



Monthly Market Insights

November 2023



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Key Takeaways

- ◆ The crypto market, driven by optimism surrounding spot Bitcoin ETFs, witnessed an impressive 19% surge in total market capitalization in October, marking the second-largest monthly gain of 2023. Notable gainers included SOL, LINK, and BTC, concluding the month with price increases of 78%, 45%, and 28%, respectively.
- ◆ Bitcoin dominance hit a 2.5-year high of 53.47% in October, as optimism behind spot exchange-traded funds (“ETFs”) approvals and short liquidations propelled a rally in Bitcoin prices. In October alone, Bitcoin prices were up 28%.
- ◆ After two years of development, Scroll's eagerly awaited mainnet has launched, marking its place among the expanding roster of zkEVMs this year. While already attracting over US\$26.6M in total value locked (“TVL”) and 43K users, Scroll is still in its infancy, with significant room to approach the billion-dollar benchmarks set by some of its Layer-2 (“L2”) counterparts.
- ◆ Uniswap Lab's newly introduced interface fee has resulted in over US\$647K collected in the two weeks since launch. The market share of Uniswap has remained relatively stable, and it is still the largest decentralized exchange by trading volume.
- ◆ Maker, the protocol behind the DAI stablecoin, has seen its annualized revenue surge and breach its all-time highs near US\$200M. A significant driver of increased revenue has been Maker's willingness to onboard real-world assets (“RWAs”) as collateral for DAI. Specifically, annualized revenues from RWAs are up 455% from October 2022 and are now responsible for the majority (66%) of Maker's total annualized revenue.

Crypto Market Performance

The crypto market witnessed an impressive 19% surge in total market capitalization in October, marking the second-largest monthly gain of 2023. The bullish momentum was largely propelled by the anticipation of a spot Bitcoin ETF approval, as well as short liquidations driven by price spikes. A testament to the optimistic sentiment around Bitcoin was its rapid ascent following Cointelegraph's erroneous report on October 16. Subsequent pivotal events, including the U.S. court's reaffirmation of the Grayscale case's previous ruling and the preliminary listing of Blackrock's spot Bitcoin ETF, IBTC, on the Depository Trust & Clearing Corporation ("DTCC"), further bolstered this optimism. These events collectively drove Bitcoin past the \$35,000 level, revitalizing the broader crypto market.

Figure 1: Monthly crypto market capitalization increased by 19% in October

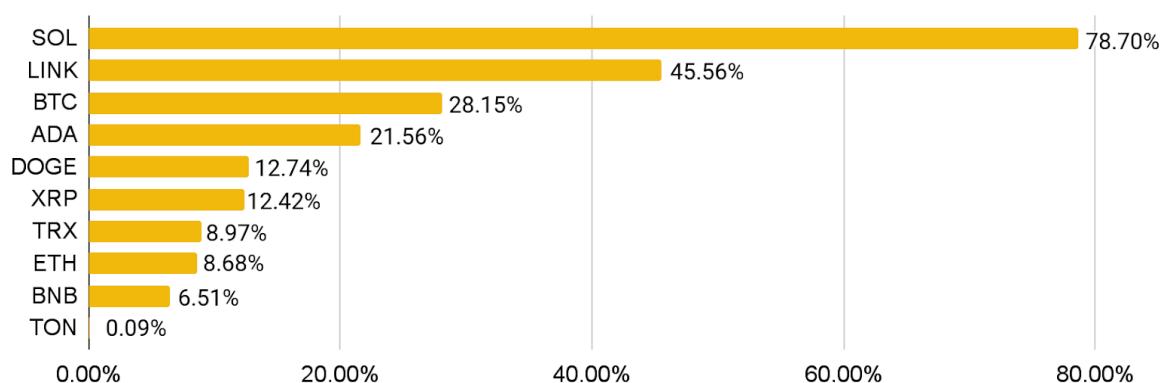
Monthly Change in Crypto Market Cap (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	30.4	3.4	9.3	3.2	-6.0	3.3	1.0	-8.8	2.6	19.0		
2022	-22.6	-0.3	25.3	-18.1	-25.2	-31.7	21.8	-11.4	-2.1	7.2	-18.0	-4.5
2021	33.9	39.6	31.1	11.4	-25.7	-5.9	12.5	25.2	-9.9	42.9	-1.0	-15.0
2020	35.4	-5.5	-27.7	38.8	10.0	-4.5	25.9	13.7	-7.6	14.6	37.5	39.7
2019	-11.6	12.3	11.1	17.1	55.5	30.8	-22.5	-6.5	-13.7	14.8	-14.7	-7.9
2018	-10.2	-9.0	-42.9	67.9	-26.2	-23.4	18.1	-22.9	-1.7	-8.4	-32.1	-5.5

Source: CoinMarketCap

As of October 31, 2023

Figure 2: Monthly price performance of the top 10 coins by market capitalization



Source: CoinMarketCap

As of October 31, 2023

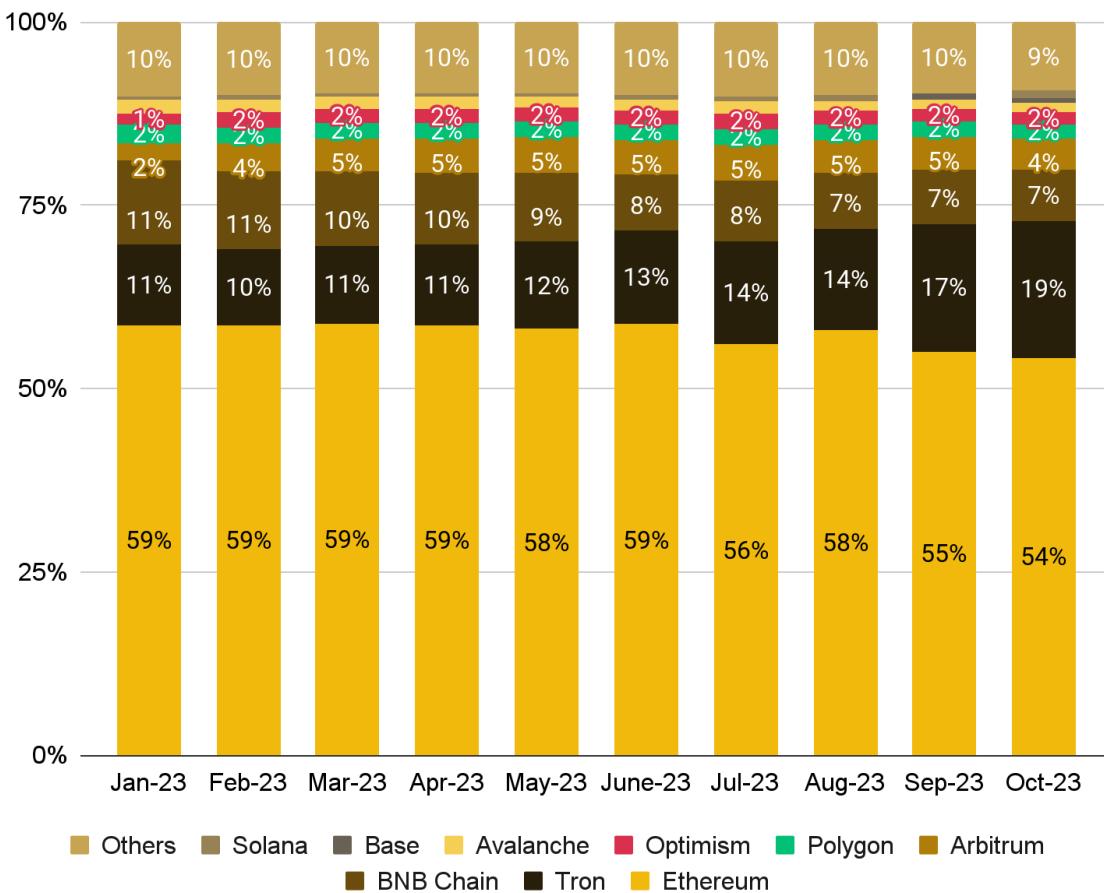
In descending order of performance:

- ◆ Every coin within the top 10 concluded October in positive territory. Notably, SOL and LINK stood out from the pack, boasting monthly gains of 78% and 45%, respectively. Solana, given its robust performance, has erased the losses stemming from the FTX bankruptcy and has retraced in price back to November 2022's levels. This resurgence in confidence is underscored by the significant growth of its two primary staking protocols, Marinade Finance and Jito, with Marinade gaining 130% and Jito gaining 200% in monthly TVL. Meanwhile, LINK's surge seems intrinsically linked to Korean exchanges Bithump and Upbit, which collectively amassed [945K](#) LINK amidst the coin's price surge. These factors, combined with the recent announcement of Staking 2.0, contributed to LINK's leading performance. Moreover, Bitcoin, fueled by the spot ETF narrative, marked a commendable 28% gain for the month.
- ◆ ADA shook off its September stagnation, posting a 21% uptick. Doge's traction this month can potentially be traced back to PEPE, another prominent meme coin. The recent [maneuvers](#) by the PEPE team have redirected some market attention towards meme coin trading. Furthermore, XRP experienced a notable rally, marking its largest single-day surge in three months, spurred by the news of the SEC withdrawing charges against Ripple's leaders.
- ◆ While TRX, ETH, and BNB didn't match the performance of some of their peers, they concluded October with respectable gains of 9.0%, 8.7%, 6.5%, respectively. Ethereum's subdued performance relative to Bitcoin was anticipated, given the prevailing market spotlight on the spot Bitcoin ETF. TON, contrasting its September rally, rounded off the month with a mere 0.09% increase.

2.1

Decentralized Finance (“DeFi”)

Figure 3: TVL share of top blockchains



Source: DeFiLlama

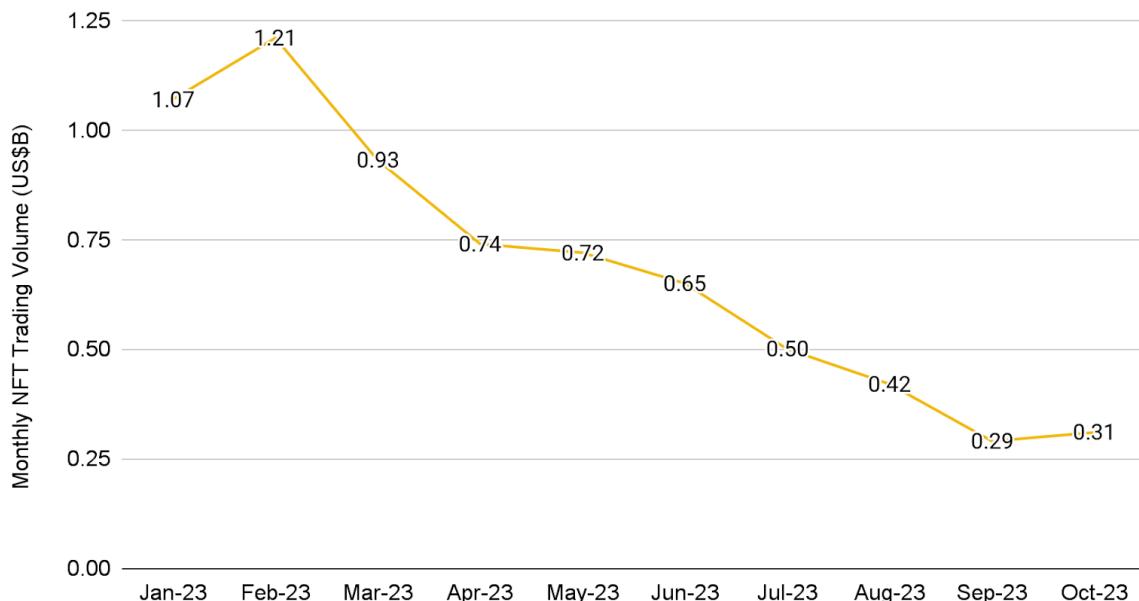
As of October 31, 2023

Overall, DeFi TVL recorded a notable increase of 8.8% MoM, breaking its downtrend momentum as participants took more risk driven by the euphoria in the crypto market over the impending approval of spot BTC ETFs. Increasing risk appetite among participants drove several notable growths in DeFi protocols such as JustLend, AAVE, and Compound Finance, which recorded MoM changes of 23.06%, 14.25%, and 12.22%, respectively. Tron, Arbitrum, and Solana were some of the top gainers in TVL, recording growth of 15.04%, 3.70%, and 17.26%, respectively. The EIP-7540 proposal was also introduced in October and is still in its early stages of discussion. EIP-7540 aims to be an extension to the current ERC-4626 tokenized vault standard, and its approval would ensure the possibility of asynchronous deposits and redemption flows, which could potentially benefit DeFi protocols on Ethereum.

2.2

Non-Fungible Token (“NFT”)

Figure 4: Monthly NFT trading volume



Source: CryptoSlam

As of October 31, 2023

The NFT market staged a rebound alongside the overall crypto market with sales volume reaching US\$0.31B in October, recording an increase of 6.9% MoM. This provides some solace to NFT holders as the NFT market has been hit hard by the bear market. [Nansen's NFT-500 index](#) revealed a 58% decline on a year-to-date (“YTD”) ETH basis, and the [Blue-Chip-10 index](#) dipped 50% YTD, dragged down by the relatively poor performance of profile picture NFTs, which have the highest market capitalization by category. Overall, the tough year for NFTs has continued, with categories tracked by Nansen being down between 50% and 65% YTD. However, as reflected in October data, we are starting to see a silver lining in the market as NFTs notched gains across most categories on a MoM basis except for art, which remained weak.

Charts of the Month

Bitcoin Dominance Hits a 2.5-Year High

Figure 5: Bitcoin dominance has been on an uptrend



Source: Coinmarketcap
As of October 31, 2023

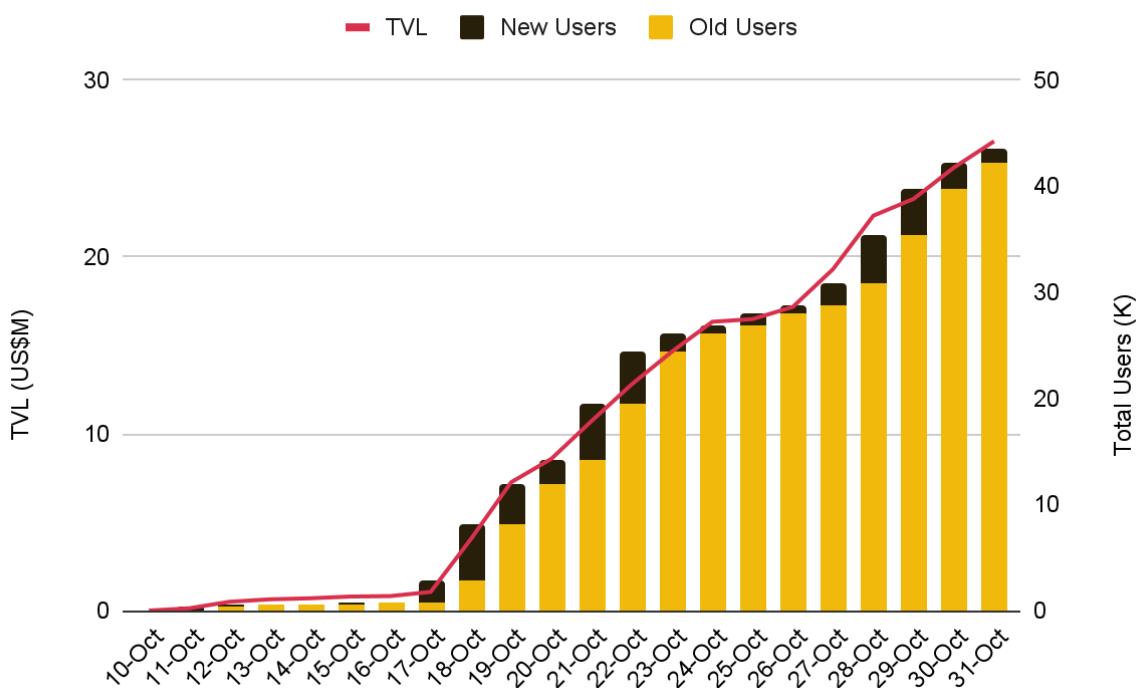
Bitcoin dominance, which measures the market capitalization of Bitcoin as a share of the total crypto market, rose to a high of 53.47% during the month, a level not seen since April 2021. Bitcoin prices have been on a general upward trend throughout October, crossing the US\$35K mark at one point. Just in October alone, Bitcoin prices have surged more than 28%, recording one of the best months for the asset we have observed in a while. Rising prices have contributed to an increase in Bitcoin dominance to a 2.5-year high.

Optimism behind spot ETF approvals has driven Bitcoin prices higher, and the rally was also fueled by investors covering their short positions. For example, based on [data from CoinGlass](#), Bitcoin saw more than US\$275 million in short liquidations in a single day on October 23, 2023.

Fun fact: the rise in Bitcoin dominance has coincided with the 15th anniversary of the Bitcoin whitepaper, which was published on October 31, 2008.

Scroll zkEVM Layer-2 Takes Off

Figure 6: Following its mainnet launch, Scroll has accumulated over US\$26.6M in TVL and attracted more than 43K users



Source: L2Beat, Flipside (tkvresearch), Binance Research

As of October 31, 2023

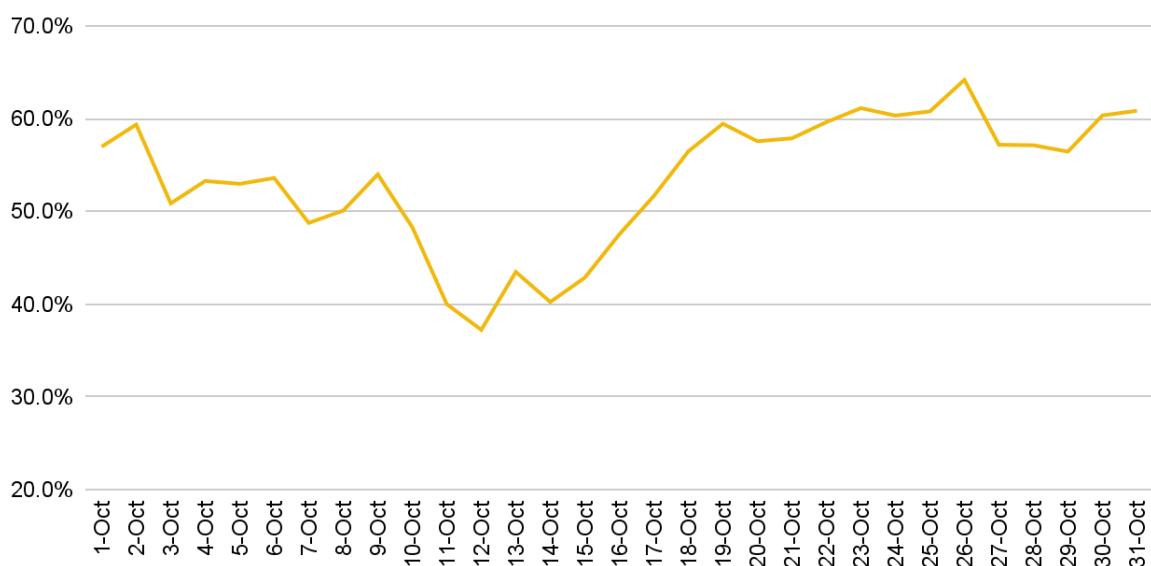
After more than two years of rigorous development, the Ethereum L2 network Scroll unveiled its mainnet on October 17th, joining the growing list of zkEVMS introduced this year. As a type-2 zkEVM rollup, Scroll seamlessly integrates with Ethereum at the bytecode level, simplifying deployment for existing infrastructures and dApps.

Beyond its technical prowess, Scroll has garnered notable traction. It raised US\$83M, holds a valuation of US\$1.8B, and has seen its TVL grow to over US\$26.6M since its launch, with a daily user influx averaging 2,848. A significant portion of this capital has flowed into KyberSwap, the protocol with the highest TVL on Scroll, thanks to its strategic introduction of six high-yielding farms to attract liquidity. Impressively, Scroll's testnet phase recorded an average of 305K transactions daily. With more than 450K smart contract deployments and upwards of 90M total transactions, the testnet played a crucial role in paving the way for the mainnet's debut.

Scroll's strategic approach has also distinctly stood out from its competitors. Rather than vying for the first-mover advantage, the team prioritized building a sustainable product, drawing upon their deep contributions in Ethereum Layer-1 ("L1") and zkSNARK research. Ultimately, Scroll is still in its infancy and yet to approach the billion-dollar benchmarks set by some of its L2 counterparts, suggesting considerable growth potential ahead.

Uniswap Unfazed by Interface Fees

Figure 7: Uniswap's market share has not changed significantly since the introduction of interface fees



Source: The Block

As of October 31, 2023

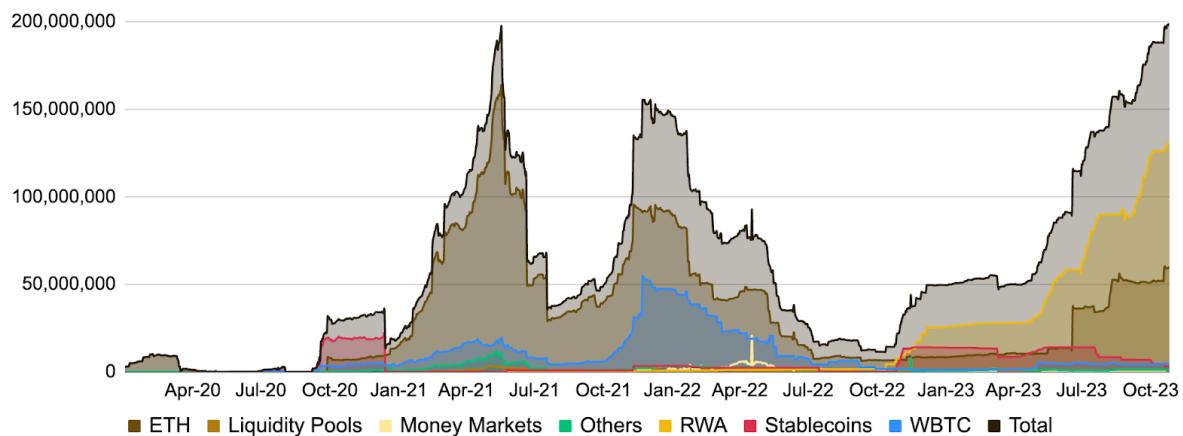
Earlier in October, Uniswap Labs introduced a 0.15% fee for swaps involving selected tokens that are executed through Uniswap front-ends such as its website and its wallet. This does not impact users that execute their transactions through aggregators or other user interfaces. Nonetheless, UNI holders have raised concerns given that this is separate from the long-discussed protocol-level fee switch and does not entitle them to a share of the revenue. The UNI token fell by more than 6% in the 24 hours following the announcement but has since recovered its loss.

Over US\$647K has been collected in terms of protocol fees as of the end of October, translating to an annualized revenue of US\$15.7M for Uniswap Labs.

Even with the introduction of interface fees, Uniswap remains the largest decentralized exchange (“DEX”) by trading volume, having facilitated over US\$25.8B in trading volume in October. As observed in Figure 5, while daily market share has fluctuated, it has remained relatively range-bound between 40% and 60%, with no noticeable dip following the introduction of interface fees. This is understandable given that the interface fees do not impact non-front-end users, and its vast liquidity means that aggregators will continue to route trades through Uniswap.

Maker Revenue Sets an All-Time High

Figure 8: Maker's annualized revenues are touching US\$200M, driven by RWA collateral



Source: Dune Analytics (@steakhouse)

As of October 31, 2023

Maker, the protocol behind the DAI stablecoin, has seen its annualized revenue surge and is currently breaching all-time highs near US\$200M. Maker generates revenue through fees paid by users for borrowing DAI, fees earned when positions are liquidated, and any yields they can get on the collateral that borrowers put up.

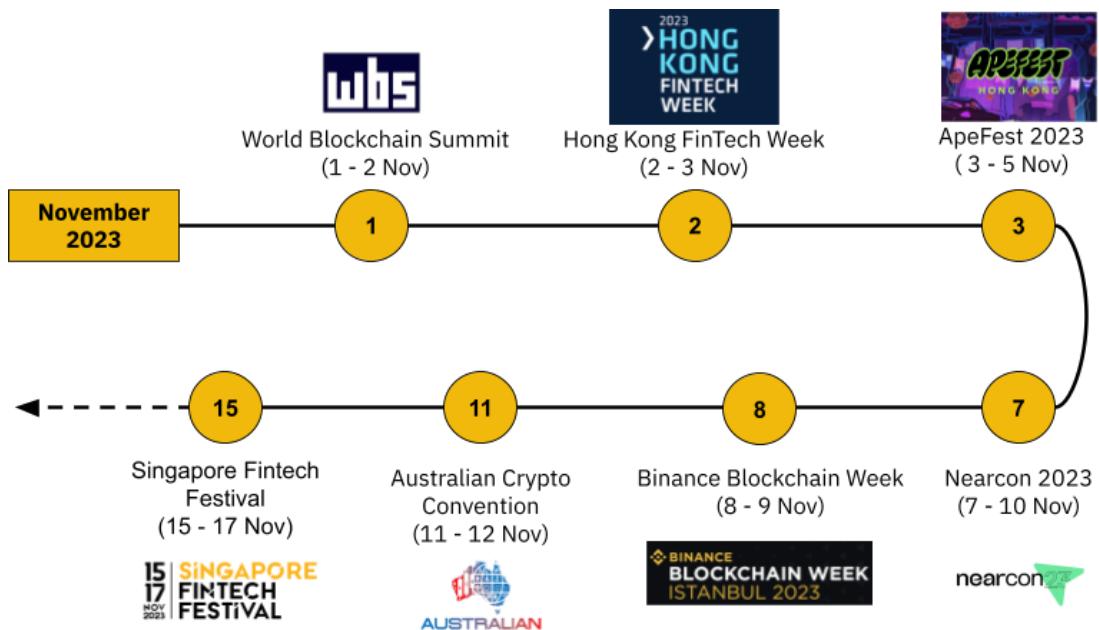
A significant driver of increased revenue has been Maker's willingness to onboard RWAs as collateral for DAI. In fact, annualized revenues from RWAs are up 455% from October 2022 and are now responsible for the majority (66%) of Maker's total annualized revenue. RWA assets, primarily consisting of U.S. Treasury bills, have benefited from rapidly rising interest rates over the past year and have thus helped generate a higher overall (and a higher proportion) of Maker's total revenue.

Users can also deposit DAI into Maker's Spark Protocol in order to earn the DAI Savings Rate ("DSR"). DSR pays out the yield from the fees that Maker generates. The rate had been as low as 1% earlier in the year, before an August vote saw MakerDAO approve an increase of the DSR to 8%. This led to a significant inflow of DAI into the protocol, with the total balance of deposited DAI increasing from ~US\$343M in August to over US\$1.7B at the end of October, an increase of over 400%. Users had to mint and borrow DAI in order to benefit from the increased DSR, which further led to increased fees for the protocol, thereby increasing their total revenue. The DSR has since dropped to 5%, naturally falling as the number of DAI deposits increased.

Upcoming Events and Token Unlocks

In this section, we have summarized notable events and upcoming token unlocks for the month. We hope this will help monitor key developments in the space and keep track of unlock events.

Figure 9: Notable events in November 2023



Source: Binance Research

Figure 10: Largest token unlocks in US\$ terms

PROJECT	TOKEN	UNLOCK IN US\$ EQUIVALENT	% OF SUPPLY	UNLOCK DATE
APTES	\$APTE	\$71.54M	10.07%	12 Nov
AVALANCHE	\$AVAX	\$34.06M	2.72%	24 Nov
HASHFLOW	\$SHFT	\$25.63M	74.08%	4 Nov
ApeCoin	\$APE	\$20.13M	4.23%	17 Nov
ImmutableX	\$IMX	\$17.22M	1.55%	4 Nov
GALXE	\$GAL	\$11.05M	16.36%	5 Nov
OASIS FOUNDATION	\$ROSE	\$6.80M	3.90%	19 Nov
CyberConnect	\$CYBER	\$4.34M	11.43%	15 Nov
SPACE ID	\$SID	\$3.94M	6.46%	22 Oct
LOOKSRARE	\$LOOKS	\$3.40M	6.96%	27 Nov

Source: TokenUnlocks, Binance Research

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<https://pro.nansen.ai/>

<https://flipsidecrypto.xyz/>

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Understanding the Intent-Centric Thesis



Monthly Market Insights: October 2023

A summary of the most important market developments, interesting charts, and upcoming events

About Binance Research

Binance Research is the research arm of Binance, the world's leading cryptocurrency exchange. The team is committed to delivering objective, independent, and comprehensive analysis and aims to be the thought leader in the crypto space. Our analysts publish insightful thought pieces regularly on research topics, including but not limited to the crypto ecosystem, blockchain technologies, and the latest market themes.



Jie Xuan Chua

Macro Researcher

Jie Xuan (“JX”) is currently working for Binance as a Macro Researcher. Prior to joining Binance, he worked as a Global Investment Specialist with J.P. Morgan and had prior Equity Research experience at various fund houses. JX is a CFA charterholder. He has been involved in the cryptocurrency space since 2017.



Moulik Nagesh

Macro Researcher

Moulik is a Macro Researcher at Binance, having been involved in the cryptocurrency space since 2017. Prior to joining Binance, he had experience spanning cross-functional roles in Web3 and Silicon Valley-based tech companies. With a background in co-founding start-ups and a BSc in Economics from the London School of Economics & Political Science (“LSE”), Moulik brings a comprehensive perspective to the industry.



Shivam Sharma

Macro Researcher

Shivam is currently working for Binance as Macro Researcher. Prior to joining Binance, he worked as an Investment Banking Associate / Analyst at Bank of America on the Debt Capital Markets desk, specializing in European Financial Institutions. Shivam holds a BSc in Economics from the London School of Economics & Political Science (“LSE”) and has been involved in the cryptocurrency space since 2017.



Brian Chen

Macro Research Intern

Brian is currently working for Binance as a Macro Research intern. Prior to joining Binance, he worked as a DeFi researcher at a financial service startup and a Web3 education organization. He holds a Master of Finance degree from the University of California, Irvine (“UCI”), and has been involved in the cryptocurrency space since 2021.



Jin Ming Neo

Macro Research Intern

Jin Ming is currently an intern with Binance on the Macro Research team. Prior to joining Binance, he had experience working in several family offices as an investment analyst intern. He was also part of the Coinbase Community Analyst Program, working closely with the crypto intelligence team. Jin Ming is currently an undergraduate at Singapore Management University, studying Business with a major in Finance.

Resources



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