

A MESSAGE FROM THE EDITORS:

The increasing price volatility of cryptocurrency markets recently has aroused heated discussions both inside and outside the crypto community, drawing scathing criticism especially from many who have doubts about cryptocurrency. All those who are concerned about digital currencies are now looking for an answer to this wave of violent market fluctuations: What is the main cause of the shock? Is it a human factor or a normal reaction of the market? Perhaps currently any evaluation system would find it difficult to provide a satisfactory answer. Whether the new object has vitality can always be proved by the conflict between traditional and non-traditional forces.

It only took less than six months for the Bitcoin price to rise from around USD30,000 to over USD60,000. Previously, it took nearly two years for its price to increase from USD10,000 to USD30,000. One can only presume that there were many speculative factors behind the recent boost. One of these factors could be the strong speculative demand in the market, causing the trading volume of derivatives to exceed the spot trading volume. In April of this year, amidst the sudden rise in the enthusiasm for cryptocurrency, the annualized average value of the premium between the Bitcoin futures market and the spot price rose to 50%. This meant that investors could lock in huge profits through simple convergent transactions.

The particularity of Bitcoin, as a unique digital currency (the market used to call it virtual currency), lies in its emergence and development, as opposed to fiat currency. It has certain attributes of fiat money, but the mechanism, especially the logic of these two, is totally different.

The core behind Bitcoin is "decentralization" and "consensus", which are the embodiment of natural rights. As a result, the rights and interests of currency holders can be fully respected. In this sense, Bitcoin followers must be people with firm beliefs. The value of Bitcoin therefore will fluctuate in response to changes in market conditions, but it will never return to zero.

Meanwhile, based on the continuous development and innovation of cryptocurrency and blockchain technology, application scenarios are constantly being renewed, colliding with business models in traditional industries from time to time. For example, the idea of "decentralization" has led to the rapid development and practical application of DeFi technology. Similarly, the emergence of non-fungible tokens (NFTs) has also exemplified the vitality of the idea of cryptocurrency and its internal logic.

Around this theme, in our latest issue, we are presenting four articles, all focusing on the development of cryptocurrency and blockchain, but with different perspectives.

- Dr. Chuanwei David Zou, Chief Economist of Wanxiang Blockchain, will introduce some key perspectives to understand DeFi.
- Dr. Qian Yao, the Head of Technology Supervision Bureau of the China Securities Regulatory, will continue his discussions on digital assets and digital finance.
- Robin Xie, from iSunOne will provide a review of three Bitcoin valuation methods.
- Lam, Yao and Kuo from Hierodigit, will explore blockchain solutions for loyalty programs.

We hope that these insights will provide our readers with an innovative angle observing and understanding trends of this controversial cryptocurrency market. Additionally, these insights may help readers to judge for themselves the application prospects of the rapidly developing cryptographic digital technology based on blockchain technology.

Cryptor Review Editorial Board