Twitter Thread by scott walk(6.25)er



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1/20 Stablecoin Tweetstorm- I have a fairly unique perspective on stablecoins... I was an "unofficial advisor" to the launch of USDT (Tether) Some of my best friends were CEO/CTO/Founders, etc. I didn't invest at the time (which was a lucky move) as the company sold

2/20 for a loss to Bitfinex within two years of creation. It had very little usage, banking issues, and really no clear path to growth (that is until one of the largest exchanges on earth began using it) So with this short background let me share a bit of my thoughts on

3/20 this category and why I think it is so important... (Full Disclosure: after all these years I finally found a stablecoin project that I thought was worth investing in and i will be shilling it later in this thread:-)

4/20 The community knows all about how important stablecoins are to the overall health and usage of the entire crypto marketplace. With an overall market cap of in excess of $1 Trillion the crypto market is large and growing... No category of crypto is growing faster than

5/20 Stablecoins: With a total category value of just over $33B and over $10B per day in trade volume it is no longer just a "niche" Stablecoins are a major category and I predict this category will increase in value faster then the overall crypto market. (My bet is $100B

6/20 in stablecoin assets within the next 12-24 months) This is a 150% to 300% YoY return BUT here is where my thesis gets extremely interesting... The 800 LB Gorilla in this room is USDT taking up 90% of the market cap and over 98% of the trade volume it appears

7/20 to be swallowing the entire category... BUT as everyone knows USDT is on VERY shaky grounds and is ripe to get overtaken by one (or more) of the challengers to the throne (if you don't understand why please google "tether lawsuit" and come back to this thread)

8/20 So here we have a potential $100B++ asset category dominated by a very shaky leader. (Note: I actually believe this becomes a $1T asset class but thats not for another 5+ years) let me thank @MessariCrypto for this screenshot:

9/20 Top 10 stablecoins (+1 special extra which you will all learn a bit more about soon) :-)

#	ASSET	PRICE (USD)	REPORTED MARKETCAP	REAL VOLUME (24H)
1	Tether · USDT	$1.00	$25.55B	$10.23B
2	USD Coin · USDC	$1.00	$5.50B	$491M
3	Dai · DAI	$1.01	$1.56B	$137M
4	Binance USD · BUSD	$1.00	$1.19B	$1.25B
5	TrueUSD · TUSD	$1.00	$414M	$16.20M
6	HUSD · HUSD	$1.00	$368M	$182M
7	Paxos Standard Token · PAX	$1.00	$245M	$23.81M
8	Ampleforth · AMPL	$0.994	$197M	$1.67M
9	Empty Set Dollar · ESD	$0.371	$166M	$2.42M
10	Synthetix USD · SUSD	$1.01	$144M	$3.35M
11	FRAX · FRAX	$0.992	$130M	$7.86M

10/20 looking at the previous screen grab something should jump out at you. It's #9 ESD You may be asking yourself why is ESD listed as a stablecoin when it's trading for .37 cents? Answer it is the largest of a new type of stablecoins called "Fractional Algorithmic" stablecoin

11/20 at a high level Fractional algorithmic means there is some type of asset (maybe USDC, TUSD, etc) that is used to set a "peg" of (normally $1 USD) and the first company to successfully launch a fractional algorithmic stablecoin that hits its $1 peg can be a huge HUGE winner

12/20 In fact back in 2018 Basis launched with over $130M in investor funding from the largest firms in silicon valley. I was given the option of investing in this and passed. (Lucky again!) it turns out, in December 2018 Basis shut down and returned investor capital-at a loss

13/20 here is the link to the whole "Basis" saga (This was huge news in the day) Basis Stablecoin Confirms Shutdown, Blaming ‘Regulatory Constraints’ https://t.co/xYKaLP9xsa via @coindesk

14/20 So now that we have some history let me discuss this entire category broadly: $100B + potential, ready for massive growth... how can "we" participate? The current leaders are ALL centralized and unless we happen to be shareholders of Bitfinex, (Tether) Goldman Sachs (USDC)

15/20 etc... we cannot really participate. But wait... There is this new category led by @fraxfinance and @samkazemian here is how it works: the FRAX token is pegged to $1 USD while the FXS governance token can and will have wild swings in value

16/20 The genius of this FRAX system is in how the team structured the peg: Sort of a combination of Basis and Maker with a governance token similar to UNI. This new breed of stablecoin has never lost its peg, while the FXS token has gone from $3 to $28 and back to $5 the

17/20 all-important $1 value of FRAX has never wavered. It appears the market is starting to wake up to this project. There is finally an opportunity for everyone to participate in a decentralized algorithmic stablecoin and share in the upside. Why would ANYONE

18/20 continue to hold their funds in @Tether_to or any of the other centralized stablecoins? They are literally making Bitfinex, Goldman Sachs, and other centralized entities billions of dollars in profits. I believe 2021 will be the year

19/20 that decentralized algorithmic stablecoins take off. Led by FRAX and governed by all of us who hold those precious FXS tokens.

Thanks to @samkazemian @SushiSwap @UniswapProtocol for helping bring this amazing project to life... I continue to pour liquidity into the 3 year locked pools: I cant wait to watch FRAX grow and see where it goes from here! DeFi is here to stay and stablecoins will power DeFi...