Tobias Mathiasen
DIRECTOR, RESEARCH
Tobias@standardkepler.com

Johnny AuYeung
CHIEF TECHNOLOGY OFFICER
Johnny@standardkepler.com

Matthew Lam
ANALYST, RESEARCH
Matthew@standardkepler.com

Hyperinflation Pushes Venezuelans Towards DASH and BTC

WEEKLY RECAP

- Total market cap. reached $237.21bn (a 10.7% increase), and 7 day trading volume surged 20.9% for top 100 crypto

WEEK AHEAD

- **6 Sept:** ADA to release roadmap update
- **8 Sept:** Vitalik B. will be speaking at "Ethis HK"

THOUGHTS OF THE WEEK

Launched in 2014 under the name Xcoin and later Darkcoin, Dash is an early privacy token aimed at facilitating P2P merchant payments. Dash recently announced a partnership with cryptocurrency-enabled phone brand KRIP to penetrate into the Latin American payment market. Venezuela in particular is of interest to the coin, the price of which once surged to $216.88 in the past week (a 54% weekly increase).

Venezuela is currently suffering under hyperinflation, resulting in increased adoption of cryptocurrencies from Venezuelans seeking out alternatives to the Bolivar national currency. The Venezuelan Bolivar inflation rate in July was estimated at 82,700%, while IMF projects the 2018 inflation rate may reach 1,000,000%. Venezuelan president Nicholas Maduro recently introduced a new fiat currency called the "Sovereign Bolivar", but the currency suffered a 96% devaluation after the pegging with the state-issued cryptocurrency Petro. Such conditions make what are typically considered volatile cryptocurrencies appear as relatively safe havens. It is not surprising to see Venezuelans switching their wealth into crypto-currencies, with the trading volume of BTC surging 4.5x since the start of 2018 in Venezuela. Despite this growing interest we believe the price impact on BTC will be very limited, as the Bolivar/BTC market accounts for less than 0.01% of BTC's trading volume.

We further believe that being an early mover has given Dash a significant advantage over other altcoins, and aided the coin's successful penetration into Venezuela. The nation is currently the second largest market for Dash with more than 200 new monthly merchant entrants and tens of thousands of wallet downloads per month. Starting from September 2017, the Dash core group committed $1mn towards increasing adoption in Venezuela, and began organizing monthly conferences and billboards in the capital of Caracas. This marketing effort has proven a success, with more than 20 Dash communities budding across the nation.

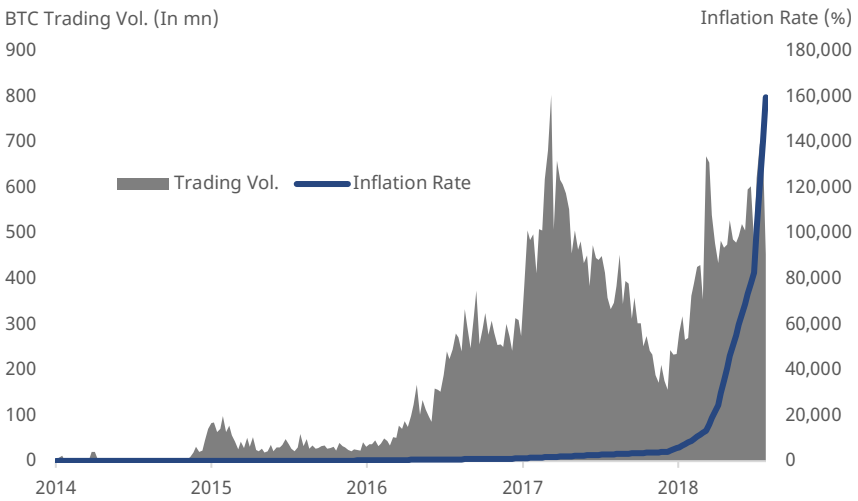
On the contrary, a lack of liquidity, lack of development opacity, and a lack of trust in the government would appear to be key reasons behind the low adoption of the state-issued Petro cryptocurrency. The discussion on launching state-issued cryptocurrencies has been heating up with Russia and Iran recently expressing interests in doing so. However, a 2018 BIS report warned against capital control challenges related to state cryptocurrencies, and we believe their value to be limited unless the technology as well as everyday use cases are also properly developed.

TOP CRYPTO PERFORMANCE SUMMARY

Name	Price	7D%	Vol.	7D%	Mkt Cap.	% Total Mkt
BTC	$7,221.86	8.08%	26.06bn	17.44%	124.54bn	52.50%
ETH	$295.62	7.53%	8.71bn	11.21%	30.07bn	12.67%
XRP	$0.35	6.48%	1.56bn	17.72%	13.69bn	5.77%
BCH	$634.61	21.30%	2.44bn	39.84%	10.99bn	4.64%
EOS	$6.53	32.46%	4.88bn	76.95%	5.92bn	2.50%
XLM	$0.23	6.61%	0.33bn	9.76%	4.30bn	1.81%
USDT	$1.00	-0.24%	17.12bn	15.73%	2.74bn	1.16%
ADA	$0.11	14.16%	0.39bn	64.73%	2.74bn	1.15%
XMR	$121.40	31.23%	0.22bn	43.18%	1.99bn	0.84%
DASH	$216.88	53.58%	1.58bn	29.93%	1.80bn	0.76%

CHART OF THE WEEK

Volume of Venezuelan Bolivar/BTC Market & Bolivar Inflation Rate Since 2014



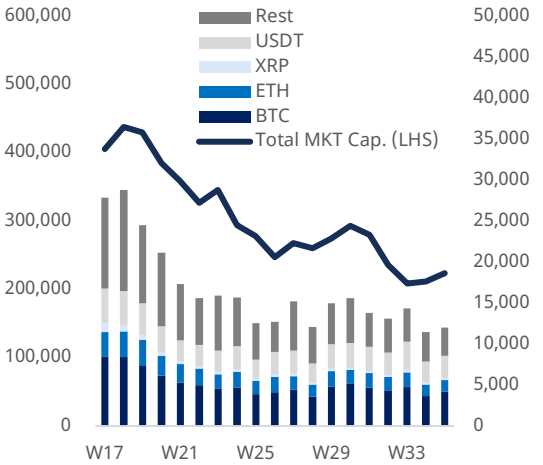
NETWORK FUNDAMENTALS

	BTC	ETH
Hashrate	51,642,797 TH/s (+4.9%)	275,614 GH/s (-2.3%)
# Wallet Users	28,075,432 (+0.6%)	41,810,960 (+0.9%)
Top 3 Miners	BTC.com (17%) SlushPool (14%) AntPool (12%)	Ethermine (28%) SparkPool (16%) F2 Pool (13%)

TOP ICOS WITH MOST FUNDS RAISED

Name	Industry	Close	$ Raised	% Raised
4ART	Application	30 Aug	17.32mn	9%
WMB	Application	27 Aug	6.75mn	36%
LX	Application	31 Aug	2.73mn	50%

MARKET CAP & TRADING VOL. (US$ mn)



Please see important disclosure on next page.

DISCLAIMER

Abbreviations: 4ART: 4ARTechnologies; ADA: Cardano; Aug: August; BCH: Bitcoin Cash; BIS: The Bank for International Settlements; bn: billion; BTC: Bitcoin; crypto: cryptocurrencies; ETH: Ethereum; Ethis: The Ethereum Industry Summit; ICOS: Initial Coin Offerings; IMF: International Monetary Fund; KRIP: Kripto Mobile Corporation; LX: Moonlight; Market Cap: Market Capitalization; mn: million; P2P: Peer-to-peer ; Trading Vol.: Trading Volume; TRX: Tron; USD: United States Dollars; USDT: USD Tether; Vitalik B.: Vitalik Buterin; WMB: WatermelonBlock; XLM: Stellar Lumens; XMR: Monero; XRP: Ripple

Chart of The Week: Source: Coin.Dance, Standard Kepler Research, Trading Economics.com

Market Cap & Trading Vol.: Source: Coinmarketcap, Standard Kepler Research
The horizontal axis represents the week number in 2018. For instance, W17 indicates the seventeenth week in 2018.
The primary vertical axis represents total market capitalization; and the secondary vertical axis represents total trading volume.

Network Fundamentals: Source: Blockchain.info, Blocktrail, Etherchain.org, Etherscan.io, Standard Kepler Research

Thought of The Week: Source: Blockcast.it, CCN, CNN, Coindesk, Coinmarketcap, Cointelegraph, DASH blog, International Monetary Fund, Reuters, Standard Kepler Research, The Bank for International Settlements

Top Crypto Performance Summary: Source: Coinmarketcap, Standard Kepler Research

Top ICOs with Most Funds Raised: Source: Cryptocompare, ICObench, ICOdrops, ICOmarks, ICOratings.com, Standard Kepler Research, Topicolist

Week Ahead: Source: Cryptocalendar.pro, Standard Kepler Research

Weekly Recap: Source: Coinmarketcap, Standard Kepler Research

Past performance does not guarantee future results.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any cryptocurrencies. The views and strategies described may not be suitable for all investors. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

The price of Bitcoin and other cryptocurrencies are highly volatile in nature. It is suggested that clients should perform their own due diligence and consult a fully qualified independent professional financial adviser before making any investments in cryptocurrencies.

©Standard Kepler, September 2018.

Unless otherwise stated, all data is as of September 2, 2018 or as of most recently available.