



CryptAM

CryptAM's Monthly Newsletter

Firstly, some of our team, Mario Giangrande and Ben Berenson, will be in Singapore on the 11th - 14th September attending a variety of conferences and meetings. Please do reach out to us if you wish to have a meeting whilst some of CryptAM's team is there!

Highlights of the month are surely the market capitalization, BTC outpacing other traditional and alternative asset classes and finally about the political arena and the value of (Distributed Ledger Technology) DLT in it.

August saw an initial increase in the digital asset industry however many of the gains were given back as the market capitalisation closed at US\$248bn. During this period we continue to see renewed interest in the asset class as CME Bitcoin Futures open interest continues to recover.

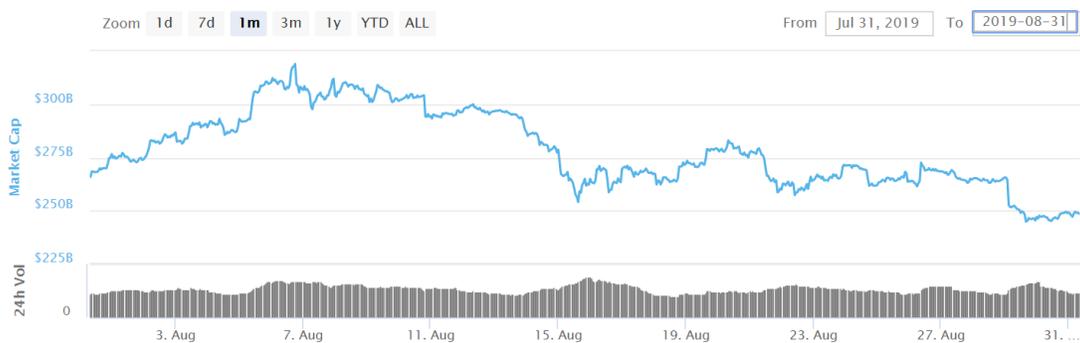
Look at 12 month returns - Bitcoin continues to outpace other traditional asset market returns; including real estate, commodities and, yes, GOLD.

Within the macro arena, Argentina announced a re-imposition of capital controls, limiting citizens' and businesses' freedom to buy foreign currency. Demand for Bitcoin in the country, a cross-border asset which is very difficult to control given its decentralized nature, could therefore provide a contribution to overall demand.

"Stable" monthly return profile and decreasing market risk

The digital asset total market capitalisation rose at the start of the month but ended the month US\$248bn, implying a month to date price return of -6.4% over August. Trading volume was decent and transactions across the blockchain continued to flow as investors look to trade in / out of positions. For the most part, we continue to see a secular decline in risk as the market matures and institutional investors continue eye to get a toe-hold in exposure.

Market Capitalization Recovery: Taking A Breather From a Strong YTD



Renewed BTC Futures Volume = Increasing Participation

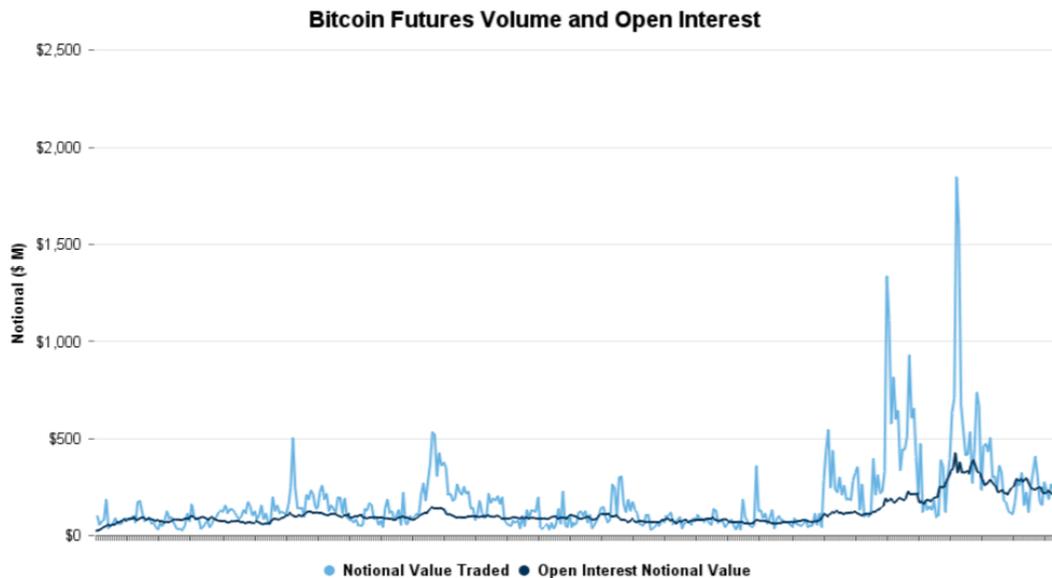
An important barometer of open interest in the digital asset market, the Chicago Mercantile Exchange (CME) Group's Bitcoin (BTC) futures saw an average daily volume of \$515 million in May 2019.

A report from Forbes, dated Aug. 28, indicates that the CME Group's Bitcoin futures are seeing new records in trading activity. This is especially positive given the low interest which saw its competitor, the CBOE, shutter its BTC futures offering in early 2019.

No doubt, CME Group will be feeling vindicated through keeping its Bitcoin futures market open as they are now trading an average of more than 13,600 contracts each day, equal to ~\$515 million in notional value or 68K equivalent bitcoins.

Furthermore, the year-to-date daily average number of Bitcoin futures contracts traded is 7,237, equivalent to 36.185 BTC (currently worth \$62.9 million).

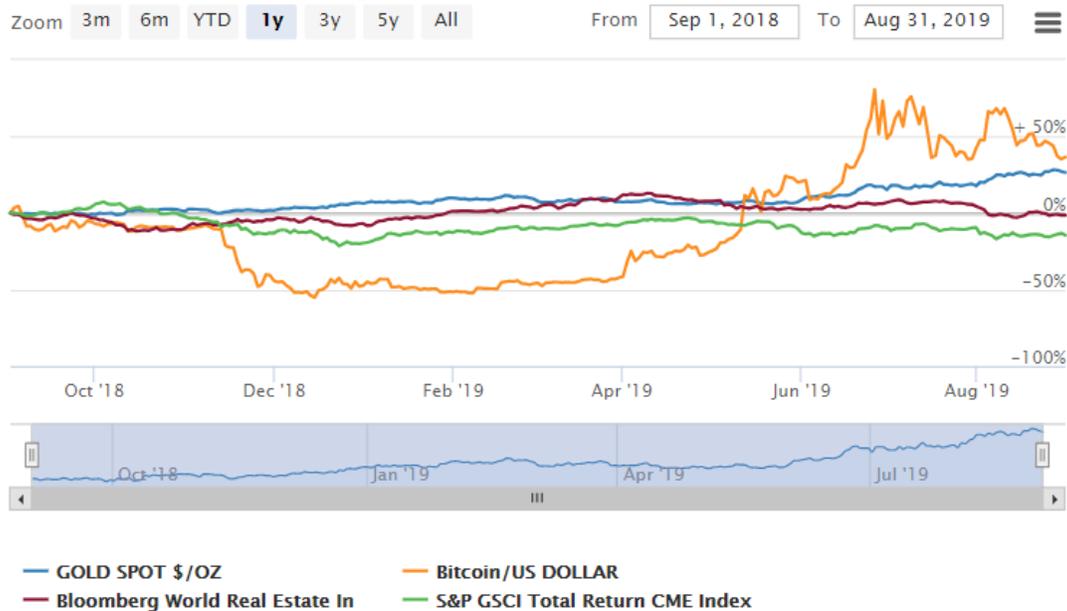
Add to this, something we wrote about last month, Bakkt — the much-anticipated platform for monthly and daily Bitcoin futures trading — announced that it would launch on Sept. 23, further improving access to a wider array of investors.



Bitcoin vs. Other Alternative Asset Classes

Look at 12 month returns, driven by global uncertainty and geo-political risks, Bitcoin continues to outpace other traditional asset market returns; including real estate, commodities and, yes, gold.

Over the last 12 months: Bitcoin outperformed with 39.17%, Gold came in second 26.70%, the Bloomberg World Real Estate Index was broadly flat with -1.33% return and the S&P GSCI Total Return Commodity Index plummeted -14.62%.



As the Argentinian peso weakens - see *chart below* - Argentina announced a re imposition of capital controls, limiting citizens' and businesses' freedom to buy foreign currency. As Bloomberg reported on Sep. 1, the increasingly troubled South American nation took the step as the Argentine peso (ARS) suffers overwhelming losses against major fiat currencies such as the U.S. dollar.

Now, access to hard currency is restricted to just \$10,000 for individuals looking to dump ARS on the market, despite its exchange rate falling 34% in USD terms since Aug. 2. Demand for Bitcoin in the country, a cross-border asset which is very difficult to control given its decentralized nature, could therefore provide a contribution to overall demand to this global asset.

USD to ARS Chart

3 Sep 2018 00:00 UTC - 3 Sep 2019 05:23 UTC USD/ARS close:58.24941 low:35.36577 high:60.49758



To bring it all together – the market is less volatile and showing strong signs for further maturity considering liquidity of futures and surging interest. As well, against speculations and global hoarding of Gold, the king stays the king and BTC rallies on. Lastly, the political and regulatory environment is definitely setting clear agenda for mass international adoption and standardizing to the best of their abilities the digital asset industry. There's no going back now!

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