

August Markets Overview - September 4th 2019

Research Views

Acyclic movements

In August 2019, Bitcoin struggled to remain above \$10,000 as its price fluctuated within a \$9400-12,000 range. Monthly altcoin volumes were near **all-time lows** and the market dominance of Bitcoin approached its 70% **tipping point**.

The **Libra turmoil** continues with growing regulation uncertainty, which hindered its public support of pre-announced corporate partners. Meanwhile, **China's CBDC** from the People's Bank of China, now expected to be released before Libra, has been increasingly gaining media interest and raising questions related to financial privacy, as well as whether its two-tier system would entirely rely on blockchain¹.

From the product development side, competition in the derivatives section of cryptoassets has **intensified**, with new exchanges and products getting created, such as options and futures. On the other hand, three Bitcoin ETF proposals in America were once again delayed by the SEC in the first half of August.

In other news, DAG-based cryptoassets received increasing awareness as “scalable alternatives to blockchains”, with Perlin, [Binance's latest IEO](#), now neighboring other cryptoassets like Fantom and NANO, in this small sub-segment of the digital asset industry.

¹ Check our recent report about China's CBDC. <https://info.binance.com/en/research/marketresearch/CBDC.html>

Global markets

Table 1 - Main assets by market cap

Ticker	Name	Monthly change (%)	Monthly Binance volume (USDT-equivalent)	Marketcap in USD million (EOM)
BTC	Bitcoin	-2.90%	\$24,424 M	\$172,471 M
ETH	Ethereum	-21.13%	\$3,776 M	\$18,550 M
XRP	XRP	-19.67%	\$1,667 M	\$11,142 M
LTC	Litecoin	-33.42%	\$1,825 M	\$4,178 M
BCHABC	Bitcoin Cash	-15.68%	\$1,269 M	\$5,033 M
BNB	Binance Coin	-21.34%	\$2,748 M	\$3,308 M
EOS	EOS	-23.90%	\$1,244 M	\$3,095 M
XLM	Stellar Lumens	-26.40%	\$137 M	\$1,236 M
ADA	Cardano	-25.40%	\$619 M	\$1,166 M
XMR	Monero	-15.96%	\$214 M	\$1,160 M

Table 2 - Monthly top 3 gainers and top 3 losers on Binance.com

Ticker / Name	Monthly change (%)	Ticker / Name	Monthly change (%)
MTH / Monetha	69.47%	GXS / GXChain	-50.80%
WAN / Wanchain	31.31%	ATOM / Cosmos	-47.54%
AGI / SingularNet	8.65%	EDO / Eidoo	-44.02%

Table 3 - New CEX listings in August 2019

Ticker	Name	Quote assets	Listing date
COS	Contentos	BTC, BNB, USDT	3rd August
TUSDB	True USD Binance	TUSD	8th August
COCOS	Cocos-BCX	BTC, BNB, USDT	21st August
TOMO	TomoChain	BTC, BNB, USDT, USDC	24th August

Only four new assets were listed on Binance.com in August: Contentos (COS), TrueUSD on the Binance Chain (TUSDB), Cocos-BCX (COCOS), and Tomochain (TOMO).

On-chain markets on Binance DEX

Table 4 - New DEX listings against stablecoins and BTCB in August 2019

Ticker	Name	Quote asset(s)	Listing date
BNB	Binance Coin	TUSDB	August 8th

21 new listings were approved in August and only one single listing was against a stablecoin: BNB, which got listed against TUSDB on August 8th.

Chart 2 - Daily volumes on Binance DEX (in USD million)



While experiencing a steady decrease in volume (in line with the decrease in BNB price), Binance DEX maintained high volumes with an aggregated median daily volume of **\$3.7 million**. Despite the addition of new stablecoins such as TUSD-Binance (TUSDB), the volume on stablecoin pairs only accounted for less than **1.5%** of the total exchange volume, possibly owing to a restricted number of assets available i.e., 6 pairs with 5 base assets traded².

Borrowing and lending markets

In August 2019, **8 new assets were included for margin trading on Binance.com**: USD Coin (USDC), Litecoin (LTC), Ethereum Classic (ETC), Bitcoin Cash (BCHABC), Stellar Lumens (XLM), NEO, and Monero (XMR).

² BNB (against both USDSB and TUSDB), BTCB, UND, COS and ONE.

Table 5 - New pairs added for margin trading in August 2019

Asset	Pair assets	Date
USDC	BTC (base asset)	August 8th
LTC	USDT, BTC	August 8th
ETC	USDT, BTC	August 8th
BCHABC	USDT, BTC	August 22th
XLM	USDT, BTC	August 22th
NEO	USDT, BTC	August 29th
XMR	USDT, BTC	August 29th

Lending was introduced for Binance users, with **a new subscription service** where users had to lock funds for 14 days against attractive returns. This service aims to foster the borrowing capacities for all users interested in engaging in (leveraged) margin trading.

Specifically, the initial subscriptions were offered for [three assets](#): Binance Coin (at an annual lending rate of 15%), USD Tether (at an annual lending rate of 10%), and Ethereum Classic (at an annual lending rate of 7%).

From the perspective of users interested in margin trading, borrowing rates have also been updated based on their VIP levels, with higher traded volumes leading to lower effective borrowing rates. For most of the assets allowed for margin trading, the maximum borrowing rates are 0.02% per day. On the other hand, BNB and USDT have maximum respective daily borrowing rates of **0.03%** and **0.0275%**. Furthermore, **discounts** on these rates range between **-5% to -20%** based on the VIP level of each user³.

Comparing to DeFi rates offered on Compound, it is more expensive, for traders, to enter into a leveraged position on Ethereum, on DeFi, than on Binance.com. Conversely, borrowing rates on Binance being the same for USDC and ETH (i.e., 0.02% daily - 7.57% annualized), it has become less expensive to short Ethereum (ETH) within the DeFi Space than on Binance.com, with ETH's annualized borrowing rate below 3%. However, Binance offers **greater leverage** and has far **more liquidity** than all DeFi combined to sell Ethereum to stablecoins, as of today.

³ Detailed breakdown for each asset is available there: <https://www.binance.com/en/margin-fee#indexprice>

Views from Binance Trading

This section is prepared by Binance Trading, one of the world's most liquid OTC desks for cryptocurrencies and digital assets⁴. **The following content reflects solely the views of Binance Trading.**



Will the Alt Season Come Back?

From a peripheral glance, the month of August seemed like a **calm month** for the crypto markets. Bitcoin saw an uptick in price, briefly to over \$12,000 at the beginning of the month, before hovering around the \$10,000 mark. At the end of the month, the price fell back down to \$9,500, which is the end of July levels. From just looking at the BTC price, everything seemed business as usual. Beneath the surface though, BTC's dominance jumped by a whopping +5% to reach slightly above **69%**. Again, this did not bode well for the altcoin market, as total market capitalization excluding Bitcoin dropped by more than \$20 billion.

A study by Arcane Research⁵ showed that BTC dominance could actually be above 90% when adjusted for liquidity (calculating the volume-weighted market capitalization). August was another **tough month for altcoins**, and it feels as though the sentiment has shifted from "WHEN will alts recover" to "WILL alts recover?". Our view is that Bitcoin does not necessarily need the support of altcoins to become digital storage of value, and can continue to succeed acting as a **"digital gold"**. However, BTC price increases help overall crypto adoption, and altcoin performances remain mostly dependent on projects themselves. For the whole crypto industry to develop, though, we feel that altcoins must be an integral part of the maturation process.

In line with general market flows, our OTC desk saw **more altcoin sell flows** compared to buy flows. Surprisingly, the **buy/sell ratio was not as lopsided** as one might expect with the

⁴ If you wish to trade large volumes with an efficient settlement procedure and competitive quotes, join [Binance Trading](#) on Telegram or send an email to tradingdesk1@binance.com. Please reach out to one of the official traders on the channel, confirm your account and get ready to exchange the world.

⁵

<https://kryptografen.com/news/bitcoins-reported-market-dominance-is-approaching-70-but-in-reality-it-is-above-90/>

current market conditions. Numerous retail investors stepped in, at convenient times, to buy blocks of altcoins (mostly within the top 30 by market cap) at low prices. We even saw some **appetite for relatively illiquid altcoins** from investors. During times when BTC was hovering just below \$10,000, we saw quite several stablecoin to BTC trades, likely with the **belief that \$10,000 was a strong barrier**. However, the \$10,000 barrier was utterly broken near the end of August, and traders seemed to be concerned about how much further BTC could drop, as BTC buy flows dropped off dramatically.

It will be interesting to see **if BTC dominance can break the 70%** mark in September, and if so, by how much. Indeed, the Bitcoin dominance mark **has not hit 70% since March of 2017**, months before Binance's creation. In our July edition, we stated that we eventually believe BTC dominance will go back down to the 50-60% range. We still believe in this, partly because BTC dominance was below **60% for an extended period**, from May 2017 until June 2019. It has only been in the past three months or so that BTC dominance has shot up so dramatically, and the crypto-world has found its way of making everyone feel like **a prisoner of the moment**. Short-term wise though, BTC dominance may be **sticking around**. Regardless of personal beliefs about the markets, **our trading desk will always be here to help** execute decisions made by day-traders, long-term investors, and everyone in between.

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