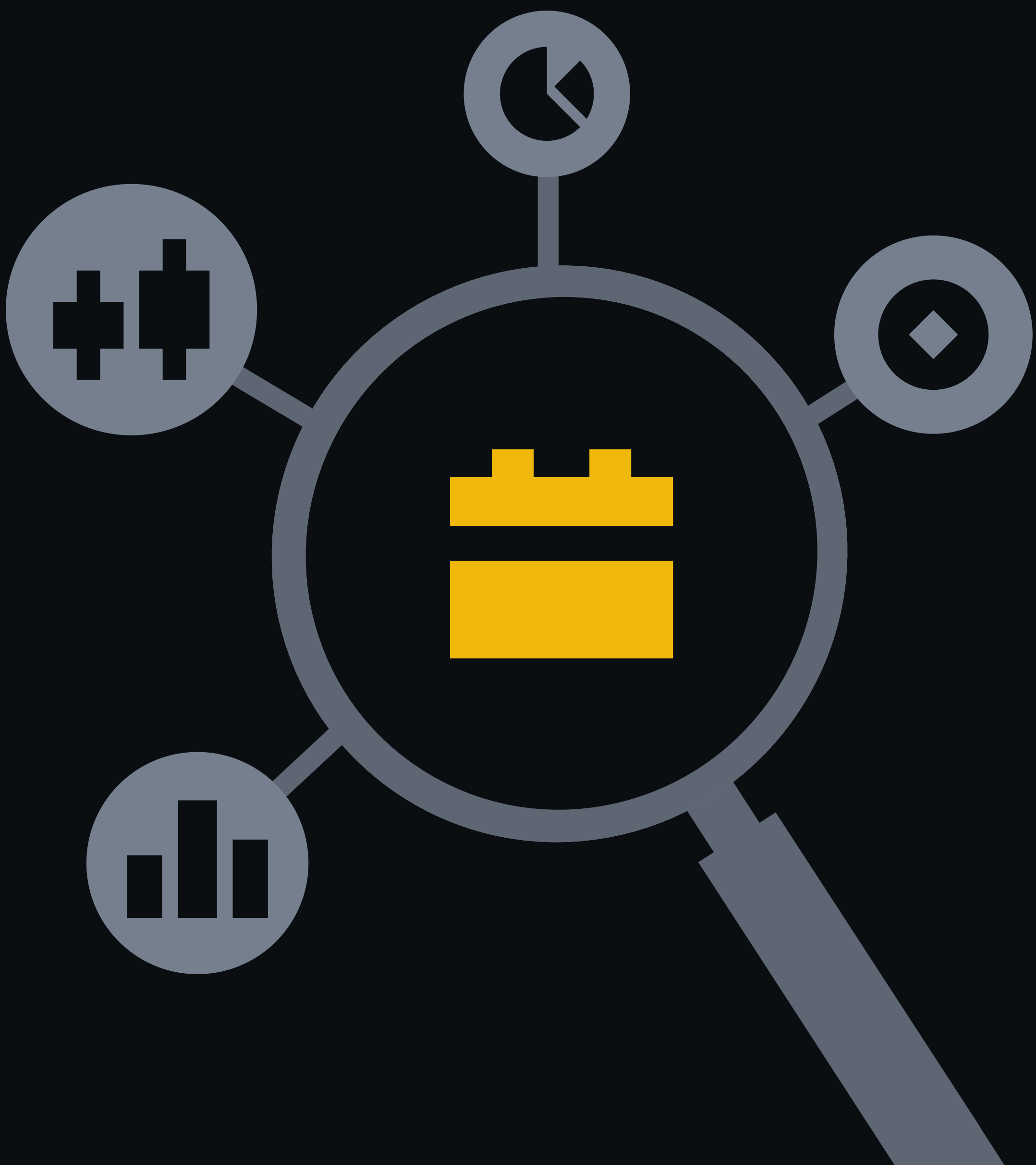
BINANCE RESEARCH

# Monthly Market Insights

May 2025



# Table of Contents

**01 / Key Takeaways** **2**
**02 / Crypto Market Performance** **3**
2.1 Decentralized Finance (DeFi) 6
2.2 Non-Fungible Tokens (NFTs) 7
**03 / Charts of the Month** **8**
BTC Dominance Continues its Multi-Year Uptrend 8
Bitcoin's Link to Global M2 Expansion 9
CeFi Investment On The Rise Amid Shift In Crypto Regulation 11
Fee Shift Toward the Application Layer 12
**04 / Upcoming Events and Token Unlocks** **13**
**05 / References** **14**
**06 / New Binance Research Reports** **15**
**About Binance Research** **16**
**Resources** **18**

# 01 / Key Takeaways

- The cryptocurrency market cap rose by 10.8% in April, marking a strong rebound from the previous month — likely supported by the 90-day pause on tariffs. While the temporary suspension (excluding key trade partners such as Canada, Mexico, and China) offered some relief, investor sentiment remains cautious over the long-term implications. Global trade and business confidence continue to lag, reflecting ongoing macroeconomic uncertainty and persistent trade tensions.

- Bitcoin's dominance has surged to a four-year high of 63%. Amid tight financial conditions and geopolitical uncertainties, Bitcoin's appeal as a hedge against risks could sustain its outperformance over riskier crypto assets. Driven in part by its "digital gold" narrative and adoption as a reserve asset, institutional interest in Bitcoin is evident, with its ETF attracting significantly more inflows than Ethereum's.

- In April, G4 (U.S., Japan, China, and Europe) M2 is projected to exceed a record US$93T, reflecting ongoing global liquidity expansion driven by central bank policies and fiscal stimulus. G4 M2 growth has historically shown a strong positive correlation with Bitcoin's market cap (currently a 0.79 rolling coefficient). This liquidity backdrop likely continues to support Bitcoin through increased risk appetite and demand for inflation hedges.

- Since December 2024, Centralized Finance (CeFi) companies have accounted for an average of 41.42% of all funds raised each month, a sharp increase from 6.07% between April and November 2024, which coincided with a favorable regulatory shift following President Trump's election.

- The application layer now captures over 70% of total on-chain fees, while protocol (blockchain) fees have declined to just 28.8%. Stablecoin issuers dominate with 47.2% of fees in April, followed by decentralized exchange (DEX) and liquid staking. The shift highlights how value is increasingly accruing at the user-facing layer. Still, without stablecoins, the application layer's share drops to just 24.0%, pointing to a trend driven by specific use cases.

# 02 / Crypto Market Performance

Likely driven by the 90-day pause on tariffs, the cryptocurrency market cap increased by 10.8% in April, reflecting a strong recovery from the previous month. While the pause on most countries (excluding major trade partners like Canada, Mexico, and China) provided temporary relief, investors still remained skeptical about the situation in the long-term. Ongoing macroeconomic uncertainty and trade tensions continue to weigh on global trade and business sentiment.

Interestingly, Bitcoin shows signs of decoupling from traditional markets. Despite a brief correction to US$75K, Bitcoin rebounded to over US$90K by the end of April, showing its resilience as an asset class and proving its function as a hedge against the current market uncertainty. Bitcoin spot ETFs also experienced the largest inflows since the start of 2025, marking a dramatic increase in market appetite for Bitcoin.

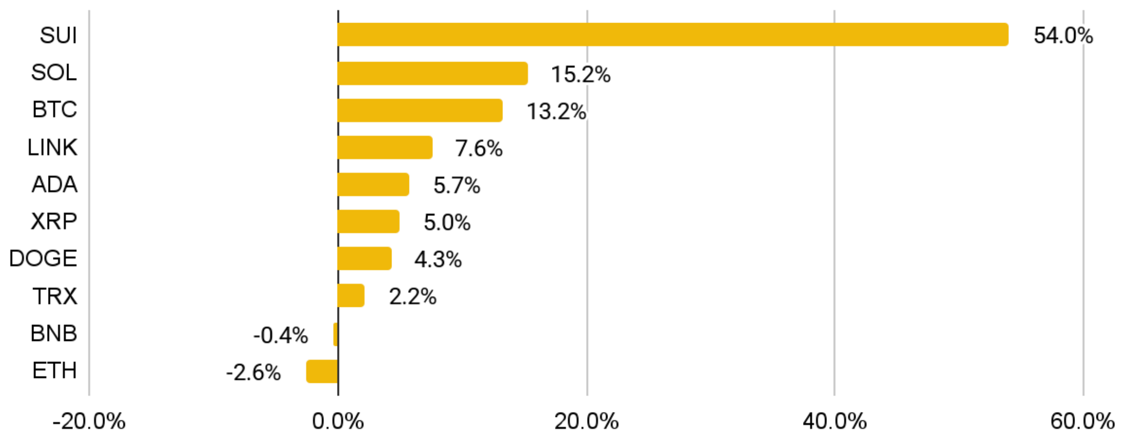
April was a positive month for U.S. crypto regulation – marked by landmark acts and executive orders, including the nullification of the IRS's digital asset reporting obligations for DeFi platforms. Furthermore, U.S. bank regulators eased restrictions on bank crypto activities, which means banks no longer have to notify the Fed about such activities. Together, these developments indicate a clear trend toward the mainstream adoption and deeper integration of digital assets into the traditional financial system.

**Figure 1: Monthly crypto market capitalization increased by 10.8% in April**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2025** | 4.3 | -20.2 | -4.4 | 10.8 | | | | | | | | |
| **2024** | 0.4 | 40.0 | 16.3 | -11.3 | 8.6 | -11.4 | 5.6 | -12.4 | 8.0 | 2.8 | 39.9 | -4.5 |
| **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 |

Source: CoinGecko
As of April 30, 2025

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




Source: CoinMarketCap
As of April 30, 2025

In descending order of performance:

- In April, SUI rose by 54.0%,alongside a sustained growth in daily active addresses, hitting the peak of 2.5M in the month of April and a 40% growth in total value locked (TVL). This could be due to two major news — Grayscale launching a dedicated SUI trust which offers institutional investors exposure to the token and the SUI foundation partnering with xPortal and xMoney to issue a virtual Mastercard linked to SUI, enabling 2.5 million users across Europe to spend in SUI.

- SOL experienced a 15.2% gain in April following the launch of the first spot SOL ETF in Canada, setting a precedent for others and fueling investor demand. Anticipation for US spot SOL ETF is also increasing with Fidelity and Grayscale both filing with the SEC. Solana focused treasury company DeFi Development Corp raises US$1B to buy more Solana, having already acquired US$48.2M in Solana. This is coupled with similar firms like GSR and Upexi who both raised US$100M to accumulate Solana as well.

- BTC rose by 13.2% amid increasing volatility in the traditional markets due to macroeconomic factors and dollar weakness. Investors are increasingly turning to Bitcoin as an alternative investment or hedge amidst these turbulent times with BTC spot ETF inflows rising to January highs. On the strategic Bitcoin reserve front, Arizona took a landmark step toward public Bitcoin adoption, with lawmakers passing two bills that would enable the state to invest public funds in digital assets like Bitcoin. Similar efforts remain under consideration in other U.S. states.

- LINK climbed 7.6%, potentially attributed to significant exchange outflows of over US$120M in April. There is also growing institutional adoption from entities such as SWIFT and DTCC on Chainlink's Cross-Chain Interoperability Protocol (CCIP), which may act as an ongoing catalyst going forward.

- ADA, DOGE and TRX saw modest gains of 5.7%, 4.3% and 2.2%, respectively. There is a rising likelihood of a Cardano ETF being approved in 2025, and ongoing discussions about launching Ripple's RLUSD stablecoin on the Cardano network.

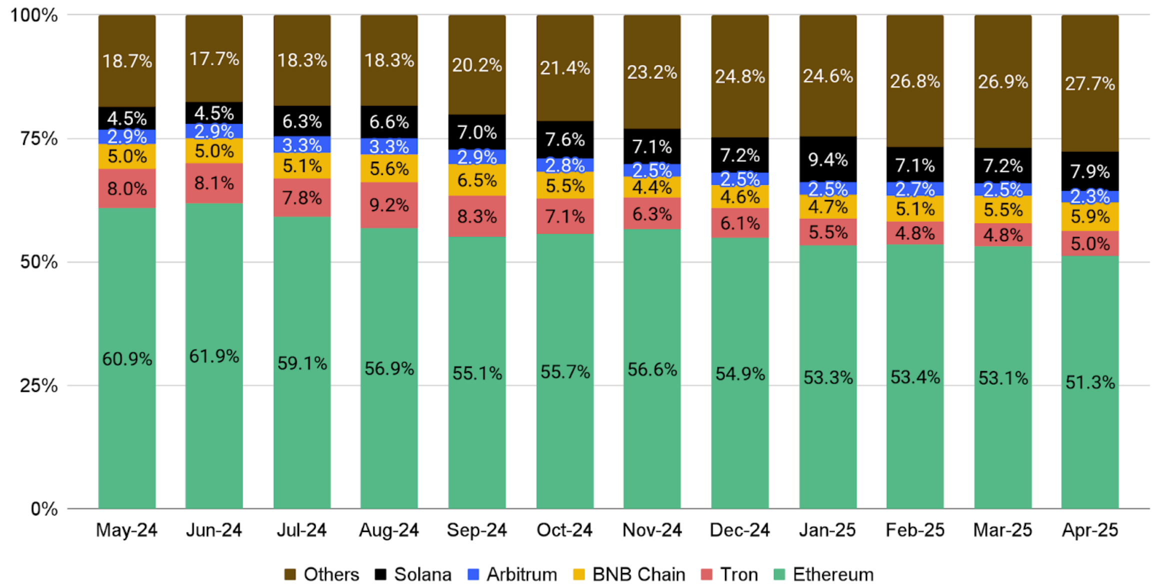
- With the launch of RLUSD (Ripple's own stablecoin) and high institutional interest in filing for spot XRP ETFs, XRP ended April with a 5.0% gain. The ongoing SEC vs. Ripple lawsuit, however, continued to weigh on its performance. On a more positive note, the SEC has approved ProShares XRP futures ETF, paving the way for spot XRP ETFs.

- BNB declined 0.4%, seeing muted growth from a strong month in March. BNB chain saw a successful completion of the Lorentz hard fork upgrade, lowering block time to 1.5s. To enhance ecosystem liquidity, BNB announced a US$100M liquidity incentive for centralized exchange listings. BNB completed its 31st quarterly burn on US$916M of tokens, further reducing the supply towards 100M. TVL grew 10% and positive developments for the BNB ecosystem include Ethena launching USDe on the BNB chain and the launch of Lista Lending to reshape lending on the BNB chain.

- ETH fell by 2.6%, showing continued weakness compared to other altcoins, as the road ahead remains uncertain and competition intensifies. However, ETH experienced a strong rebound toward the end of April, reclaiming the US$1800 level. This is likely driven by growing enthusiasm for the upcoming upgrades to the L1 in early May, including significant improvements to validator staking, and network scalability through blobs.

# 2.1 Decentralized Finance (DeFi)

**Figure 3: TVL share of top blockchains**




Source: DeFiLlama
As of April 30, 2025

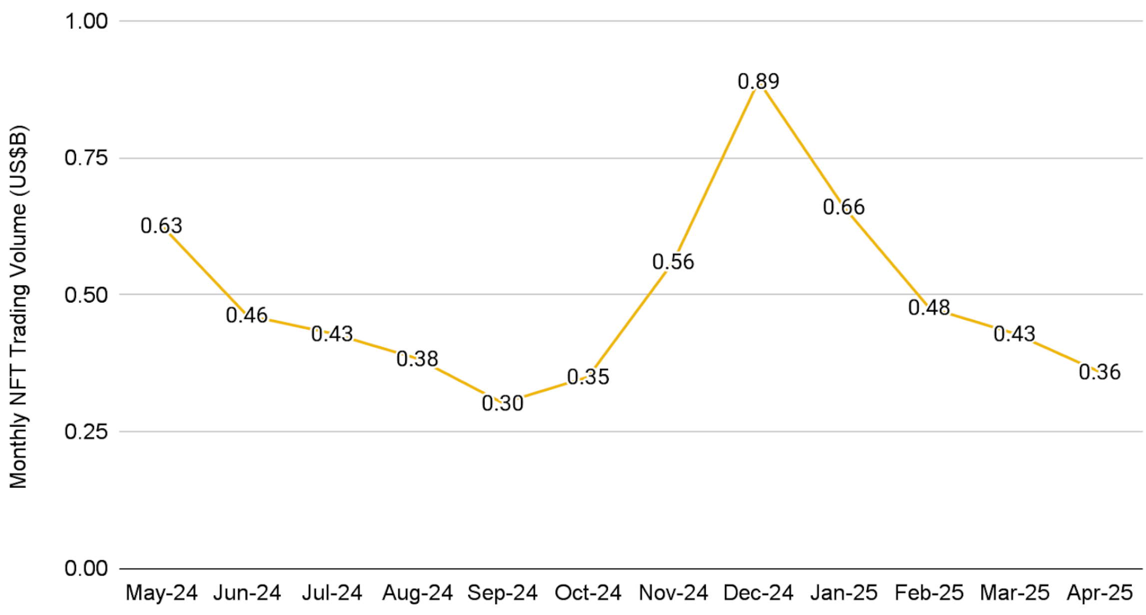
In April 2025, DeFi Total Value Locked (TVL) rose 3.3% month-on-month (MoM), aligning with the broader cryptocurrency market trend and more favorable regulations. In early April, Trump signed a bill nullifying the expanded IRS crypto broker rule, which had expanded the definition of a broker to include decentralized exchanges (DEXes), marking a significant win for the DeFi sector.

Building on March's momentum, the stablecoin market increased by 1%, further supported by the advancement of the STABLE act, originally proposed in 2020. The act aims to establish a federal regulatory framework for issuing and operating USD-denominated payment stablecoins, focusing on transparency and accountability. Compared to the GENIUS act, the STABLE act takes a more centralized approach, imposing stricter rules and requiring stablecoin issuers to be federal or state approved entities. Issuers must meet strict financial conditions like no interest payments to holders and maintain reserves on a 1:1 basis with U.S. assets. The act also includes a two-year prohibition on the issuance of new algorithmic stablecoins. Meanwhile, USDC continues to outpace USDT's growth, with its market share rising from 25.7% to 26.2%.

Among the top five DeFi ecosystems, only BNB Chain, Solana and Tron experienced TVL growth, while Ethereum and Arbitrum continue to lose market share. DeFi users are increasingly prioritizing faster and lower-cost experiences in their trading activities, opting for whichever chain best enables these advantages.

# 2.2 Non-Fungible Tokens (NFTs)

**Figure 4: Monthly NFT trading volume**




Source: CryptoSlam
As of April 30, 2025

In April 2025, the NFT market declined sharply, with total sales volume dropping 16.3%. Despite an upturn in the cryptocurrency markets, the number of unique buyers hit its lowest level since March 2021, reflecting a lack of demand driven by macroeconomic uncertainty and fading speculative interest from investors.

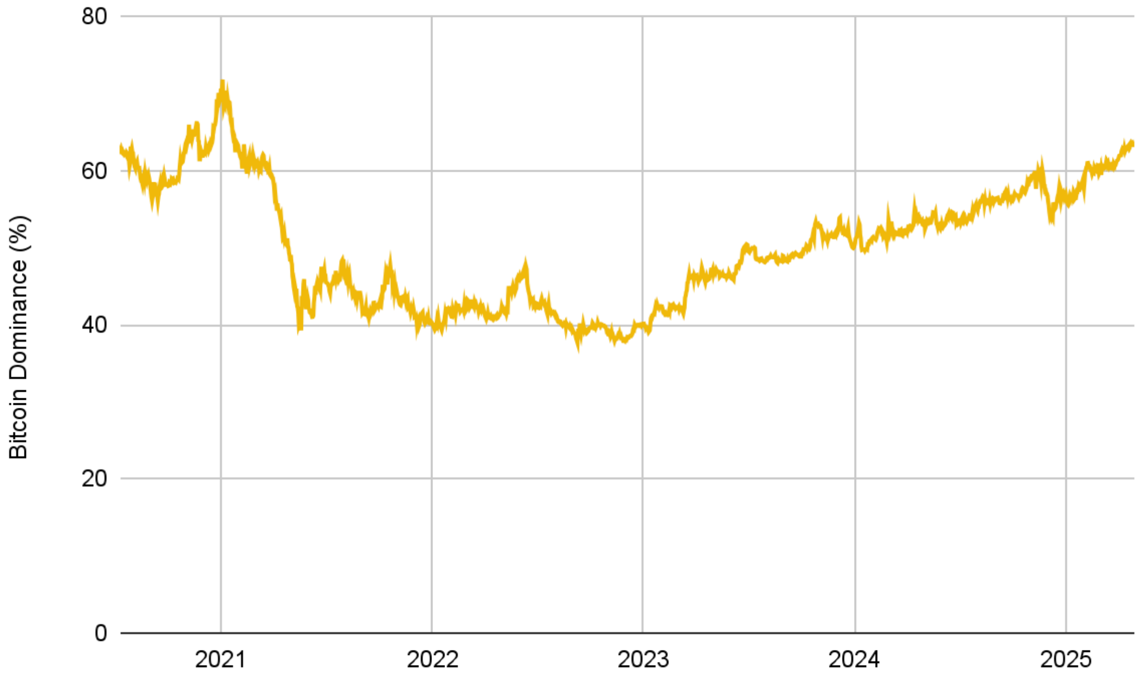
Ethereum-based NFT sales continue to decline by over 42.7%, despite maintaining its position as the top chain for NFT sales. Closing the lead is Polygon, clinching the second spot in NFT sales largely due to the rise in popularity of RWA-based NFT platform Courtyard, which tokenizes collectible cards as NFTs. Among the top 20 NFT collections, Bored Ape Yacht Club and Mutant Ape Yacht Club saw an uptick in sales by 40%.

With the recent slowdown in NFT activity, OpenSea regained its market lead as the top NFT marketplace, with over 2.1 million wallets engaging with the platform in the past three months. This comes amidst fierce competition from other platforms like Magic Eden, which recently acquired Slingshot to broaden its offerings.

# 03 / Charts of the Month

## BTC Dominance Continues its Multi-Year Uptrend

**Figure 5: Bitcoin dominance has been on a steady rise since late 2022, pushing to new highs of 63% this month**




Source: Glassnode, Binance Research
As of April 30, 2025

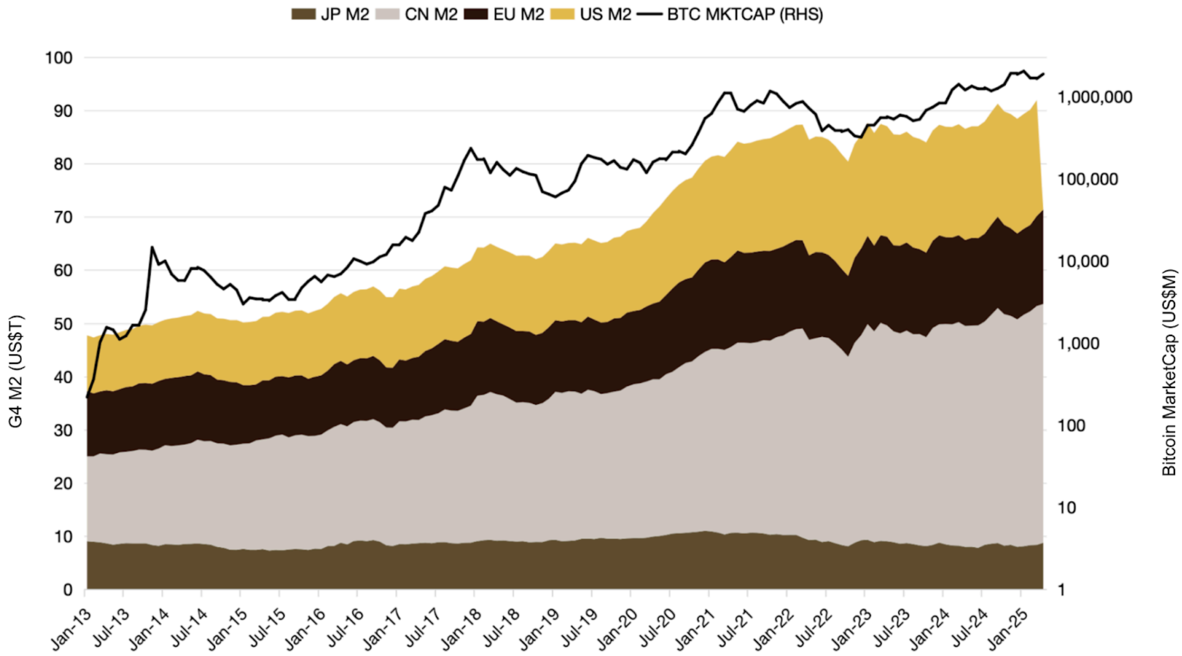
Bitcoin's dominance in the crypto market has steadily risen to a four-year high of 63% — bolstered by its "digital gold" narrative and subsequent adoption as a reserve asset by numerous governments and corporations. Bitcoin continues to stand out among the other crypto assets, with its ETF attracting significantly larger inflows than Ethereum's, suggesting greater institutional interest in Bitcoin compared to the second-largest crypto asset.

Bitcoin's "digital gold" narrative remains robust amid recent market turbulence. Geoffrey Kendrick, Standard Chartered's Global Head of Digital Assets Research, **highlights Bitcoin's role as a hedge** against financial system risks, forecasting higher prices by the end of 2025.

As financial conditions remain tight and geopolitical uncertainties, including tariff-related issues, persist, Bitcoin's "digital gold" appeal is likely to continue driving its outperformance compared to other higher-risk crypto assets. For an in-depth analysis of Bitcoin's performance during recent tariff-driven market shifts, refer to our article: **Tariff Escalation and Crypto Markets: Impact Analysis.**

## Bitcoin's Link to Global M2 Expansion

**Figure 6: Bitcoin's market cap has shown a strong positive relationship with G4 M2 expansion**




Source: FED, ECB, PBoC, BoJ, Binance Research
As of April 30, 2025

The aggregate M2 money supply of the G4 economies (U.S., China, EU, Japan), denominated in U.S. dollars, exhibits a steady long-term growth trend. In April, it is projected to surpass US$93T, marking a new historical high, the fifth consecutive monthly rebound, and the third record set this year.

Bitcoin's market cap has shown a strong positive relationship with the G4 M2 expansion. Major surges in Bitcoin's value have often coincided with periods of sustained growth in G4 M2. This relationship is supported by quantitative evidence: the 24-month rolling correlation coefficient between G4 M2 and Bitcoin's market cap remains firmly positive, currently standing at 0.79, indicating a strong directional alignment.

Recent M2 fluctuations are driven by key factors, including shifts in major central bank policies such as the Federal Reserve's slower pace of quantitative tightening (QT) and the European Central Bank's rate cuts, ongoing fiscal support through rising U.S. deficits, the EU's move away from austerity, and China's issuance of special government bonds. Furthermore, U.S. dollar depreciation has passively inflated the USD-denominated value of M2 across other G4 economies. Theoretically, M2 growth can influence Bitcoin through several transmission mechanisms:

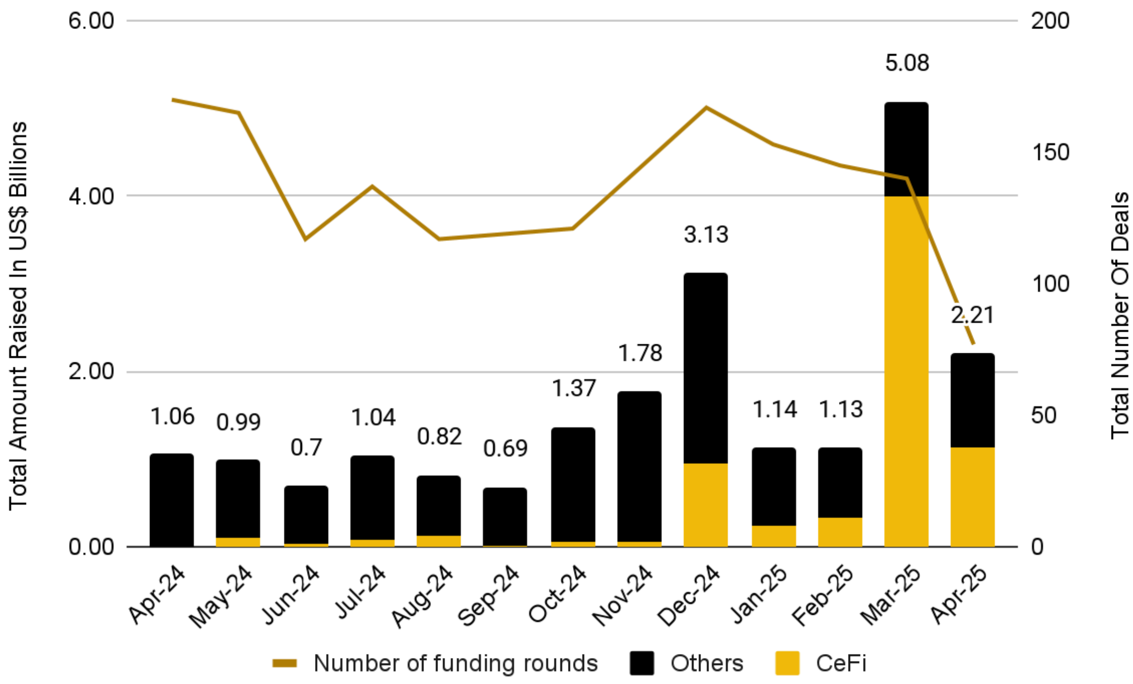
- **Enhanced Liquidity and Risk Appetite**: M2 expansion increases system-wide liquidity and typically loosens monetary conditions, boosting investor risk appetite. Greater available capital and a stronger willingness to seek higher risk to reward assets can drive fund flows into markets like cryptocurrencies, including Bitcoin.

- **Inflation Hedge Demand**: Rapid M2 growth can heighten expectations of future inflation and fiat devaluation, boosting interest in store-of-value assets – particularly Bitcoin in the crypto context, which is often viewed as "digital gold".

Looking ahead, with the U.S. in a rate-cutting cycle and QT gradually halting, G4 M2 could continue setting new records over the next one to two years. If historical patterns hold, further monetary expansion may sustain a favorable macro backdrop for the broader cryptocurrency market.

# CeFi Investment On The Rise Amid Shift In Crypto Regulation

**Figure 7: CeFi companies form a more significant percentage of funds raised since December 2024, coinciding with a shift in crypto regulation**




Source: Cryptorank, Binance Research
As of April 30, 2025

Crypto fundraising hit a 12 month high of US$5.08B raised in March 2025 after a slow start to the year. However, the number of fundraising rounds has remained on the decline since December 2024. This could mean that while capital may still be available, investors are becoming more selective in terms of capital deployment.

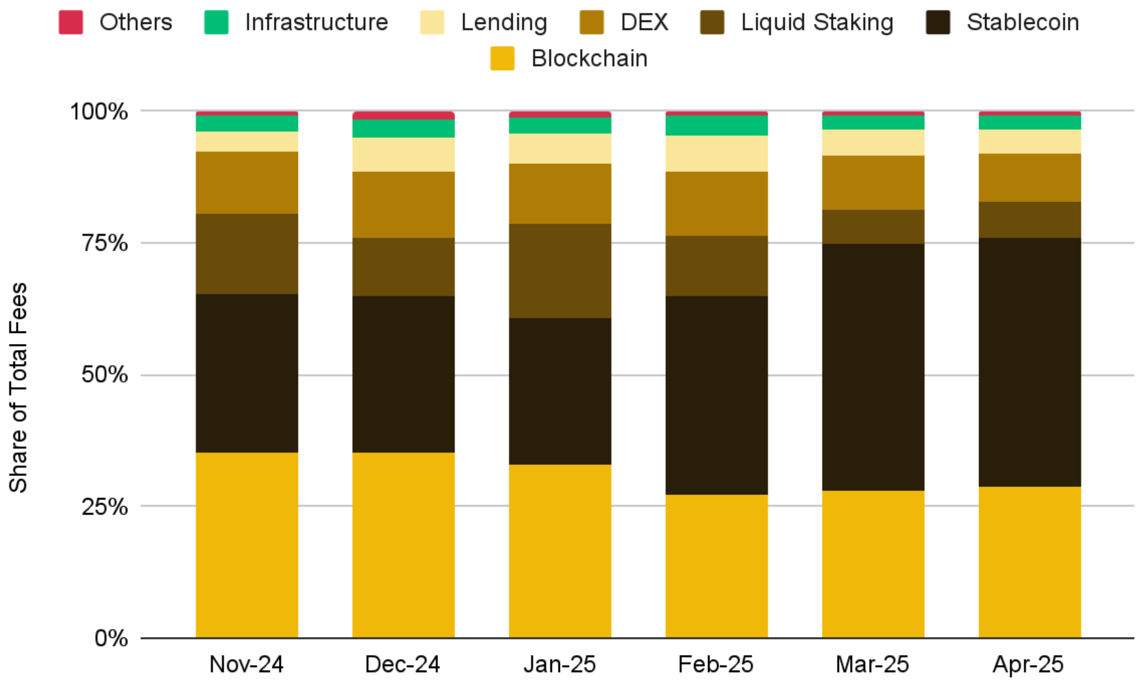
Notably, CeFi companies have accounted for an average of 41.42% of total funds raised from December 2024 to April 2025, up from just 6.07% between April and November 2024. The increase in proportion of total funds raised for CeFi companies coincided with the shift in regulatory landscape for crypto following the election of President Trump.

We are also seeing institutionalization of CeFi fund raising, such as a US$2B investment into Binance led by Abu Dhabi-based institutional investor MGX, or the acquisition of NinjaTrader by Kraken and Hidden Road by Ripple for US$1.5B and US$1.25B respectively. This trend has continued with the establishment of financing vehicles acquiring crypto assets as part of treasury strategies. For example, 21 Capital — backed by Tether, Softbank and Cantor — is focused on acquiring Bitcoin. Meanwhile, companies like Sol Strategies and Upexi are issuing private placement notes to acquire Solana.

Overall, we can expect CeFi to take center stage as the regulatory framework for crypto assets in the U.S. continues to become clearer.

## Fee Shift Toward the Application Layer

**Figure 8: Application layer now dominates fee capture, signaling a structural shift in on-chain value distribution**




Source: Token Terminal, Binance Research
As of April 30, 2025

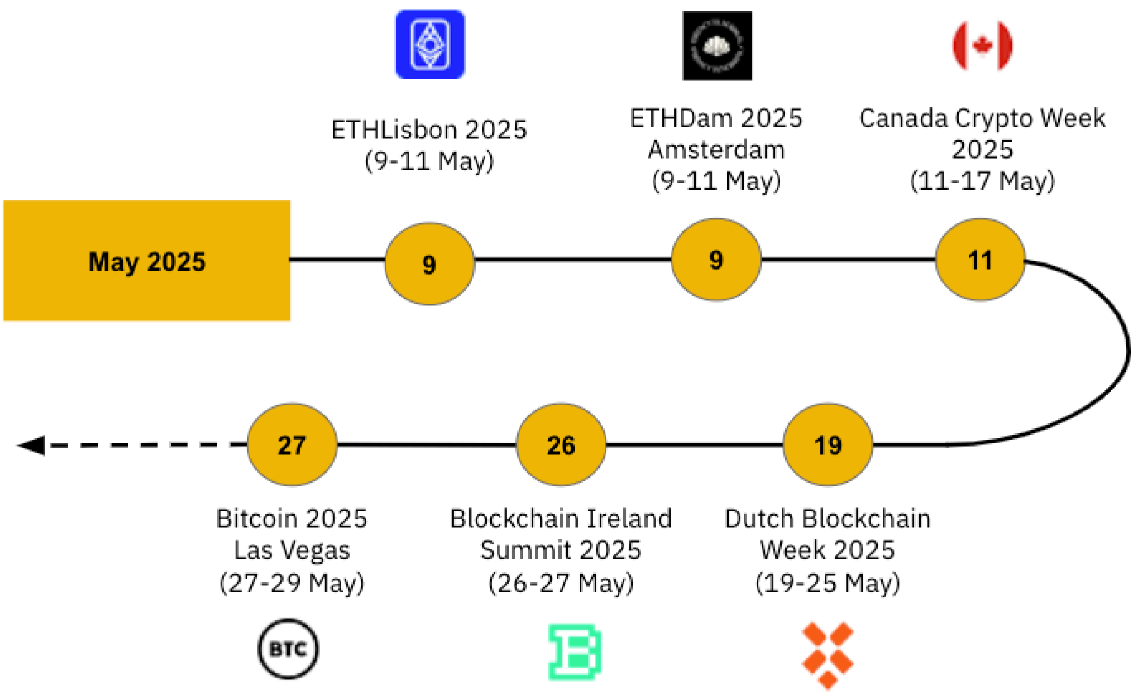
Application layer fees now make up over 70% of total on-chain fees, a clear sign of how value capture is shifting within the crypto stack. In contrast, protocol layer (i.e., base blockchain) fees — totaling US$393.8M in April — now account for just 28.8% of fees, down from US$706.7M and a 35.2% share just six months ago. This transition gives weight to the "fat app" thesis: as blockchain infrastructure becomes increasingly commoditized, more of the economic activity is moving upward into the application layer.

The shifting fee dynamics has been led by stablecoin issuers, which generated US$644.1M in April alone — accounting for a dominant 47.2% of total fees. This isn't surprising given the flight-to-safety behavior in today's uncertain macro environment. Decentralized Exchange (DEX) followed with US$121.5M (8.9% share), and Liquid Staking came in third at US$94.6M (6.9%), though notably down from its 15.2% peak share in January.

While application layer growth appears strong, it's important to note how heavily this trend is currently skewed by stablecoin usage. Excluding stablecoins, application layer fees fall back to just 24.0%, suggesting that sustained app-led dominance may still depend on broader category expansion. Whether other market sectors can step in and whether this shift holds outside the current macro backdrop remains a key trend to watch.

# 04 / Upcoming Events and Token Unlocks

**Figure 9: Notable Events in May 2025**




Source: Cryptoevents, Binance Research

**Figure 10: Largest token unlocks in US$ terms**

| PROJECT | TOKEN | UNLOCK IN US$ EQUIVALENT | % OF SUPPLY | UNLOCK DATE |
|---|---|---|---|---|
| | WBT | 1,150M | 9.87% | 13 May |
| | PYTH | 343M | 21.30% | 20 May |
| | SUI | 317M | 2.97% | 1 May |
| | APT | 62M | 0.98% | 12 May |
| | OMNI | 42M | 16.00% | 02 May |
| | ENA | 34M | 3.66% | 19 May |
| | ZKJ | 34M | 1.08% | 21 May |
| | ARB | 31M | 2.14% | 19 May |
| | SAROS | 28M | 1.13% | 7 May |
| | JTO | 21M | 2.07% | 21 May |

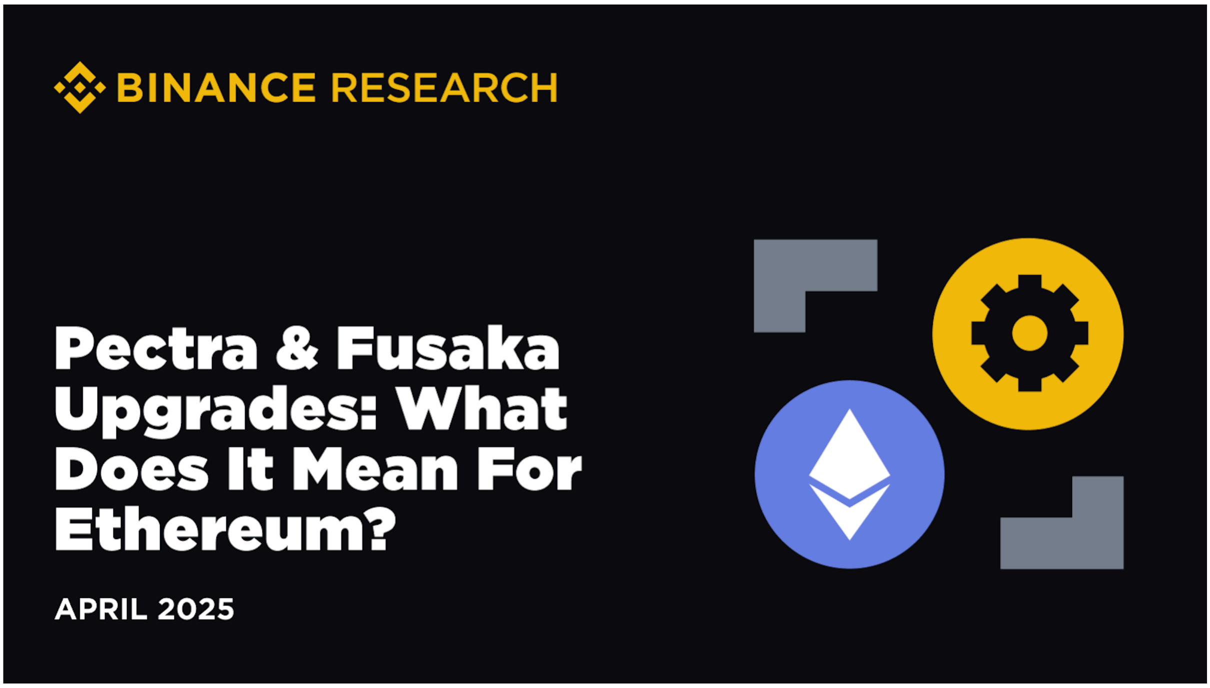
Source: CryptoRank, Binance Research

# 05 / References


defillama.com/
coinmarketcap.com/
cryptoslam.io/
token.unlocks.app/
dune.com/
itez.com/events
cryptorank.io/

# 06 / New Binance Research Reports

**Pectra and Fusaka Upgrades: What does it mean for Ethereum?: Link**
Breaking down the upcoming Pectra and Fusaka upgrades and what it means for Ethereum in the long term




**Tariff Escalation and Crypto Markets: Impact Analysis Link**
An analysis of recent tariff-driven macro trends and how crypto fits into a protectionist world

# 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 topics related but not limited to, the crypto ecosystem, blockchain technologies, and the latest market themes.

## Moulik Nagesh

**Macro Researcher**

Moulik is a Macro Researcher at Binance and has been involved in the cryptocurrency space since 2017. Prior to joining Binance, he held cross-functional roles at Web3 and Silicon Valley-based tech companies. With a background in co-founding startups and a BSc in Economics from the London School of Economics and Political Science (LSE), Moulik brings a well-rounded perspective to the industry.

## Joshua Wong

**Macro Researcher**

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

## Henry Ang

**Macro Researcher**

Henry is part of the Binance Macro Research team. Prior to joining Binance, he invested in crypto ventures for Bixin Ventures and BACKED VC. He holds a Bachelor of Social Sciences in Economics from the National University of Singapore.

## Michael JJ

**Macro Researcher**

Michael is a macro researcher at Binance. Prior to this, he worked as an economist at a U.S. private wealth management firm, focusing on cross-asset allocation. He also served as editor-in-chief at a media company, overseeing cryptocurrency reporting and educational content. Earlier in his career, he was a consultant at Ernst & Young and a crude oil trader at an energy firm.

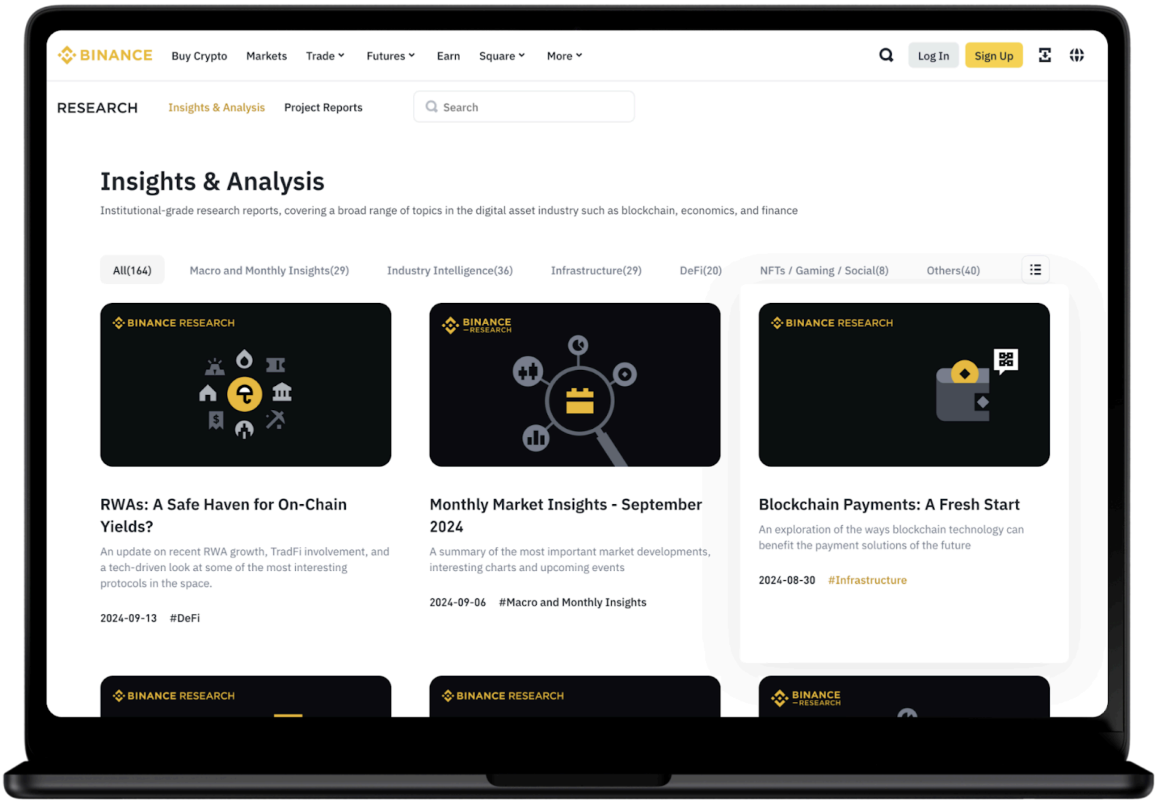
## Asher Lin Jiayong

**Macro Research Intern**

Asher is currently a Macro Research Analyst intern at Binance. Prior to this, he worked at a token management platform in New York and as a data analyst in a Swedish AI startup. He holds a Bachelor of Science in Business Analytics from the National University of Singapore and has been involved in the cryptocurrency space since 2018.

# Resources

Binance Research **Link**




Share your feedback **here**

**GENERAL DISCLOSURE:** This material is prepared by Binance Research and is not intended to be relied upon as a forecast or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities, cryptocurrencies or to adopt any investment strategy. The use of terminology and the views expressed are intended to promote understanding and the responsible development of the sector and should not be interpreted as definitive legal views or those of Binance. The opinions expressed are as of the date shown above and are the opinions of the writer, they may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Binance Research to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Binance. This material may contain 'forward looking' information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader. This material is intended for information purposes only and does not constitute investment advice or an offer or solicitation to purchase or sell in any securities, cryptocurrencies or any investment strategy nor shall any securities or cryptocurrency be offered or sold to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the laws of such jurisdiction. Investment involves risks. For more information, please click here.