

The Return of the Cautious Bulls?

WEEKLY SUMMARY | 17-25 MARCH

Market highlights

- **Market cap and transaction volume rebounded for the cryptocurrencies market:** As of 25 March, the market capitalization of cryptocurrencies amounts to 328.78 billion, a 11.1% increase compared to last week. BTC settled at \$8567.85, a 11.0% increase. ETH priced at \$520.96 with a 0.2% increase.
- **Miner's revenue falls with increasing difficulty in Bitcoin and Ethereum mining:** The mining difficulty for Bitcoin and Ethereum slightly increased and it is expected to continue. This is associated with falling revenue for Bitcoin and Ethereum miners. BTC.com is the largest Bitcoin mining pool with 23.9% market share.
- **Daily transactions are more active for Bitcoin while less for Ethereum:** The Bitcoin network is slightly more active with a 3.0% increase in average daily transactions per block. Ethereum's daily number of blocks mined slightly falls by 1.6%.
- **Most ICOs come from diversified industries yet % of ICO funds successfully raised is limited:** There are 41 ICOs ending this week, with most of them registered in the United States and Europe (notably the UK). The projects for ICO are diverse this week, as led by trading, marketplace and Blockchain services. However, only a limited percentage of ICO funds are successfully raised due to decline in investor confidence and overconfidence in achieving fundraising goals.

Industry overview

- **A rebound in market cap for crypto assets:** According to coinmarketcap as of 25 March, the total market capitalization of cryptocurrencies amounts to 328.78 billion, a 11.1% increase compared to last week. Among the top 100 crypto assets, 41 of them surge >20% in market capitalization, with STORM the top gainer with 204.1% increase.

There are only 6 crypto assets with decreased market capitalization, with VEN a 4.6% weekly decrease. In general, the cryptocurrencies market is bullish this week.

- **Transaction volume surges for crypto assets:** As of March 25, the transaction volume (24h) of top 100 cryptocurrencies is 12.75Bn, a 17.1% weekly increase. 65 out of the top 100 crypto assets increase in transaction volume with 35 surging more than 50%. The most notable increase in transaction volume (24h) is STORM (11481.4%), this is driven by the fact that STORM has listed in the Upbit exchange in Korea last week. The top loser in transaction volume (24h) is CND, with a 90% weekly decrease.

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Exhibit 1. Top weekly gainers and losers

Name	Industry	Price change
Gainers		
STORM	Blockchain service	+204.11%
VERI	Exchange	+105.78%
ICX	Blockchain service	+89.69%
LRC	Exchange	+78.88%
TRX	Entertainment	+78.86%
Losers		
VEN	Blockchain service	-4.59%
DCN	Healthcare	-3.67%
PART	Blockchain service	-3.21%
ETN	Currency	-2.26%
LSK	Blockchain service	-0.43%

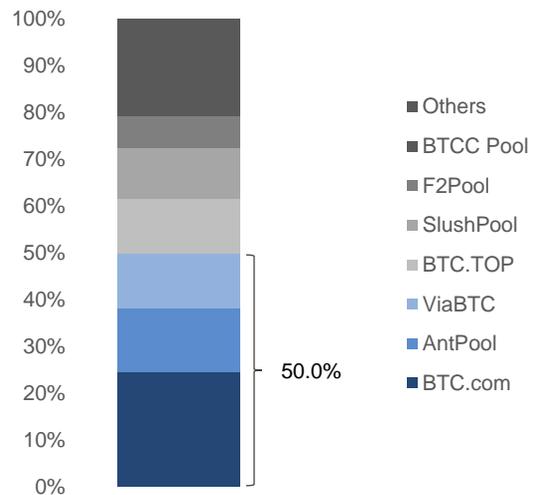
Source: Coinmarketcap

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BTC & ETH mining

- The top 3 miners together represent 50% of the world's Bitcoin mining power: BTC.com remains the largest Bitcoin mining pool, with a share of 24.5%. This is followed by AntPool (13.8%) and ViaBTC (11.7%).
- Fall in miner's revenue associated with increasing mining difficulty: The mining difficulty continues its upward trend, with Bitcoin at 3.46T, a 2.77% weekly increase; for Ethereum at 3.26P, an increase of 3.74%. This fall in miner's revenue can be explained by the increasing mining difficulty, where revenue for Bitcoin miners falls to USD 15.42m, where for Ethereum miners, the revenue per 1 GH/S is USD 39.88, a 29.83% decrease from last week.
- Daily transactions per block are more active for Bitcoin while less for Ethereum: The average daily transactions per block of Bitcoin is 1,241, a 3.0% weekly increase, whereas the daily transactions per block of Ethereum falls by 1.6%.

Exhibit 2. Bitcoin hashrate distribution



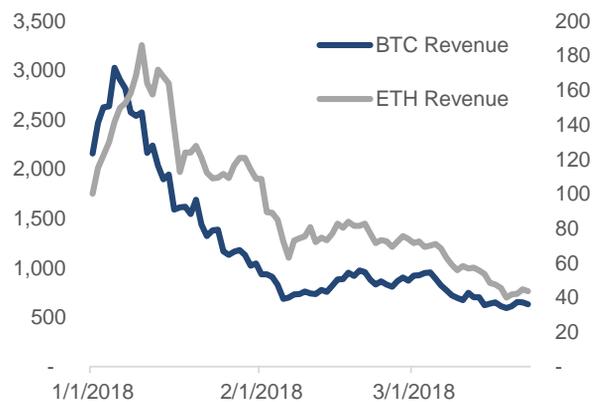
Source: Blockchain.info, Blocktrail, Standard Kepler Research

Exhibit 3. Mining difficulty



Source: Blockchain.info, Etherchain, Standard Kepler Research

Exhibit 4. Miner's revenue (USD per GH/s)



Source: Blockchain.info, Etherchain, Standard Kepler Research

Latest news at a glance

Despite the tightening regulation on ICOs and cryptocurrencies among nations, it can be inferred that most nations are positive on the potential of Blockchain technology in industry applications. Regulatory measures help to extend the applications of Blockchain technology, rather than to disrupt it. For example, the SFC's regulatory action on Black Cell's ICO is in line with international practice such as SEC in the US, where the listing of a security token should follow the guidelines under the SFO. This provides additional protection to investors and helps to minimize the number of fraudulent ICOs.

Industry application

- **Northern Trust Partners With PwC To Make Real-Time Equity Audits Via Blockchain:** The solution is based on the open source Linux Foundation Hyperledger Fabric and is using the IBM Blockchain platform to provide safety and scalability of transactions.
- **MasterCard Open To 'Not Anonymous', State-Issued Cryptocurrencies, All Others 'Junk':** MasterCard favored using central bank-issued national digital currencies in the future, with Venezuelan Petro an example. Mastercard is currently running a Bitcoin (BTC) pilot program in Japan and Singapore that would allow BTC holders to cash out onto a MasterCard.
- **Twitter Will Ban Cryptocurrency Ads in Two Weeks:** The ads associated with cryptocurrency wallets, exchanges and initial coin offerings will be blocked, to tackle the scourge of crypto scammers on Twitter.

Regulatory

- **SFC's regulatory action halts ICO to Hong Kong public:** Black Cell has halted its initial coin offering (ICO) to the Hong Kong public and agreed to unwind ICO transactions for Hong Kong investors by returning them KROPS tokens. The SFC addressed that the token offered by Black Cell constitutes a CIS, which requires prior authorization or compliance with licensing requirements under SFO unless exemption applies.
- **French Financial Regulator To Introduce Framework Legitimizing ICOs In Policy U-Turn:** Under AMF's proposed regulatory framework, AMF will issue licenses to ICO issuers via the authorization system. The licensed ICOs indicate that the token issuer must provide a certain set of guarantees to investors regarding the usage of raised funds.
- **US Congress Includes Crypto In Its Joint Economic Report For The First Time:** The report dedicated an entire section to cryptocurrencies and Blockchain tech is included for the first time, yet Bitcoin is still considered a "highly speculative asset". The report also highlighted the potential in Blockchain applications, in healthcare, and securing critical financial and energy infrastructure.

ICO Recap

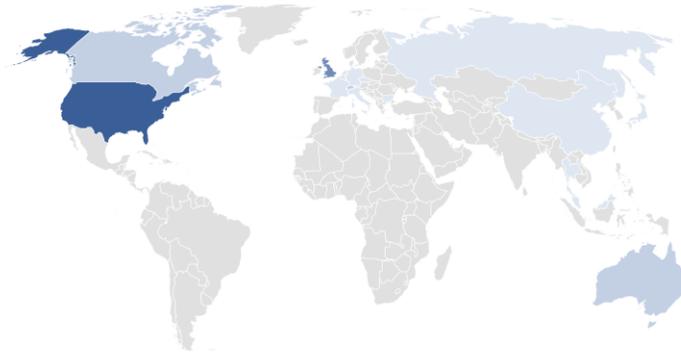
- **Most ICOs are from the United States and Europe with diversified industries application:** There are 41 ICO projects ending this week which over half of them are from Europe (44%) and the US (17%). The ICO projects are fragmented in terms of industries, as led by trading (19%), marketplace (17%) and Blockchain service (17%).
- **Limited % of ICO funds successfully raised:** Among the ICOs completed this week, it is observed that the funds raised for Polyswarm and Friendz only reached 52% and 27% of their fundraising goals. This is due to the fundraising goals are set too high whereas investor's confidence on ICOs falls due to tightening regulations among nations.

Exhibit 5. Top ICOs with most funds raised

Name	Industry	Close	Raised (USD)	% raised
Celsius	Finance	22 Mar	44.60m	89%
PolySwarm	Security	22 Mar	24.76m	52%
Friendz	Social	21 Mar	13.19m	27%

Source: ICOdrops

Exhibit 6. ICOs by Geography



Countries	No. of ICOs
US	7
UK	5
Singapore	3
Hong Kong	2
Switzerland	2
Others	22

Source: ICOdrops, ICOBench, Standard Kepler Research

Outlook

The price of BTC and ETH has been falling since early March. This trend is likely to continue in the short term as Twitter followed Google and Facebook to ban all cryptocurrency ads.

The attitude towards regulating cryptocurrencies remains to be seen, as France introduces legal framework on ICOs after the blacklist of 15 cryptocurrency websites. Investors should pay attention to the G20 submit, where Japan, France and Germany will urge G20 counterparts to propose framework in regulating cryptocurrencies, with major concerns in anti money laundering and terrorism financing. It is believed that the proposed framework will pave the way for a healthy cryptocurrencies market in the long term.