink-centric activities. The distribution is similar to YFI - farmed from pools with limited emission (no longer ongoing).
- It is currently working on LINKSWAP, a swap service that reduces impermanent loss and provides buyer protection.

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Find out more about latest yield farming projects at our [Yield Farming Category Page](#).

Note: Yield Farming exposes you to many risks that can result in partial or complete loss of funds - kindly exercise caution and do your own research!
Oracles

Oracles - The Source of Truth for Dapps

What are Oracles?

Oracles provide the blockchain and smart contracts with external data, bridging the gap between isolated blockchains and real world data.

Oracles are critical for Dapps as a "Source of Truth".

Source of Truth?

Smart contracts are essentially If-This, Then-That codes. Inputs are not questioned - if it fits, instructions are executed.

Oracles ensure that external information (pricing, weather data, event outcome) are fed to smart contracts untampered.

Why use Oracles?

Without an Oracle, bad actors can manipulate data to influence Dapps to behave in their favor or harm others. Similarly, rogue events (e.g. sensor malfunction) may also cause trouble and oracles guard against that.

Betting on Marketplace

On a decentralized marketplace, Alice bets Bitcoin will be >$20,000 on Day X. Bob bets against that.

Without an Oracle

Bob can cause the Marketplace smart contract to register that BTC = $19,000 on Day X.

Alice loses her bet. Bob wins unfairly.

Day X

On Day X, BTC = $21,000. Alice won, but the marketplace doesn't know yet. It needs the data!

With an Oracle

Oracle nodes collate, verify and transmit authenticated market data to the smart contract.

Alice wins her bet. Bob loses as expected.
Leading Oracle players: Chainlink, UMA and Band Protocol

**Oracles**

**Chainlink** (LINK)

Chainlink dominates the oracle sector with the largest market capitalization in August at $6B and is currently positioned as the 5th largest cryptocurrency market cap after Tether.

Chainlink provides reliable oracle architecture on price data for many major Ethereum based DeFi projects.

Chainlink's increase of 201% in August took it from $7.77 to $15.64 and made it a top-5 cryptocurrency by market cap.

**UMA** (UMA)

UMA, or Universal Market Access enables any two counterparties to create their own financial contracts on derivatives.

UMA's oracle is designed so the cost of manipulation is greater than the profits. This eliminates the financial incentives from corrupting the system and mitigates security risks.

August is UMA's month, as it was one of the largest gainers with 432% gains and moved up to over $27.

**Band Protocol** (BAND)

Band Protocol is another decentralized oracle service provider that bridges real world data and smart contracts.

It is compatible with multiple blockchains such as Ethereum, Polkadot and Cosmos, fueling DeFi projects with reference price feeds and other APIs such as weather and events.

BAND had a good month, growing 312% and ended August at $13.16.