

Digital economy
Prof Ganesh VISWANATH-NATRAJ
University of Warwick
March 7 Thursday
4-5:30pm

title: "Blockchain Currency Markets"
co-authored with Angelo Rinaldo (U St Gallen) and Junxuan Wang (Cambridge)

abstract:

We conduct the first comprehensive study of blockchain currencies, stablecoins pegged to traditional currencies and traded on decentralized exchanges. We explore three key questions: Is this market efficient? How are prices determined? And is it resilient? Our principal findings reveal that the blockchain market is closely aligned with its traditional counterpart and generally operates efficiently, although blockchain-specific factors such as gas fees can introduce frictions. Prices are determined by fundamentals and order flow, with some actors having a greater impact on pricing, likely due to informational advantages. Liquidity remains stable during market disruptions, indicating resilience.