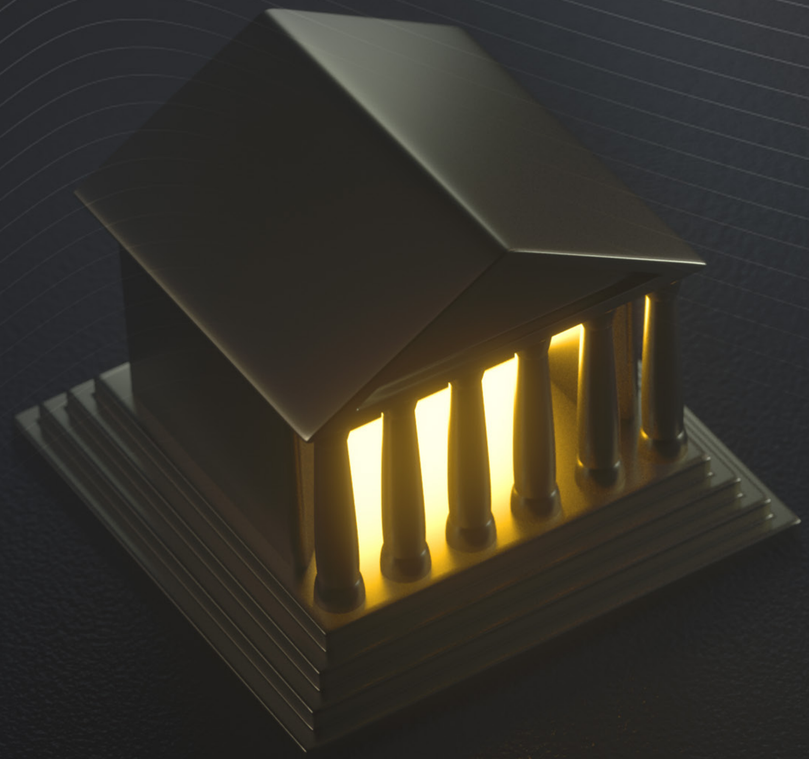
In collaboration with Santiment | Issue 7 | October 2 – 15, 2020

Market Insights



25.2%
surge in unique Ethereum addresses per day

$1.33
daily average ETH fee

8%
ETH holders MVRV

COINTELEGRAPH
Consulting

Ethereum-related sentiment is now quickly approaching the levels recorded during both the July 2019 and February 2020 price tops, which may suggest a forming obstacle to a sustained price rally.

Key Takeaways

- Alongside Ethereum's latest breach above $380, the amount of unique addresses interacting with (sending or receiving) Ethereum daily has surged to a 3-week high of 420,610 — marking a 25.2% growth compared to the day prior. While a positive development on the whole, this is still ways away from the 500,000+ daily addresses recorded during late July and early August.

- Ethereum's 365-day dormant circulation has stayed relatively low since the October 7th bottom, with a recorded daily average of just 13,438 ETH, suggesting that long-term holders are sitting on their bags for the time being and have yet to react to the most recent price bounceback. The 365-day dormant circulation has recorded a number of large spikes over the past 3 months, many coinciding with major trend reversals in the coin's price action.

- Ethereum's 30-day MVRV ratio, which tracks the average profit (or loss) of all addresses that acquired ETH in the past 30 days, indicates that the short-term ETH holders are, on average, currently up +8% on their initial investment. As a rule of thumb, the higher the MVRV ratio, the more likely it is that holders will start to exit their positions and take profit.

- In the past 3 years, the average profit of Ethereum's short-term holders has typically peaked between +20% and +35%, before encountering a relatively quick price correction. Should Ethereum attempt a sustained price rally moving forward, approaching these levels might suggest another cooling off period for the second largest cryptocurrency.

Bullish sentiment: The bearer of bad news? How to find the ‘sell zone’ for Ethereum

Market Analysis

Ethereum-related sentiment turns bullish — bad for ETH?

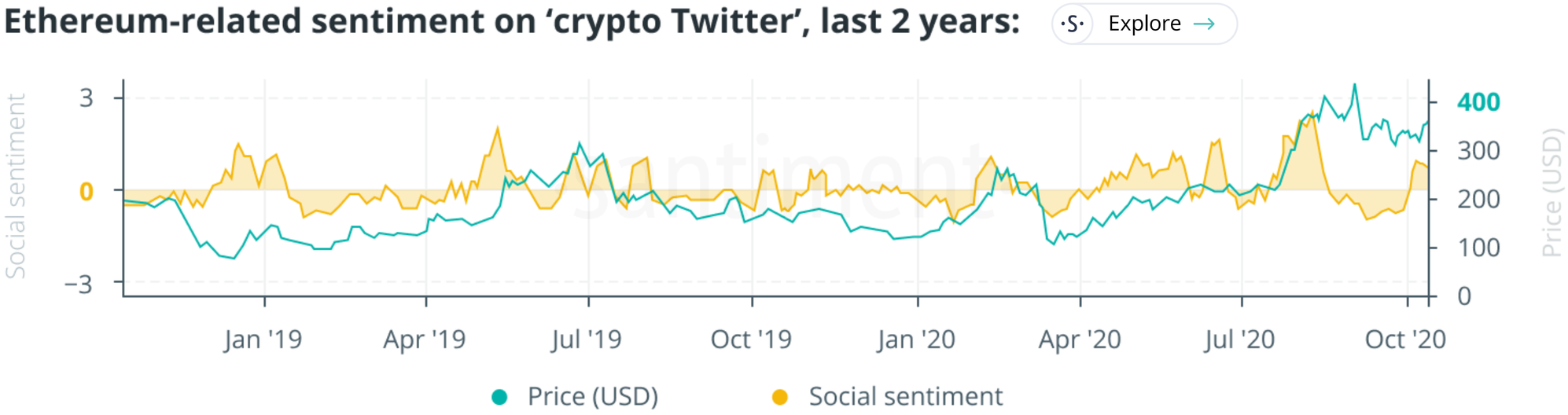
Two weeks ago, we reported on the predominantly bearish sentiment towards Ethereum on crypto-related social media, which often preceded short-term bouncebacks in the past and earmarked Ethereum's recent price recovery.

Based on Santiment's data from 1000+ social channels, the community's mood towards the second largest cryptocurrency has taken a complete 180 since, with Ethereum-related sentiment now veering decidedly bullish on average.

The shift in market attitudes began shortly after the coin's most recent price bottom on September 23rd, when Ethereum-related sentiment hovered at its lowest levels since Black Thursday. Since then, the average mood has switched from **highly bearish to predominantly bullish,** coinciding with Ethereum's first close above $380 in more than three weeks.

Historically speaking, highly bullish sentiment has rarely been a friend to Ethereum, as periods of 'market hype' often coincided with forming tops and short-term price corrections. As pictured, Ethereum-related sentiment is now quickly approaching the levels recorded during both the July 2019 and February 2020 price tops, which may suggest a forming obstacle to a sustained price rally.

Ethereum-related sentiment on 'crypto Twitter', last 2 years:



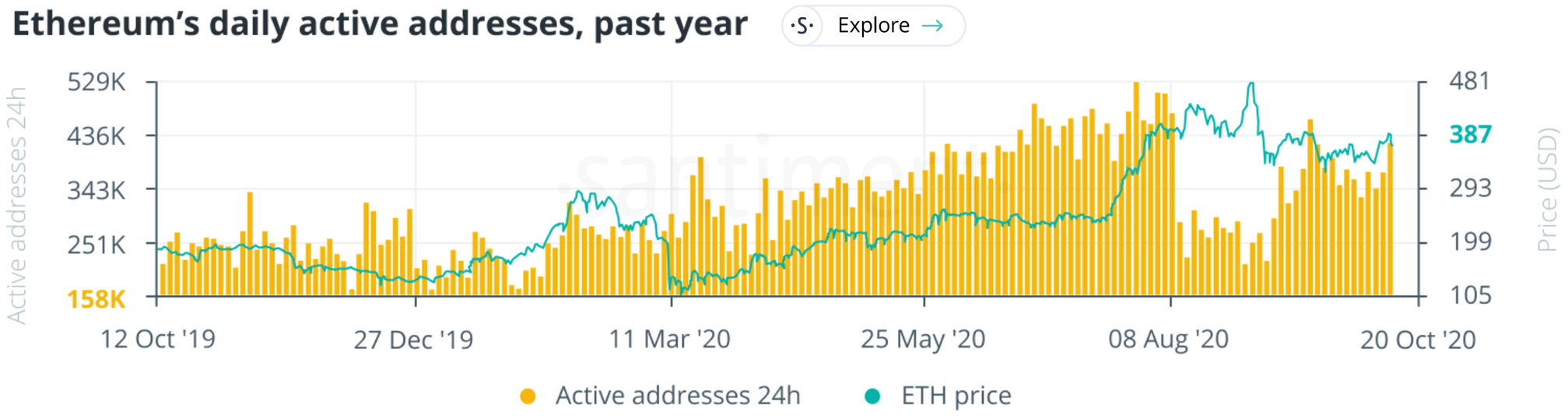
Market Analysis

Ethereum’s on-chain activity surges with the price

Alongside Ethereum’s latest breach above $380, the amount of unique addresses interacting with (sending or receiving) Ethereum daily has surged to a 3-week high 420,610 — marking a 25.2% growth compared to the day prior.

Viewed through the prism of unique daily addresses, Ethereum’s on-chain activity has taken a nosedive throughout August and early September, coinciding with high network congestion and mounting transaction fees that have priced out most small-return interactions.

Ethereum’s address activity bounced back since the second part of September (as the average daily transaction fees began to normalize), climbing to a daily average of 371,377 addresses over the past 40 days. While a positive development on the whole, this is still ways away from the 500,000+ daily addresses recorded during late July and early August.

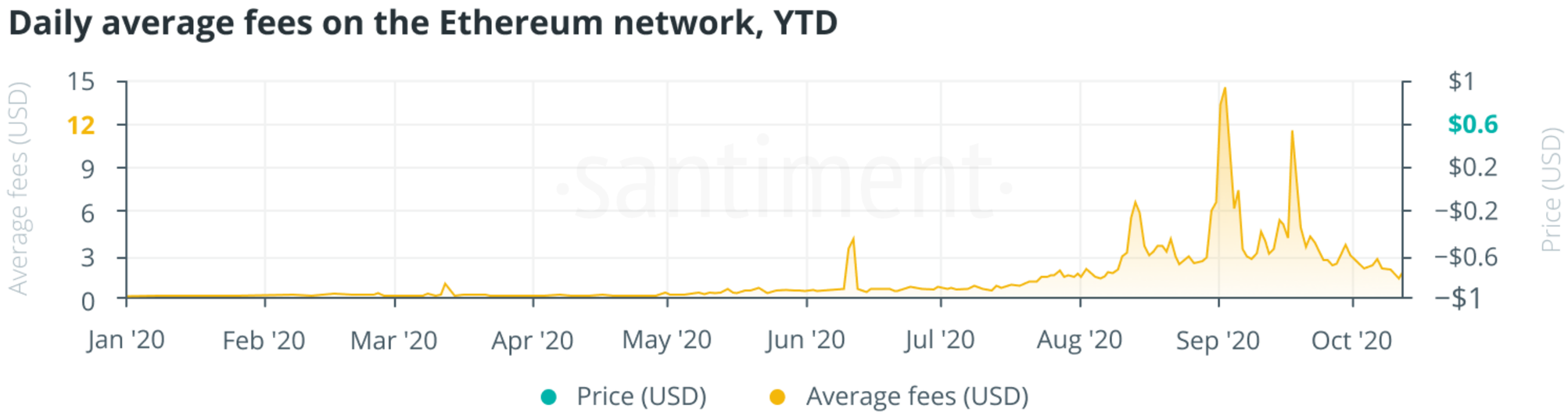


Market Analysis

Ethereum’s on-chain activity surges with the price

In the past, Ethereum’s price rallies often necessitated a high level of network interaction to boot, making the coming days (and weeks) an important junction in the coin’s market cycle. To help maintain an upward price path, the latest surge in daily addresses will likely need to prove itself sustainable rather than being just a ‘hype spike’.

The good news is that Ethereum’s transaction fees have continued to decline since its September 17th peak (the date of Uniswap’s token launch), a key ingredient to a burgeoning network. At present, the average daily transaction fee on the Ethereum network stands at $1.33 — its lowest since July 24th.



Market Analysis

How dormant circulation signals Ethereum's price swings

Historically speaking, strong shifts in the behavior of long-term investors (so-called HODLers) often coincide with periods of heightened price volatility for the coin, as veteran traders look to adjust their positions and move their holdings on-chain.

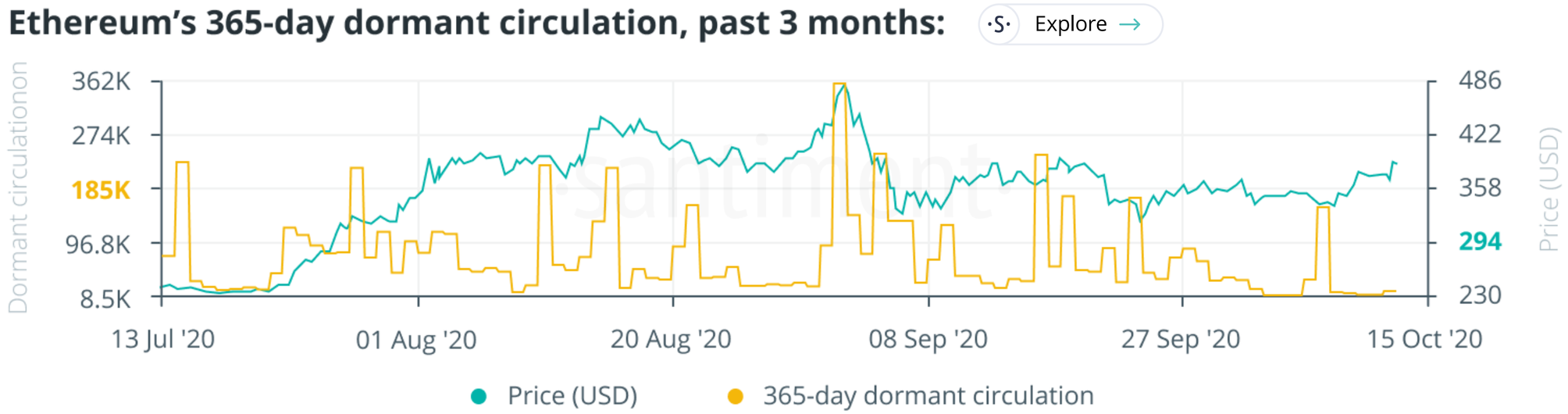
At Santiment, we track the on-chain movement of previously dormant coins with a number of indicators to identify potential redistribution events or short-term profit-taking. One such indicator is the **365-day dormant circulation,** which tracks the renewed movement of all tokens that have previously not changed addresses for more than a year.

Ethereum's 365-day dormant circulation has recorded a number of large spikes over the past 3 months, many coinciding with major trend reversals in the coin's price action. By far the largest spike in ETH's dormant circulation in the past 90 days occurred during the September 1st top (as ETH hit its 2-year price high of $481), shortly before its correction. At the time, 358,290 dormant ETH suddenly went on the move, indicating that long-term ETH investors were starting to take profit.

Since then, major spikes in Ethereum's 365-day dormant circulation have earmarked both of its most recent price bottoms as well. On September 23rd — as ETH hovered at a 2-month low $319 — more than 170,000 previously dormant ETH moved on-chain, marking a 423% increase compared to the day prior. Similarly, more than 155,000 ETH moved at the October 7th bottom — a 313% spike compared to the day prior.

In turn, Ethereum's 365-day dormant circulation has stayed relatively low since the October 7th bottom, with a recorded daily average of just 13,438 ETH, suggesting that long-term holders are sitting on their bags for the time being and have yet to react to the most recent price bounceback.

Ethereum's 365-day dormant circulation, past 3 months:



Market Analysis

Tracking ‘blood in the streets’ with Ethereum’s Network Profit/Loss

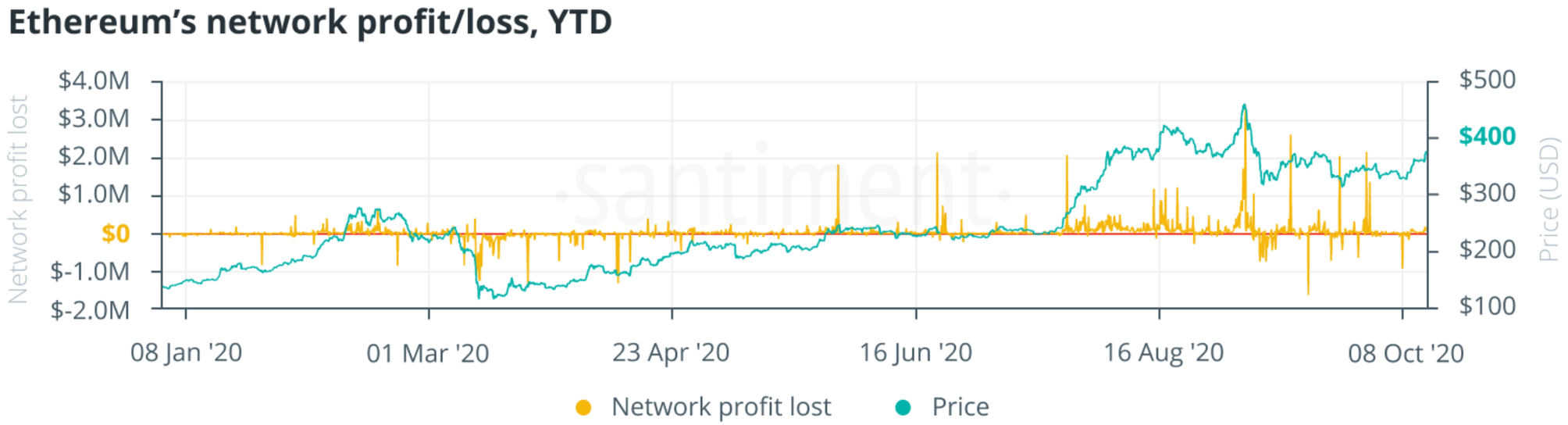
Strong price rallies often necessitate a fair amount of market-wide pain to weed out the ‘weak hands’ and clearly shake investor confidence. One way we track the amount of ‘market pain’ on-chain is through our recently created **Network Profit/Loss indicator** (NPL for short).

This metric computes the average profit or loss of all coins that change addresses daily. For each coin that moves on-chain, we take the price at which it was last moved and assume this is its acquisition price. Once it changes addresses again, we assume it was sold.

While not a perfect measure, a coin’s Network Profit/Loss can point to general trends in holder sentiment and overall levels of market FUD (fear, uncertainty, doubt). Interestingly, multiple Ethereum bottoms — including the most recent one on October 7th — coincided with a series of NPL downswings, indicating that most investors were selling their ETH at a loss.

Amid a market-wide crash on March 13th, 2020, Ethereum’s network realized a cumulative loss of −$2,932,200 based on NPL: a 3-month low. In a similar fashion, Ethereum’s network realized a cumulative loss of −$998,998 on October 7th, shortly before the coin bounced back above $350.

As pictured, a number of Ethereum’s bottoms over the past 2 months featured the same behavioral pattern, suggesting a wave of panic sell-offs and short-term redistribution of Ethereum to strong hands — allowing for a more sustained bounce back.



Market Analysis

Where's the 'sell zone' for ETH's short-term holders?

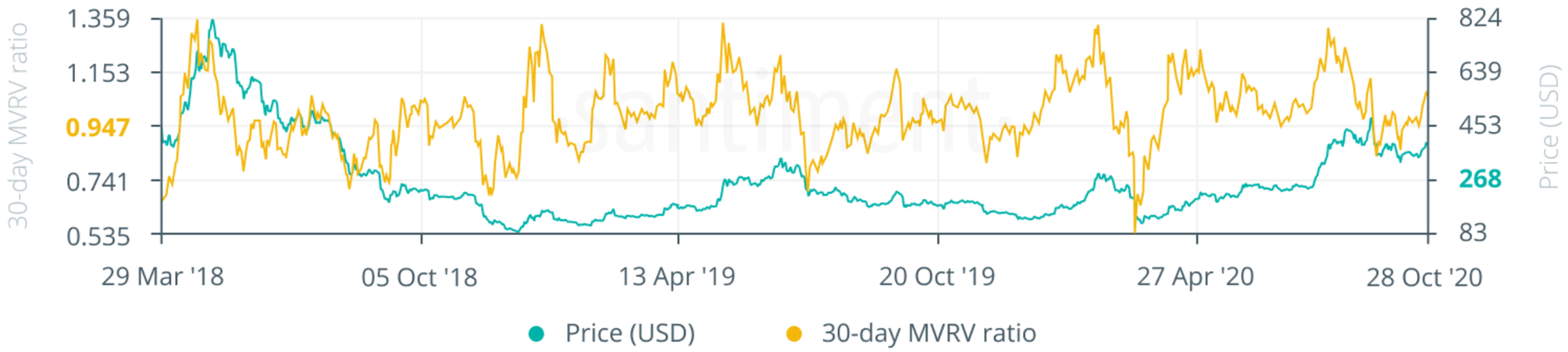
Ethereum's 30-day MVRV ratio, which tracks the average profit (or loss) of all addresses that acquired ETH in the past 30 days, indicates that the short-term ETH holders are, on average, currently up +8% on their initial investment.

As a rule of thumb, the higher the MVRV ratio, the more likely it is that holders will start to exit their positions and take profit. As a result, analyzing MVRV levels around previous price tops can reveal the average profit margins at which Ethereum's short-term holders are typically comfortable selling, driving the price down.

At present, Ethereum's 30-day MVRV ratio is still some ways away from what has historically been considered a 'danger zone', marking the levels at which short-term holders have looked to offload their bags in the past.

In the past 3 years, the average profit of Ethereum's short-term holders has typically peaked between +20% and +35%, before encountering a relatively quick price correction. Should Ethereum attempt a sustained price rally moving forward, approaching these levels might suggest another cooling off period for the second largest cryptocurrency.

Ethereum's 365-day MVRV ratio, past 2 years: ·S· Explore →



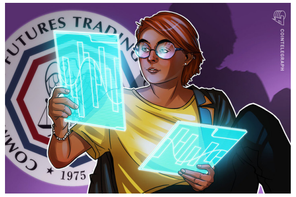
This analysis was prepared by Santiment, a market intelligence platform that provides on-chain, social media and development information on 900+ cryptocurrencies. Santiment develops tools, strategies and indicators to help users better understand crypto market behavior and identify data-driven investment opportunities. Sign up to Santiment here: ·S· Sign Up →

Legislation, Enterprise Blockchain Adoption, Fundraising Activity

Legislation

North America

CFTC charges crypto futures trading platform for failure to register in the US



The Commodity Futures Trading Commission filed charges against Laino Group **for soliciting U.S. investors to trade** in futures on commodities including Ether, Litecoin and Bitcoin **without registering with the commission.**

SEP 28, 2020

Visit Page

Blockchain legislation passes the House, heads for Senate



The updated Consumer Safety Technology Act, which now includes the Digital Taxonomy Act (provides definitions for the terms "digital asset" and "digital unit") **and the Blockchain Innovation Act,** has passed in the House of Representatives and **is** now **headed for the Senate.**

SEP 29, 2020

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Court tosses out short-sellers' lawsuit targeting Overstock's 'digital dividend'



A Utah federal judge has tossed out a lawsuit that accused Overstock of market manipulation by distributing a 'digital dividend' of security tokens to shareholders and repeatedly revising retail earnings guidance upward to punish short-sellers.

SEP 30, 2020

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Court rules Kik's 2017 ICO violated U.S. securities laws



The U.S. District Judge ruled that the Canadian technology firm Kik's $100 million initial coin offering (ICO) violated federal securities laws. The SEC brought its complaint against Kik in June 2019, arguing that the firm had violated securities laws by selling $55 million worth of Kin tokens to U.S. investors in 2017.

OCT 01, 2020

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CFTC charges BitMex with illegally operating derivatives exchange



The United States Commodity Futures Trading Commission, has charged derivatives exchange **BitMEX** and 5 other entities **with operating an unregistered trading platform** and violating Anti-Money Laundering regulations.

OCT 01, 2020

Visit Page

Exec who bamboozled clients with crypto jargon pleads guilty to $3.25M fraud



The U.S. Department of Justice announced that **the principal of crypto asset escrow company Volantis Market Making has pled guilty to commodities fraud.** The defendant made false representations to a company from which he solicited $3.25 million to make purportedly "no risk" Bitcoin purchases.

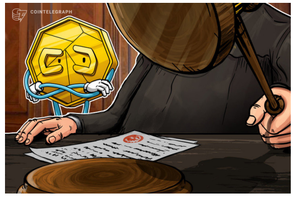
OCT 02, 2020

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Legislation

Europe, the Middle East and Africa

Investor losses legal battle against Bithumb for 2017 data breach incident



Bithumb will not have to repay a crypto investor who allegedly lost $401,000 as a result of a 2017 data breach. A High Court judge determined that the man has not proven that his data was compromised during the incident.

SEP 28, 2020

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Bulgarian exchange owner convicted over auction fraud scheme



Rossen Iossifov, a Bulgarian national and **owner of the 'RG Coins' cryptocurrency exchange, has been convicted of operating a multi-million dollar money laundering ring as part of a transnational auction fraud scheme.** He is the 17th defendant to have been convicted in the case, with three other fugitives currently at large.

SEP 29, 2020

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UK's FCA bans retail crypto derivatives after year-long consideration



The United Kingdom's Financial Conduct Authority **has ruled that companies in the country will no longer be able to offer cryptocurrency derivatives products** such as futures, options and exchange-traded notes **to retail customers.**

OCT 06, 2020

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Dutch central bank approves first crypto service under AMLD5 regulations



The central bank of the Netherlands, has granted an Amsterdam-based digital asset service company **AMDAX BV the ability to operate under its jurisdiction.**

OCT 09, 2020

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Legislation

Asia Pacific

Indian man arrested on charges of crypto fraud via 'Morris Coin' scheme



District police of India have arrested a man from the south Indian state of Kerala on charges of operating a cryptocurrency scam. Nishad allegedly lured investors into investing in the cryptocurrency “Morris Coin” by promising unrealistic returns.

SEP 30, 2020

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BitMEX founder and ex-CTO out on $5M bail bond until court appearance



BitMEX's co-founder and former chief technical officer, Samuel Reed, **has signed a $5 million unsecured appearance bond for his release from custody** pending court proceedings.

OCT 09, 2020

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Rest of the World

New Zealand's tax authority grills companies for info on crypto users

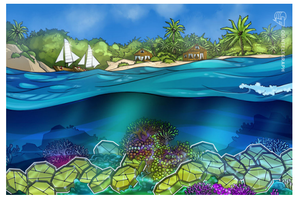


New Zealand businesses must now submit information on their clients' digit asset usage to the country's tax regulator, the Inland Revenue Department.

SEP 28, 2020

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Bittrex Global gets cleared to run crypto exchange from Bermuda



Crypto exchange Bittrex Global received a full “Class F Digital Assets Business Act” license from the Bermuda Monetary Authority, which will allow them to offer crypto services such as futures, subject to further approval by the watchdog.

OCT 01, 2020

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Enterprise Blockchain Adoption

Financial Services

Shenzhen's stock exchange is preparing to launch Blockchain-powered trades



Shenzhen's stock exchange announced that they have co-launched a blockchain solution for trading with unlisted private-sector companies. The new platform was created as part of the Beijing Regional Trading Center.

OCT 01, 2020

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Thai central bank issues $1.6B in government bonds on IBM blockchain

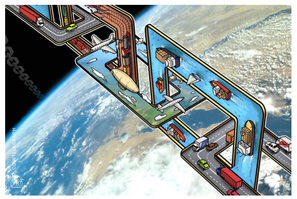


The Bank of Thailand launched the world's first blockchain-based government savings bond issuance platform using IBM's blockchain technology. Within two weeks of the launch, **the central bank** sold more than $1.6 billion worth of savings bonds and **reduced the bond issuance time from 15 to just 2 days.**

OCT 05, 2020

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Port of Rotterdam testing blockchain and AI for renewables trading

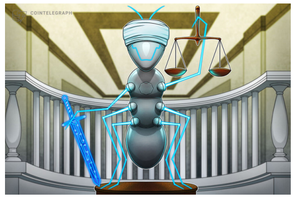


The Port of Rotterdam's blockchain subsidiary, **Blocklab, has developed a decentralized electricity trading system called Distro** in a collaboration **with Blocklab and S&P Global Platts.**

OCT 06, 2020

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DBS and Standard Chartered to launch blockchain platform to curb trade finance fraud



The Singapore-based multinational banking entity **DBS and Standard Chartered have completed** the proof-of-concept of **their blockchain trade finance platform** called the Trade Finance Registry **aimed at helping banks fight fraud in lending and commodity trade.**

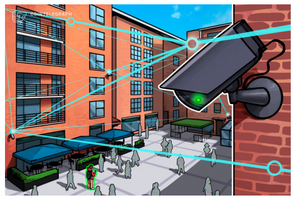
OCT 06, 2020

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Enterprise Blockchain Adoption

Other Industries

Blockchain technology now powers a privacy-focused security camera



IoTeX, a privacy-focused platform for the IoT, **has partnered with camera manufacturer Tenvis Technology to offer Ucam, an indoor security camera powered by blockchain technology.** The camera or a user's mobile phone handles all the computing, letting users control their own data.

SEP 29, 2020

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Government investment firm develops blockchain health passport in Singapore

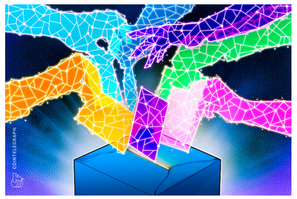


Government-owned investment firm **SGInnovate and Singaporean start-up Accredify have jointly developed a new blockchain-powered digital health passport,** which allows personal medical data to be stored in a blockchain-secured digital wallet.

SEP 30, 2020

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French municipality accepting blockchain voting for road project



The French commune of Verneuil-sur-Seine **is using blockchain technology for the voting** on a road bypass between the towns of Orgeval to Les Mureaux near the Seine River.

OCT 06, 2020

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BMW Korea trials a blockchain-powered rewards program ahead of global launch



BMW Korea is the first branch in **BMW Group to run a trial of the new membership reward scheme that uses blockchain technology** to securely allocate and track tokens for participating customers.

OCT 07, 2020

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KPMG unveils blockchain solution to track climate emissions



Accounting firm **KPMG has unveiled its blockchain based Climate Accounting Infrastructure** (CAI) solution **to help organizations** measure, report, and **offset their greenhouse gas emissions.**

OCT 08, 2020

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Fundraising Activity



Institutional crypto platform Wootrade raises $10M in investment round

Investor: Multiple, including Haskey Capital, Three Arrows Capital, DeFi Capital's

Fundraising company: Digital Currency Group
Business scope: Institutional crypto exchange
Headquarter: Taiwan

Announcement date: October 1st, 2020
Deal size: $10mln.

OCT 01, 2020 Visit Page



Italian digital payments firms merge to create $17.6B fintech group

Merging companies: Nexi and SIA
Business scope: Payments firms
Headquarter: Italy

Announcement date: October 3rd, 2020
Funding amount: $17.6bln.

OCT 05, 2020 Visit Page



Japanese financial giant SBI acquires TaoTao crypto exchange

Investor: SBI Holding
Business scope: Financial conglomerate
Headquarter: Japan

Acquired company: TaoTao
Business scope: Crypto exchange
Headquarter: Japan

Announcement date: October 7th, 2020
Deal size: Undisclosed

OCT 07, 2020 Visit Page

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