Sweatcoin: The Token Economy by Rubiks Hub 18-SEP-2022

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The Sweat Economy Token Design consist of three variables, namely;

- **$Sweat Policy,**
- **$Sweat Financial Incentives and**
- **$Sweat Architecture.**

$Sweat Policy is based on its monetary decisions that include the use cases and the Sweat Economy business model.

The second is $Sweat Value.

Looking at the Sweat Economy monetary decisions, we examine it's token functions. The functions of $Sweat are;

1. Store of Value.

2. Exchange.

3. Capital Liquidity.

Further explained, $sweat derive it's value from the movement to earn mechanism.

Its major use case is M2E. That is, Move-To-Earn.

With M2E being the use case of $Sweat, it boils down to staking which drives incentive for users.

Thirdly, the business model of SweatEconomy is a Permissionless Open Model. This is achieved with value driven towards movements, utility building and the community.

$Sweat Valuation Model

This can be theoretical and experimental. The major value accrued to $Sweat is the movement economic impact. Lie within, is health impact and externalities.

Value are planned to be driven from dynamic NFTs and referral. Read:

(https://t.co/YP1EssGpTw)

Experimentally, that is, valuing $Sweat On-Chain deals with it's transaction activities.

With these activities, the $Sweat Value can be ascertained through the model

$AV=\{C+(Wtp-c)*(1-t)*Tq\}$

Thus, we have;

$Sweat = \{0.9-(0.7-0.9)*(1-0.2)*21B\} = 1,411,200,000.$

The Value is calculated as against $Sweat Total Supply of 21B. The current max total supply lay at 1,072,644,342. Measuring values, decisions are made.

The growth of the protocol is determined by its economic activities.

Onto the Tier 2 of SweatEconomy Token Design, we review it's Financial Incentives. This is actualized based on the platform activities and it's ROI. The current platform activities of SweatEconomy is the M2E and staking:

- Return on Staking is 12%
- Return on Investment is 600%

The last $Sweat design mechanism is it's Architecture. This reviews it's Tokenomics, TVL, MCAP, etc. They balance the decision making of SweatEconomy

$Sweat was launched on Ethereum and Near. The TVL on Ethereum is $621.80K while on Near is $1.57M.

Market Cap is $120M 🛑

Trading on Uniswap and Near, the supply snapshot measurements were done to evaluate the token in $Weth and $Usdc.

The token balances snapshot from 12th of September to 18th of September was taken as well. This is an experiment of the decentralized activities going On-Chain as shown on Etherscan

$Sweat Tokenomics Structure

According to SweatEconomy there are four phases to their tokenomics. You can check the litepaper. While I review the tokenomics structure, I will evaluate the following;

• Supply

• Demand

• Burning

• Monetary Policy, and;

• Distribution.

$Sweat Supply

There are 21B Total $sweat supply. However, no maximum supply. Within, we have 2,049,222,660 circulating supply which is 15% of the supply with 16% of it delivered to the community. This Implies that 2.4% of the supply are unlocked, as 12.26% with the foundation. With the TGE held on the 12th of September, 2022. Rewards for mining $sweat were given at only 10% issuance. Likewise, rewards are still being given at a 10% distribution which adds to the locked supply through daily mints. It follows a linear unlock mechanism.

By linear, we mean;

{S= 90%+ (x$sweat)daily}

That is, 90% of the M2E activity goes back to the supply while 10% is released at variably constant to supply. It adds up to the $sweat earned daily as a linear composition. Supply break is minting difficulty. The $sweat supply does not have a hard cap. This displays an inflationary structure. Thus, the price of sweat is based on the demand structure built for the token.

$Sweat Demand:

The drivers of SweatEconomy demand are;

1. Utility.

2. Buy and Burn.

The Utilities of $sweat are the reward mechanisms, gaming, and NFTs to be introduced. Buy and Burn Mechanism for $sweat was introduced 3 days ago. According to the article, tokens would be burned after they are bought back by the foundation. They are also staking rewards.

With this strategy, artificial demand is created by the protocol while they buy back $sweat. Some of which are issued again and some will be burned. Objectively, it might be a positive strategy and might not. This is because burning reduces supply. It is a good strategy because the protocol is not only buying back $sweat but also are reissuing them as staking rewards. On the other review, it is negative because burning reduces supply and when done overtime, it discourages capitalization.

$Sweat Burn

At TGE launch, there was a massive burn of inactive tokens. This is to maintain supply and to determine the market capitalization for $sweat after launch. However, due to contract liquidity, and beta testing, there is not an accurate market cap for SweatEconomy

$Sweat Tokenomics Monetary Policy.

Here, we want to determine the token model for SweatEconomy token. My conclusions are;

1. It is inflationary: This is because there is no hard cap for $Sweat. Also, the supply of sweat rises daily while the Market Cap keeps falling.
2. It is Deflationary: This is because, of the;
    - Buy back demand mechanism set up to hedge supply inflation.
    - The token utility and reward structure as stated by SweatEconomy.
    - The Minting limit is also a plan to hedge against $sweat inflation.

$Sweat Distribution

In the diagram, the tokens were distributed to respective economies. My question here is “why are there two different allocations for Sweatcoin LTD and foundation treasury which is different from the Ecosystem allocation. SweatEconomy can assist with that.

This is a structured research with no intention of financial advice. Please ensure to do your diligence with these information.