

# Q2 State of Crypto: Market Pulse

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July 2023

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# Key Takeaways

Market Pulse is a compilation of key charts and insights by Binance Research, shedding light on the state of crypto.



## Market Overview

Q2 was a modest quarter for crypto. Total crypto market capitalization rose by 0.4% QoQ despite an uncertain macroeconomic and regulatory environment.



## Layer 1s

Blockchain activity bounced back in Q2. From a price perspective, Bitcoin had a great quarter, while Avalanche outperformed in daily transactions and unique addresses.



## DeFi

Q2 marked a period of decline for DeFi as Total Value Locked (“TVL”) fell 11.2% QoQ, ending the quarter at US\$44.2B.



## NFTs

NFT sales fell 23% QoQ in Q2, which was in tandem with the declining price performance (-19%), as measured by the NFT-500 index.



## Gaming

The gaming landscape was led by BNB Chain, Ethereum, and Polygon, with more than 67% market share (by number of games).

# Market Overview

# Crypto Market Overview

Market capitalization **increased** marginally in Q2

Global Crypto Market Capitalization



**+0.4% QoQ**

- Crypto market capitalization (“market cap”) increased by 0.4% in Q2 2023.
- Despite regulatory uncertainties, the crypto market remained relatively resilient, with a flurry of ‘spot Bitcoin ETF’ applications from traditional institutions such as Blackrock. As a result, Bitcoin shattered the \$30,000 ceiling in June, reaching its highest level for the year.

# Crypto Fear & Greed Index

The Index **fell** slightly but remains above 50

Fear and Greed Index



## -7 points in Q2

- The Crypto Fear & Greed Index, which measures market sentiment, reached a high of 69 points on April 17 and ended the quarter at 56 points, indicating positive sentiment.
- This is a stark contrast to Q1, when the index was hovering around the “neutral” zone, dipping into “fear” for a period of time.

# Crypto Unicorn Index

## Number of coins with a market cap >US\$1B fell in Q2

Number of Coins With Market Capitalization Above US\$1B



**-25.9 % QoQ**

- The number of coins with a market cap >US\$1B decreased from 54 in Q1 to 40 in Q2.
- This came as the SEC cracked down on certain altcoins, labeling them as 'unregistered securities'. As a result, investors have shunned many of these tokens, causing an overall plunge in their market capitalization.

# Performance of Largest Coins by Market Cap

The top 3 coins held their spot in 2021, 2022 and YTD

Price Performance of the Top 10 Coins (2017 to YTD)

	2017	2018	2019	2020	2021	2022	2023 YTD
Decreasing Market Cap	Bitcoin 1317.08%	Bitcoin -72.39%	Bitcoin 92.48%	Bitcoin 308.91%	Bitcoin 59.70%	Bitcoin -64.42%	Bitcoin 83.49%
	XRP 34096.50%	XRP -84.11%	Ethereum -2.99%	Ethereum 478.27%	Ethereum 397.84%	Ethereum -68.17%	Ethereum 61.26%
	Ethereum 8762.26%	Ethereum -81.94%	XRP -45.46%	XRP 24.75%	BNB 1258.62%	BNB -54.25%	BNB -0.80%
	Bitcoin Cash 451.97%	Bitcoin Cash -93.21%	Bitcoin Cash 26.19%	Litecoin 217.78%	Solana 10682.40%	XRP -59.68%	XRP 38.80%
	Cardano 3400%	EOS -66.60%	Litecoin 37.44%	Polkadot 188.93%	Cardano 620.39%	Dogecoin -56.45%	Cardano 15.00%
	Litecoin 5019.14%	Stellar -73.92%	EOS 1.34%	Bitcoin Cash 73.63%	XRP 251.18%	Cardano -81.21%	Dogecoin -4.77%
	IOTA 867.48%	Litecoin -86.39%	BNB 130.73%	Cardano 452.21%	Terra Classic 13310.47%	Polygon -68.92%	Litecoin 52.60%
	NEM 29070.31%	Bitcoin SV 5.84%	Bitcoin SV 9.60%	BNB 180.23%	Avalanche 3408.97%	Polkadot -84.90%	Solana 89.15%
	Dash 9377.84%	Tron -57.00%	Tezos 194.10%	Chainlink 542.13%	Polkadot 197.82%	Tron -29.53%	Polkadot 18.32%
	Stellar 17666.95%	Cardano -94.15%	Stellar -60.09%	Bitcoin SV 72.34%	Dogecoin 3389.64%	Litecoin -54.24%	Polygon -12.88%



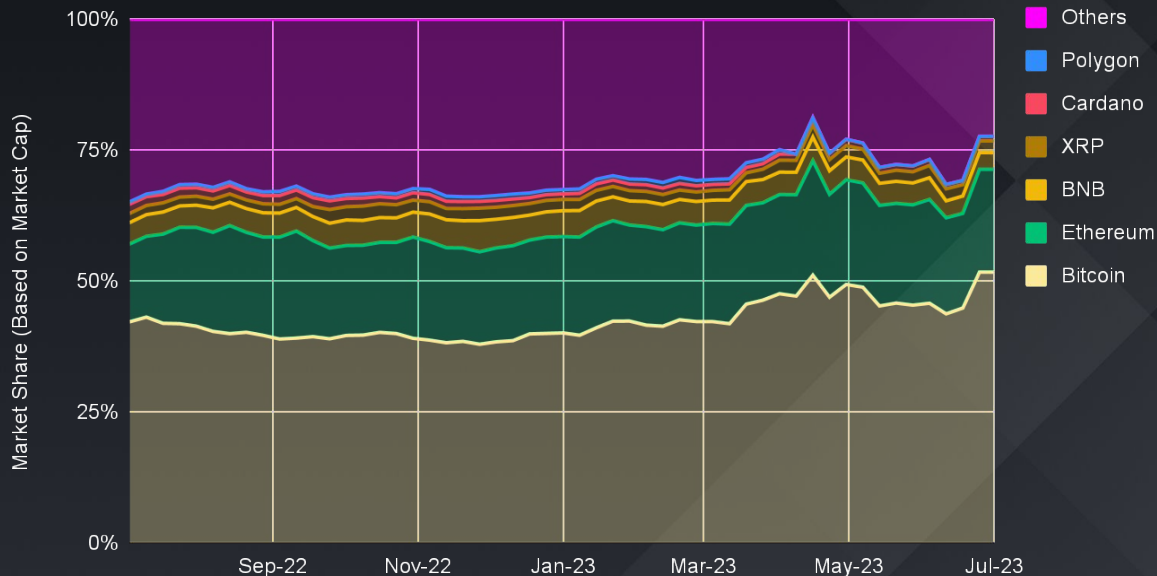
**+34% average performance in Q2**

- BTC, ETH, and BNB remain the top 3 coins by market capitalization in 2023, excluding stablecoins.
- Year-to-date, BTC, ETH, LTC, and SOL have exhibited the strongest recoveries, as LTC climbed the ranks and gained interest with its [upcoming halving on August 2](#).

# Market Share of Coins

## BTC dominance increased

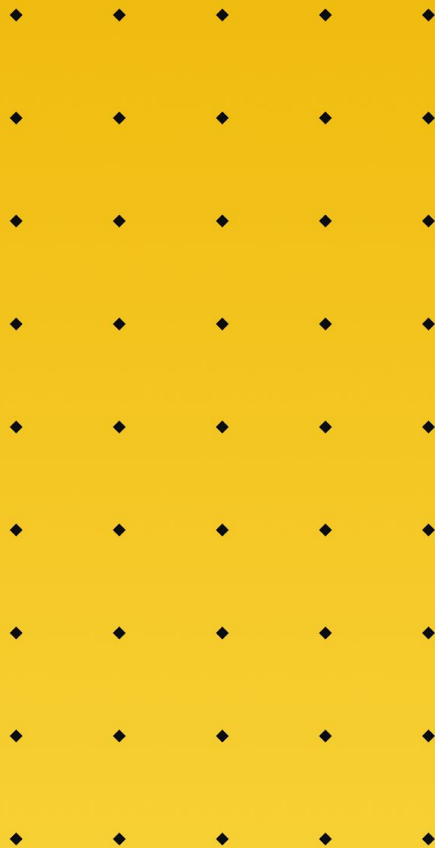
Market Share of Coins



### +5.4% share for BTC

- BTC was the biggest gainer in Q2 as traditional institutions applied for spot Bitcoin ETFs.
- Most other large-cap coins generally maintained market share during the quarter, while those in the 'Others' category suffered a decline of 4.4%.

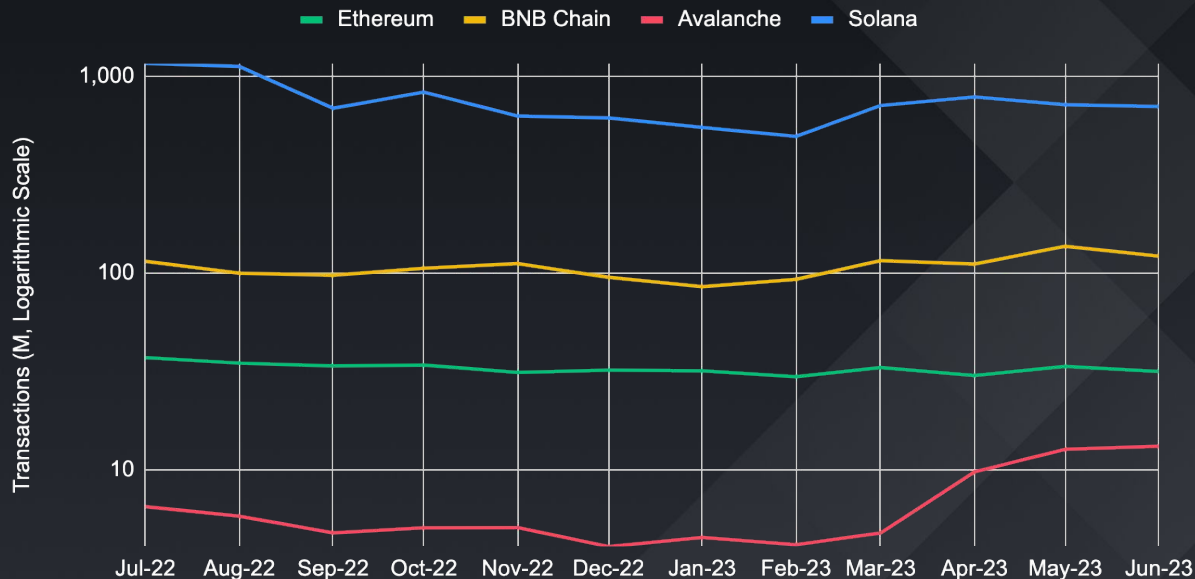
# Layer 1s



# Monthly Transactions by Chain

Up across the board: AVAX was the top gainer in Q2

Number of Transactions (Monthly)



## QoQ Change:

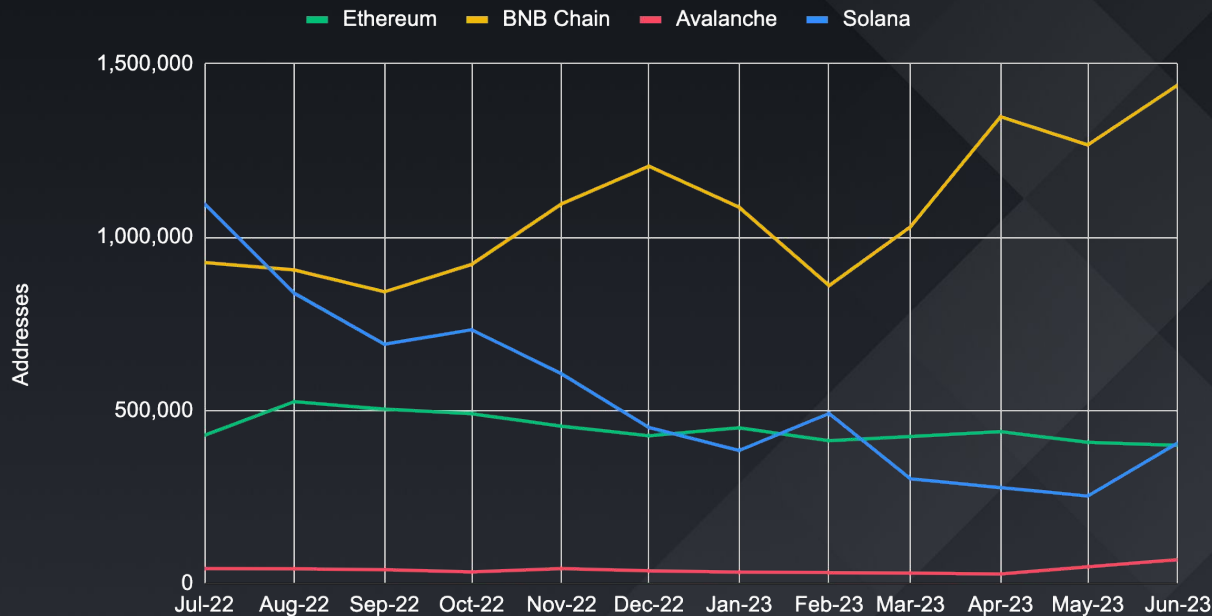
**ETH (-4%); BNB (+5%);  
AVAX (+176%); SOL (-1%)**

- Activity tracked higher across the sample set, with an average ~44% increase across all 4 L1s in Q2.
- This was fuelled by the surge in transaction activity on Avalanche, while Ethereum saw the largest percentage decline in transaction count for the quarter.

# Average Daily Active Addresses by Chain

## Avalanche: the outlier

Average Daily Active Addresses



Source: Etherscan, Bscscan, Snowtrace, Artemis, Binance Research. Data as of 30 June 2023.



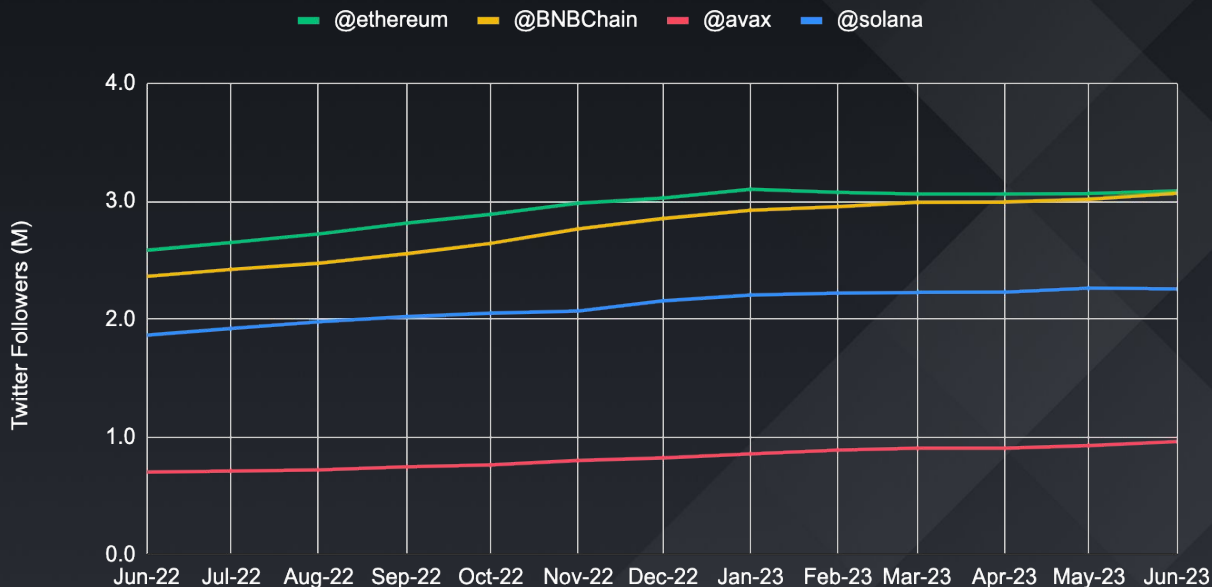
## BNB Chain and Avalanche showed increases in Q2

- Average daily active addresses on Avalanche rose 109% and 50% on BNB Chain, while falling 18% for Ethereum and 69% on Solana.
- BNB Chain active addresses have increased for three consecutive quarters, while Ethereum and Solana have declined in the last nine months.

# Twitter Followers

Followers continue to **increase** across the board

Cumulative Twitter Followers by Official Blockchain Accounts



**@ethereum leads, with @BNBChain a close 2nd**

- @BNBChain (+3% QoQ) and @avax (+6% QoQ) saw the strongest Q2 growth.
- @ethereum continued to lead with over 3M followers, with @BNBChain very close behind.
- On a monthly basis, @ethereum has lagged in its follower count, while the other three L1s in our cohort have steadily increased, as @avax has gained momentum with its follower count.

# BTC: Grayscale Bitcoin Trust (“GBTC”) Premium

The GBTC discount **improved** over Q2

Grayscale BTC Premium Rate (%)



## Discount to NAV:

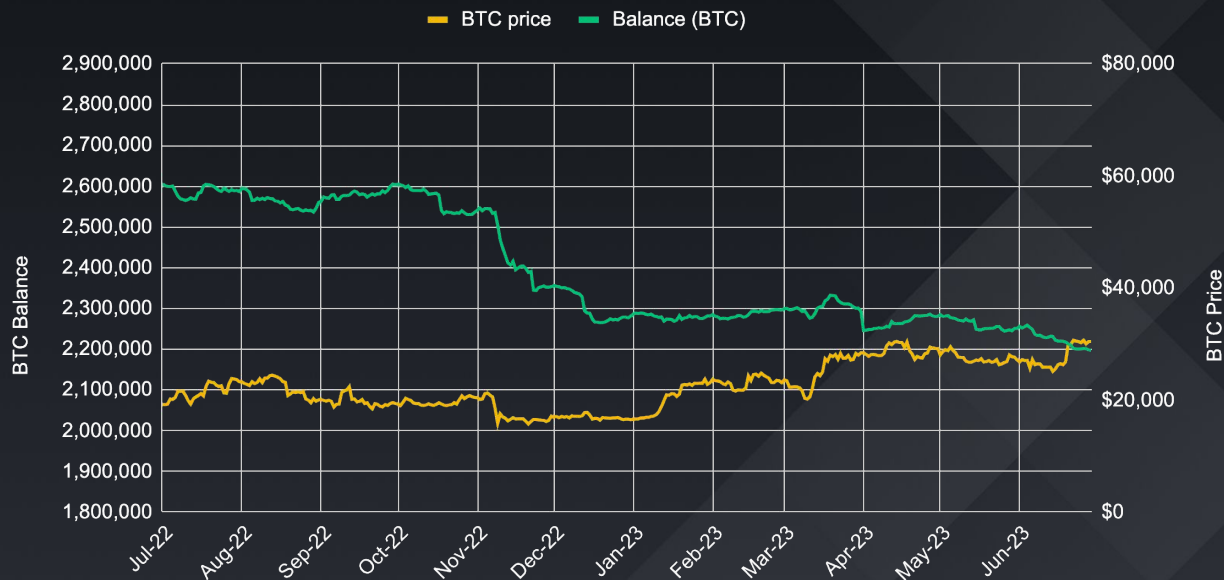
- ◆ End of Q1-23: **-36.7%**
- ◆ End of Q2-23: **-30.2%**

- The GBTC discount has narrowed to its lowest since July 2022 after hovering at over 40% for the year.
- This came as Blackrock filed for a spot Bitcoin ETF, raising optimism that the SEC may approve and potentially convert GBTC's trust structure into an ETF.

# BTC: Bitcoin Balance on Exchanges vs. Price

Price **increased** while balance **decreased** in Q2

BTC Balances on Exchanges vs. BTC Price



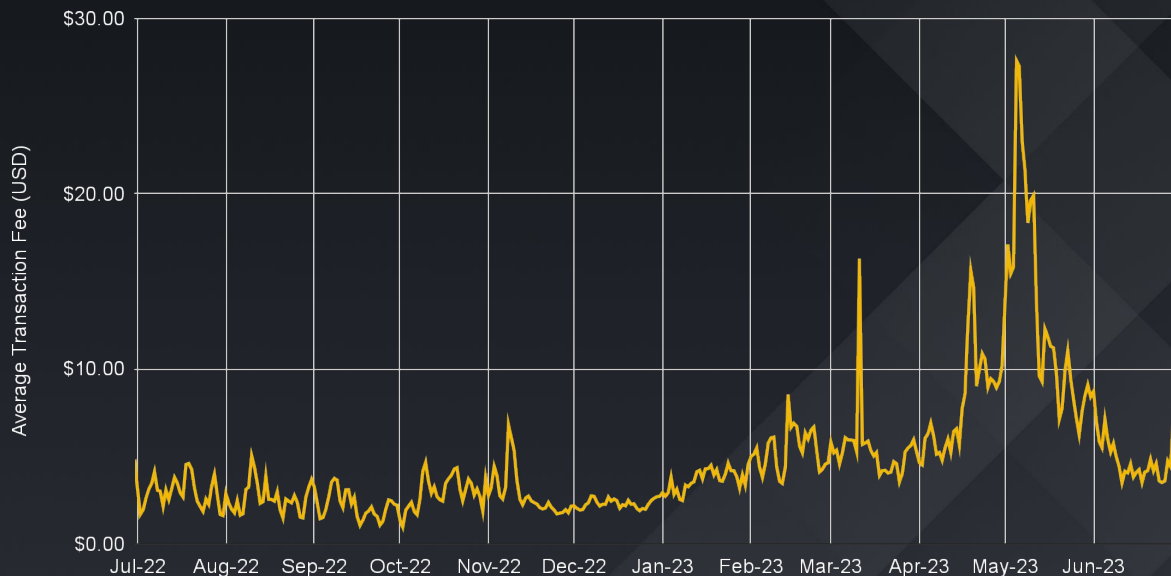
## Continued growth in the second quarter for the largest crypto

- Bitcoin's price rose ~7% in Q1, breaking past \$30,000.
- Bitcoin's balance on exchanges fell by 4.2% across the quarter, compared to the increase of 0.5% observed in Q1. Against the rising demand for self-custody and the emergence of new wallet infrastructures, this number may potentially fall further in the future.

# ETH: Ethereum Transaction Fees

Average Ethereum fees **rose** through Q2

Ethereum Transactions Fees



## Average fees (US\$):

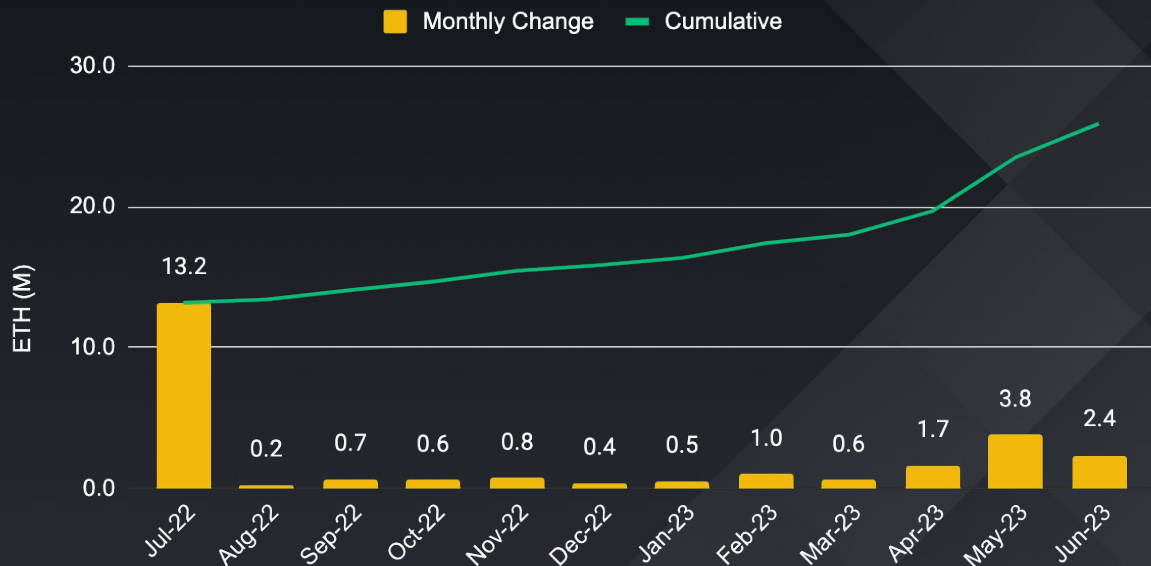
- ◆ Q1-23: 4.8
- ◆ Q2-23: 8.8

- Average transaction fees on Ethereum have risen by 82% across Q2 2023, peaking at \$27.60 on May 5, 2023.
- This spike was largely driven by the emergence of memecoins such as PEPE, driving a frenzy of on-chain transactions to capitalize on this short-lived momentum.

# ETH: Staked ETH Statistics

~20% of all ETH in circulation has been staked

Amount of Staked ETH



**~25.9M ETH is staked**

- Q2 saw a 43.7% increase in the amount of ETH staked, with a notable increase of ~3.8M ETH in May, likely contributed by the successful Shapella upgrade on April 12. This enabled staked ETH withdrawals, encouraging investors to deposit and generate yield.

# BNB Chain: Average Transaction Fee

Users paid an average of \$0.21 for transaction fees in Q2

BNB Chain Transaction Fees



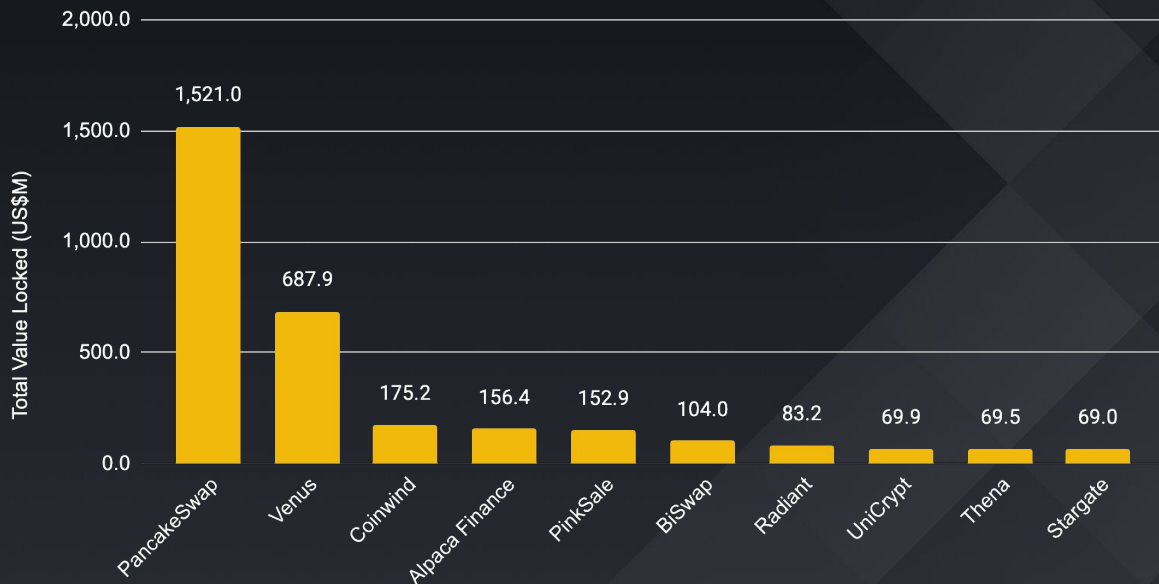
**-43.2% QoQ average fees in Q2**

- Average transaction fees fell from a Q1 average of \$0.25. Despite the rise in activity for BNB Chain in Q2, the decrease can be attributed to the recent [community proposal](#), which sought to reduce transaction costs from 5 Gwei to 3 Gwei. The network has also unveiled its [layer-2 rollup, opBNB](#), which is currently in the testnet phase.

# BNB Chain: Top dApps by TVL

## DEXes and lending remain the largest verticals

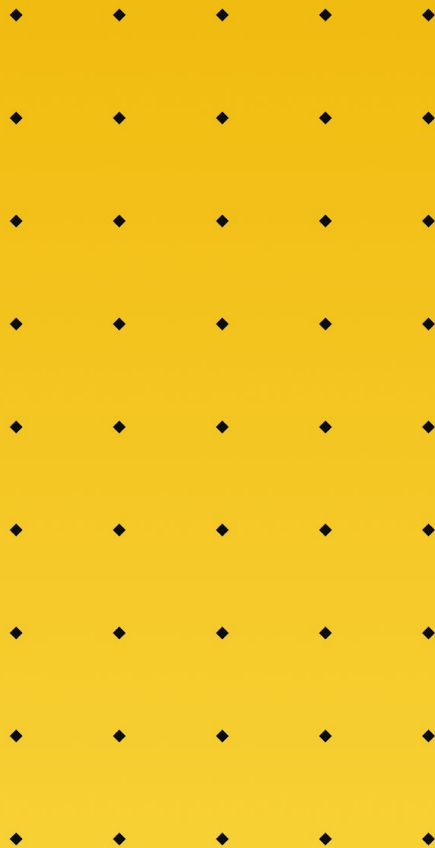
Top 10 dApps on BNB Chain (by TVL)



### PancakeSwap remained the dominant dApp

- PancakeSwap continues to lead despite the entrance of Uniswap onto BNB Chain (Uniswap has ~US\$14.7M in TVL).
- Notable developments include PancakeSwap V3, which introduced 'concentrated liquidity' in April to enhance the capital efficiency of its liquidity pools; Venus Protocol has also looked into investing US\$20M in RWAs by collateralizing VAI via a proposal from Credix, generating yield for its users.

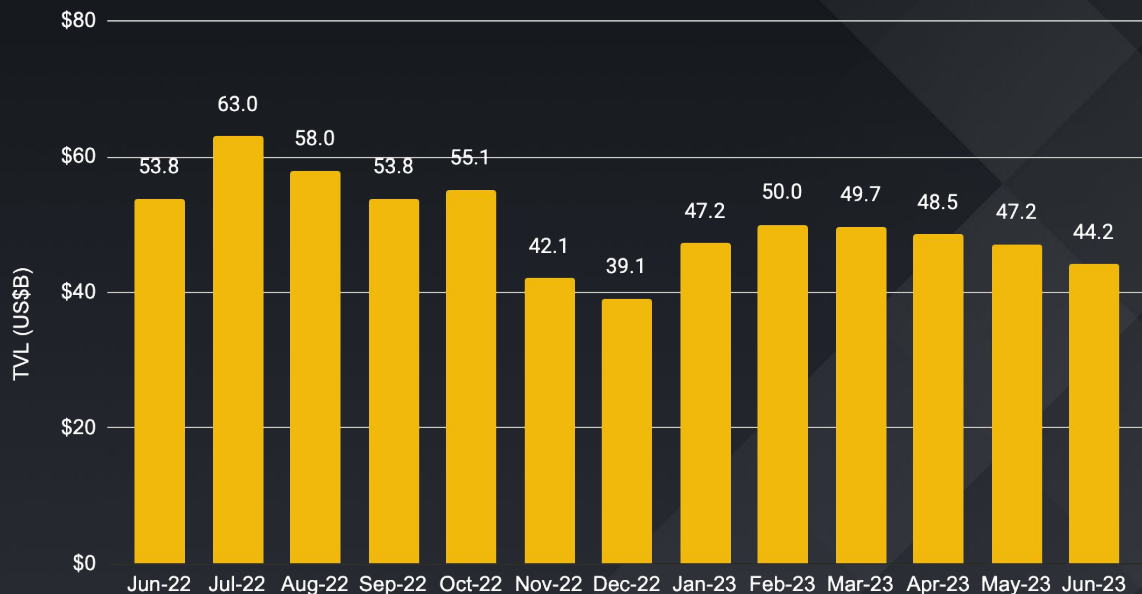
# DeFi



# DeFi TVL

## DeFi TVL fell in Q2

DeFi TVL



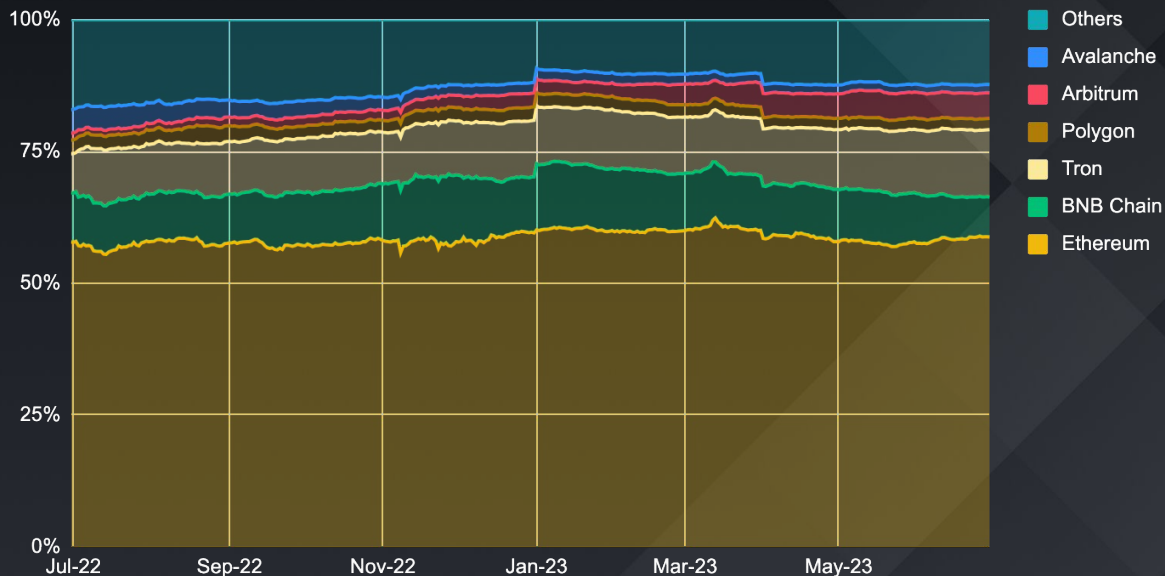
**-11.2% QoQ**

- DeFi TVL fell to US\$44.2B in June 2023, down from the peak of US\$50B observed in February.
- Nonetheless, DeFi TVL has largely remained above the previous low in December 2022.

# Market Share by TVL

## Tron showed signs of growth

Defi TVL Market Share by Chain



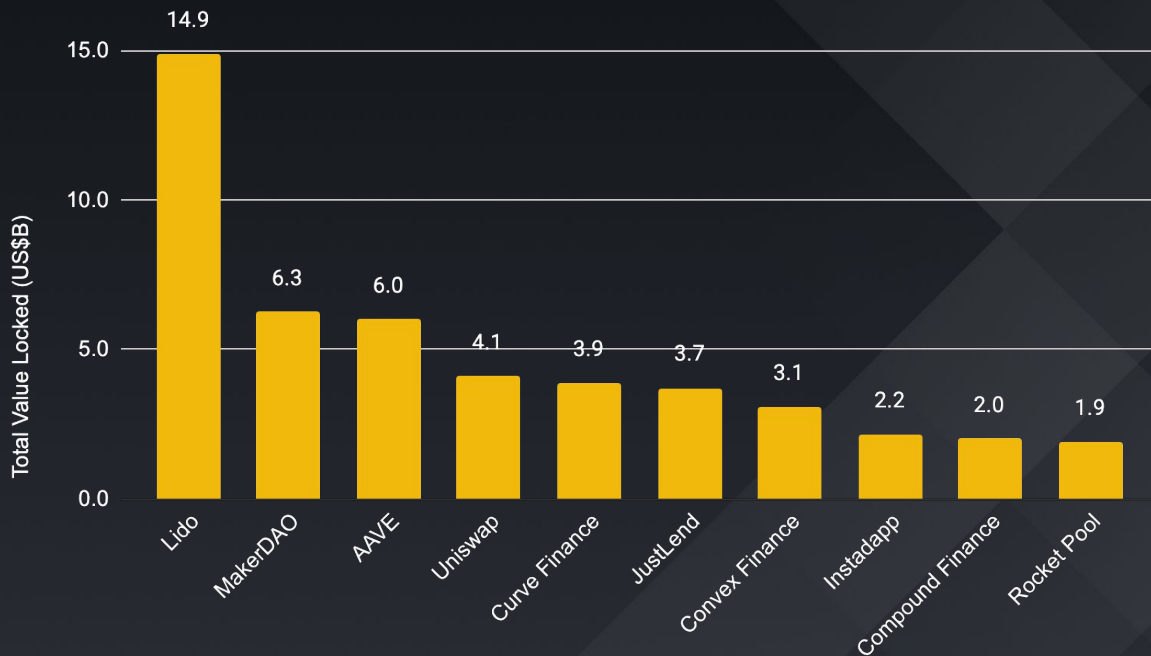
### Tron in the spotlight

- Top spots continued to be held by Ethereum, Tron, and BNB Chain, with changes in TVL market share during the quarter.
- Notably, Tron notched the most gains (+1.9%), followed by Arbitrum (+0.3%).

# Top DeFi dApps by TVL

## Lido extended its lead over other DeFi dApps

Top 10 DeFi dApps



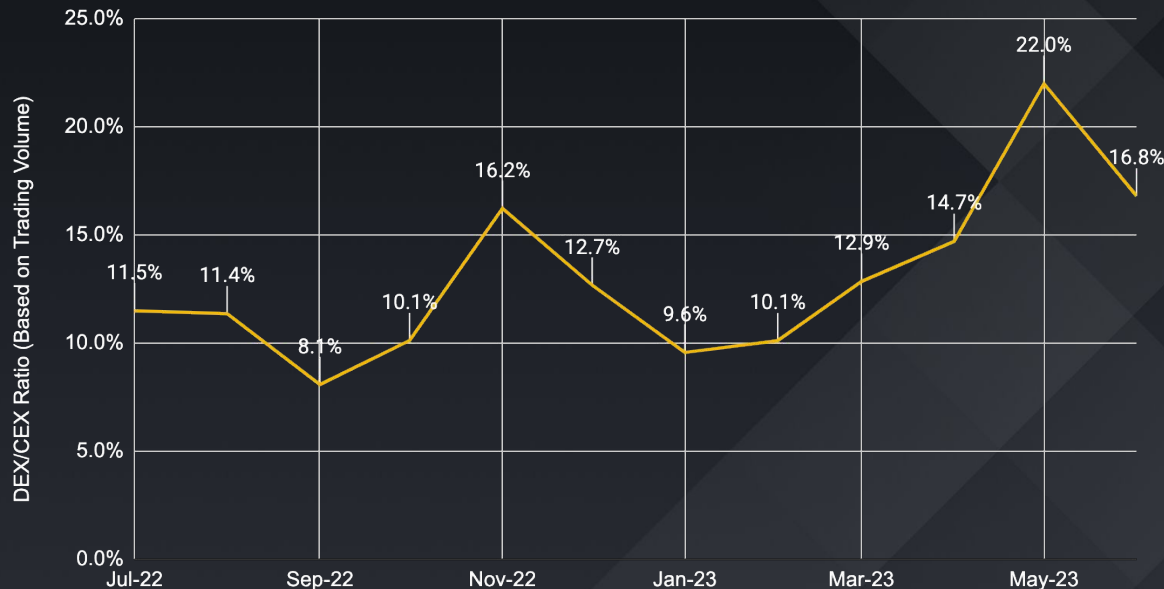
### Lido consolidates its lead

- Lido saw the largest absolute gain, with TVL increasing from US\$11.0B to US\$14.9 QoQ. This is likely due to the increased demand for liquid staking after the Shapella upgrade.
- Rival LSD protocol RocketPool has also inched into the rankings, edging out PancakeSwap.

# DEX/CEX Trading Volume

The DEX/CEX ratio was slightly **higher** at the end of Q2

DEX to CEX Ratio (%)



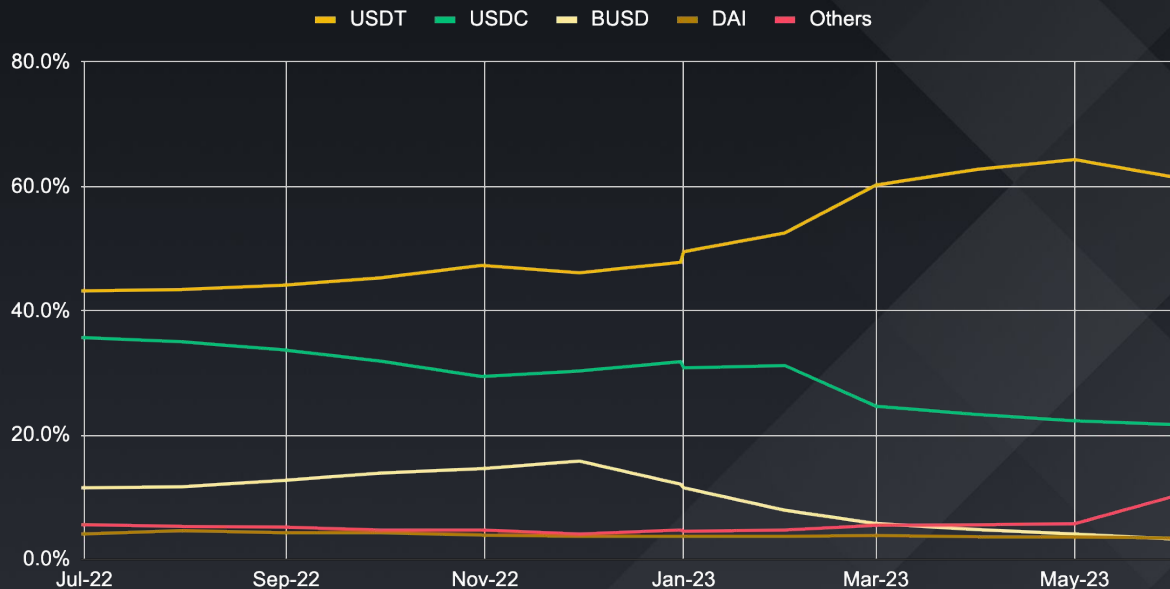
**+4.0% (absolute) in Q2**

- The DEX/CEX ratio has risen sharply, reaching a peak of 22.0% in May 2023, likely driven by the memecoin frenzy with significant trading happening on-chain.
- This has normalized but still remains high, closing at 16.8% at the end of June, against declining CEX volumes as users opt for self-custody solutions.

# Stablecoin Market Share

USDT **gained** market share following recent market events

Stablecoin Market Share (By Market Cap)



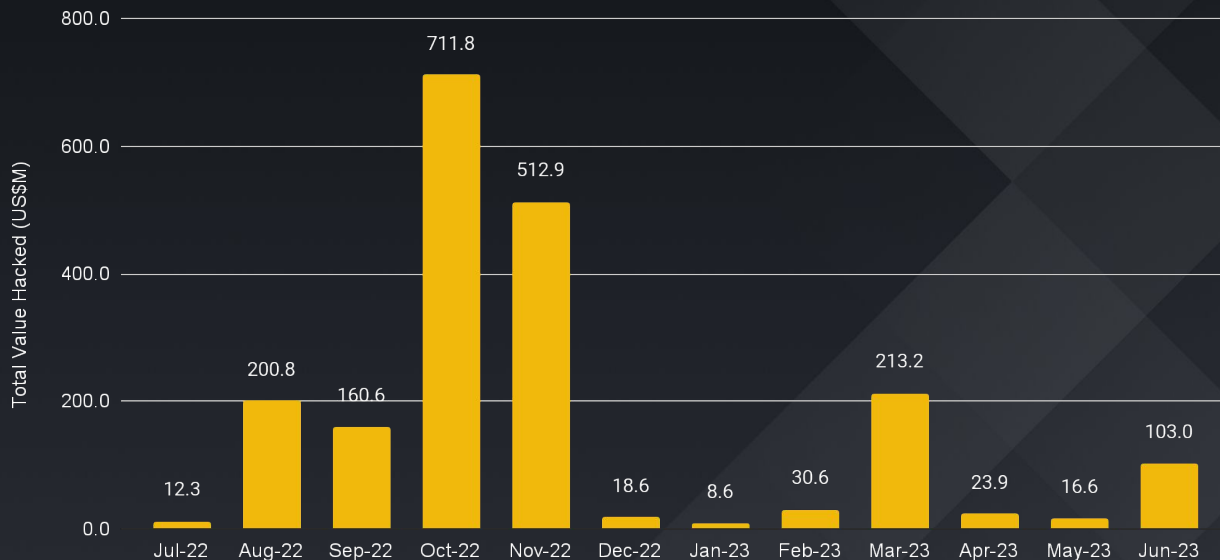
## +1.2% market share for USDT

- USDT has extended its lead as the largest stablecoin in the market and currently has over 60% of the stablecoin market share.
- USDT has also seen capital inflow and absorbed market share from both USDC and BUSD as the SEC expands its crackdowns, driving users away from the stablecoins.

# Total Funds Lost Due to Hacks

The amount lost due to hacks **declined** in Q2

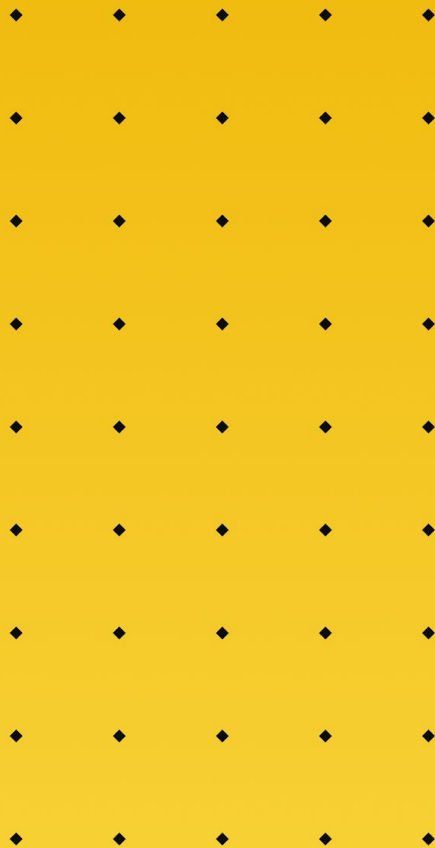
Total Value Hacked in DeFi\*



**Losses resulting from DeFi hacks totaled US\$144M in Q2**

- The Atomic Wallet incident (US\$100M) accounted for the bulk of the funds exploited in the quarter as the private keys were compromised. Unfortunately, the majority of the funds have yet to be recovered.

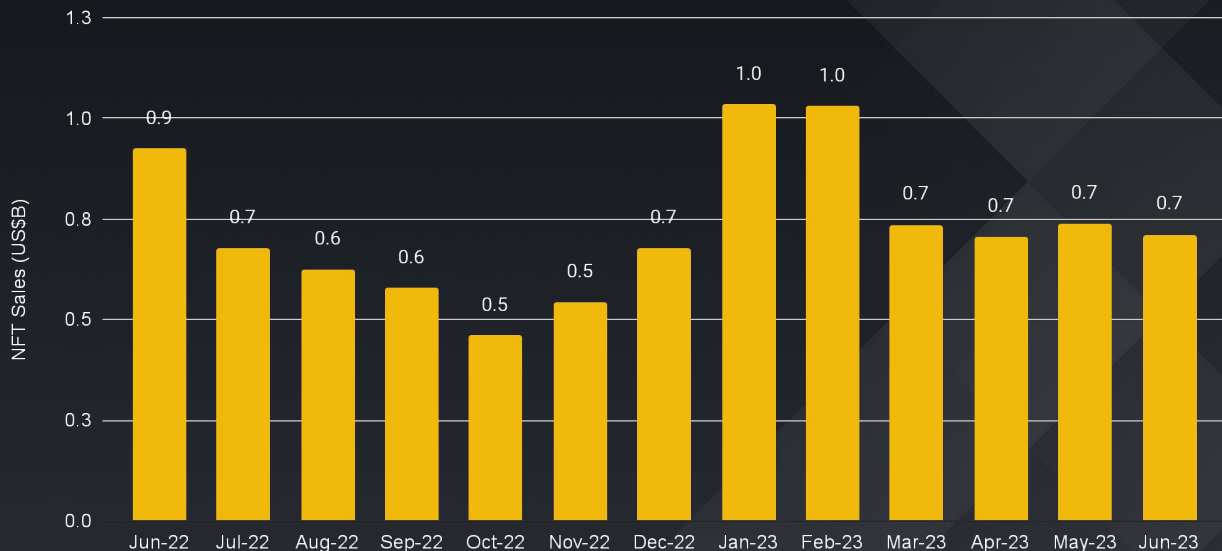
# NFTs



# Total NFT Sales

Sales **fell** in Q2 but stabilized through the quarter

NFT Sales by Month



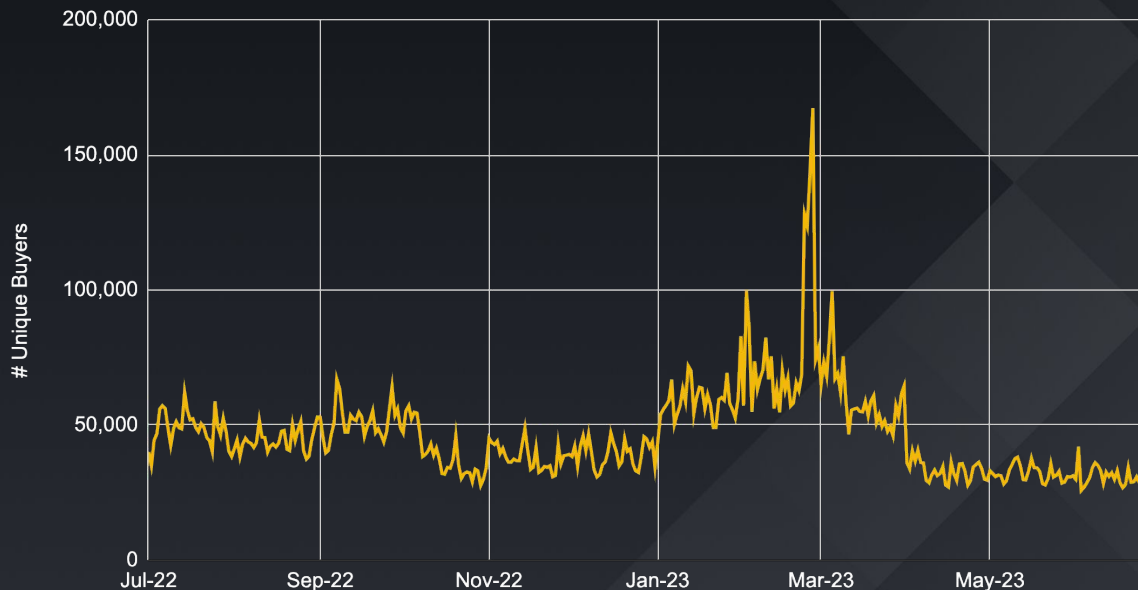
## Q2 sales -23.0% QoQ

- NFT sales plunged in Q2 2023 as notable collectors such as [‘MachiBigBrother’](#) and [‘Franklinisbored’](#) sold their BAYCs, causing floor prices to fall. Azukis had also suffered from the [Elementals debacle](#), where the collection looked similar to the originals. This caused a crash in the floor prices, leading to a cascading effect across the space.

# Number of Unique Buyers

## Traders reeling from the NFT market

Number of Unique Buyers



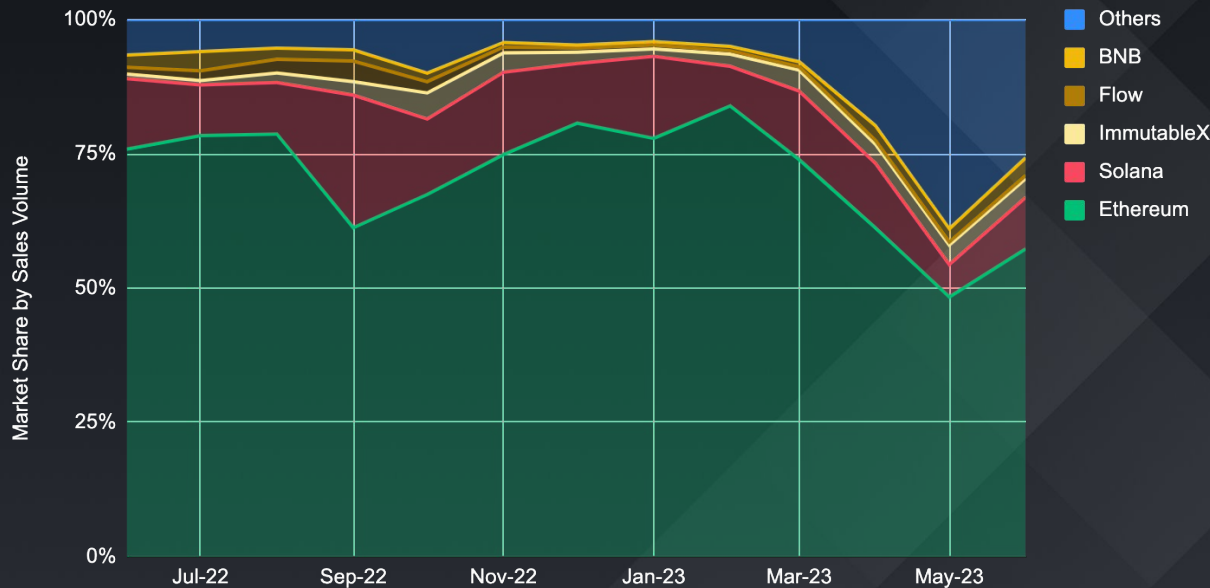
### Q2 total number of unique buyers -61% QoQ

- The quarterly unique buyers metric has fallen compared to the initial spike in Q1 arising from the \$BLUR airdrop.
- This came as NFT activities have remained relatively muted across marketplaces.

# NFT Sales Volume by Blockchain

Ethereum & Solana **lost** market share as BNB & other L1s **gained**

NFT Sales by Chain



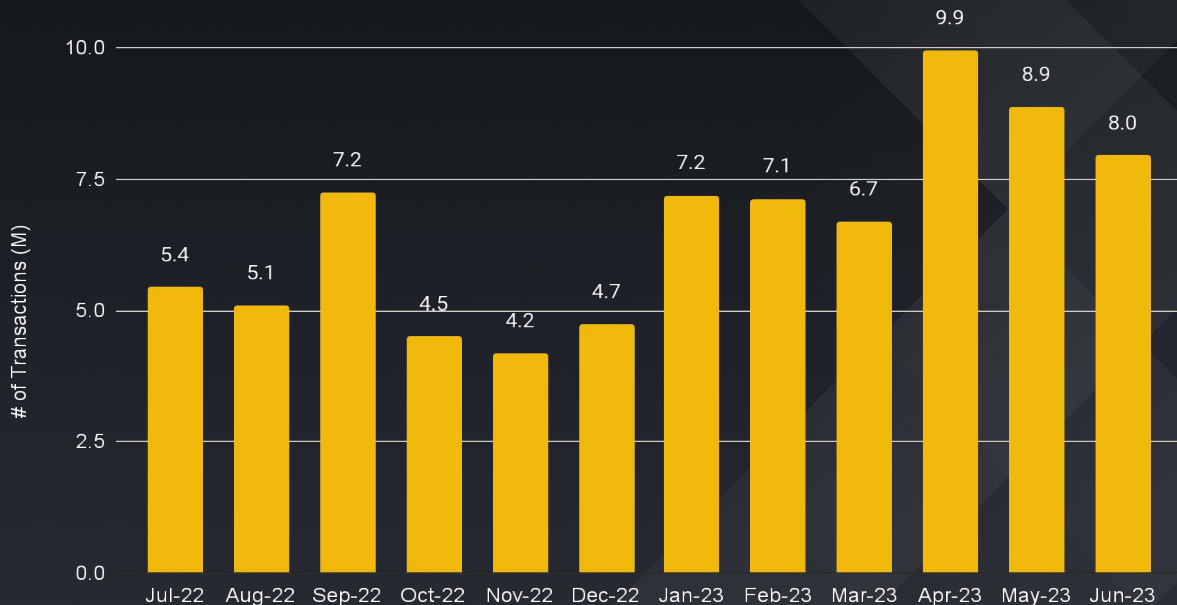
## Ethereum market share fell 17% in Q2

- Ethereum remained the strongest blockchain in terms of NFT sales. However, it lost NFT market share to other L1s, alongside Solana (-3.2%), in Q2.
- ImmutableX and Flow remained flat QoQ, while NFT sales on BNB Chain rose by 2.4%. Sales in other L1s also increased by 17.9%.

# Total NFT Transactions

Transaction activity **rose** significantly in Q2

NFT Number of Transactions by Month



## Q2 Transactions increased +27% QoQ

- Transaction activity continued to climb in Q2 of 2023, reaching a peak of 9.9M transactions in April 2023.
- This was largely contributed by the increased volatility resulting from huge sales by notable collectors.

# NFT-500 Price Index

## A relatively lackluster Q2 for NFT performance

NFT-500 Price Index



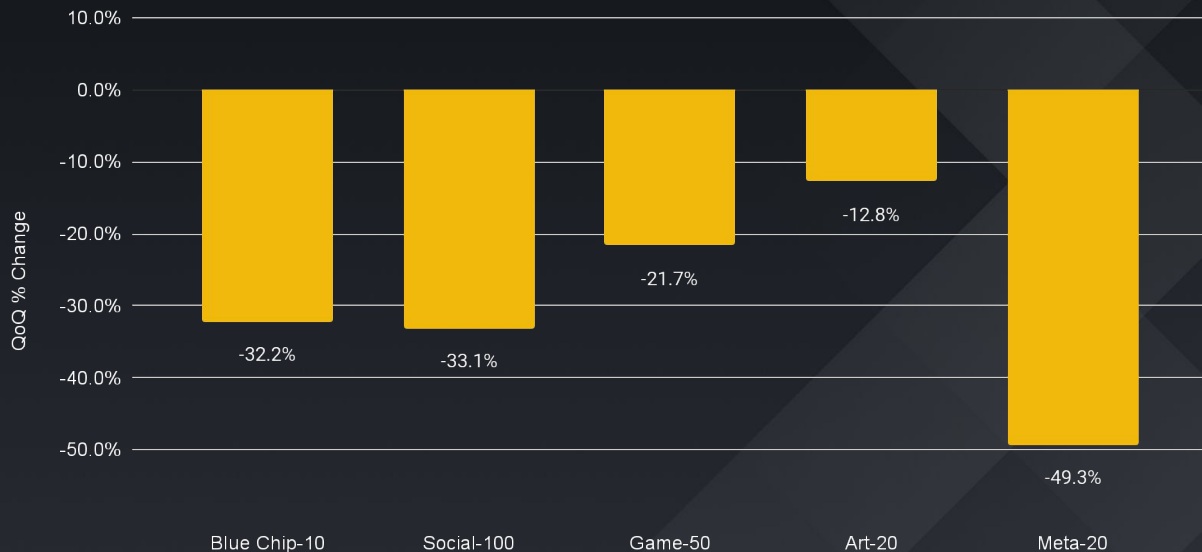
**-19% QoQ drop in the NFT-500 index in Q2**

- In tandem with the general NFT market decline, the NFT-500 price index extended a double-digit fall as the prices of blue-chip collections tumbled.
- Following a brief bounce at the start of the year, the NFT-500 price index has been on a general decline.

# Price Performance by Sector

## Metaverse NFTs **fell** sharply in Q2

NFT Index QoQ Performance (Q2 2023)



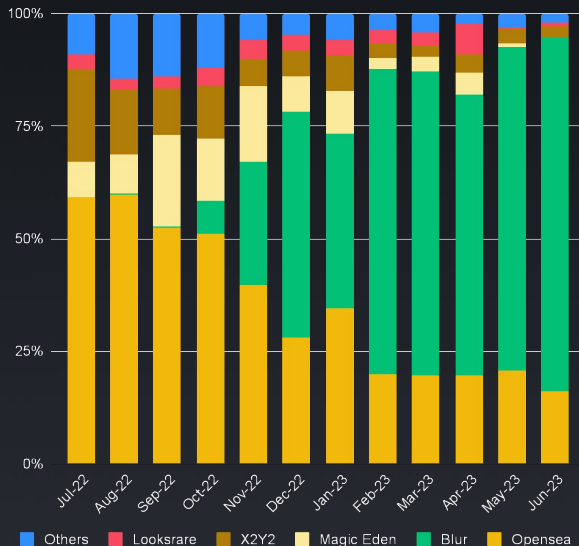
### As other NFT sectors fell, Metaverse NFTs tumbled

- The prices across the different sectors fell, with Art NFTs having the lowest decline. Despite an initial relief observed in Q1, Metaverse NFTs tumbled over the quarter as interest gradually waned.

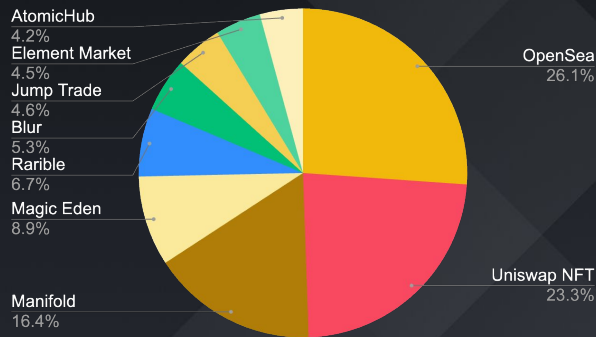
# NFT Marketplaces Market Share

The Blur NFT marketplace continues to **gain** market share

By Volume



By Users (Last 30 Days)



## Blur dominates in terms of volume

- The majority of NFT trading volume happened on Blur, with its incentive scheme through \$BLUR tokens. The marketplace had also launched its NFT lending product, Blend, which has gained significant volume.
- OpenSea remained the platform with the most active user base following the launch of its OpenSea Pro aggregator.

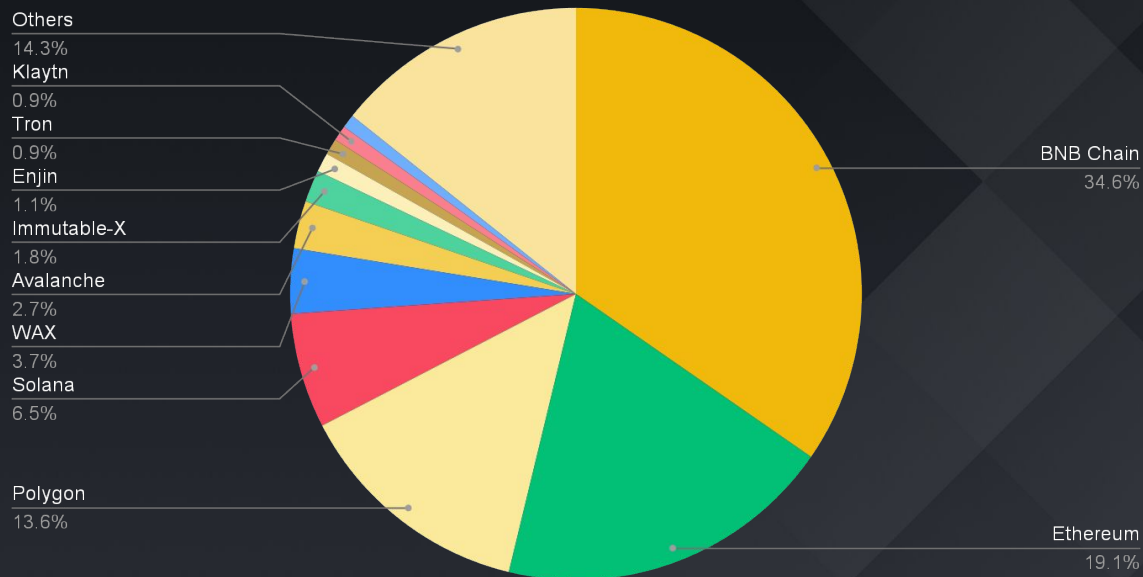
# Gaming



# Games by Chain

BNB Chain **leads** with the most number of games

Web3 Games by Chain



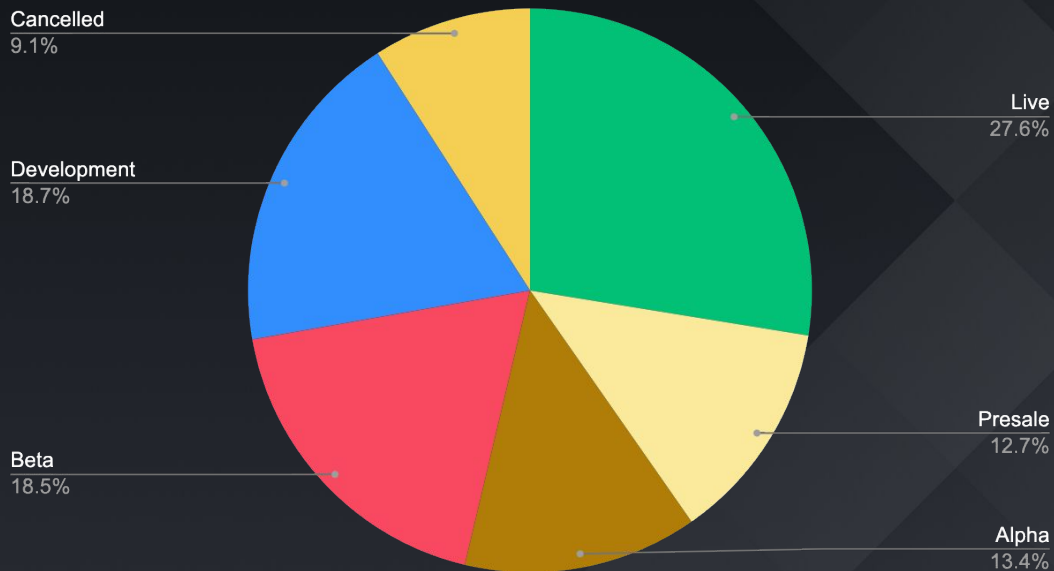
**The gaming landscape was led by the top three players**

- BNB Chain, Ethereum, and Polygon accounted for over 67% of all games.

# Games by Status

Gaming is still in its early days

Web3 Games by Status



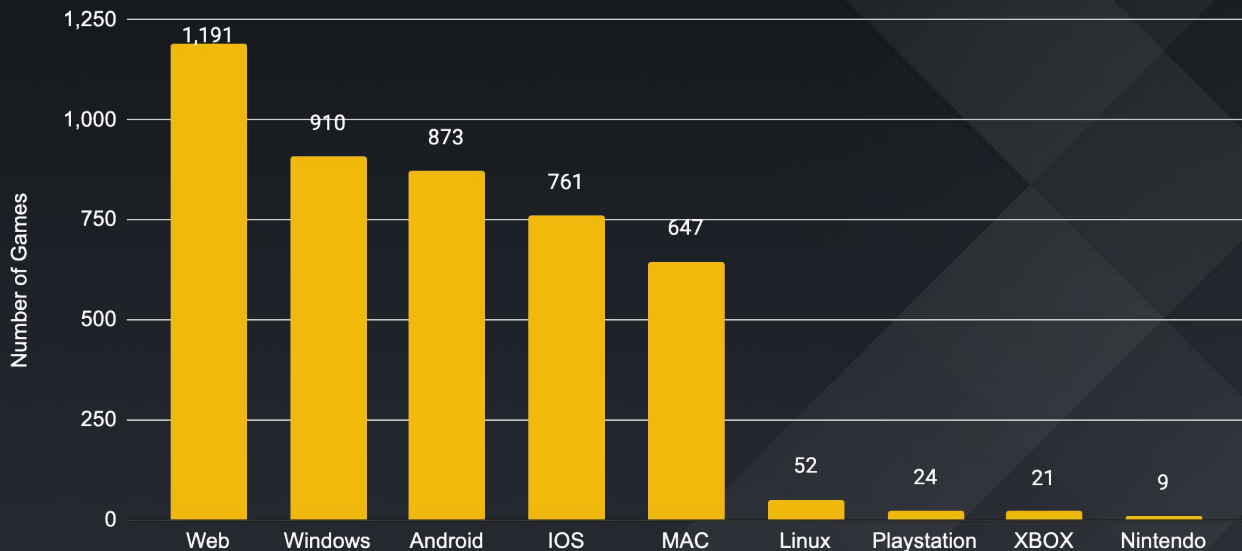
**With only ~28% of games live, most games are still under development**

- Compared to the previous quarter, there has been a slight increase in games in their alpha stage (+1%), presale stage (+0.6%), and beta stage (+0.5%).

# Games by Device

## Most blockchain games are on Web and Windows

Web3 Games by Device



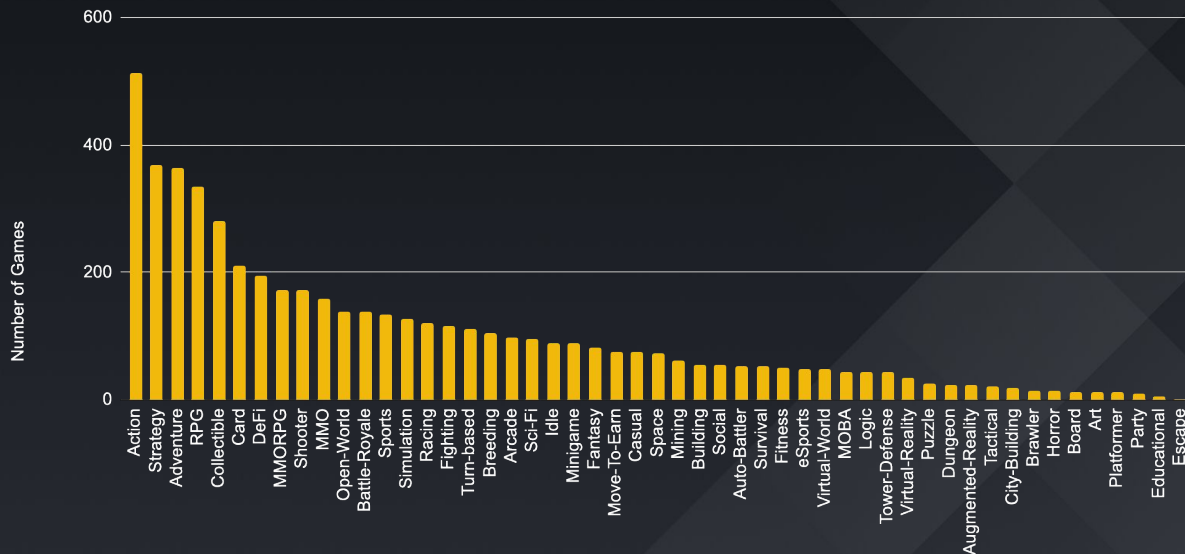
**As of now, web-based games are leading**

- Web games (Web + Windows) are leading by a significant margin, overtaking mobile games (Android + iOS). Since web games can be supported on all platforms, this enables a wider outreach for teams to encourage user adoption.
- Console games are clearly lagging behind.

# Games by Genre

## Entertainment across the board

### Web3 Games by Genre



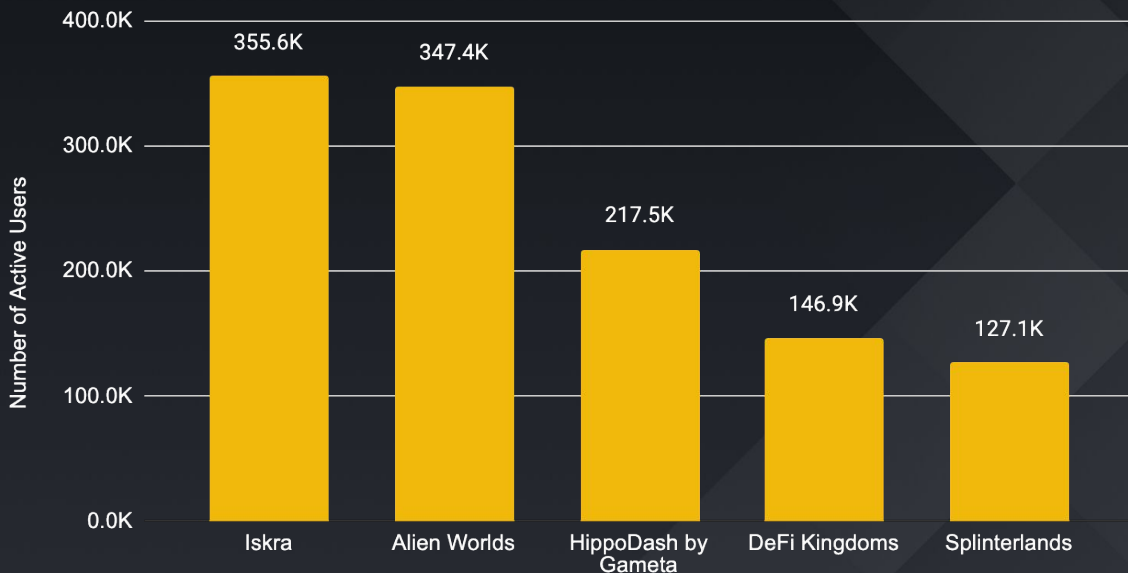
### Action-oriented games are leading

- Action, Strategy, and Adventure are the categories with the greatest number of games, possibly indicating that developers see these verticals as having the most potential.
- Educational and Escape games lag behind.

# Top 5 Games by Active Users in the Past 30 Days

Iskra had the most active users

Games by Active Users (Last 30 Days)



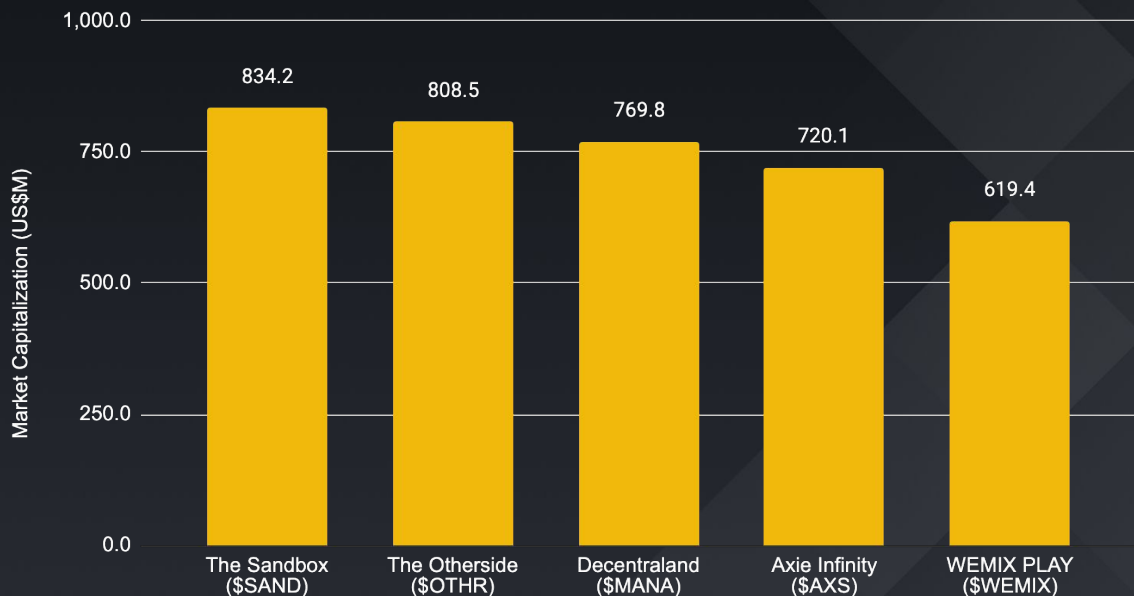
## Iskra led in terms of active users

- Iskra is a blockchain gaming hub that brings together gamers and game studios. The Iskra platform allows gamers to explore and enjoy blockchain games and create their own community.
- Alien Worlds is an NFT Metaverse that is available on WAX, Ethereum, and BNB Chain.

# Top 5 Gaming Tokens by Market Cap

## The Otherside maintains its leadership position

Gaming Tokens by Market Cap (Last 30 Days)



### Metaverse tokens stand out

- Out of the top five games by market cap, three are Metaverse-related projects.
- As compared to Q1, The Sandbox has overtaken the Otherside, to clinch the top spot, while WEMIX PLAY gained market capitalization, up from US\$316.4M previously.

# 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.



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# Contributors



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Sky is an on-chain data enthusiast who enjoys going down the rabbit hole in her free time.



## Nicholas Tan Yi Da

Nicholas is currently a Research Data Analyst intern on Binance's Research Data Team. He is a recent Engineering Systems and Design graduate of the Singapore University of Technology and Design.

He is passionate about data analytics, particularly in areas like DeFi and RWAs.

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