



## Market Commentary: July 2019

Cryptocurrency markets sold off in July as President Trump manifested his dislike for cryptocurrencies ([Coindesk](#)) and US regulators expressed their concerns over Facebook's Libra cryptocurrency during Libra's congressional hearing ([Mashable](#)). In fact, Libra has come under so much regulatory scrutiny that it is possible it may never see the "light of day" ([CNBC](#)). Although Congress has an unfavorable outlook on Libra, in the most recent cryptocurrency and blockchain congressional hearing, congress appears to be taking a more open-minded and pro-innovation stance on cryptocurrency and blockchain technology. Today, Congress is not fully sold on the digital asset revolution, but the trend remains positive ([CCN](#)).

Meanwhile, in the Asian regulatory front, China's Hangzhou Internet Court has ruled that bitcoin is virtual property and is legally protected in China. This came as a surprise to most cryptocurrency enthusiasts being that China historically has had a severe opposition to digital assets, which includes banning ICO's in September of 2017 ([BBC](#)).

In emerging markets, cryptocurrencies continue to be a boon. Venezuelan's continue to flee from the hyperinflationary Bolivar as more than 47 billion Bolivars were traded against bitcoin in the first week of July reaching an all-time high, which was previously set in June ([CCN](#)). However, Venezuelan's are no longer the only emerging market participants using bitcoin to avoid hyperinflation. Zimbabweans are also fleeing to bitcoin to avoid hyperinflation in their country. Albeit, bitcoin is technically illegal in Zimbabwe, citizens like to use bitcoin as a means of exchange rather than its native currency, the Zimbabwean dollar, to avoid losing purchasing power ([CCN](#)). Lastly, Cuba is now debating whether it should issue its own national cryptocurrency to help avoid US sanctions. As a reminder, Venezuela is the only country that has issued a national cryptocurrency, the "Petro", to help avoid US sanctions but turned out to be a failure because of its lack of transparency ([CCN](#)).

In fin-tech news, Binance has finally unveiled its long-awaited margin trading platform, Binance 2.0, which will allow eligible users to use up to 3x leverage to trade across 9 asset pairs ([CCN](#)). Binance's recent release could not come at a better time as Bitmex is now being investigated by the US Commodity Futures and Trading Commission for allowing US residents to use its platform. Bitmex's bitcoin volume has fallen 33% since the investigation ([NEWSBTC](#)). However, Bitmex has no reason to worry as it has just recently hit an astonishing \$1 trillion in annual trading volume ([CCN](#)). On the other hand, Latin America's largest investment bank Banco BTG Pactual S.A., has announced plans to launch Security Token Offerings (STO's) on the Tezos blockchain. Furthermore, BTG Pactual and Dalma Capital will work together to host a deal pipeline of \$1 Billion for token issuances on the Tezos blockchain ([CCN](#)).

In conclusion, we are seeing the global macro environment fostering a bullish outlook for cryptocurrencies. While digital asset technology was initially met with scrutiny by regulators, we believe Congress will acquiesce to promoting blockchain and cryptocurrency technology from fear of missing out and continuing to lag pro-regulatory digital asset



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countries. Meanwhile, as blockchain technology becomes more seamless, we will continue to see emerging market countries afflicted by dictatorships and hyperinflation follow in the footsteps of Venezuela and Zimbabwe and flee to bitcoin as a safe haven. More importantly, like the Winklevoss twins, we believe this is only the “bottom of the first inning” in the digital asset revolution (**Yahoo Finance**).