

July Markets Overview - August 6th 2019

Research Views

Proof of Interest

In July 2019, Bitcoin fluctuated around its USD 10,000 resistance with altcoins lagging, as illustrated by both **lower volumes on mid and small-cap altcoins** and the **Bitcoin dominance waiting at high historical levels**. This possibly illustrates that in a period of uncertainty, crypto-stakeholders remain wary in how they allocate assets.

For the **decentralized finance (DeFi) industry**, July 2019 represented **one of its pivotal months** with Maker's dominance being challenged by dissimilar competitors. With a total collateral locked value worth around 500 USD million, the Ethereum-DeFi space witnessed both **higher competition** with InstaDApp and Compound exhibiting large inflows and **a shift in its stablecoin appetite**, with the creation of more loans denominated in USDC than in DAI. However, the upcoming release of multi-collateral Dai could potentially halt these new dynamics.

Meanwhile, **staking** has become one of the key concepts to monitor and the recent new offerings by Binance show the gradual shift of both retail and institutional attitudes. Not only are they focusing on trading opportunities, but they are also exploring different use-cases for cryptoassets, which may be interpreted as a sign of **growing maturity from industry participants**.

Eventually, security tokens could also become a tipping point in the industry with new developments from companies such as Polymath, which recently introduced new development for SR20 tokens to be fully compliant with ERC1400/1410 standards. Likewise, public officials and governments discuss **forthcoming regulations for security tokens and on-chain capital funding**, in spite of Libra being the focus point from most media and research entities.

Global Markets

Table 1 - Main assets by market cap

Ticker	Name	Monthly change (%)	Monthly Binance volume (USDT)	Marketcap (EOM)
BTC	Bitcoin	-14.02%	39,718,541,377	180,028,959,603
ETH	Ethereum	-29.87%	7,505,954,323	23,425,015,630
XRP	XRP	-22.39%	3,306,657,021	13,758,215,467
LTC	Litecoin	-26.63%	3,503,849,646	6,197,337,878
BCHABC	Bitcoin Cash	-22.62%	2,919,152,498	5,852,931,216
BNB	Binance Coin	-18.60%	7,115,450,260	4,299,743,458
EOS	EOS	-28.65%	3,108,832,238	4,097,152,833
XLM	Stellar Lumens	-23.34%	397,696,566	1,646,559,437

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

Ticker	Monthly change (%)	Ticker	Monthly change (%)
REN	27.79%	ALGO	-61.83%
PPT	25.36%	DENT	-57.96%
WTC	24.60%	CELR	-54.09%

With main markets remaining fairly flat to slightly negative, the top gainer in July was the Ren Project (REN), exhibiting a monthly return of +27.79%. Likewise, WaltonChain (WTC) and Populous (PPT) also gained by around +25%.

On the other hand, Algorand (ALGO) exhibited a large negative monthly return of -61.8%, finishing with an end-of-month price at USD 0.57. Similarly, Dent (DENT) and Celer Network (CELR) also displayed large negative monthly price changes, respectively of -58.0% and -54.1%.

Table 3 - New CEX listings in July 2019

Ticker	Name	Quote assets	Listing date
DOGE	Dogecoin	BTC, BNB, USDT, USDC, PAX	5th July
DUSK	Dusk Network	BTC, BNB, USDT, USDC, PAX	22nd July
ANKR	Ankr	BTC, BNB, USDT, TUSD, USDC, PAX	23rd July
BGBP	Binance GBP Stablecoin	USDC	23rd July

BGBP's launch represents an effort **to diversify the stablecoin offerings in the ecosystem**. As discussed in [Binance Research's past report about the evolution of stablecoins](#), this new trading pair BGBP/USDC can also be used as an FX pair, based on blockchain assets.

Furthermore, the new BGBP stablecoin ought to offer new opportunities for traders, with **increased arbitrage opportunities** which may ultimately improve the price efficiency on domestic GBP exchanges. From the perspective of both retail investors and fund managers, it allows greater opportunities to **hedge their USD exposure** with other fiat currencies or **to realize their profit in a new currency**, the British pound.

On-chain Markets on Binance DEX

Interestingly, the Binance DEX has garnered **wide interest** from the community as reflected by a total count of 151 listing proposals since the launch of the Binance Chain (as of July 31st 2019) while 124 tokens exist on the Binance Chain, following the BEP2 token standard.

Specifically, the number of new pairs being added onto the Binance DEX remains high with the addition of **41 new pairs listed** in July.

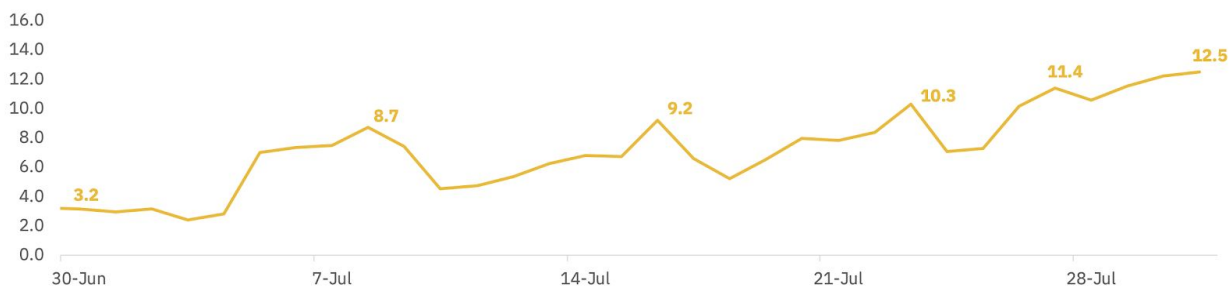
As of July 31st 2019, there were 151 proposals submitted with a total of **71 pairs** listed.

Table 4 - New DEX listings against stablecoin in July 2019

Ticker	Name	Quote asset(s)	Listing date
COS	Contentos	USDSB	July 7th
UND	United Network Distribution	USDSB	July 15th
ONE	Harmony	USDSB	July 22nd

As seen in the above table, only three assets added extra pairs against Stably Binance (USDSB) in July. TUSDB, the Binance Chain version of TrueUSD (TUSD), was approved [as a quote currency in the DEX](#) and its first trading pair was approved with BNB as a base asset. Moreover, other local fiat currencies could potentially be supported for trading with the creation of the Binance GBP Stable Coin (BGBP) and **non-USD fiat currencies** by TrustToken, namely THKD, TGBP, TCAD, and TAUD.

Chart 1 - Daily volumes on Binance DEX (USD million)



Despite its liquidity being much lower than Binance.com, the Binance DEX displayed average **daily volumes in July of USD 7.4 million** while other Ethereum-based decentralized exchanges usually exhibited average volumes below USD 1-2 million. As a result, Binance DEX has become the **most used decentralized exchange** as measured by trading volume, with a **total monthly volume of USD 229 million** in **July 2019**.

Borrowing and Lending Markets

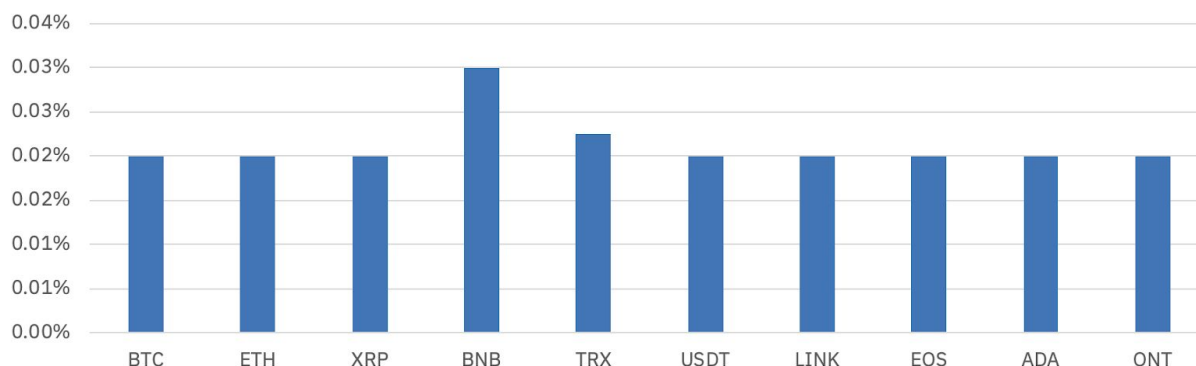
In July 2019, **four new assets** were added for margin trading on Binance.com: EOS, ChainLink (LINK), Ontology (ONT) and Cardano (ADA). On the other hand, BNB is now eligible as a borrowable asset. These additions offer new possibilities for traders to build more complex investment strategies such as long/short or market-neutral positions.

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

Asset	Quote assets	Date
EOS	USDT, BTC	July 18th
LINK	USDT, BTC	July 18th
ONT	USDT, BTC	July 26th
ADA	USDT, BTC	July 26th

Furthermore, [margin trading API functionalities have been added](#), which allows the transfer of assets, lending of assets, return of borrowable assets and sending/canceling orders via API.

Chart 2 - Daily borrowing rates as of July 31st 2019



Daily borrowing rates on Binance remain between **0.02% and 0.03%**, i.e. annualized rates between **7.57% to 11.57%**. In comparison, **DeFi rates were much higher** with a Dai's stability fee being set at 20.5% and respective borrowing rates on USDC or DAI fluctuating around 14% and 17% on Compound as of July 31st 2019. As a result, if someone were interested in building a leveraged long position in Ethereum (ETH), he could borrow USDT and sell his newly borrowed coins to Ethereum on Binance at **cheaper costs**.

Views from Binance Trading



This section is prepared by Binance Trading, one of the world's most liquid OTC desks for cryptocurrencies and digital assets¹.

Its content reflects solely the views of Binance Trading.

Bitcoin Maximus

July 2019 displayed a **market correction month**, and yet, represents **a triumph for Bitcoin maximalists**.

In June, we saw BTC rise from USD 8,000 all the way **to USD 13,000**. By the end of July, the price **fell back to USD 9,500**. Despite the price drop, BTC's market share (["Bitcoin](#)

¹ 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.

[dominance](#)”) further increased from 61.5% at the beginning of July to 64.5% at the end of July. This has not boded well for altcoin liquidity, given they underperformed against BTC. It will be interesting to see **if and when the market ultimately decides to move back into altcoins**, and the magnitude of these flows.

Newswise, July was filled with **regulatory and political events**. Donald Trump had a series of negative tweets about cryptocurrencies, although it could be argued that the publicity alone was positive for the industry. **Libra’s regulatory concerns** also dominated the news cycle. As with all months though, there was positive news sprinkled in, such as the South Korean president stressing regulatory innovation for crypto and designating the city of Busan as a regulation-free blockchain zone.

In addition to the news cycle, it is likely that the market observed a natural correction this month. Investors were naturally happy about BTC’s increase in price and the subsequent overall market cap increase, but very few expected prices to continue to rise as did at the end of 2017. What was surprising was the fact that despite low altcoin prices, the **appetite for these alternative assets**, both high and low market cap, **was feeble** from investors. While **May and June had high retail flows** coinciding with the overall market cap increase, **flows slowed down in July**.

As with the general market, our **trading desk saw more altcoin trades at the beginning of July**. By the middle of July, we saw increased attention on BTC vs stablecoins, coinciding with BTC’s drop in price. Interestingly, the end of July saw many stablecoin to stablecoin trades with investors (e.g. USDC against PAX) looking to take advantage of **arbitrage opportunities**.

Bitcoin’s dominance has been at **its highest point (64%** at the end of July) since early 2017. Our view is that, sooner or later, BTC dominance will ultimately go back down to levels that we were accustomed to, within the **50-60% range**. Regardless of the future direction of the market, we will continue to **build our infrastructure to provide liquidity to the markets** and will remain prepared to help traders in case of any sudden shifts in the market.

This report has been prepared solely for informative purposes and should not be the basis for making investment decisions or be construed as a recommendation to engage in investment transactions or be taken to suggest an investment strategy in respect of any financial instruments or the issuers thereof. This report released by Binance Research is not related to the provision of advisory services regarding investment, tax, legal, financial, accounting, consulting or any other related services and are not recommendations to buy, sell, or hold any asset. The information contained in this report is based on sources considered to be reliable, but not guaranteed, to be accurate or complete. Any opinions or estimates expressed herein reflect a judgment made as of this date and are subject to change without notice. Binance Research will not be liable whatsoever for any direct or consequential loss arising from the use of this publication/communication or its contents.

Binance Research provides in-depth analysis and data-driven insights of digital assets by generating unbiased, institutional-grade research reports for investors in the crypto space.

