

Monthly Market Insights

August 2024

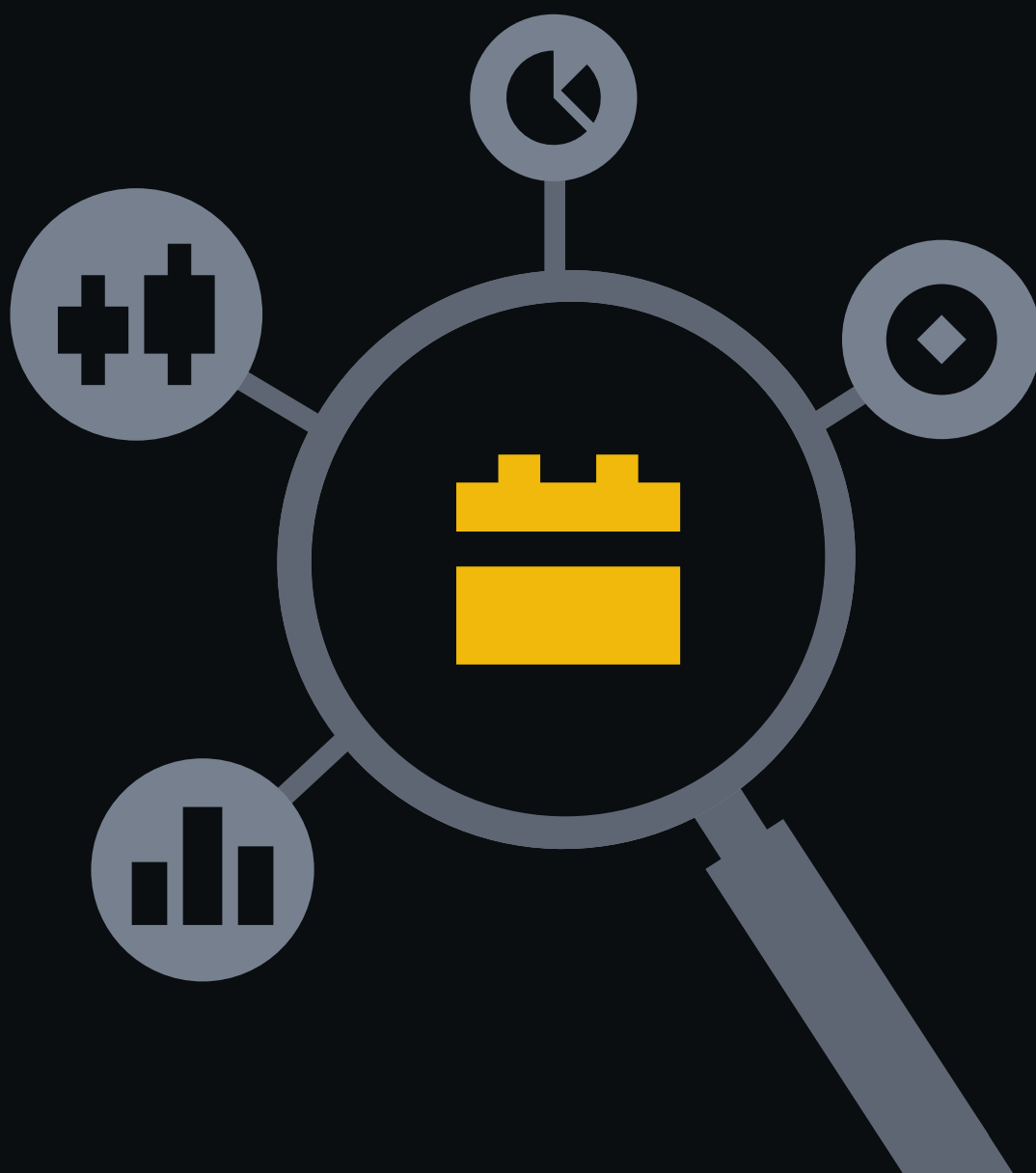


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Key Takeaways

- ◆ In July, the crypto market saw a 6.1% increase in total market capitalization. Market fears eased as Germany completed offloading 50,000 BTC to centralized exchanges. Positive developments included the U.S. SEC's approval of nine spot Ethereum ETFs, which began trading on July 23, and Donald Trump's announcement at the Bitcoin Conference 2024 about potentially establishing a strategic Bitcoin reserve if elected. However, concerns remain over Mt. Gox's repayments of over US\$9B to 2014 hack victims and the U.S. government's transfer of 29,800 BTC, sparking fears of a potential sell-off.
- ◆ Week one of the new spot Ether ETFs registered ~US\$484M in net outflows, affected by Grayscale's Ethereum Trust ("ETHE") and poor equity market performance. Volumes were strong, at over US\$5.8B. Grayscale's ETHE outflows (US\$1.9B) have been largely expected as many investors have been locked into it for many years. The 2.5% fees for ETHE were also much higher than the rest of the group, which mostly have 0% fees to start. Excluding ETHE, the Ether ETFs received nearly US\$1.5B in net inflows since launch. As a matter of reference, consider that Ethereum's market cap is ~28% of Bitcoin market cap, and the U.S. spot Bitcoin ETF's have received over US\$17B in net inflows.
- ◆ This year, both spot and futures DEX/CEX ratios have trended upwards, hitting highs of 13.9% and 5.0% in July, respectively. These gains, partly due to declining CEX volumes, highlight the strong growth and volume retention among DEXes. Improvements in user experience and liquidity, coupled with the rising popularity of meme coin trading, have fueled this trend. Competitive pressures from new entrants have pushed the introduction of innovative functionalities, making the on-chain trading landscape more attractive.
- ◆ Polymarket experienced another record-breaking month in July, surpassing US\$387M in trading volumes and attracting over 44.5K active traders. The platform's growth has been notably accelerated by key developments in this year's election cycle, which have continued to drive both speculation and mainstream interest. These record highs come just months before the U.S. presidential election, which dominates the platform's current activities.
- ◆ The total stablecoin supply has been steadily climbing towards its 2022 all-time high of US\$165B. It currently sits at US\$155B, of which Ethereum and Tron hold 47.9% and 37.8% of the total supply. In the meantime, Solana's stablecoin ecosystem continues to attract attention, with its PYUSD supply nearing the current supply on Ethereum within just a few months of launch.

Crypto Market Performance

The crypto market experienced upward momentum in July, with a 6.1% increase in total market capitalization. Market fears eased as the German government reportedly finished offloading their BTC holdings, amounting to 50,000 BTC, to centralized exchanges. Positive developments included the U.S. SEC's official approval of the S-1 filing for nine spot Ethereum ETFs, which began trading on U.S. exchanges on July 23. Additionally, presidential candidate Donald Trump made a notable appearance at the Bitcoin Conference 2024, announcing plans to potentially establish a strategic Bitcoin reserve if elected, aiming to make the U.S. a crypto capital. However, despite the positive developments, there are still notable concerns over Mt. Gox officially beginning repayments of over US\$9B to victims of the 2014 hack and the U.S. government reportedly transferred over 29,800 BTC to various addresses, reigniting market apprehensions of a potential sell-off.

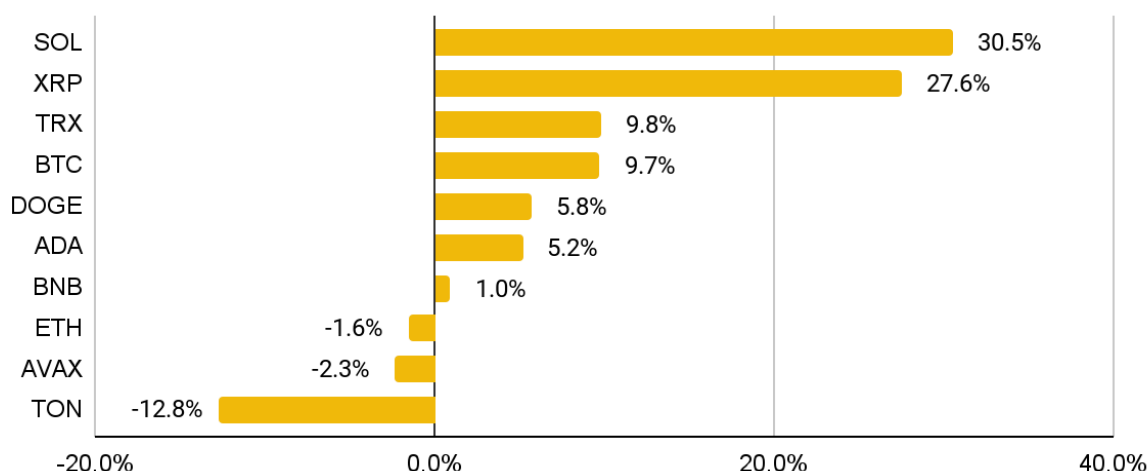
Figure 1: Monthly crypto market capitalization increased by 6.1% in July

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	0.4	40.0	16.3	-11.3	8.6	-11.4	6.1					
2023	30.4	3.4	9.3	3.2	-6.0	3.3	1.0	-8.8	2.6	19.0	11.0	15.2
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

Source: CoinMarketCap

As of July 30, 2024

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



Source: CoinMarketCap
As of July 30, 2024

In descending order of performance:

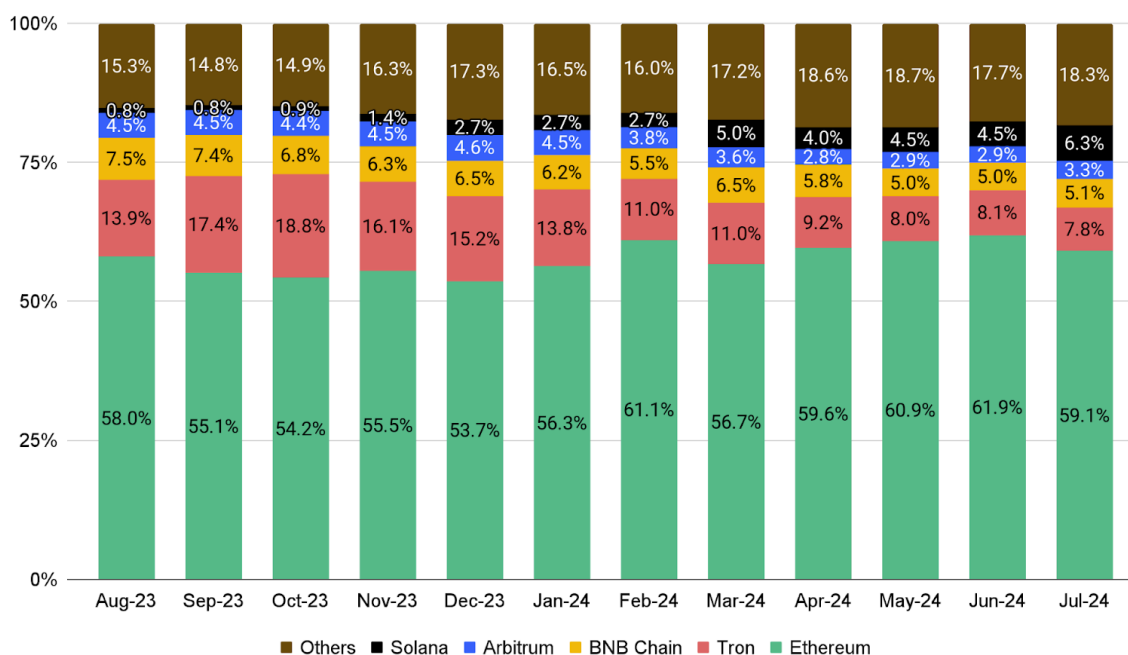
- ◆ In July, SOL price saw a notable gain of 30.5%, driven by several key developments. On-chain activity surged with a 42.2% month-on-month (“MoM”) growth in DEX trading volumes to reach US\$54.6B, largely fueled by strong momentum in memecoin trading. The average number of daily active addresses on Solana hit an all-time high of 1.7 million, while daily transactions grew by 18.2% to 1.3 million. Several DeFi market developments, including the introduction of Jito restaking and the announcement of Drift prediction markets, significantly contributed to the positive sentiment around the ecosystem. Additionally, Libre expanded its tokenization offerings by providing access to Hamilton Lane’s SCOPE fund, the Brevan Howard Master Fund, and the Blackrock ICS Money Market Fund. Solana continued to attract significant attention from both individuals and institutions, highlighting its expanding ecosystem and the growing demand for its capabilities.
- ◆ XRP outperformed other major coins with a 27.6% gain in July. The token's rally began last week when traditional futures powerhouses CME and CF Benchmarks announced the debut of indices and reference rates for XRP. Further boosting market confidence, Ripple Labs CEO Brad Garlinghouse stated in a Bloomberg TV interview that he anticipates a "resolution very soon" in the legal dispute between the U.S. Securities and Exchange Commission (“SEC”) and Ripple.
- ◆ TRX maintained its impressive momentum, climbing 9.8% in July and securing a position among the Top 10 coins by market capitalization. Notably, TRON founder Justin Sun announced plans to develop a gasless stablecoin that can be

transferred without incurring gas fees. According to Sun, these fees will be "entirely covered by the stablecoins themselves." The stablecoin is scheduled to launch on the Tron blockchain by Q4, with subsequent expansion planned for Ethereum and other EVM-compatible chains.

- ◆ After a negative performance in June, BTC rebounded with a 9.7% gain in July as selling pressure from the German government eased. According to Arkham Intelligence, Germany had completed offloading its 50K BTC holdings to centralized exchanges such as Coinbase and Kraken, alongside other wallets. Moreover, positive sentiment was bolstered by Donald Trump's appearance at the Bitcoin Conference 2024, where he proposed a BTC strategic reserve and regulatory measures to make the U.S. the crypto capital. The Trump campaign raised US\$21M during the conference, gaining large support from BTC and crypto enthusiasts.
- ◆ DOGE and ADA experienced modest gains of 5.8% and 5.2% respectively, riding the wave of the broader market uptrend. BNB also saw a slight increase of 1.0% during the same period.
- ◆ The SEC's approval of nine spot Ethereum ETFs marked a significant milestone, although initial trading saw a price adjustment with ETH declining by 1.6%, likely influenced by broader market conditions. Since their inception, ETH ETFs have experienced a total net outflow of US\$484M, with Grayscale's ETHE alone seeing outflows of US\$1.9B. However, with only seven days of trading in July, this early performance may not accurately reflect future trends, and the outlook remains uncertain.
- ◆ AVAX experienced a decline of 1.2% in July, despite several significant developments including the launch of the Interchain Token Transfer ("ICTT") system for secure token transfers between Layer 1 blockchains and the release of Avalanche Go v1.11.10 with updates to validator start times and block-building processes.
- ◆ TON experienced a 12.2% drawdown in July after an impressive run since March, but its ecosystem continued to show robust growth and development. Key highlights include the success of Telegram's game 'Hamster Kombat,' which reached 300 million players and 239 million users in just 81 days, revealing token allocation plans and expanding pre-market trading. Bitget Wallet launched the 'TONNECT 2024' initiative, partnering with 40 other TON projects, emphasizing its commitment to the ecosystem. Telegram and Helika Gaming announced a \$50M gaming accelerator with Notcoin to support the next wave of Telegram crypto games. Additionally, Telegram plans to launch a Mini App Store by the end of July, enhancing its ecosystem and user experience.

Decentralized Finance (“DeFi”)

Figure 3: TVL share of top blockchains



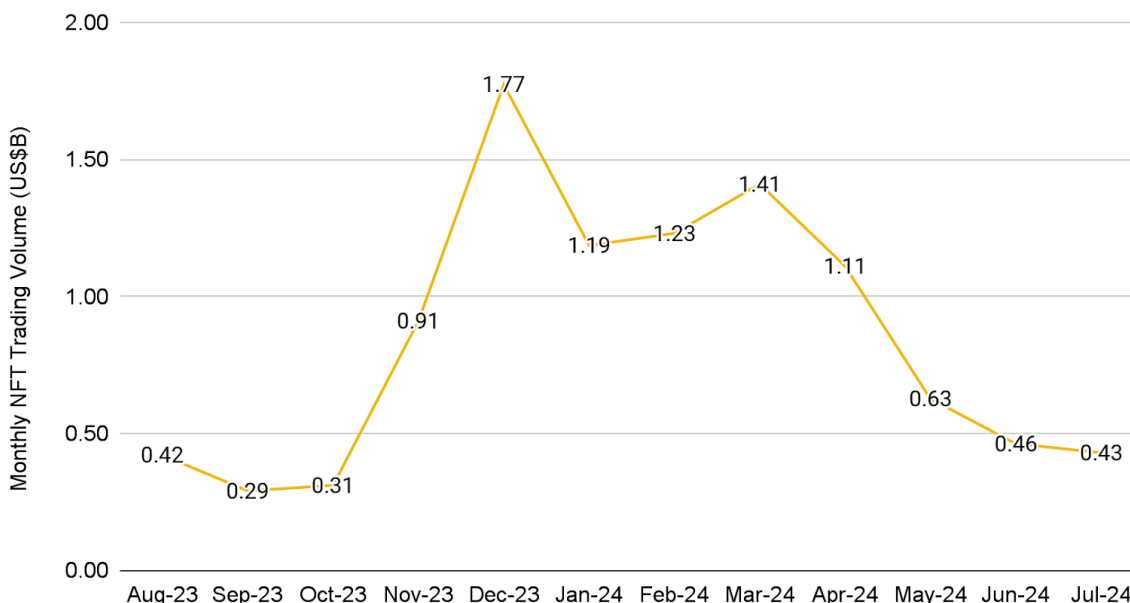
Source: DeFiLlama
As of July 30, 2024

In July, total DeFi TVL experienced a 3.5% increase, aligning with the overall market uptrend. Notable gainers for the month included CORE, Scroll, and Mantle, with gains of 121.2%, 66.0%, and 30.9%, respectively. Among protocols, Polymarket saw substantial growth, with its July volume surging past US\$387M, over 614% higher than January volumes. This increase was primarily driven by heightened interest in political prediction markets, particularly around the 2024 U.S presidential election and other election-related categories as the race intensifies towards November.

Symbiotic's TVL surged by an impressive 283% after lifting their pool caps at the start of July, fueled by sustained market interest in restaking and strategic partnerships with notable protocols such as Mellow Protocol, Lido, Ether.fi, Ethena, and Pendle. By 30 July, all pool caps on Symbiotic were fully filled, demonstrating strong demand for the project which amassed US\$1.21B in less than two months. Correspondingly, Mellow Protocol's TVL increased by 69.6% as a Modular Liquid Restaking Primitive for Permissionless LRTs Creation & Curation, allowing users who deposit into Mellow pools to double-farm points for Mellow and Symbiotic's future token airdrops.

2.2 Non-Fungible Token (“NFT”)

Figure 4: Monthly NFT trading volume



Source: CryptoSlam
As of July 30, 2024

The NFT market continued its downward trajectory in July, with total sales volume reaching US\$430m, representing a 7.14% month-on-month decrease. DMarket, the in-game item marketplace on Mythos, maintained its lead with the highest monthly sales volume at US\$16.2M, closely followed by DogeZuki on Solana with US\$13.9M. Remarkably, trading volumes for Solana-based collections such as Solana Monkey Business and Retardio Cousins, surged by 262.6% and 504.7% respectively.

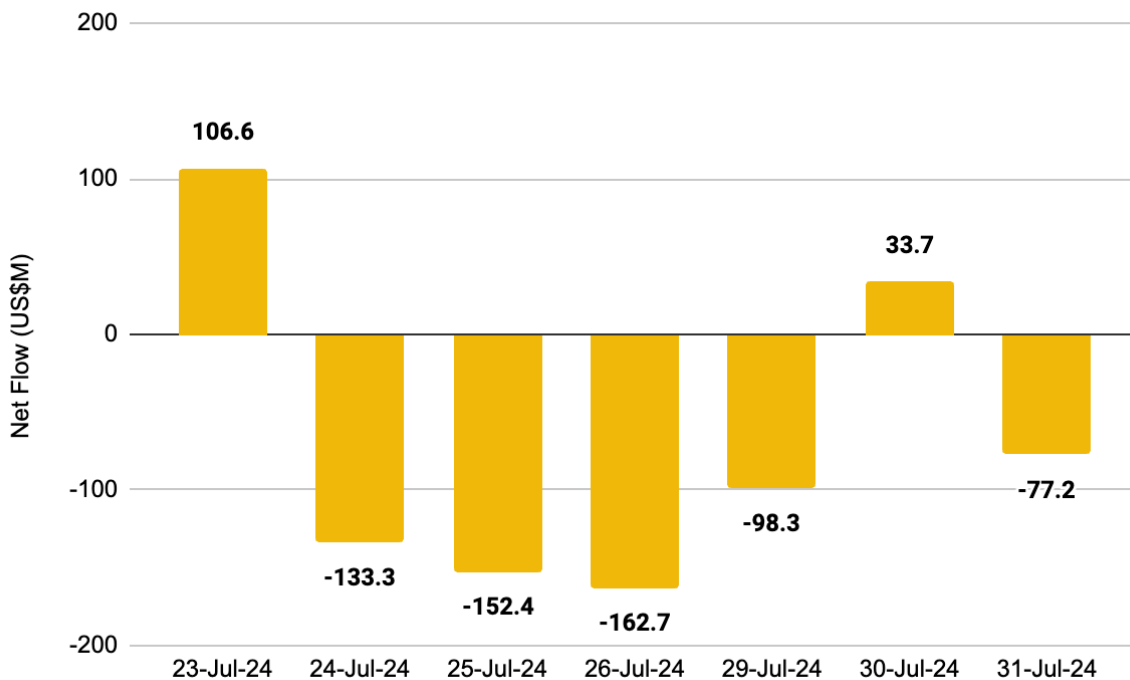
Top Ordinals collections, including Bitcoin Puppets and NodeMonkes, experienced a continued decline from June, with trading volumes dropping by 29.3% and 25.21%, respectively. On Ethereum, prominent collections such as CryptoPunks, Bored Ape Yacht Club, and Pudgy Penguins also saw a collective drop in trading volume, with decreases of 50.5%, 22.7%, and 35.3%, respectively. The current volatility in the crypto market appears to have dampened confidence, contributing to the downturn in the NFT sector.

Across major chains, NFT sales volumes declined significantly, with Bitcoin and Ethereum experiencing reductions of 51.63% and 40.58%, respectively. In contrast, Immutable saw a notable increase of 75.68% in NFT volume in July, driven by ongoing game development on the platform, including the recent launch of Illuvium on July 25.

Charts of the Month

Week One Ether ETF Flows Affected by Grayscale's ETHE

Figure 5: The new spot Ether ETFs saw US\$484M in outflows in the first week of trading across US\$5.8B+ in volume



Source: Farside.co.uk, Binance Research
As of July 31, 2024

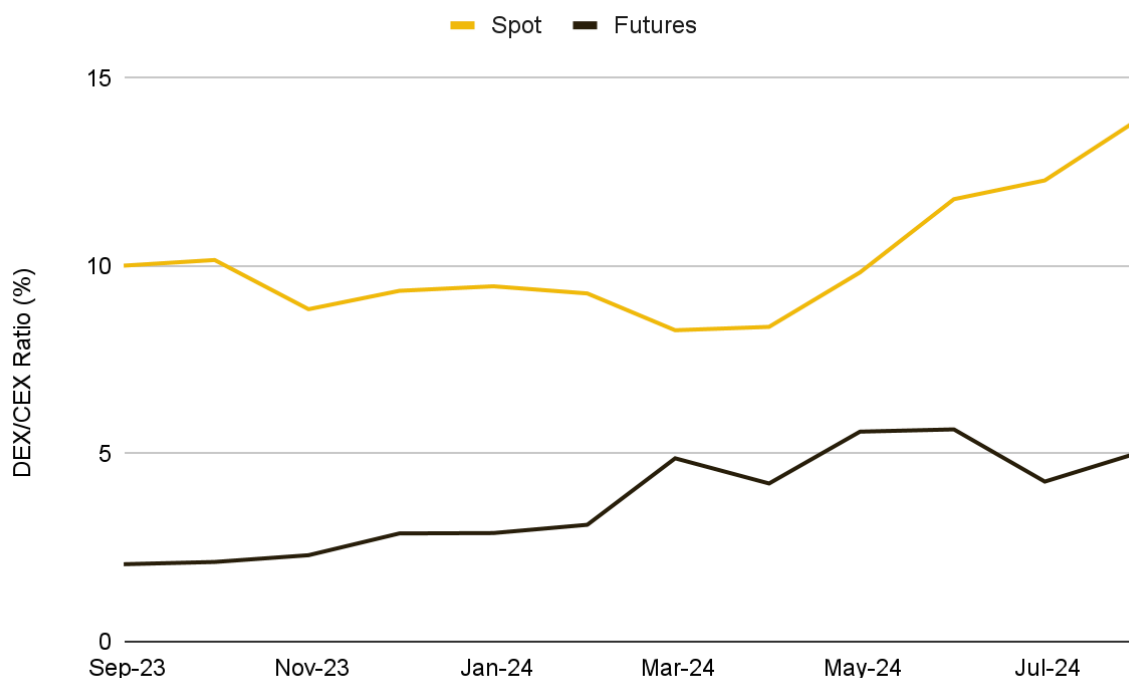
On Tuesday 23 July, we saw the nine spot Ether exchange-traded funds (“ETFs”) go live in the U.S.. Among this, we had Grayscale’s Ethereum Trust (“ETHE”), which has seen significant outflows. ETHE’s outflows, as well as, poor equity market performance has affected initial flows, however the very approval and successful launch is of note. As of 31 July, the Ether ETFs have seen ~US\$484M in outflows across US\$5.8B+ in volume.

Grayscale’s ETHE has seen over US\$1.9B in outflows since launch. This had been largely expected, as many investors had been locked into this product for many years and have taken the chance to redeem their shares through the ETF conversion. In addition, ETHE’s fees of 2.5% were the highest of the entire group by a large margin. Excluding ETHE, the ETH ETFs have received nearly US\$1.5B in inflows since launch. `

As a matter of reference, consider that Ethereum’s market cap is ~28% of Bitcoin market cap, and the U.S. spot Bitcoin ETF’s have received over US\$17B in net inflows.

DEX to CEX Trade Volumes Attain New Highs

Figure 6: This year, both spot and futures DEX/CEX ratios have trended upwards, with July recording significant peaks of 13.9% and 5.0%, respectively



Source: The Block, Binance Research
As of July 31, 2024

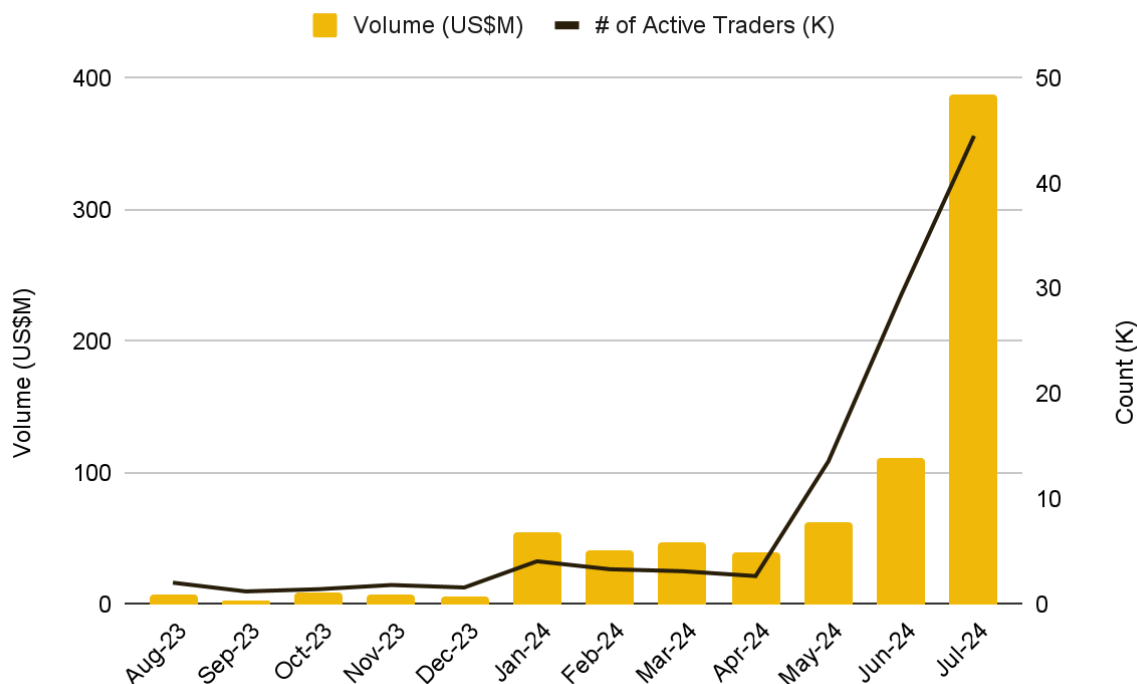
Decentralized exchanges (“DEXes”) are gaining traction relative to centralized exchanges (“CEXes”), with the DEX/CEX spot trade volume ratio hitting a new high of 13.9% in July, up by 4.6 percentage points since the year began. Similarly, the DEX/CEX futures trade volume ratio climbed to 5.0%, a 1.9 percentage point increase. These gains, partially influenced by declining CEX volumes, underscore the growth and retention of volumes by DEXes this year.

Improvements in user experience and liquidity have made DEXes more accessible to newcomers, while incentives like airdrops and yield opportunities continue to draw more users. The rise of meme coins, often first traded on DEXes, has also contributed to this year’s growth. Moreover, the expansion of blue-chip decentralized applications (“dApps”) across networks, including Ethereum and Solana as well as app-specific ones like Hyperliquid and Layer-2s (“L2s”) like Base and Blast, offers users several trading options. This diversity has increased competitive pressures, pushing DEXes to innovate beyond the basic allure of lower fees and higher leverage. DEXes are now developing a wider array of novel functionalities, even pioneering certain exotic market types like pre-market trading.

Although these trends have mainly emerged since June, with only modest increases observed in previous months, it remains to be seen whether the recent uptick in the DEX to CEX ratio signifies sustained growth or if it reflects a temporary spike.

Polymarket Extends Strong Growth Trajectory

Figure 7: Polymarket had another record-breaking month in July, exceeding US\$387M in volumes and reaching over 44.5K active traders



Source: Dune Analytics (@rchen8), Binance Research
As of July 31, 2024

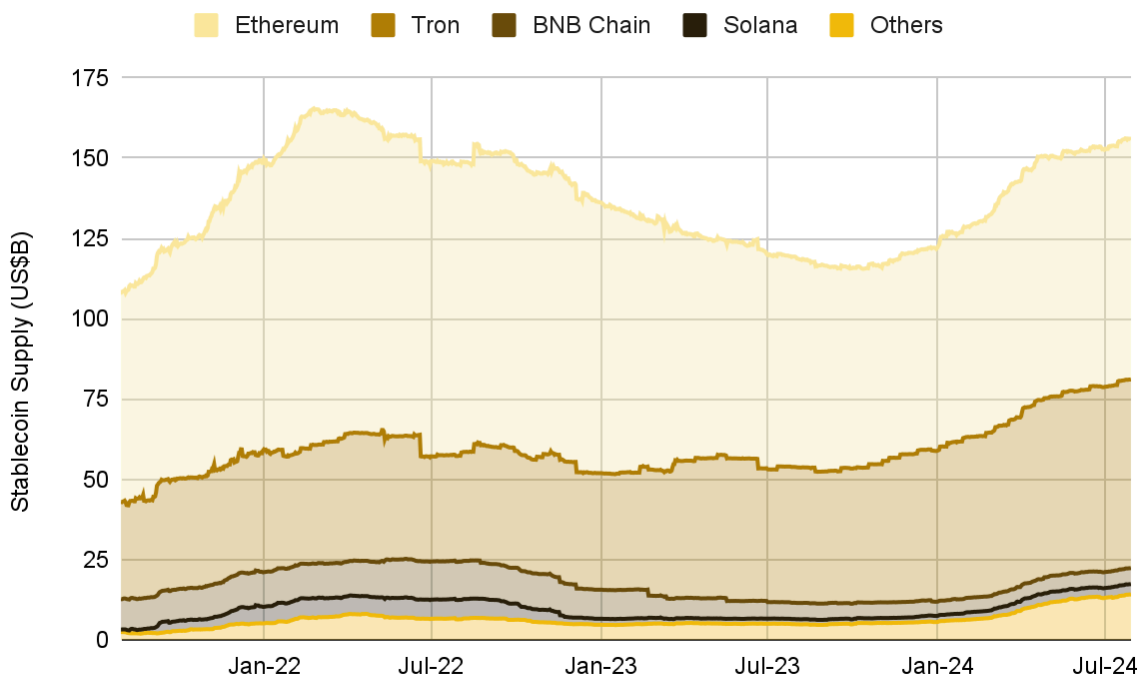
Polymarket has continued to grow in popularity this year, even more so after securing a US\$45M Series B funding round in May. In July alone, the platform recorded over US\$387M in volumes - more than triple the previous month's figures and marking a 614.6% increase year-to-date ("YTD"). This growth in volumes isn't solely from a limited user base; it's supported by a drastic rise in monthly active users, now at 44.5K, up 986.7% YTD.

These record highs come just months before the U.S. presidential election, which dominates the platform's current activities. The most active market is centered around who will win the 2024 U.S. presidential election, with US\$500M+ already wagered. Polymarket saw its growth accelerate due to several key developments in this year's election cycle, which spurred further speculation and interest. The platform has not only been a standout crypto application this cycle but has also garnered attention from non-crypto audiences as a curation market tool. The recent integration of MoonPay has made Polymarket more accessible, simplifying the funding process for a wider set of users. The addition of renowned prediction market analyst and writer Nate Silver as an advisor has also brought mainstream coverage for the platform.

As Polymarket surpasses growth from previous cycles, its ability to sustain this momentum and establish a broader product-market fit outside the election season remains to be seen.

Total Stablecoin Supply Nears its All Time High

Figure 8: Total stablecoin supply sits at US\$155B, nearing its all time high of US\$165B



Source: Artemis, Binance Research
As of July 29, 2024

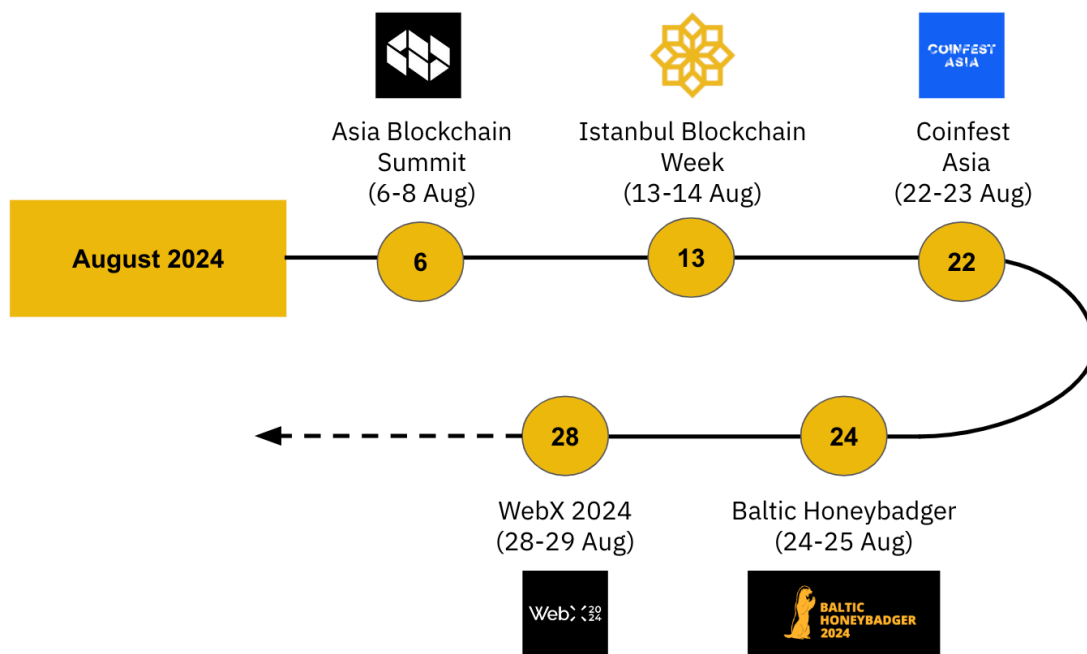
The total stablecoin supply is steadily climbing towards its 2022 all-time high of US\$165B, currently sitting at US\$155B. Ethereum and Tron dominate the on-chain stablecoin supply, holding 47.9% and 37.8% of the total supply, respectively. BNB Chain ranks third, with US\$5B worth of stablecoins, or 3.2% of the total supply.

While the overall supply has been steadily growing, the stablecoin scene on Solana has been a whirlwind of volatility and excitement. Despite representing just ~2% of the total stablecoin supply, Solana was responsible for the majority of stablecoin transfers between January and mid-June 2024. At its peak on May 26, 2024, Solana accounted for over 80% of total daily transfer volume. However, by mid-June, daily volumes plummeted from US\$50-100B to under US\$10B. Activity on Phoenix DEX, an on-chain central limit order book exchange, was the main source of this inflated USDC transfer volume due to all orders being posted on-chain.

Peripherally, PayPal's PYUSD supply on Solana, which launched in June this year, is rapidly catching up to that on Ethereum, currently at over US\$250M compared to Ethereum's US\$350M. Stablecoin metrics are a strong indicator of a blockchain's ecosystem health, reflecting trade and payment activity as well as potential institutional involvement. Developing and applying more nuanced methods to assess meaningful on-chain stablecoin activity will be crucial for maintaining accurate measures of a blockchain's overall health.

4 Upcoming Events and Token Unlocks

Figure 9: Notable Events in August 2024



Source: Binance Research, CoinMarketCap

Figure 10: Largest token unlocks in US\$ terms

PROJECT	TOKEN	UNLOCK IN US\$ EQUIVALENT	% OF SUPPLY	UNLOCK DATE
	\$AVAX	253.62M	2.42%	20 Aug
	\$W	150.76M	33.33%	3 Aug
	\$APT	74.76M	2.41%	12 Aug
	\$SAND	67.35M	9.00%	14 Aug
	\$IMX	47.09M	2.11%	9 Aug
	\$STRK	31.13M	4.38%	15 Aug
	\$ZETA	30.54m	18.92%	1 Aug
	\$ROSE	12.46M	2.24%	18 Aug
	\$APE	12.2M	2.31%	17 Aug
	\$GAL	12.02M	3.52%	2 Aug

Source: Token Unlocks, Binance Research

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<https://farside.co.uk/?p=1321>

New Binance Research Reports



The Market Downturn: What Happened and What to Expect?

An analysis of the recent market volatility and its key drivers



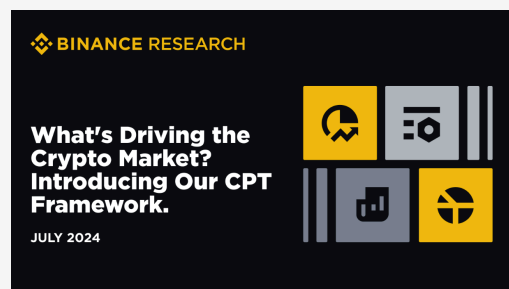
Top 10 Charts From H1 2024

An overview of the technologies required to onboard the masses



Q2 State of Crypto: Market Pulse

A compilation of key charts and insights on the market



What's Driving the Crypto Market? Introducing Our CPT Framework

An analysis of recent events and structural drivers of the market

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.



Joshua Wong

Macro Researcher

Joshua is currently working for Binance as a Macro Researcher. He has been involved in the cryptocurrency space since 2019. Prior to joining Binance, he worked as a product manager at a Web3 fintech startup, and a market analyst at a DeFi startup. He holds a Bachelor of Laws (LLB) from Durham University.



Moulik Nagesh

Macro Researcher

Moulik is a Macro Researcher at Binance, and he has 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.



Kennard Low

Macro Research Intern

Kennard is currently working for Binance as a Macro Research Analyst intern. Prior to joining Binance, he worked as a DeFi research analyst at a real-world asset private credit protocol and a Web3 consulting firm. He is a junior at Singapore Management University (“SMU”) and has been involved in the cryptocurrency space since 2021.

Resources



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