

Mining War Raises Concerns Over BCH Centralization

WEEKLY RECAP

- Total market cap. reached \$178bn (a 16.5% decrease), and 7 day trading volume surged 21.3% for top 100 crypto

WEEK AHEAD

- 19 Nov:** NEO to list on BiteBTC Exchange
- 21 Nov:** QTUM at BICC 2018 in Seoul

THOUGHTS OF THE WEEK

Bitcoin Cash (BCH) was the result of a BTC hard fork in Aug 2017, and had the support of key industry players Bitmain, Roger Ver and Craig Wright. One year later, Bitcoin ABC (BCH ABC) proposed Bitcoin ABC 0.18.0 for the 15 Nov BCH network upgrade, again supported by Bitmain and Roger Ver. However, Craig Wright introduced his own Bitcoin Satoshi Vision (BCH SV) 0.1.0 proposal for the network upgrade, supported by billionaire Calvin Ayre. The BCH community has since split into the camps of BCH ABC and BCH SV.

Conflicting ideologies and visions for the future of BCH has led to the community split. BCH ABC acknowledges the fundamental design of BCH, and proposes network updates including the introduction of canonical transaction ordering to enable future improvements to scalability. On the contrary, BCH SV proposes a fundamental re-design of BCH, and sets out to enlarge the block size from 32MB to 128MB, also with the claimed goal of promoting scalability.

The BCH hard fork has led to a mining war between the two camps. While the mining war is still ongoing, BCH ABC takes the lead with 42.8% ahead on proof-of-work and 15 blocks ahead against BCH SV. BCH SV was the leader leading up to the fork, having controlled ~69.5% of the BCH network hash rate on 13 Nov. However, BCH ABC took the lead when Roger Ver's Bitcoin.com announced the shifting of hash power from BTC to BCH, and the hash rate of BCH ABC at one point surged from 3253 to 8705 PH/S, as noted in our Chart of the Week. It is worth noting that both camps are mining BCH at an estimated loss of 327 BTC. This loss is likely to grow further in the near future, as Craig Wright has claimed to consider the mining war a "marathon race", while BCH ABC claims they have no intention to launch a 51% attack on BCH SV.

The mining war has raised serious concerns regarding the future centralization of BCH. The future development of BCH will be highly dependant on BCH ABC and BCH SV, who currently account for the vast majority of hash power in mining BCH. This raises centralization concerns as these entities can easily launch 51% attacks to overtake the blockchain.

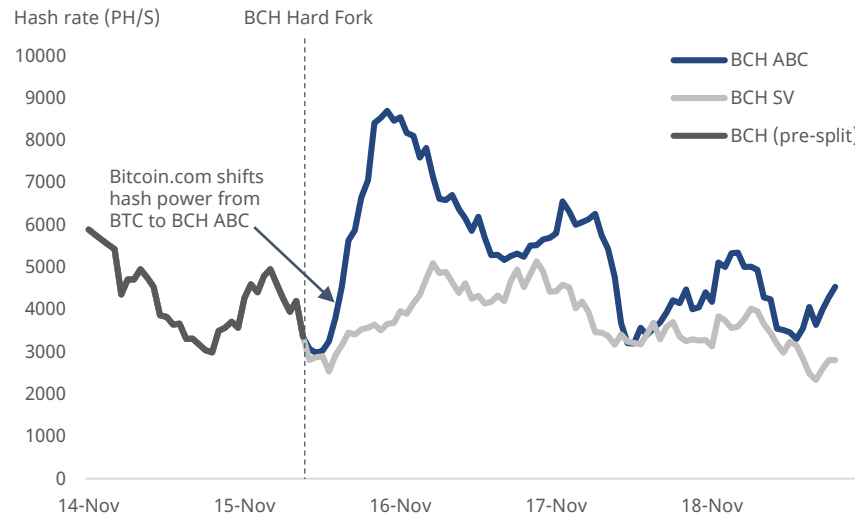
The crypto market has slumped following the BCH hard fork, with BTC hitting a new 2018 low of US\$ 5358. We may speculate that the hostile statements from both BCH camps before the hard fork led to a significant sell-off of crypto assets by investors. We foresee that the mining war may trigger further sell-offs, and that the BTC price may slump further.

TOP CRYPTO PERFORMANCE SUMMARY

Name	Price	7D%	Vol.	7D%	Mkt Cap.	% Total Mkt
BTC	\$5,447.60	-14.92%	32.52bn	24.20%	94.70bn	53.30%
XRP	\$0.48	-4.49%	4.54bn	24.10%	19.43bn	10.94%
ETH	\$163.64	-22.77%	12.58bn	25.40%	16.90bn	9.51%
BCH	\$376.84	-31.15%	4.24bn	-13.25%	6.58bn	3.70%
XLM	\$0.24	-10.97%	0.58bn	15.33%	4.55bn	2.56%
EOS	\$4.33	-19.67%	5.71bn	36.04%	3.93bn	2.21%
USDT	\$0.99	-0.01%	21.71bn	27.39%	1.75bn	0.98%
ADA	\$0.06	-24.52%	0.20bn	10.35%	1.48bn	0.83%
XMR	\$84.54	-18.76%	0.14bn	59.95%	1.40bn	0.78%
DASH	\$126.51	-21.54%	1.03bn	-24.15%	1.07bn	0.60%

CHART OF THE WEEK

Hash rate of BCH, BCH ABC and BCH SV (14 – 18 November)



TOP CRYPTO NEWS AT A GLANCE

IMF's Lagarde pushing for CBDCs: IMF MD Christine Lagarde urges the international community to consider issuing Central Bank Digital Currencies (CBDCs). CBDCs can satisfy public policy goals such as financial inclusion, security & consumer protection, and privacy in payments.

Bank of America obtains patent for enterprises storing customer crypto deposits: The patent outlines methods for storing private keys of customer accounts, determining public keys and generating "vault keys" for storage.

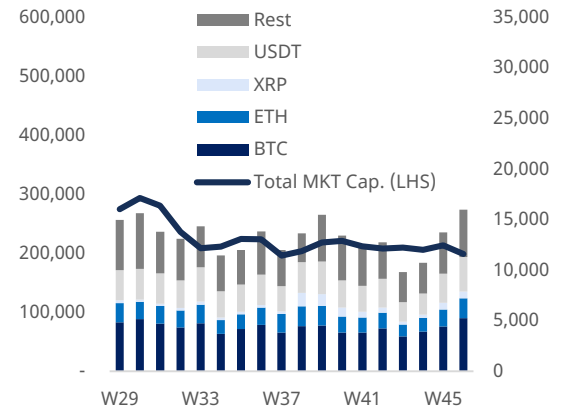
Coincheck resumes NEM trading: NEM can once again be traded on Coincheck after a 10 month suspension following the January theft of 523mn NEM from Coincheck.

Smart money scheme for NDIS: The Commonwealth Bank of Australia releases the trial results of a blockchain-powered "smart money" system for Australia's National Disability Insurance Scheme (NDIS).

NETWORK FUNDAMENTALS

	BTC	ETH
Hashrate	45,248,140 TH/s (-4.3%)	237,509 GH/s (-0.1%)
# Wallet Users	30,464,530 (+1.3%)	47,163,480 (+1.5%)
Top 3 Miners	BTC.com (15%) SlushPool (13%) AntPool (12%)	Ethermine (27%) SparkPool (22%) F2 Pool (13%)

MARKET CAP & TRADING VOL. (US\$ MN)



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WEEKLY SUMMARY | 12 – 18 NOVEMBER

DISCLAIMER

Abbreviations: ABC: Adjustable Blocksize Cap; ADA: Cardano; BCH: Bitcoin Cash; BCH ABC: Bitcoin ABC; BCH SC: Bitcoin Satoshi Vision; bn: billion; BTC: Bitcoin; CBDC: Central Bank Digital Currencies; crypto: cryptocurrencies; ETH: Ethereum; IMF: The International Monetary Fund; Market Cap: Market Capitalization; MB: megabyte; mn: million; NDIS: Australia's National Disability Insurance Scheme; Nov: November; PH/S: PetaHash per second; Trading Vol.: Trading Volume; US\$: United States Dollars; USDT: USD Tether; U.S. SEC: The U.S. Securities and Exchanges Commission; XLM: Stellar Lumens; XMR: Monero; XRP: Ripple

Chart of The Week: Sources: Coin Dance, Coinwarz, Standard Kepler Research

Market Cap & Trading Vol.: Sources: Coinmarketcap, Standard Kepler Research
The horizontal axis represents the week number in 2018. For instance, W29 indicates the twenty ninth week in 2018. The primary vertical axis represents total market capitalization; and the secondary vertical axis represents total trading volume.

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

Thought of The Week: Sources: Bitcoin ABC, Bitcoin SV, Bitcoinist.com, BitMex Research, Blockcast.it, Bloomberg, CCN, Coin Dance, Coindesk, Cointelegraph, Coinwarz, Jinse, Standard Kepler Research, Tokeninsight

Top Crypto News At a Glance: Sources: Blockcast.it, CCN, Coindesk, Cointelegraph, The International Monetary Fund, Standard Kepler Research

Top Crypto Performance Summary: Sources: Coinmarketcap, Standard Kepler Research
The price, 7 day trading volume and market capitalization of top crypto are as of 3pm, 19 November 2018.

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

Weekly Recap: Sources: Coinmarketcap, Standard Kepler Research

Past performance does not guarantee future results.

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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.

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Unless otherwise stated, all data is as of November 18, 2018 or as of most recently available.

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