October 2020
Monthly Crypto Report

Trading volume saw a subdued recovery (+7%), returning to average trading volumes last seen in August.

This was likely driven by a surge of large institutions adopting Bitcoin as part of their business strategies (Paypal, Square, MicroStrategy, and DBS Bank).

However, the high market capitalisation with relatively low trading volume may imply growing volatility ahead of the US election (3rd November 2020).
Top-5 Crypto Returns

Bitcoin led the pack with the best performance at 28% growth

*Top-5 Cryptocurrencies exclude Tether (USDT) stablecoin

Bitcoin began its rally as the ETH craze driven by DeFi cooled down. Bitcoin adoption-related news (Paypal, MicroStrategy, Square) also helped drive positive sentiments for Bitcoin.
Bitcoin was the sole gainer of market dominance, with a significant 4.5% increase. The biggest loser was Ethereum with a decline of 1.3%.

This could be a signal that alt-cycle is slowing down as investors move back heavy into Bitcoin in their portfolio allocation.

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1 Others (8-30) refers to top 8-30 coins by Market Capitalization on CoinGecko as of 1 November 2020
Bitcoin’s price closed the month of October **28% higher**, and climbed to new multi-year high of $13,778. This is **43% below** its All Time High of $19,665 in 2017.

Bitcoin trading volume ended the month with a **22% jump**, illustrating its **best monthly performance** since the Feb-March Market Crash.

Up till 31st October 2020, Bitcoin has had 97 consecutive days where its price has stayed above the $10,000 mark - the longest period in history where this has occurred.
Top-5 Stablecoins Trading Volume

Stablecoins circulating supply increased marginally by 10% to $22 billion

Top-5 Stablecoins October 2020 Overview

<table>
<thead>
<tr>
<th>Market Cap</th>
<th>Total Volume Traded</th>
<th>Total Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>25B</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>20B</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>15B</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10B</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5B</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Trading Vol.

- 350B
- 300B
- 250B
- 200B
- 150B
- 100B
- 50B

Oct 2020 Circulation (change vs September 2020)

- USDT: $16.5B (+1.1B (+7%))
- USDC: $2.9B (+403M (+16%))
- DAI: $935.0M (+30M (+3%))
- BUSD: $710.3M (+207M (+41%))
- PAX: $430.1M (+136M (+46%))

The stablecoin market grew much slower in October compared to September (+10% vs +26% respectively), likely due to much lower demand from declining yields across DeFi protocols.

Top-5 stablecoins by market capitalization taken on CoinGecko as of 1 November 2020. For the latest stablecoins statistics, visit coingecko.com/en/stablecoins.
Decentralized Finance (DeFi)
Summer of DeFi ended as the DeFi tokens prices tumbled for two consecutive months, while Bitcoin soared high, outperforming all others

The month of October **favoured Bitcoin** as it registered the best **price return of 28%** while DeFi tokens tumbled.

YFI recorded the **worst performance** with its price declining by almost **60%**, though it is still up **1,226%** since its inception in September.

UNI and AAVE also dropped by **almost 50%** in the month October. UMA fell by 24% but is still performing exceptionally well year-to-date with a gain of **2,125%**.

Among all DeFi tokens, only LINK and REN witnessed a positive price return at **14%** and **20%** respectively in October.

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### Top-5 DeFi Tokens Price Return June - October 2020

<table>
<thead>
<tr>
<th>DeFi Token</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>LINK</td>
<td>10%</td>
<td>70%</td>
<td>101%</td>
<td>-37%</td>
<td>14%</td>
<td>91%</td>
</tr>
<tr>
<td>MKR</td>
<td>-1%</td>
<td>22%</td>
<td>22%</td>
<td>-16%</td>
<td>-9%</td>
<td>20%</td>
</tr>
<tr>
<td>UNI</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21%</td>
<td>-46%</td>
<td>-34%</td>
</tr>
<tr>
<td>UMA</td>
<td>35%</td>
<td>120%</td>
<td>432%</td>
<td>-60%</td>
<td>-24%</td>
<td>215%</td>
</tr>
<tr>
<td>SNX</td>
<td>146%</td>
<td>100%</td>
<td>90%</td>
<td>-36%</td>
<td>-36%</td>
<td>150%</td>
</tr>
<tr>
<td>COMP</td>
<td>175%</td>
<td>-38%</td>
<td>81%</td>
<td>-45%</td>
<td>-32%</td>
<td>15%</td>
</tr>
<tr>
<td>AAVE</td>
<td></td>
<td></td>
<td></td>
<td>-47%</td>
<td>-47%</td>
<td>-7%</td>
</tr>
<tr>
<td>LEND *</td>
<td>54%</td>
<td>131%</td>
<td>143%</td>
<td>-28%</td>
<td>-44%</td>
<td>250%</td>
</tr>
<tr>
<td>YFI</td>
<td>749%</td>
<td>-32%</td>
<td>-32%</td>
<td>-56%</td>
<td>-56%</td>
<td>1226%</td>
</tr>
<tr>
<td>0x</td>
<td>6%</td>
<td>14%</td>
<td>61%</td>
<td>-34%</td>
<td>-21%</td>
<td>79%</td>
</tr>
<tr>
<td>REN</td>
<td>60%</td>
<td>8%</td>
<td>220%</td>
<td>-53%</td>
<td>20%</td>
<td>824%</td>
</tr>
</tbody>
</table>

### Top-5 Cryptocurrencies

<table>
<thead>
<tr>
<th>Cryptocurrency</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>BTC</td>
<td>-3%</td>
<td>24%</td>
<td>3%</td>
<td>-8%</td>
<td>28%</td>
<td>91%</td>
</tr>
<tr>
<td>ETH</td>
<td>-3%</td>
<td>53%</td>
<td>26%</td>
<td>-17%</td>
<td>7%</td>
<td>199%</td>
</tr>
<tr>
<td>XRP</td>
<td>-14%</td>
<td>48%</td>
<td>9%</td>
<td>-15%</td>
<td>-1%</td>
<td>24%</td>
</tr>
<tr>
<td>BCH</td>
<td>-7%</td>
<td>35%</td>
<td>-9%</td>
<td>-17%</td>
<td>15%</td>
<td>28%</td>
</tr>
<tr>
<td>LINK</td>
<td>10%</td>
<td>70%</td>
<td>101%</td>
<td>-37%</td>
<td>14%</td>
<td>537%</td>
</tr>
</tbody>
</table>

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Top-10 DeFi tokens based on 1st November 2020

* LEND is being migrated to AAVE at a rate of 100 LEND per 1 AAVE from 2nd October 2020.
The fall in DEXs was likely due to the moderation of yield incentives in the DeFi space. Meanwhile, the fall in CEXs volume reflected global macroeconomic uncertainties driven by new waves of the COVID-19 pandemic and the U.S. election.

In October, trading volumes across the top-7 centralized and decentralized exchanges fell by $90.5 billion. Binance and Huobi accounted for 78% of the loss. The decrease was marginally smaller for DEXs at 32% compared to CEXs at 34%.

Despite the fall in the overall exchange volume, DEXs volume ratio relative to CEXs has increased from 9% to 12% in October.
Uniswap was the biggest loser contributing $5.5 billion (-59%) to the overall losses. Nevertheless, it managed to increase its DEX market share further, rising from 66% to 69%.

For Curve, it only saw a marginal decrease of $4 million (-8%). The losses were smaller relative to other DEXs, likely mitigated by the huge volume spike spurred by the recent Harvest exploit.

This has enabled Curve to enjoy a rebound in dominance from 13% in August to 23% in October, similar to its dominance level in July.

**Top-7 Decentralized Exchanges (DEX)**

Uniswap solidified its lead despite fall in trading volume, while Curve got a good boost.

**Top-7 DEX Trading Volume Dominance for October 2020**

<table>
<thead>
<tr>
<th>Exchange</th>
<th>August</th>
<th>September</th>
<th>October</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniswap</td>
<td>61%</td>
<td>66%</td>
<td>69%</td>
</tr>
<tr>
<td>Curve</td>
<td>13%</td>
<td>17%</td>
<td>23%</td>
</tr>
<tr>
<td>Bancor</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Balancer</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Kyber Network</td>
<td>7%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Sushiswap</td>
<td>2%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>dYdX</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Top-7 DEX Total Trading Volume decrease in October 2020**

- $9.4B

In October, DEX volumes fell $9.4 billion (-32%). All exchanges were unable to maintain the previous month's exponential growth of $16 billion (+122%).

Uniswap was the biggest loser contributing $5.5 billion (-59%) to the overall losses. Nevertheless, it managed to increase its DEX market share further, rising from 66% to 69%.
BitMEX gradually lost market share as Binance Futures dominance continued to rise.

Derivative Exchanges - Trading Volume

BitMEX’s derivatives market share reduced by more than half since January. It ended October with only 11% market share from 28% in January.

Whereas for Binance, its market share has steadily increased to 39% of the total trading volume in October.

The shrinkage in BitMEX’s market share was propelled by the filing of civil and criminal charges by CFTC and DOJ on BitMEX and its founders on 1st October. BitMEX’s ex-CTO, Samuel Reed was arrested.

The news caused BitMEX users to flee the platform with over $337 million in BTC moved.

We suspect that the majority of users have switched to Binance and Bybit, further boosting Binance’s market dominance.

Source: CoinGecko. Trading Volume dominance is measured for Bitcoin Perpetual swaps trading pair of top-7 exchanges.
Derivative Exchanges - Trading Volume

Derivatives value steadily declined since August, closing October with 4% dip M-o-M

Aggregate Monthly Trading Volume January - October 2020

Monthly Trading Volume Growth ($)


$600B $500B $400B $300B $200B $100B $0B

Jan Feb Mar Apr May Jun Jul Aug Sep Oct

$-250B $0B

Source: CoinGecko. Trading Volume dominance is measured for Bitcoin Perpetual swaps trading pair of top 7 exchanges.

Only Binance, Bybit and Kraken experienced volume growth totalling $13 billion.
Open Interest on BTC Perp swaps reach $2 billion as Bitcoin price rallies to $14,000

Aggregate daily Bitcoin Perpetual open interest (OI) was up $87 million (+5%) ending 31st October, reaching $2 billion.

Binance made up the lion's share of the Bitcoin Perpetual Open Interest at $738 million, followed closely by Bybit at $563 million.

Overall, Open Interest has increased almost 40% since the largest daily drop on 7th September.

The increase in Open Interest may have been due to new money coming in, capitalizing on the bullish action of Bitcoin as it climbed towards $14,000.

Source: CoinGecko. Open Interest dominance is measured for Bitcoin Perpetual swaps trading pair of top-7 exchanges.
BitMEX witnessed its market share for the Bitcoin Perpetual Swap product continuously drop each month. Its market share decreased 11% in October and it now has 14% market dominance.

This significant drop was largely due to recent filings against BitMex, which spurred over $337M worth of Bitcoin to move out of the platform.

Bybit came out as the biggest winner in market dominance, up 10% to 27% market share in October.

FTX now holds 11% of the Bitcoin Perpetual Swap market, the highest market share it has had.

Source: CoinGecko. Open Interest dominance is measured for Bitcoin Perpetual swaps trading pair of top-7 exchanges.
October Newcomers - BarnBridge

BarnBridge aims to bring stability to yield-farming

**BarnBridge (BOND)**

BarnBridge markets itself as the *first tranched yield protocol*. Their initial products aim to offer users *returns that are tailored to their risk profiles*.

**SMART Yield Bonds** provide a fixed-rate yield that is *risk-flexible* while **SMART Alpha Bonds** provide varying levels of *asset price exposure* divided into *tranches*.

BarnBridge’s *yield farming program* started on October 19th, followed by its *Liquidity Pool Incentivization* on October 26th.

Its token price reached $180 in the first week after BOND farmed token were distributed, but has since decreased to $45.

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**How It Works (e.g. 70/30 SMART Yield Bond)**

The *total pool* is made up of multiple *risk tranches*. In a pool, low-risk tranches receive fixed returns* first, while the remainder goes to the higher-risk tranches. If there are losses, high risk tranches would bear them. Here is an example of a 10,000 DAI loan distributed across two tranches - 70% senior tranche (low-risk) and 30% junior tranche (high-risk). We work out 2 scenarios and the respective payoffs:

<table>
<thead>
<tr>
<th>Scenario 1</th>
<th>Scenario 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000 DAI loan distributed across 2 tranches</td>
<td></td>
</tr>
<tr>
<td><strong>Senior (Low-Risk)</strong></td>
<td><strong>Senior (Low-Risk)</strong></td>
</tr>
<tr>
<td>70% (7,000 DAI)</td>
<td>70% (7,000 DAI)</td>
</tr>
<tr>
<td>5% APY (fixed)</td>
<td>Fixed 5% APY</td>
</tr>
<tr>
<td>+10% APY (+1,000 DAI)</td>
<td>+3% APY (+300 DAI)</td>
</tr>
<tr>
<td><strong>Junior (High-Risk)</strong></td>
<td><strong>Junior (High-Risk)</strong></td>
</tr>
<tr>
<td>30% (3,000 DAI)</td>
<td>30% (3,000 DAI)</td>
</tr>
<tr>
<td>Variable APY</td>
<td>Balance of</td>
</tr>
<tr>
<td>Realized +21.7% APY</td>
<td>+650 DAI</td>
</tr>
<tr>
<td>Balance of</td>
<td></td>
</tr>
<tr>
<td>-50 DAI</td>
<td>Realized +21.7% APY</td>
</tr>
</tbody>
</table>

In **Scenario 1** where APY payoff is high, senior tranche holders will get a fixed 5% APY. A large remaining balance results in high realized APY for junior tranche holders. However, in **Scenario 2** where overall APY payoff is low, any amount required to provide fixed APY to the senior tranche holders will be taken from the junior tranche holders. In this example, the junior tranche holders will suffer a loss.

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*Yield is derived from various lending protocols such as Aave & Compound with variable interest rates*
One of the most hyped & anticipated ICO - how has it fared?

**Filecoin (FIL)**

Filecoin is a decentralized storage blockchain built on the **InterPlanetary File System (IPFS)** which started as an ICO that raised over $250M in 2017.

Filecoin acts as an incentive layer to support and grow the IPFS by helping with storage and retrieval of files.

**Filecoin’s fall from $240**

Filecoin began trading at ~$240. However, as the day progressed, prices fell to around $60 before stabilizing around $30 throughout October.

**-88.3%**

Since ATH of $240

**Looking at Supply & Demand factors to the price movement:**

**Demand:**
- Speculation by traders
- Miners need to lock up FIL to maximize mining capacity
- FIL for storage/retrieval uses

**Supply:**
- Mining rewards (75% vested for 180 days)
- Team/private sale token unlock (varying vest schedule)

**Filecoin so far:**

1. **Allegations on price movement**

   **Allegations** regarding testnet tokens being sold on exchanges surfaced (flooding market with FIL tokens) as the reason Filecoin price tanked from $240 to $50.

2. **Miner's Chicken & Egg problem**

   Miners need FIL to mine at full capacity, but there are little to no FIL available early on due to the 180-day mandatory vesting for rewards. As a result, a protocol upgrade now unlocks 25% of FIL rewards immediately and the remainder 75% across 180 days.

**Market Capitalization**

$792M

~4x of $200M ICO raise

**Fully Diluted Valuation**

$57B

Higher than ETH ($44B)

*(Fully Diluted Valuation refers to market capitalization at maximum theoretical supply)*