



Market Commentary: September 2020

In the month of September, despite DeFi markets cooling down, capital continues to flow into the space. Meanwhile, non-fungible tokens (NFTs) briefly take the spotlight away from DeFi tokens as the market hints at NFT's possibly being the catalyst for the next cryptocurrency investment mania. Lastly, bitcoin maximalists rejoice as institutions continue to accumulate "digital gold."

Top DeFi tokens crashed by over 50% to start off the first week of September, while the aggregate DeFi market also ends the month in a "bloodbath." As a result this caused some traders to coin the market a "scam" ([Cointelegraph](#)). Nevertheless, DeFi adoption remains unhindered. Binance, after just releasing its DeFi focused blockchain, Binance Smart Chain, has introduced a \$100 million support fund for DeFi projects seeking to build on the Binance Smart Chain. Binance will aid the following projects by adding liquidity to their platform, providing them with media coverage and giving them access to incubation financing ([Binance Blog](#)). Yearn Finance, the first "yield farming" robo-advisor, has locked up over \$140 million worth of Ethereum in its collateralized Ethereum (yETH) vault. The vault, which locked up \$100 million in its first day of launch, is providing an astonishing annual percentage return (APR) of over 90% ([News.Bitcoin](#)). However, it is vital to remember Yearn Finance's platform is still in its infancy and not invincible to the occasional DeFi hack. Piggybacking off of the DeFi boom, Ethereum has seen over \$350 million worth of transaction fees paid to Ethereum miners. This is the first time Ethereum's cumulative network fees have outpaced bitcoin's since the start of a year ([News.Bitcoin](#)).

In an ephemeral narrative shift lasting no longer than two weeks, NFT's took the spotlight away from DeFi as the \$10 million market cap space saw an average price increase among its components of +350% ([Cryptonews](#)). Iconic crypto artist, Pak, released a collection of digital art dubbed "Terminus". Since selling his first digital artwork back in February, Pak has sold over \$300,000 worth of his works to date ([Decrypt](#)). Crypto research firm Delphi Digital, has purchased Five Ethereum NFT's, which represent digital pets that can be collected and or utilized to battle against other pets in the online game Axie Infinity, for a total of \$162,000. Although the price tag may seem absurd, Delphi Digital claims, as the game's popularity increases it will give rise to the NFT's "rarity and utility" ([Decrypt](#)). Dapper Lab's, the team behind the most lucrative NFT boon, CryptoKitties, has just released NBA Top Shot. The platform allows users to own memorable in-game highlights of NBA players. The platform achieved over \$1 million in revenue during testing ([Ledger Insights](#)). However, the most notable development of the



month, arising from NFT space, is that the team behind Minecraft has announced that it will release NFTs for the game by year's end ([Cointelegraph](#)). Minecraft is the ideal platform suited for NFTs as its 126 million player community along with its 11 year old track record boasts a perfect sandboxed environment to exchange and utilize rare items. Not to mention, the game reached \$200 million in revenue in 2020 ([The Verge](#)).

Lastly, institutions continue to bet on bitcoin. Grayscale Investments now owns 2.4% of the total supply of bitcoin. This comes after the largest digital asset manager purchased \$180 million worth of bitcoin during the month ([TokenPost](#)). The world's largest sovereign fund, the Norwegian Government Pension Fund, now owns almost 600 bitcoin, which is currently valued at just over \$6 million dollars. Although the allocation is trivial to its total assets under management of \$1 trillion, it is more impressive to see sovereign wealth funds "dipping their toes" into the digital asset space ([Nairametrics](#)). MicroStrategy, a publicly traded business intelligence firm, converted \$425 million of its firm's cash to bitcoin. The CEO of MicroStrategy, Michael Saylor, who in 2013 stated that bitcoin was doomed to fail, recently stated that bitcoin was a much better inflation hedge than gold ([Decrypt](#)).