

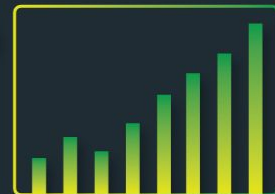
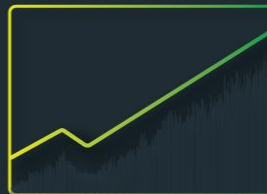


CoinGecko

Quarterly Report

Q2 2020

PART 1



MARKET LANDSCAPE

Market capitalization grew significantly, but users were trading less

+44.5%

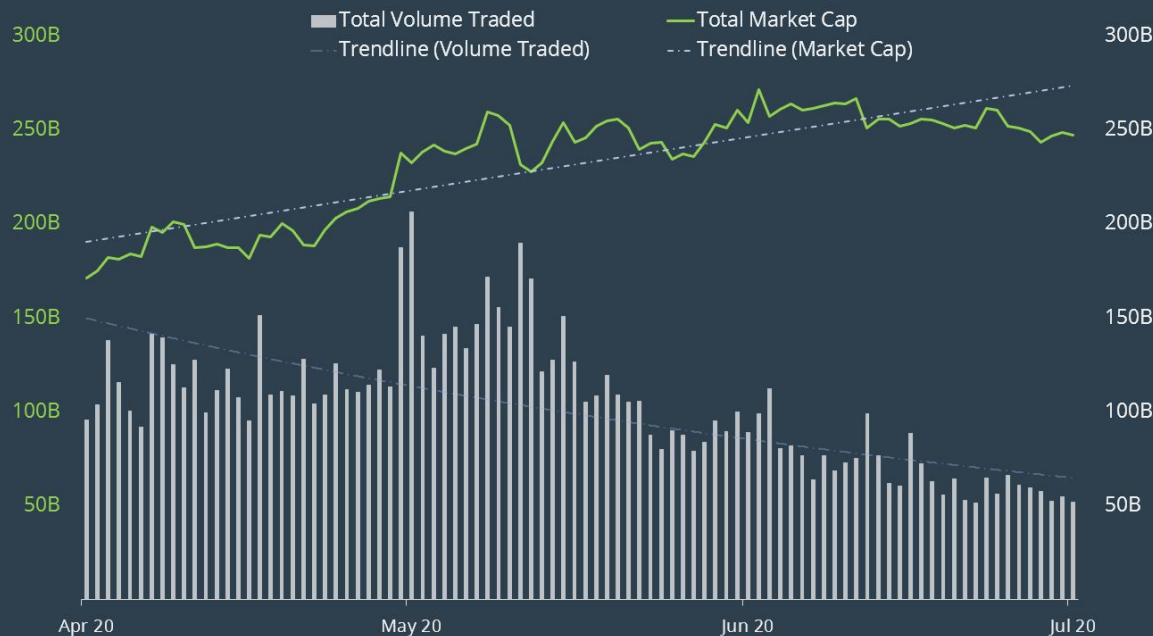
Total Market Cap Increase
in Q2 2020

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.

Top-30 Market Cap & Spot Trading Volume



Top-5 Crypto Returns

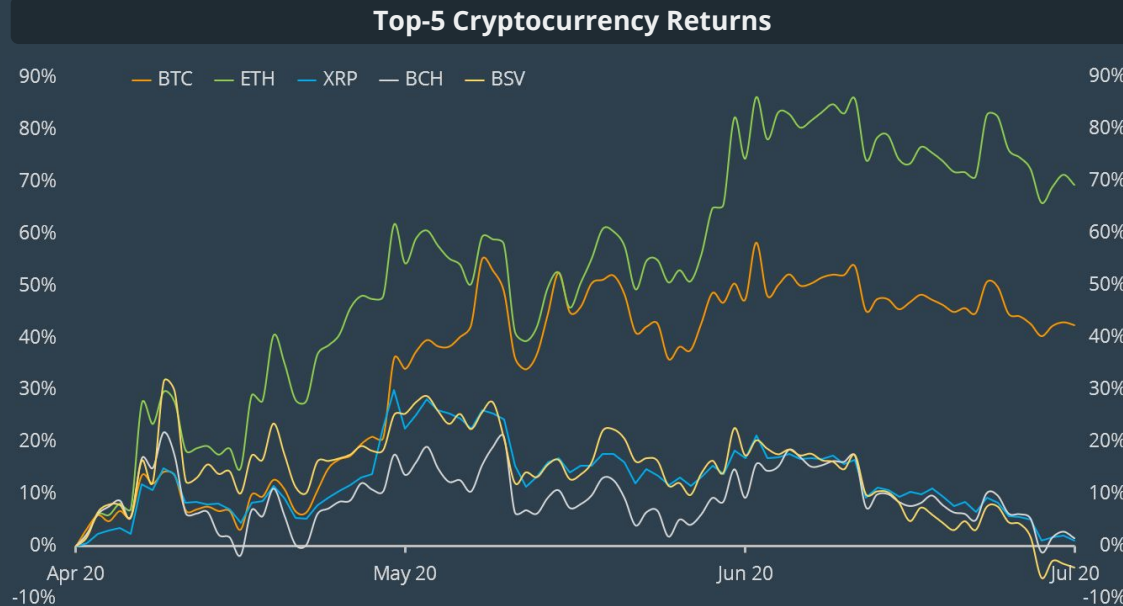
Bitcoin & Ethereum led growth while others lagged behind

+22.0%

Average Top-5 Crypto Returns in Q2 2020

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.



 **+42.5%**

 **+69.3%**

 **+1.0%**

 **+1.5%**

 **-4.1%**

Top-30 Coins Dominance

Ethereum increased market dominance by 1.6%

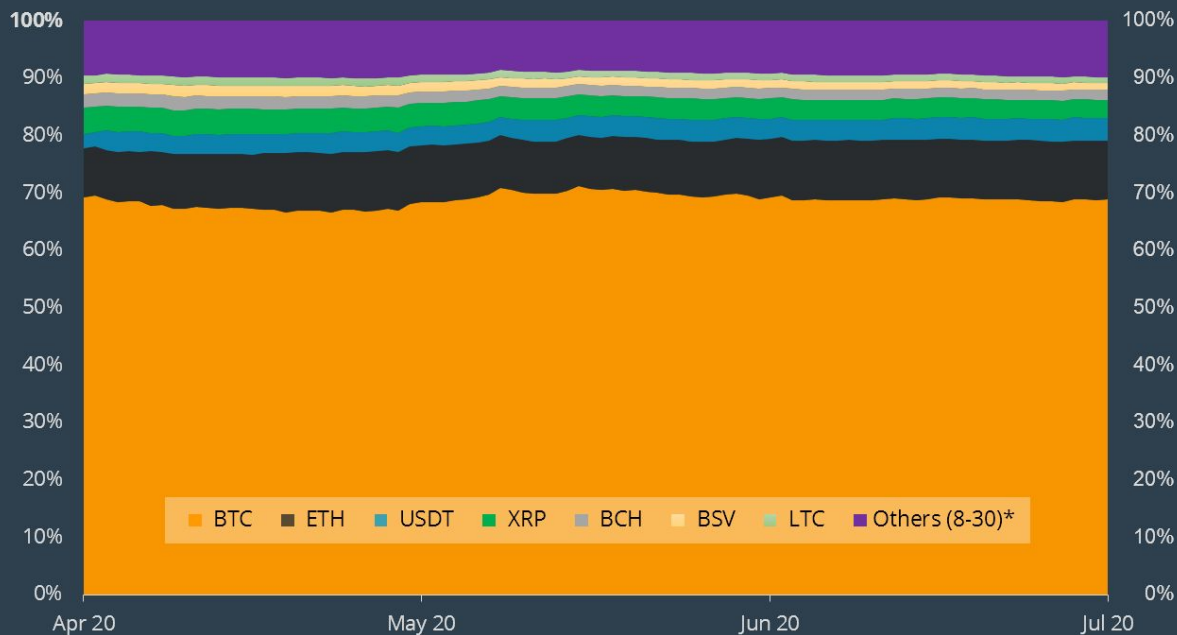
Market Dominance Q2 2020

(% change vs Q1 2020)



Ethereum was once again the biggest gainer in Q2 2020. Its dominance increased by **+1.6%**, surpassing Bitcoin's gain of **+0.3%**.

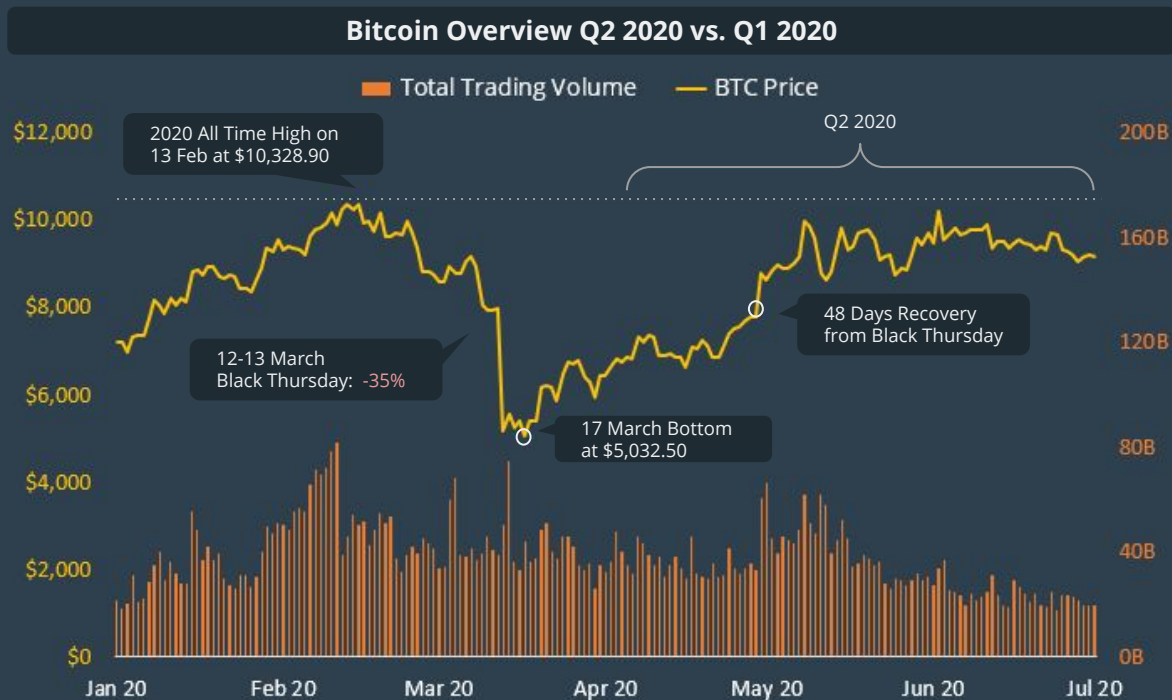
Top 30 Cryptocurrency Dominance Chart



¹Others (8 - 30) refers to top 8 - 30 coins by Market Capitalization on CoinGecko as of 1 July 2020

Bitcoin Price vs. Trading Volume

Bitcoin price up 78% from March's Black Thursday. It had remained flat since May.



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

It took **48 days** for Bitcoin to fully **recover** from the Black Thursday.

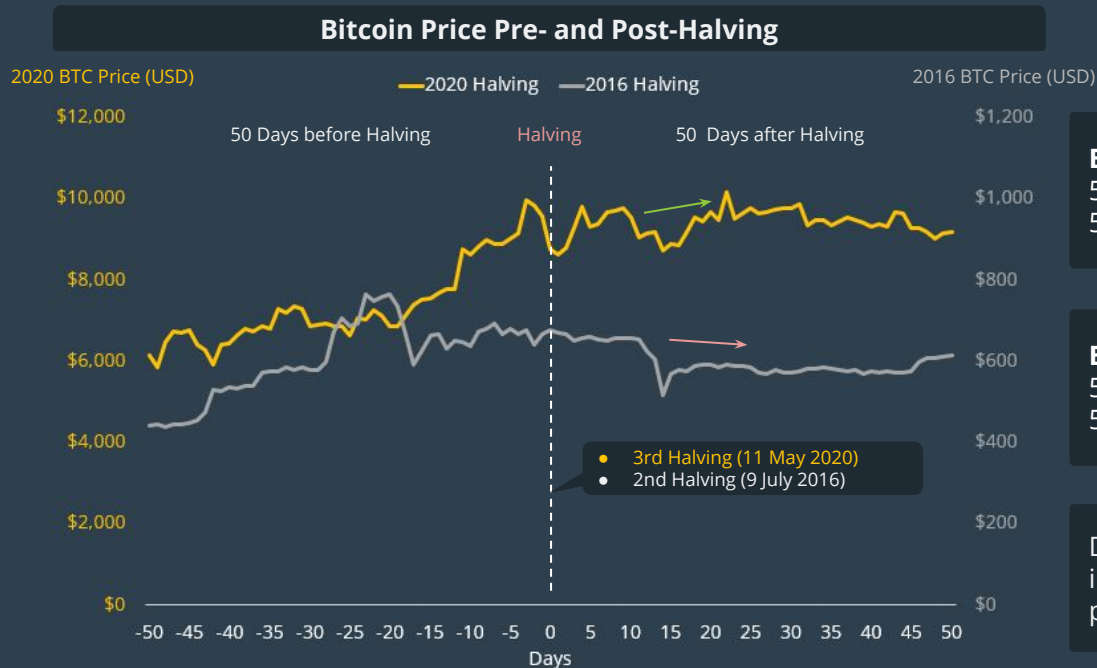
However, Bitcoin has yet to break 2020's All Time High (ATH) of \$10,328.90.

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

BITCOIN'S 3RD HALVING



In the 50-days post-halving in 2020, Bitcoin's price increased by 5%



Bitcoin's 3rd Halving (2020)

50-Days before Halving, BTC's price **increased by 50%**.
50-Days after Halving, BTC's price **increased 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.

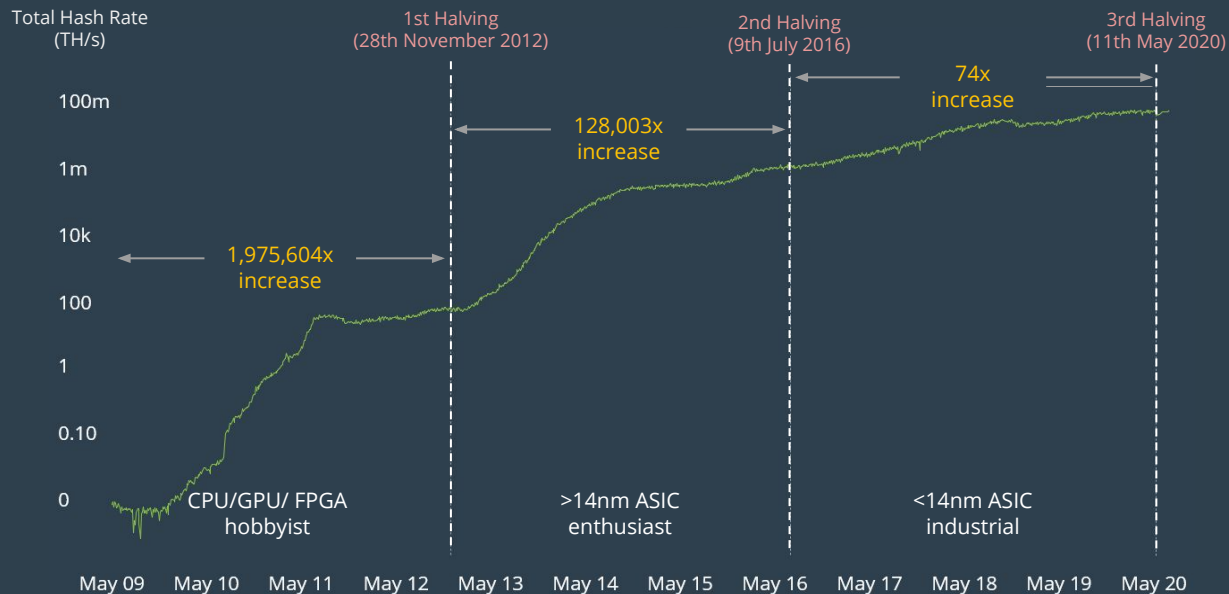
Bitcoin mining has become industrialized over the years

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 has 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.)

Bitcoin Total Hash Rate (TH/s, logarithmic scale)



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

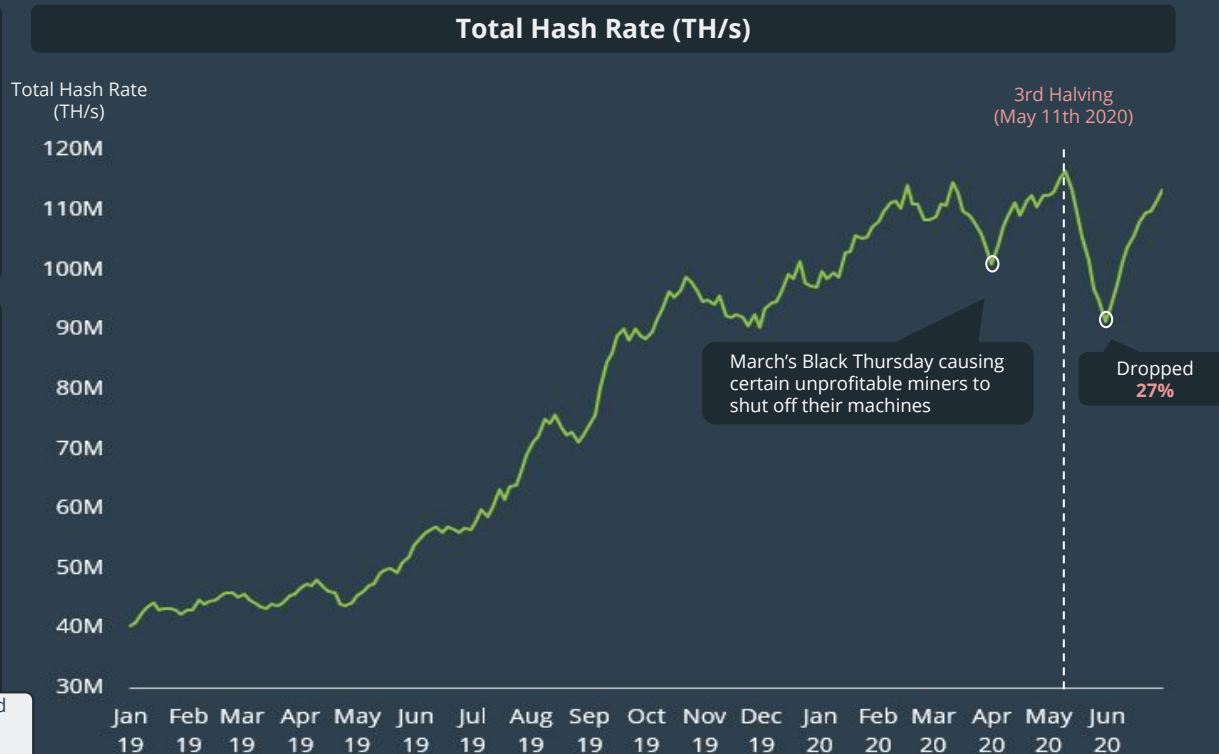
Immediately after the 2020 Halving, Bitcoin's hash rate dropped by **27%**.

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 as 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.



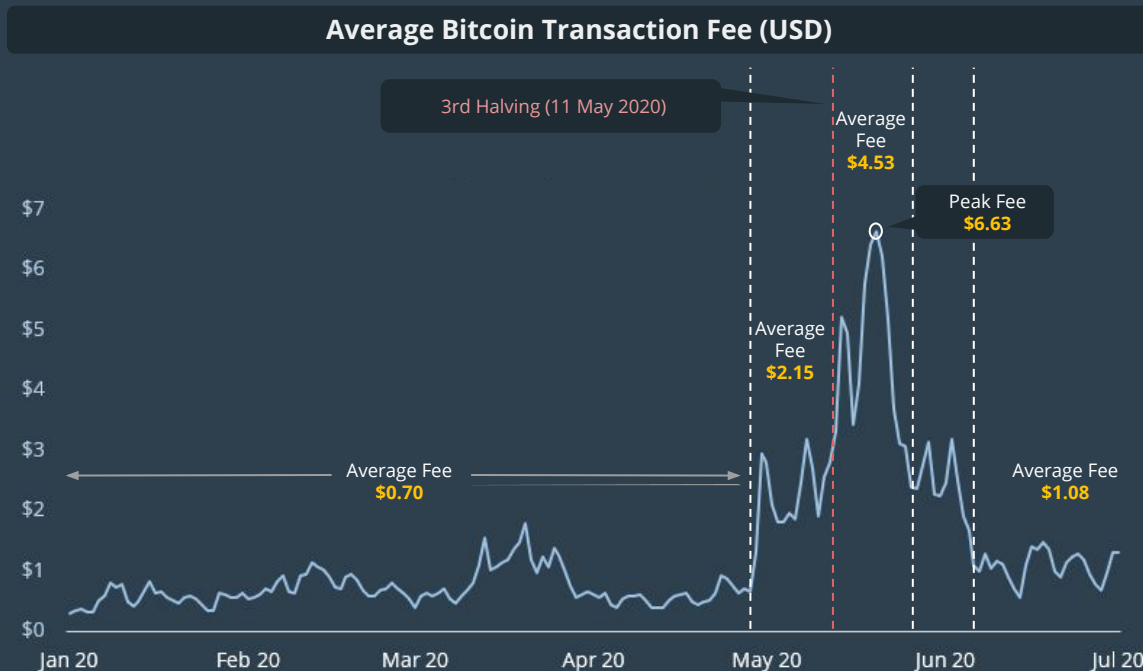
Average transaction fees increased 6.5x during the halving

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.



STABLECOINS



Top-5 Stablecoins Trading Volume

Stablecoins continue to flood the market while trading volume tapers

+\$3.65B

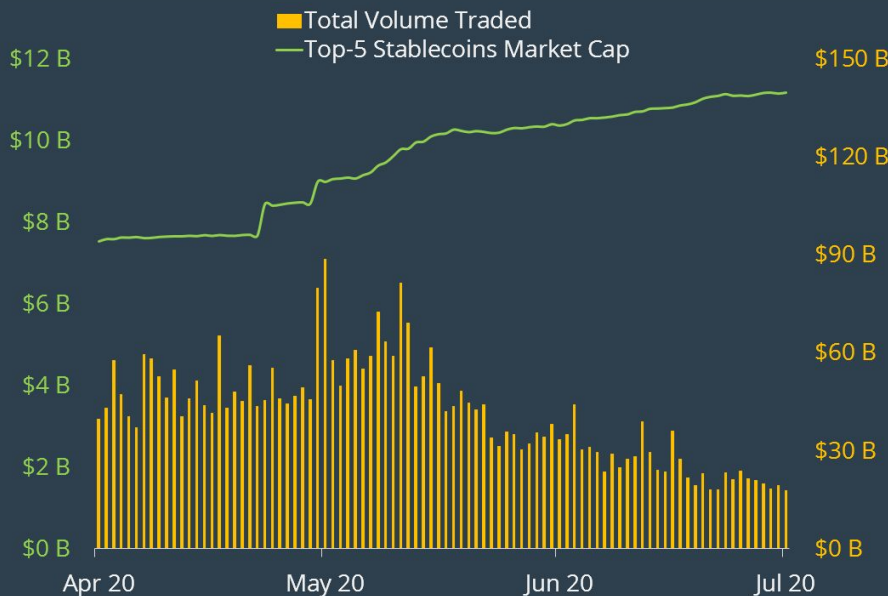
Top-5 Stablecoins
Market Cap in Q2 2020

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.


Top-5 Stablecoins Q2 2020 Overview




Q2 2020 Circulation (change vs Q1 2020)

 **\$9.64B**
USDT **+\$3.38B (+54.0%)**

 **\$0.99B**
USDC **+\$293M (+42.0%)**

 **\$241M**
PAX **-\$6.2M (-2.5%)**

 **\$175M**
BUSD **-\$23M (-11.7%)**

 **\$140M**
TUSD **+\$3.6M (+2.6%)**

Top-5 stablecoins by market capitalization taken on CoinGecko as of 1 July 2020.
For the latest statistics of stablecoins, visit coingecko.com/en/stablecoins

Top 5 Stablecoins Velocity

Stablecoins velocity went down as Bitcoin's price remained stable

Velocity = Volume / Market Cap.

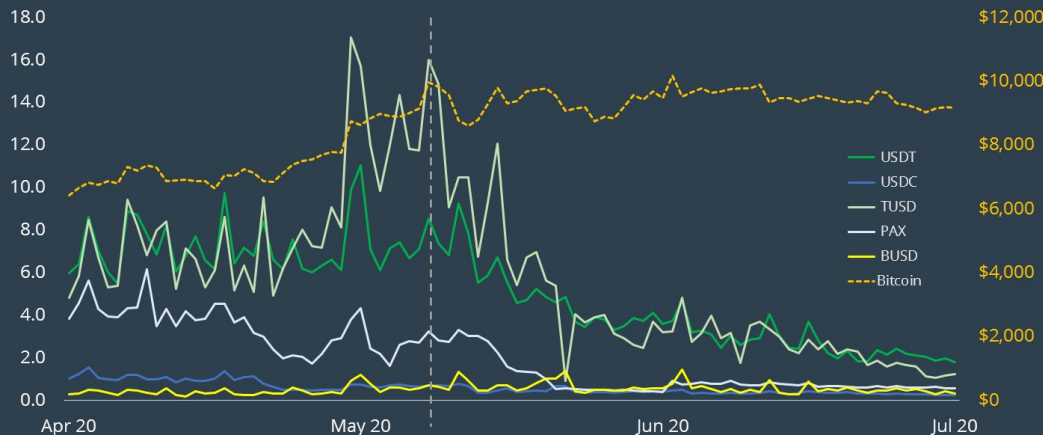
Velocity can be used as a proxy to put into perspective how widely traded a stablecoin is relative to its market cap.

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

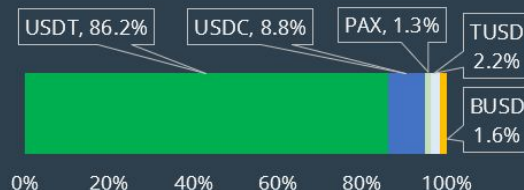
This suggests that as Bitcoin moves up, so do stablecoins as traders seek arbitrage opportunities.

From mid-May onwards, as **Bitcoin price stabilizes**, velocity of stablecoins dropped significantly. This indicates a likely **behavior shift from trading to HODL-ing.**

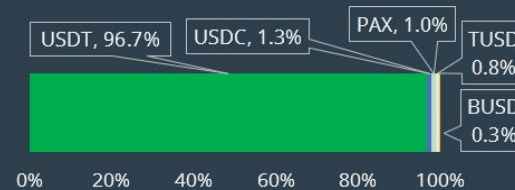
Stablecoins Velocity vs Bitcoin price



Market Cap % Distribution

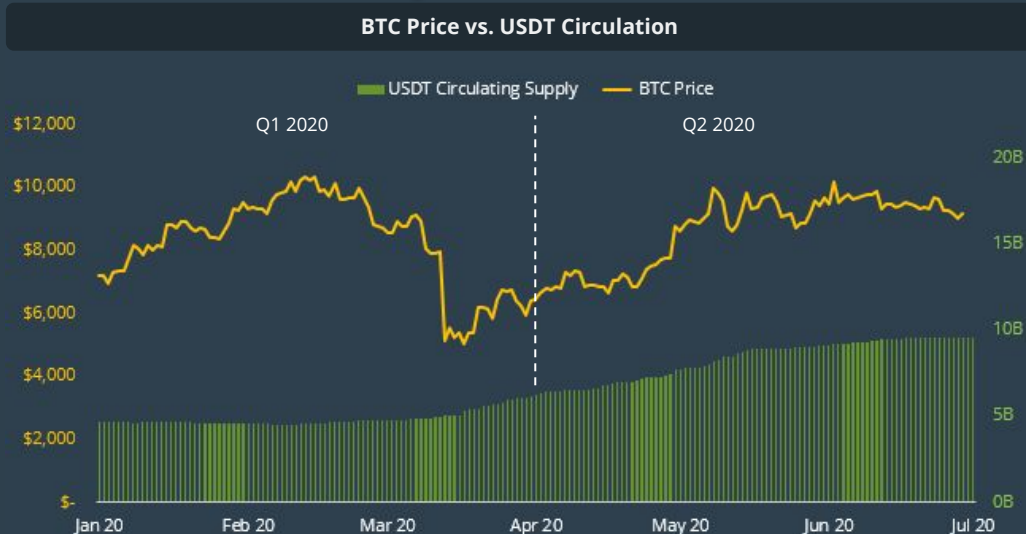


Trading Volume % Distribution



Bitcoin's Price vs. USDT Circulating Supply

USDT is up almost \$1.2 Billion in market cap within Q2 2020, and it is highly correlated to Bitcoin's price



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.



STAY TUNED!

QUARTERLY REPORT PART 2 COMING UP NEXT

