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News

Moonstake Weekly Crypto News Roundup: 14th to 18th November, 2022

2022-11-22



Welcome to this week's article on the most relevant crypto news. Keeping up with the latest industry news is key to making strategic moves with your crypto assets. With this new article series, we hope to help users catch all the important information conveniently. For this edition, we will be covering all the market news you need to know in the week of 14th – 18th November 2022, including news about on-going FTX debacle, The Cardano Stablecoin, Self-Custody Debate, regulatory sentiments towards crypto, and other major industry and adoption news. Let's dive in!

Cardano-Based Regulated Stablecoin USDA To Hit the Market in Early 2023

USDA, U.S.-pegged stablecoin is being launched early 2023 by Emurgo, the official commercial arm and a founding entity of the Cardano blockchain. It will become the first fully-fiat backed and regulatory-compliant stablecoin in the Cardano Ecosystem. Partnering with a regulated financial services company based in the United States, Emurgo ensures the strength and credibility of the product. Not only will USDA enable the tokenization of USD, but will also enable the conversion of other other stablecoins to USDA in the future.

Emurgo looks to bolster the robustness and usability of the Cardano ecosystem through a \$200 million investment, which was announced towards the end of September this year. With USDA being a part of Emurgo's Anzens product plans which include lending and borrowing services, crypto-based card payments and bridges between traditional markets and decentralized applications (dApps), we are excited to see the growth and adoption which will take place in the Cardano space.

Market response to FTX Collapse

The FTX Collapse has triggered a major slide in cryptocurrency prices that wiped out around \$183 billion of value from digital assets this month. The lowest market capitalization level seen was on Nov. 9, at around \$736 billion. At the time of writing, the total crypto market capitalization stands at around \$794 billion.

This decline has been prompted by wavering investor confidence since the collapse of FTX and the on-going investigations. On Nov. 10, the traditional markets had a positive week following the much-awaited October US CPI print, coming out at 7.7% YoY over the 8.0% predicted. With major stocks being rallying off the hope that inflation has peaked, leading indices also had their best performance since spring 2020.

Bitcoin is now trading below \$16,000. Ethereum saw its low around \$1,100 on Nov. 9 and is now trading at around \$1,100.

Proof of Reserves Have Too Many Shortcomings: BOA

As the crypto industry deals with the aftermath of the collapse of FTX, crypto trading platforms are rushing to provide “proof of reserves” to their clients. However, The Bank of America (BOA) suggested in a report on the 17th of Nov. that “proof of reserves, at least in the form they’ve been suggested, have too many shortcomings to inspire confidence.”

Many exchanges have already reported or are planning to report their assets through data structures known as Merkle Trees. These can be securely verified and provide a map of customer funds. The bank noted that among the shortcomings, opportunities for manipulation are present when assets are shown at a fixed point in time when snapshots of accounts are taken.

In order to get a more accurate understanding of the reserves, proof of liabilities is required in order to determine leverage and safety of assets. The note also added that proof of reserve procedures often rely on third party audit firms that can be manipulated or which may be even created by the trading platform itself.

To conclude, BOA also stated the need for clear delineation between MMs (Market Makers) and trading platforms along with the all-important regulation aspect for the future growth of the industry.

Genesis Block Ceases OTC Trading Services Amid FTX Contagion

According to a Reuters report, Hong Kong based crypto services firm Genesis Block said on Nov. 18th that they would cease over-the-counter (OTC) trading services in the wake of risks stemming from the contagion risks from the collapse of FTX. OTC trading which is also referred to as off-exchange trading is a transaction conducted directly between two parties without the supervision of an exchange.

“We have ceased trading, as we don't know which counterparties would fail next, so we would rather close out all our positions to regain some of our liquidity,” Genesis Block chief executive Wincent Hung told Reuters this week.

Genesis Block also asked customers to withdraw their funds and stated that they will not be accepting any new customers.

Crypto Self-Custody Debate

Binance CEO Changpeng Zhao tweeted “Self-custody is a fundamental human right” on Nov. 13th to his 7.8 million followers. Understood to be a call on the members of the crypto community to take charge of their digital assets, CZ's comments follow the wake of FTX's collapse as well as a hack of around \$600 million from the same exchange.

The above mentioned tweet sent TWT token (the official token for Trust Wallet, a hot wallet company acquired by Binance in 2018) soaring by about 80%, to a record \$2.30.

CZ also recommended that investors start with small amounts and get comfortable with the technology to avoid mistakes that can be very costly. Data from on-chain analytics providers points to the fact that investor preference for self-custody has increased recently.

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We hope you enjoy this carefully curated news roundup by Moonstake, as our team strives to only bring the most relevant information for your crypto experience. See you next week!

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