

Q3 State of Crypto: Market Pulse

October 2022

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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

Crypto market capitalization increased by 8.4% QoQ in Q3 but overall sentiments remain poor.



Layer 1s

Blockchain activity generally trended lower in Q3. Spotlight was on the Ethereum Merge in September.



DeFi

Following a steep drop in May, DeFi Total Value Locked (“TVL”) has yet to recover, and was range-bound between US\$50-60B in Q3.



NFTs

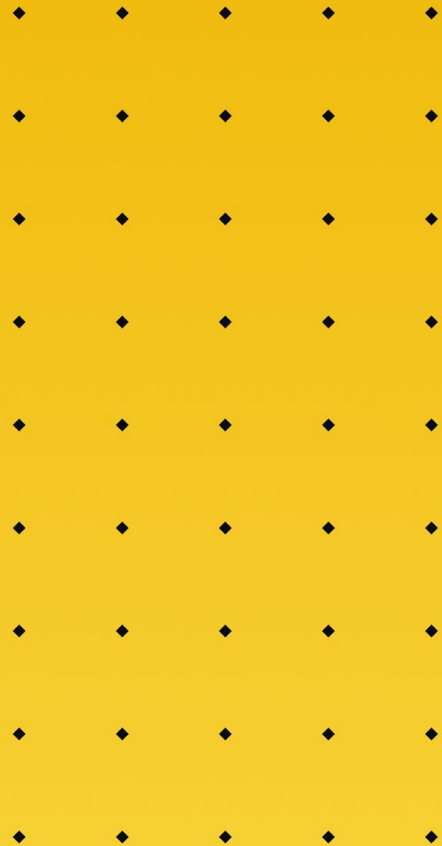
NFTs had a tough Q3 with sales down 73% QoQ. However, number of unique buyers held up and saw a slight uptick over the quarter.



GameFi

The gaming landscape is led by BNB Chain, Ethereum, and Polygon, with almost 70% market share (by number of games).

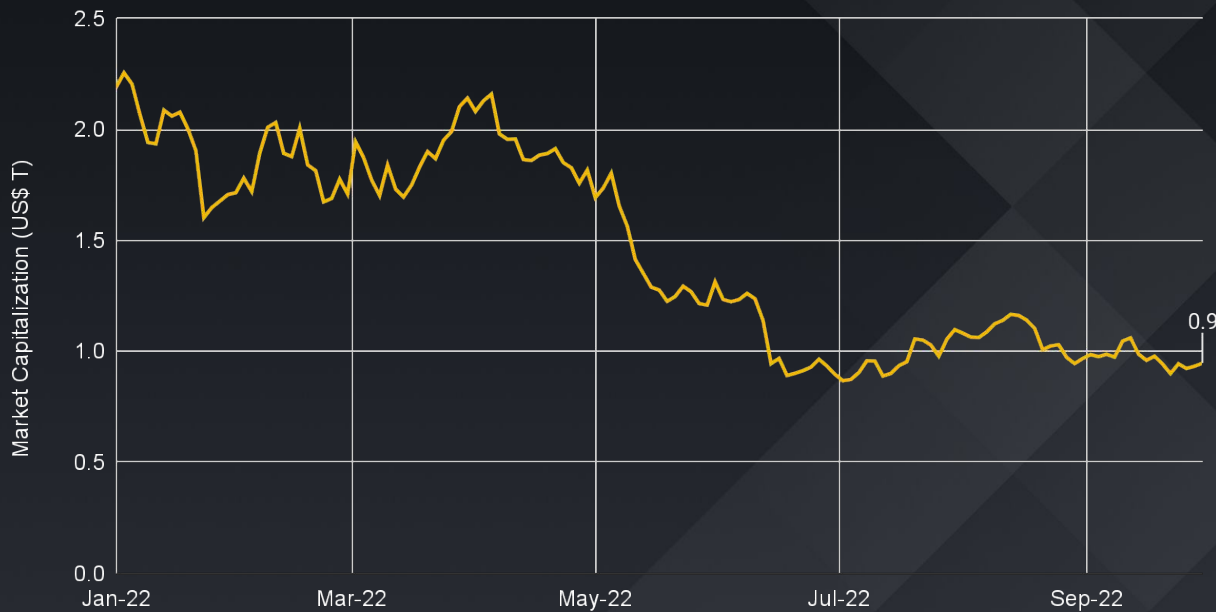
Market Overview



Crypto Market Overview

Market capitalization **increased** slightly in Q3

Global Crypto Market Capitalization



+8.4% QoQ

- Since the crypto market rout in Q2, crypto market capitalization has increased by 8.4% in Q3.
- That said, we are unlikely to be out of the woods yet given an uncertain macro environment and general risk-off sentiments. Crypto market capitalization fell -5.0% in Sep.

Crypto Fear and Greed Index

Index notched **higher** but still indicates “extreme fear”

Fear and Greed Index



+10 points in Q3

- Sentiments have generally been in the “fear” zone throughout the whole of this year.
- The Fear and Greed Index indicated a slightly improvement in sentiments over Q3 (End-Sep = 21 vs. End-Jun = 11).

Crypto Unicorn Index

Number of coins with >US\$1B market cap **fell** in Q3

Number of Coins with Market Cap above US\$1B



-19.4% QoQ

- The number of coins with a market cap more than US\$1B has fallen from 62 to 51 in Q3.
- The year-to-date high was at the start of the year when there were 118 coins above US\$1B market cap.

Performance of Largest Coins by Market Cap

Top 3 coins held their spot in both 2021 and YTD

Top 10 Coin Performance (2017 to YTD)

	2017	2018	2019	2020	2021	YTD
	Bitcoin 1317.08%	Bitcoin -72.39%	Bitcoin 92.48%	Bitcoin 308.91%	Bitcoin 59.70%	Bitcoin -59.85%
	XRP 34096.50%	XRP -84.11%	Ethereum -2.99%	Ethereum 478.27%	Ethereum 397.84%	Ethereum -64.71%
	Ethereum 8762.26%	Ethereum -81.94%	XRP -45.46%	XRP 24.75%	BNB 1258.62%	BNB -47.90%
	Bitcoin Cash 451.97%	Bitcoin Cash -93.21%	Bitcoin Cash 26.19%	Litecoin 217.78%	Solana 10682.40%	XRP -44.31%
	Cardano 3400%	EOS -66.60%	Litecoin 37.44%	Polkadot 188.93%	Cardano 620.39%	Cardano -67.68%
	Litecoin 5019.14%	Stellar -73.92%	EOS 1.34%	Bitcoin Cash 73.63%	XRP 251.18%	Solana -81.37%
	IOTA 867.48%	Litecoin -86.39%	BNB 130.73%	Cardano 452.21%	Terra Classic 13310.47%	Dogecoin -64.95%
	NEM 29070.31%	Bitcoin SV 5.84%	Bitcoin SV 9.60%	BNB 180.23%	Avalanche 3408.97%	Polkadot -77.24%
	Dash 9377.84%	Tron -57.00%	Tezos 194.10%	Chainlink 542.13%	Polkadot 197.82%	Polygon -70.88%
	Stellar 17666.95%	Cardano -94.15%	Stellar -60.09%	Bitcoin SV 72.34%	Dogecoin 3389.64%	Shiba Inu -67.55%



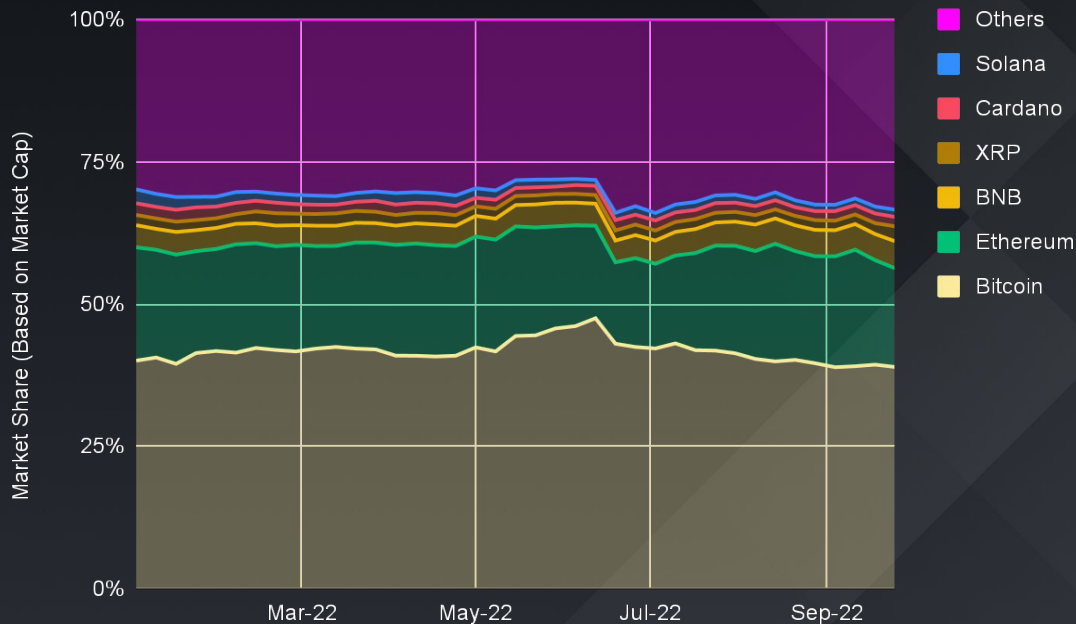
-64% YTD average performance

- BTC, ETH, and BNB remain the top 3 coins by market capitalization year-to-date (“YTD”), excluding stablecoins.
- XRP, BNB, and BTC witnessed the lowest YTD drawdowns among the top 10 coins.

Market Share of Coins

BTC dominance fell, while that of ETH, BNB, XRP increased

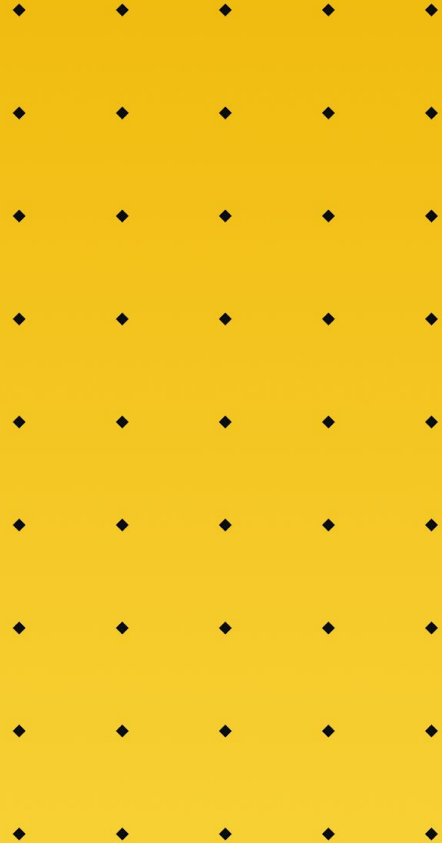
Market Share of Coins



-3% share for BTC in Q3

- BTC dominance has fallen since its YTD peak in June (post-Terra collapse) as other L1s gain market share.
- Notable gainer for Q3 is ETH, which gained ~3% market share. This is likely contributed by interest in ETH due to the Merge.

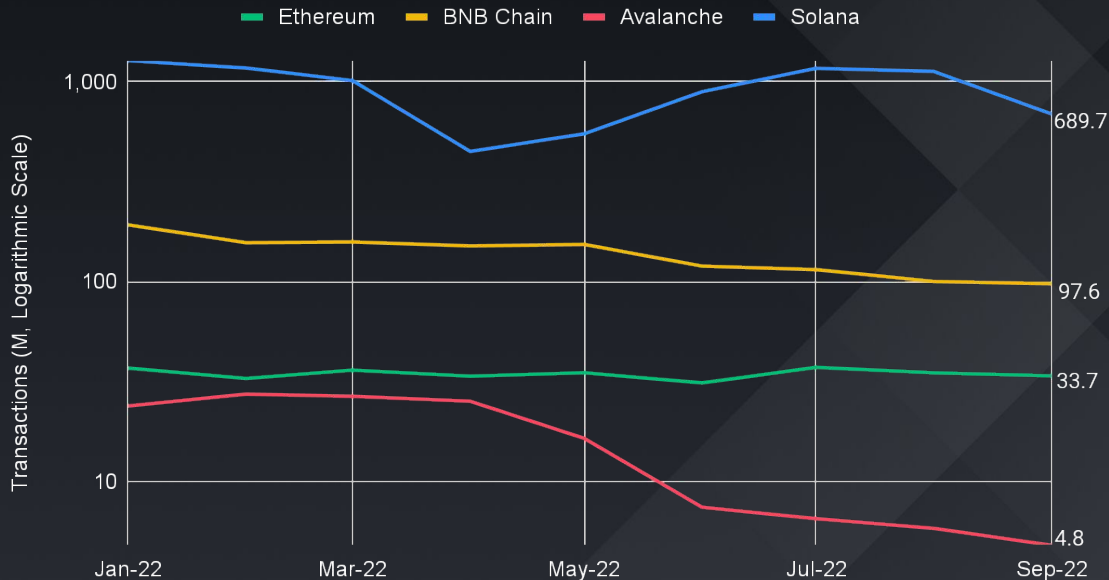
Layer 1s



Monthly Transactions by Chain

Solana had the **strongest** quarter based on QoQ growth

Number of Transactions (Monthly)



QoQ Change:

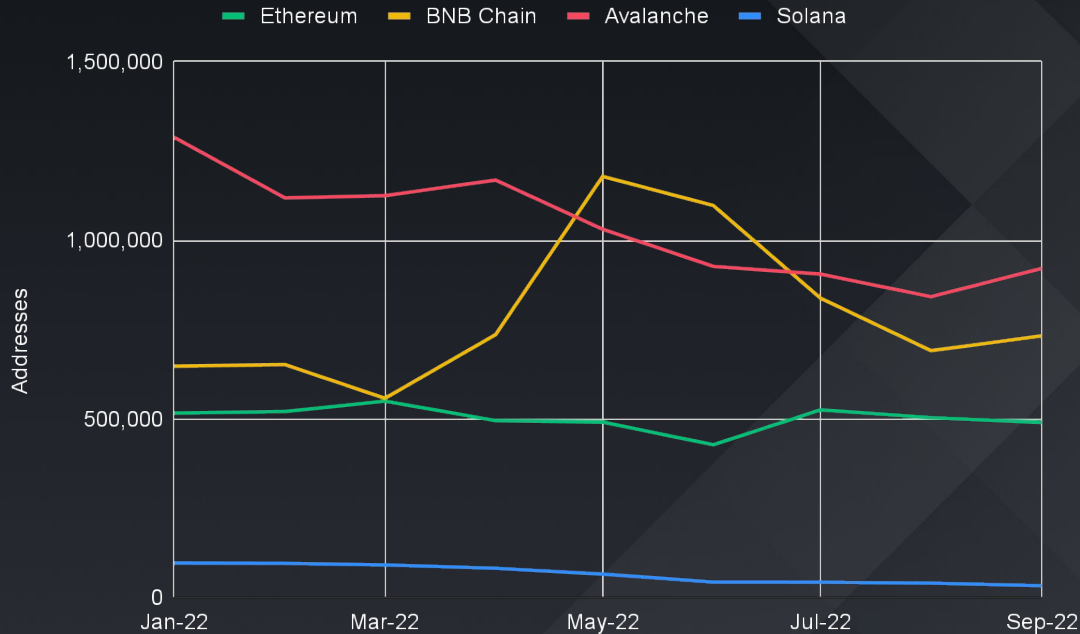
**SOL (+58%); ETH (+6%);
BNB (-26%); AVAX (-65%)**

- Across the sample set, Solana experienced the highest % increase in transactions in Q3, as activity normalized after a significant fall in Q2.
- Avalanche's transaction activity continues to track lower and fell 65% QoQ in Q3.

Average Daily Active Addresses by Chain

Daily active addresses generally trended **lower** in Q3

Average Daily Active Addresses



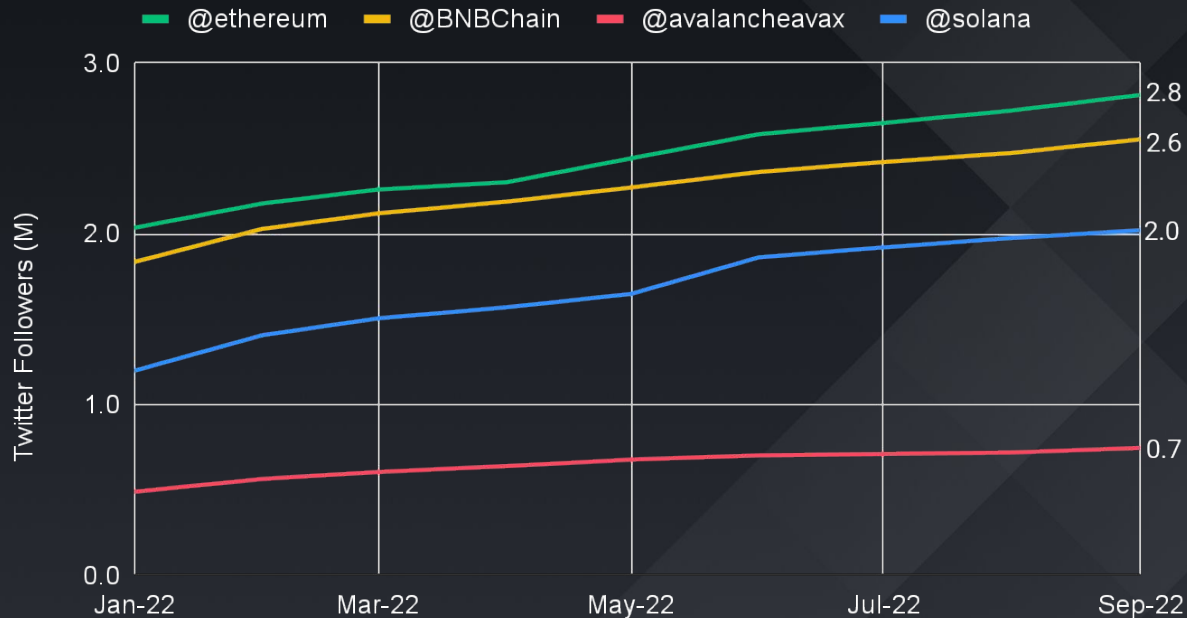
Ethereum bucked the trend

- Ethereum ended Q3 with ~5% increase in average daily active addresses vs. Q2. This is likely contributed by the Merge.
- Average daily active addresses for BNB Chain, Solana and Avalanche ended Q3 with -33%, -1%, -23% QoQ respectively.

Twitter Followers

Followers **increased** across the board

Cumulative Twitter Followers by Official Blockchain Accounts



@ethereum leads

- @ethereum has the highest # of Twitter followers (~2.8M) but @solana witnessed the strongest Q3 growth (+16% QoQ).
- Size of Twitter followers is used as an imperfect proxy to gauge community growth. Data only includes official blockchain accounts and not dApps.

BTC: Grayscale Bitcoin Trust (“GBTC”) Premium

GBTC discount continues to widen

Grayscale BTC Premium Rate (%)



-36.2% discount to NAV

- Shares of GBTC currently trade at an all-time high discount of 36.2% vs. Net Asset Value (“NAV”).
- In a bid to reduce the discount, Grayscale filed to convert the Trust to an Exchange Traded Fund (“ETF”) but it was rejected in June this year.

BTC: Bitcoin Balance on Exchanges vs. Price

Balance and Price have been range-bound in Q3

BTC Balances on Exchanges vs BTC Price



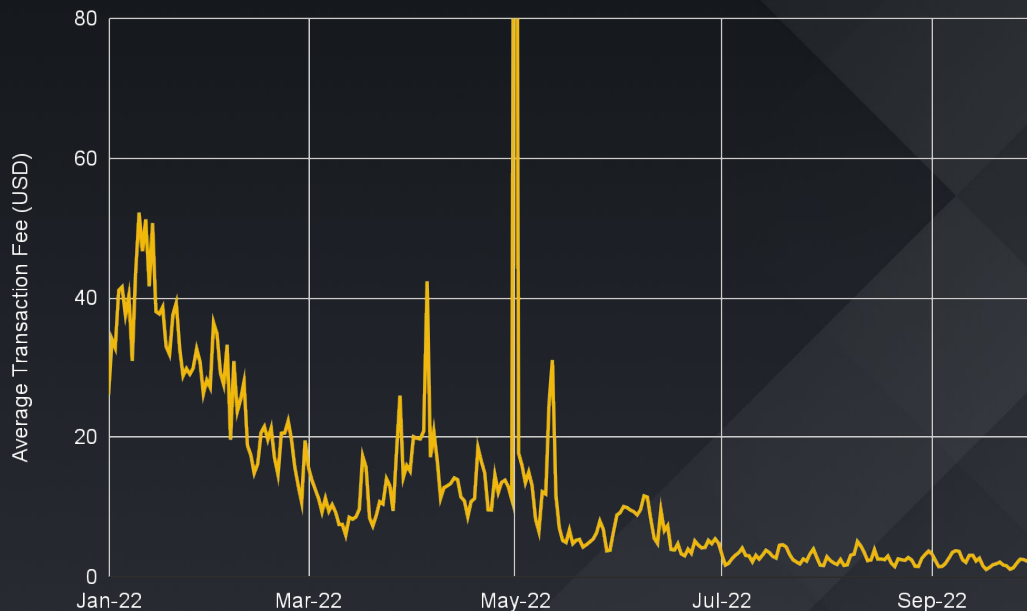
An uneventful Q3 for BTC

- Bitcoin balances on exchange ended Q3 at roughly similar levels to Q2. Bitcoin price has also hovered around the range of US\$18-22K for most part of Q3.
- Given the lack of any price catalyst in recent months, Bitcoin has been unable to break out of its trading range.

ETH: Ethereum Transaction Fees

Average fees declined as blockchain activity fell

Ethereum Transactions Fees



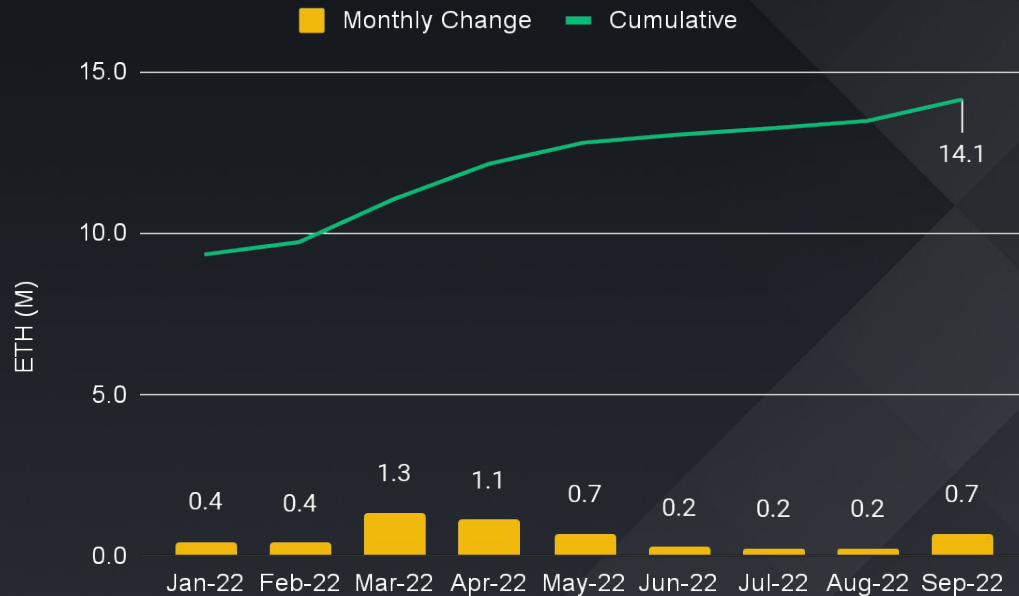
-79.1% QoQ

- Average transaction fees in Q3 was US\$2.61 vs. \$12.50 in Q2, representing a sharp fall of 79.1%.
- This is indicative of a decline in blockspace demand as a result of reduced activity on Ethereum. Average gas price in Q3 was ~21 gwei vs. ~59 gwei in Q2.

ETH: Staked ETH Statistics

~11.7% of all ETH in circulation has been staked

Amount of Staked ETH



14.1M ETH staked

- The amount of staked ETH picked up pace in Sep 2022 compared to prior months (+0.7M), likely contributed by the success of the Merge which brings stakers one step closer to withdrawals.
- ETH staking yield is currently around 4+%.

BNB Chain: Average Transaction Fee

Users paid an average of \$0.25 transaction fees in Q3

BNB Chain Transaction Fee



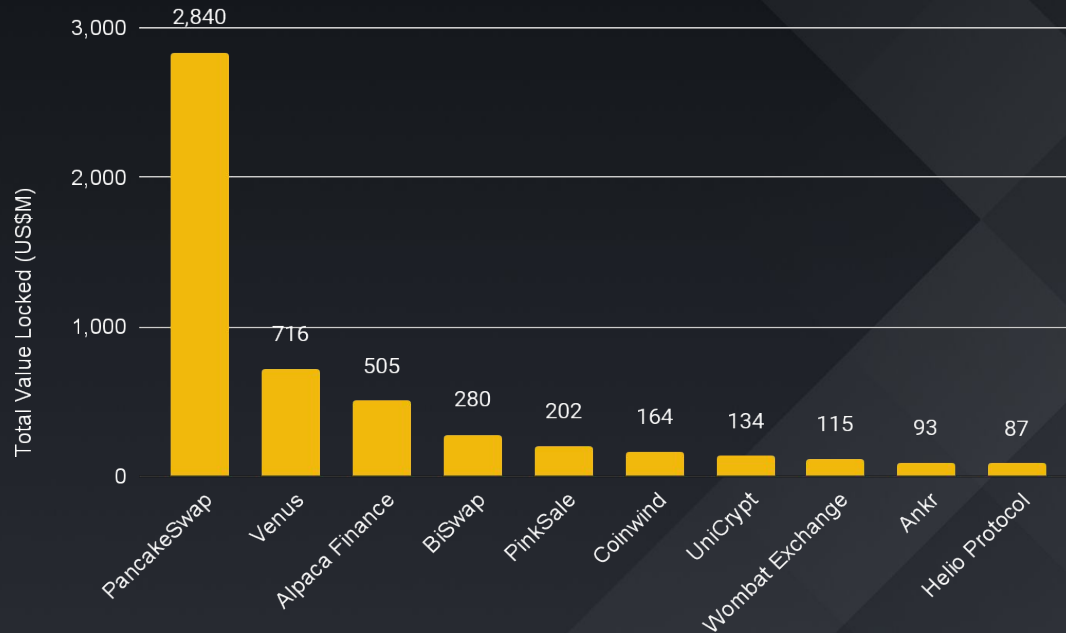
-16% average fees in Q3

- In Q3, the average transaction fee was \$0.25, as compared to \$0.30 in Q2.
- The decline corresponds to reduced network activity in Q3.

BNB Chain: Top dApps by TVL

DEXes and lending are the largest verticals

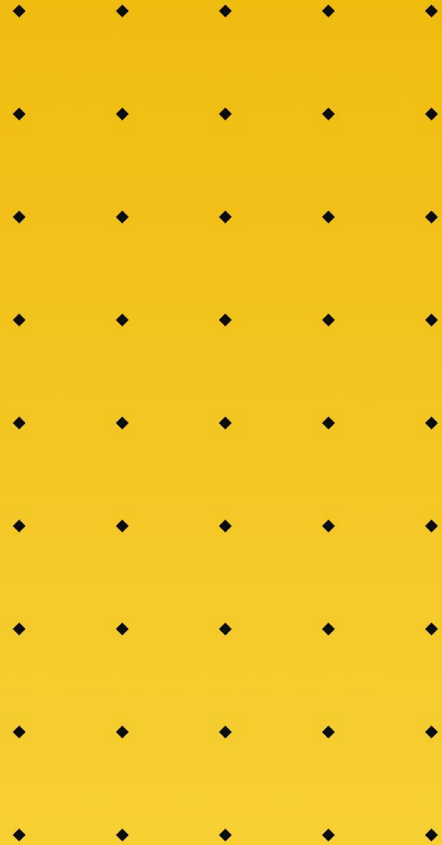
Top 10 dApps on BNB Chain (by TVL)



Top 4 dApps hold their spot in Q3

- No changes in the top 4 dApps compared to Q2. PancakeSwap remains the largest dApp on BNB Chain by a large margin.
- New entrants to the Top 10 dApps (Q3 vs. Q2) are PinkSale, Wombat Exchange, Ankr, and Helio Protocol.

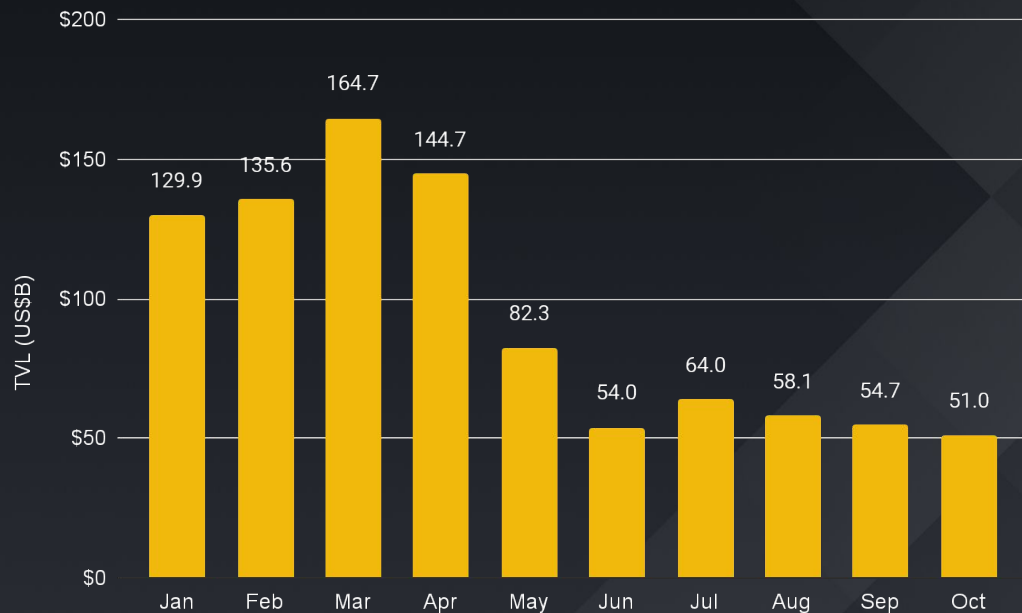
DeFi



DeFi Total Value Locked

DeFi TVL remained range-bound between US\$50-60B

Defi TVL



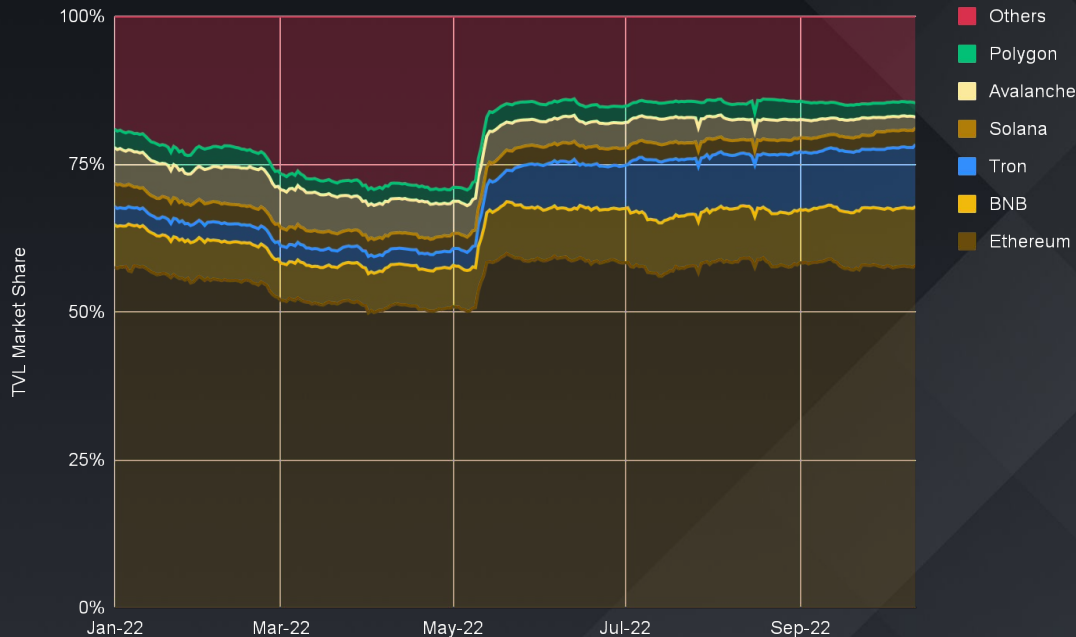
Following a significant drop in May, DeFi TVL has yet to recover

- Q3 saw a ~1% uptick in DeFi TVL, ending the quarter just shy of US\$55B.
- Regulatory uncertainty and frequency of exploits continue to weigh on overall sentiments.

L1 Market Share by TVL

BNB Chain & Tron **gained**, while Avalanche **dropped**

Defi TVL Market Share by Chain



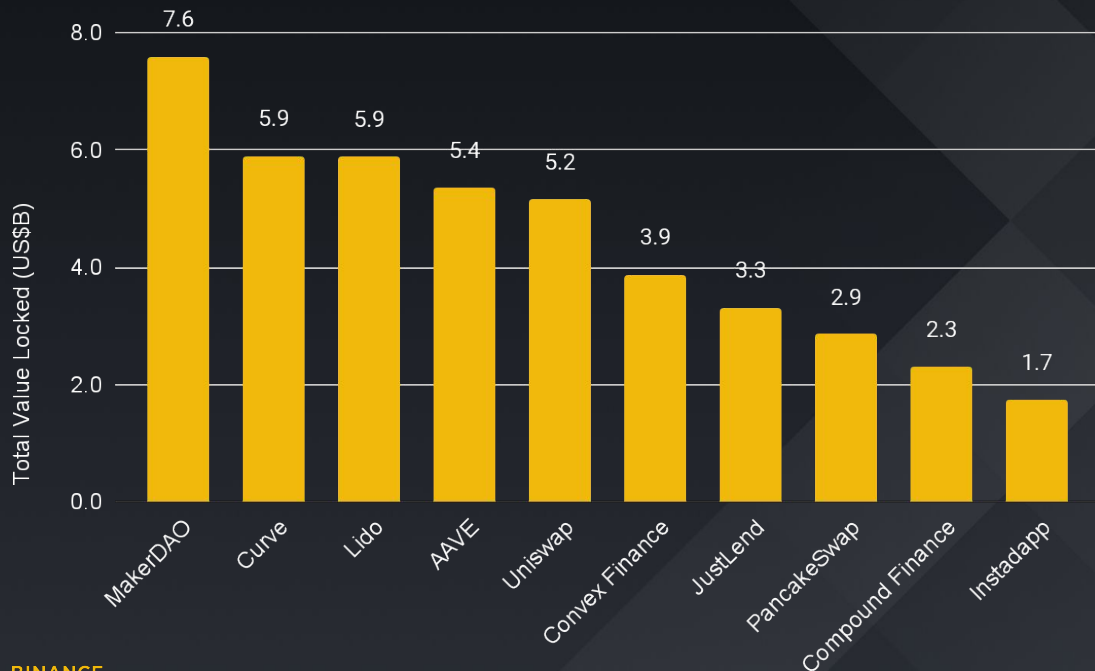
Ethereum ended Q3 with ~58% market share, while BNB Chain and Tron remain neck-to-neck with around ~10%

- It should be noted that there are significant differences in number of protocols, with Ethereum and BNB Chain having 450+, while Tron has only 10.

Top DeFi dApps by TVL

MakerDAO remains **top**; Lido holds its spot post-Merge

Top 10 DeFi dApps



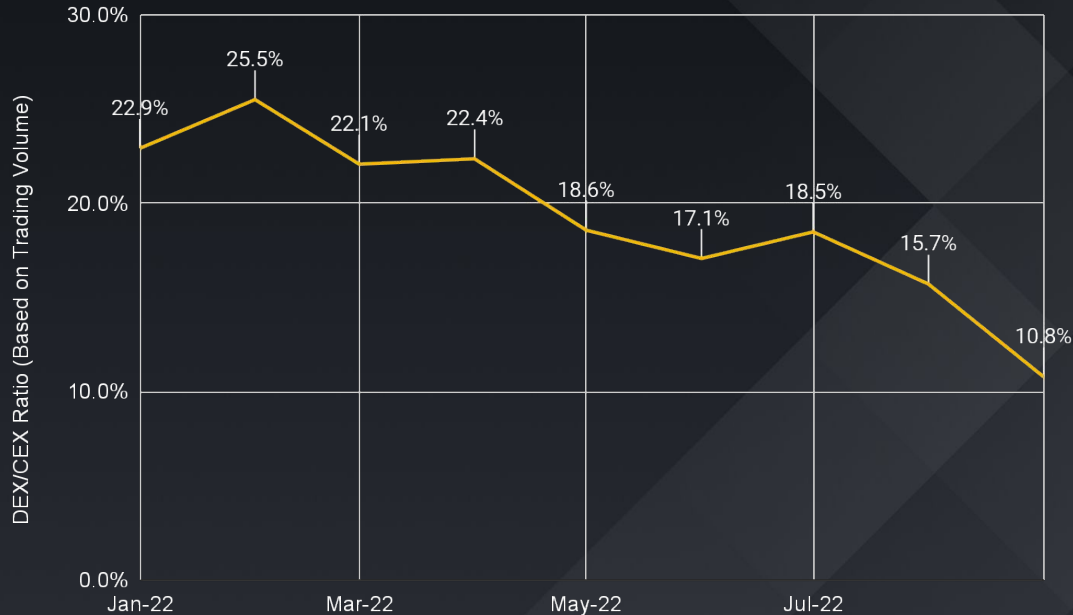
Limited changes in the top 10 DeFi dApps across the quarter

- While most dApps lost TVL during the quarter, Lido and Curve were among the top gainers.
- While Ethereum-based MakerDAO continues to remain at the top, the rest of the top 5 DeFi dApps operate across multiple chains.

DEX/CEX Trading Volume

Ratio tracked **lower** in Q3

DEX to CEX Ratio (%)



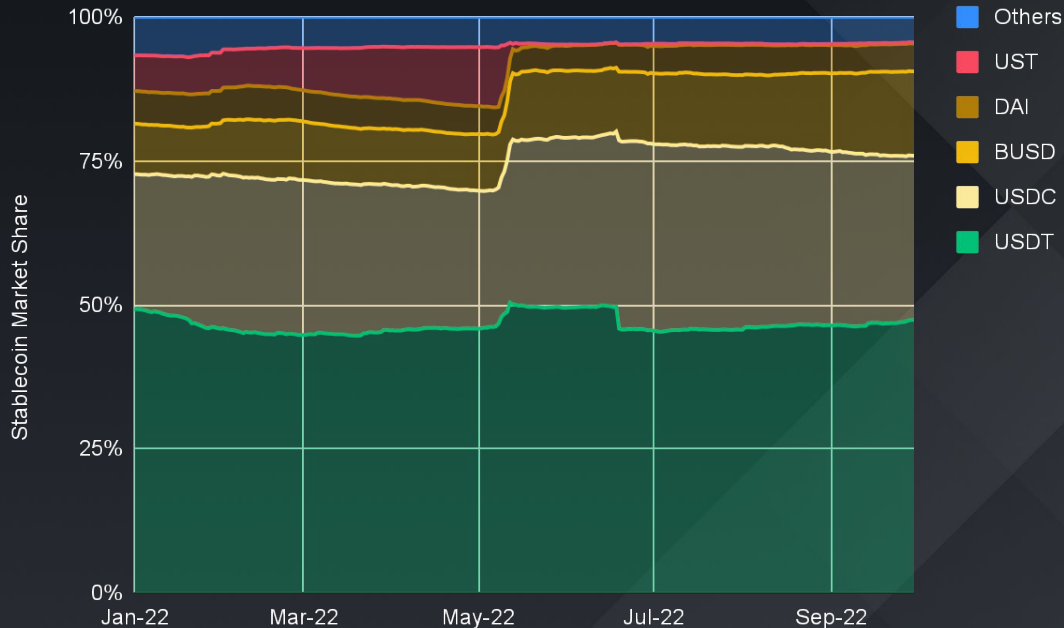
DEX/CEX trading volume ratio down ~37% in Q3

- This has largely coincided with general DeFi market conditions, where volumes are down.
- Regulatory uncertainty continues to be a hurdle, and has meant that more regulatory-compliant CEXes have been able to build market share.

Stablecoin Market Share

BUSD and USDT continue to gain vs USDC

Stablecoin Market Share



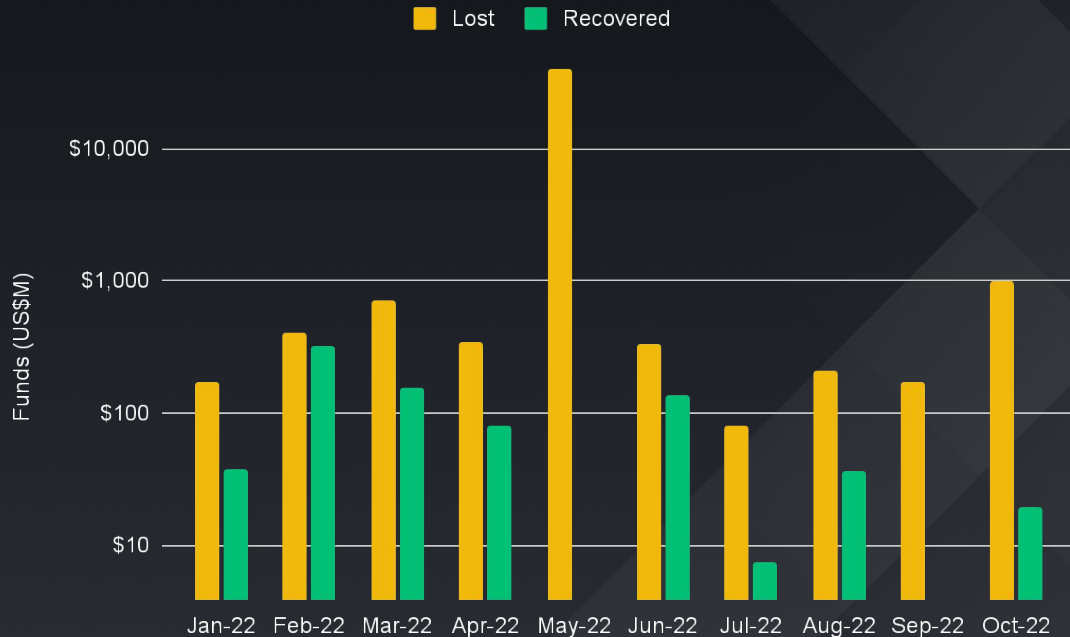
Limited changes in market share, BUSD and USDT outpaced USDC

- Tether has recently announced that it has completely eliminated commercial paper from its reserves, in favour of US Treasury Bills.

Total Funds Lost/Recovered

DeFi exploits are unfortunately a frequent occurrence

Funds Lost and Recovered



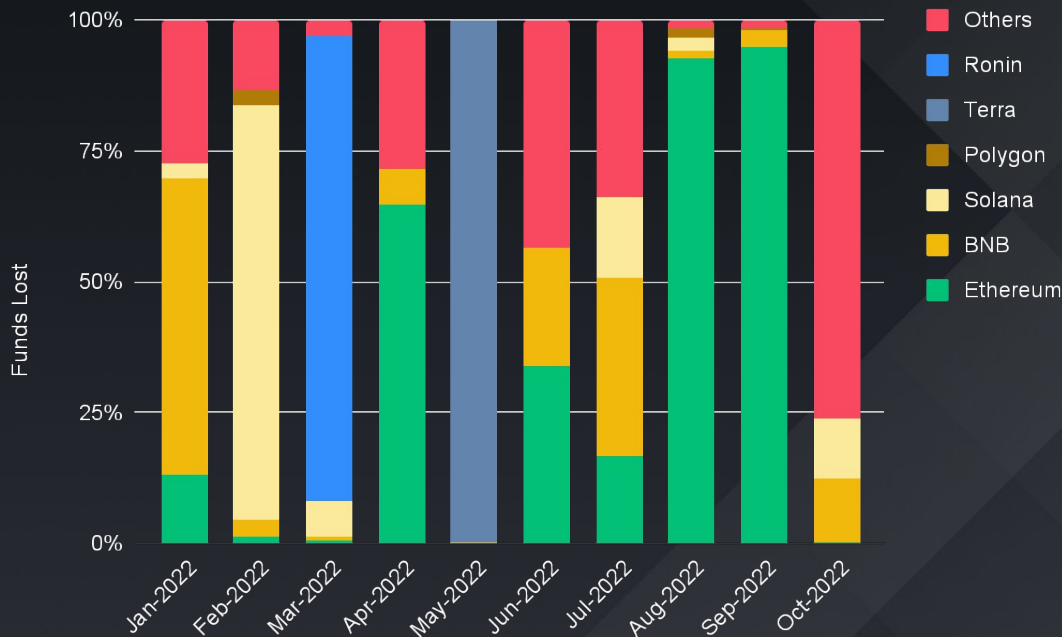
DeFi hacks & scams have led to ~US\$155M in lost funds per month in Q3

- Funds Recovered have averaged under 10% in Q3.
- In 2022 so far, an average of ~US\$380m has been lost per month (excluding May).

Funds Lost by Blockchain

Exploits and usage of chain appear correlated

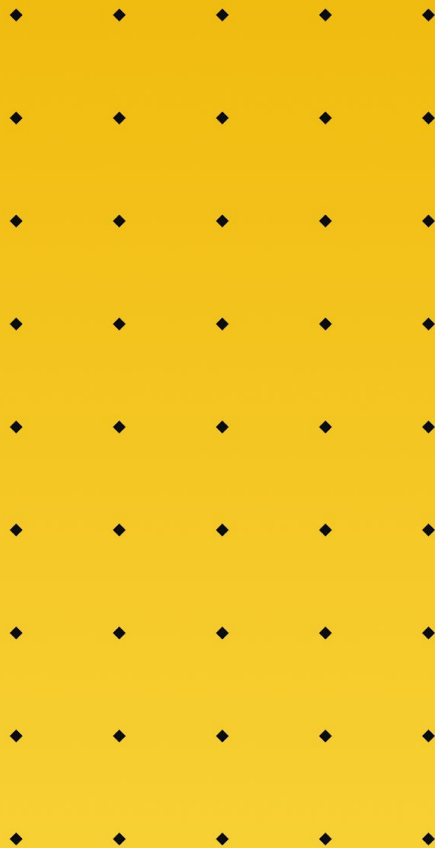
Breakdown of Funds Lost by Blockchain



Chains with large TVL have been targeted by bad actors

- The start of the year saw notable hacks in Solana (Wormhole), Ronin and Terra.
- Bridges have been particularly susceptible, with over US\$1.4B in Lost Funds in 2022 so far.

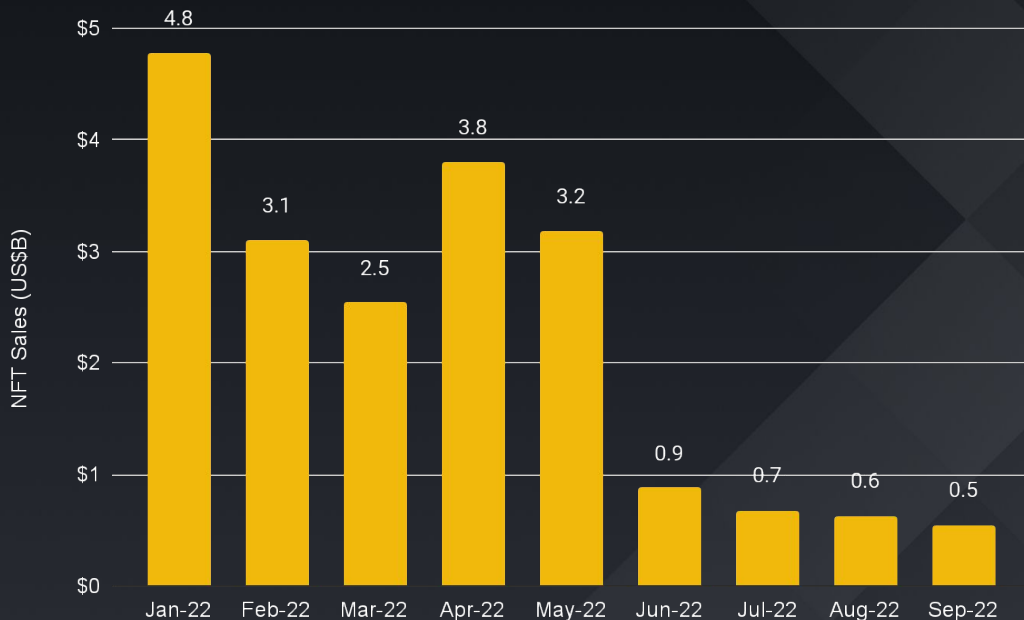
NFTs



Total NFT Sales

With crypto prices down, NFT sales had a tough Q3...

NFT Sales by Month



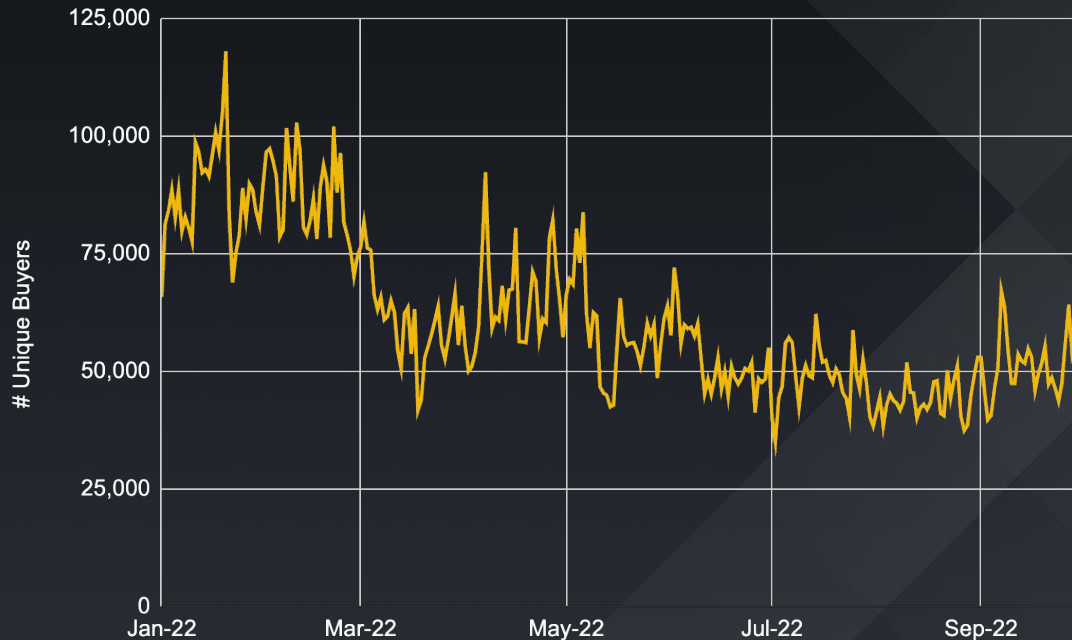
Q3 NFT Sales -73% QoQ

- Both primary and secondary sales were down over the quarter.
- Q3 NFT volume drastically underperformed in comparison to Q1 and Q2, following the market rout in June.

Number of Unique Buyers

...but, buyers seem resilient despite a turbulent market

Number of Unique Buyers



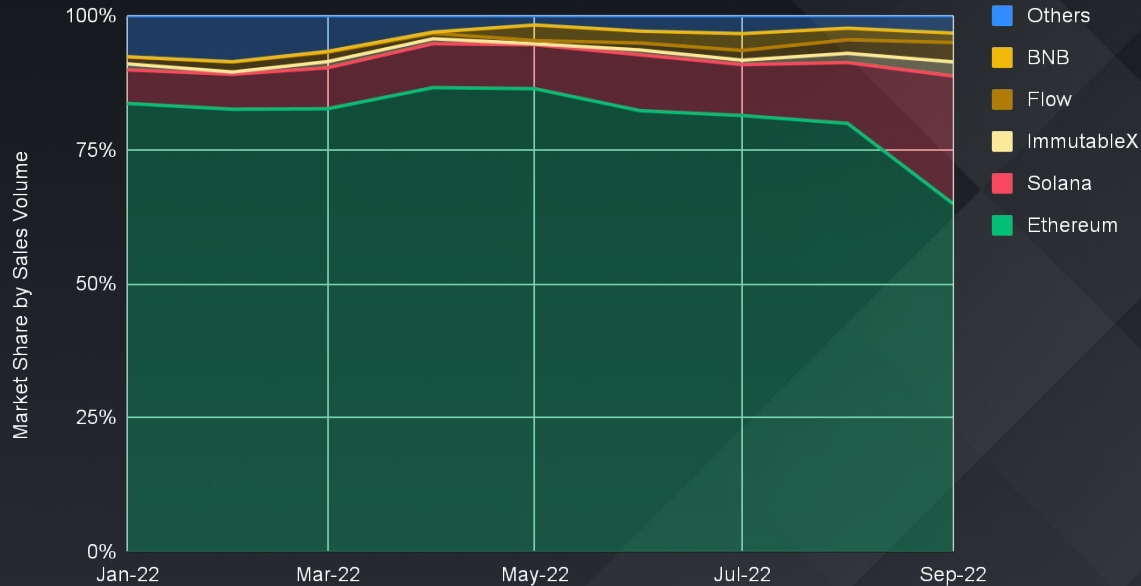
Despite a difficult environment, Q3 buyers data shows resilience

- Unique buyers metric has halved since its high early this year.
- Since the end of Q2, we have seen a slight increase in the number of unique buyers.

NFT Sales Volume by Blockchain

Ethereum leads, but Solana gained ground in Q3

NFT Sales by Chain



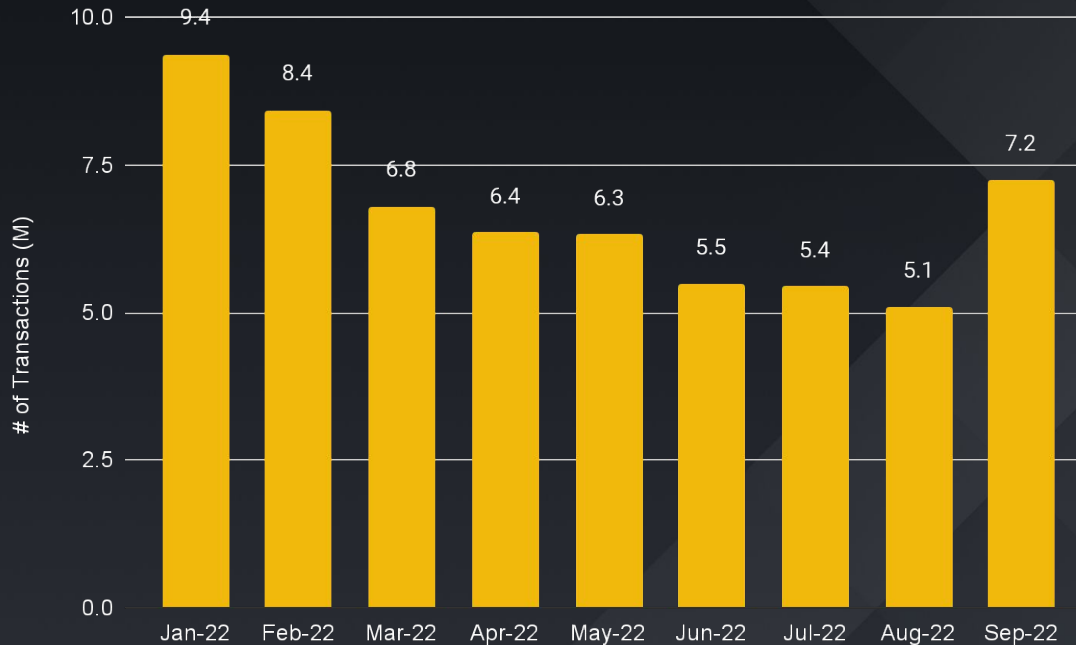
Solana +13% market share in Q3

- Ethereum remains the strongest blockchain in terms of NFT sales, with a 65% market share at the end of Q3. However, this represents a 16% decrease from end of Q2.
- NFT sales for Solana continues to pick up pace.

Total NFT Transactions

Pick up in transactions brings new confidence

NFT Number of Transactions by Month



Throughout Q3 the number of transactions has been higher than 2021

- Despite an early slowdown in July and August September transaction volume picked up again in September

NFT-500 Price Index

A rough quarter not just for Crypto prices but also for NFTs

NFT-500 Price Index



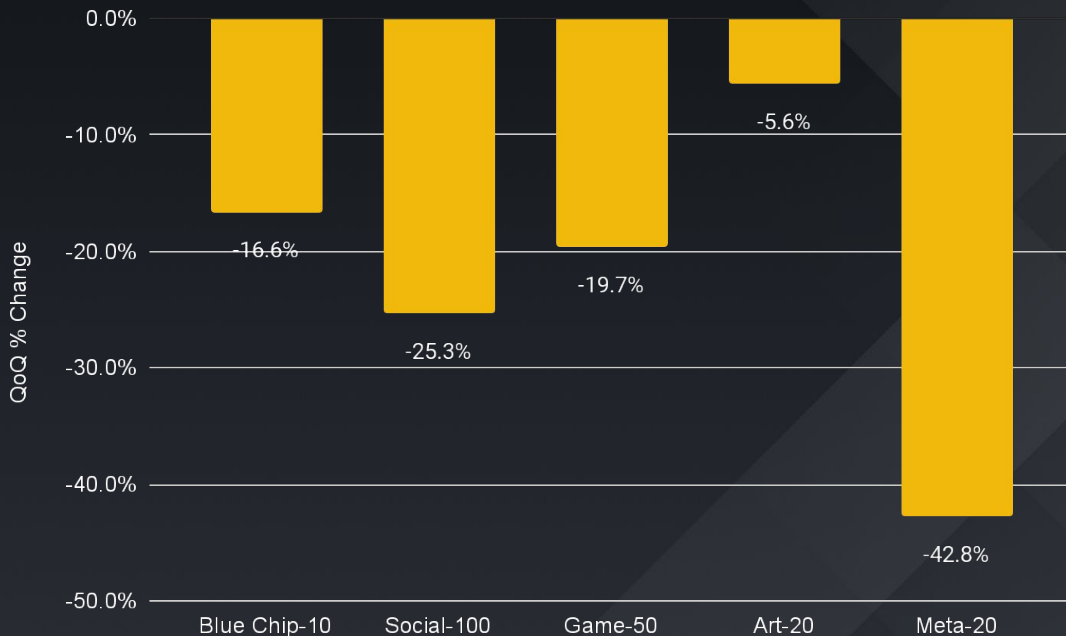
-27.9% QoQ drop in the NFT-500 index in Q3

- NFT prices are near all-time lows, in both ETH and USD terms, as measured by the NFT-500 Index.
- Price declines are consistent with the overall reduced activity in the space.

Price Performance by Sectors

All sectors are down, but some did worse than others

NFT Index QoQ Performance (Q3 2022)



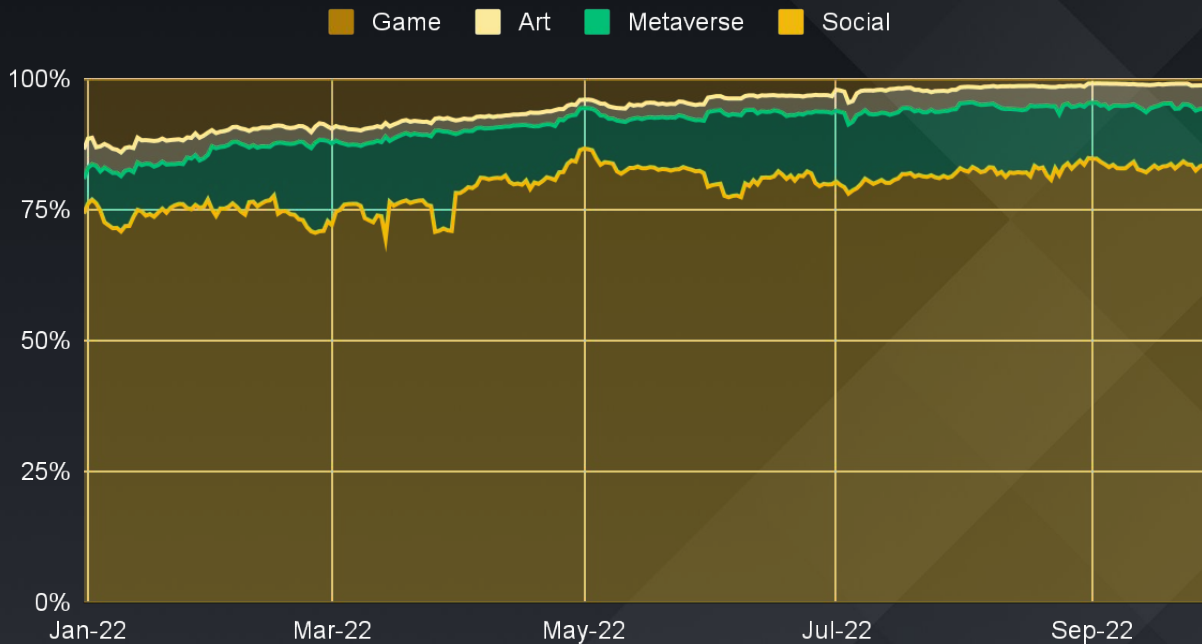
Has the Metaverse hype train left the station?

- NFTs had a bad quarter throughout the board. However, Social projects and Metaverse related NFTs have performed worse than the rest.

NFT Market Share by Category

Social NFTs dominate the NFT market

NFT Market Share Split (By Market Cap)



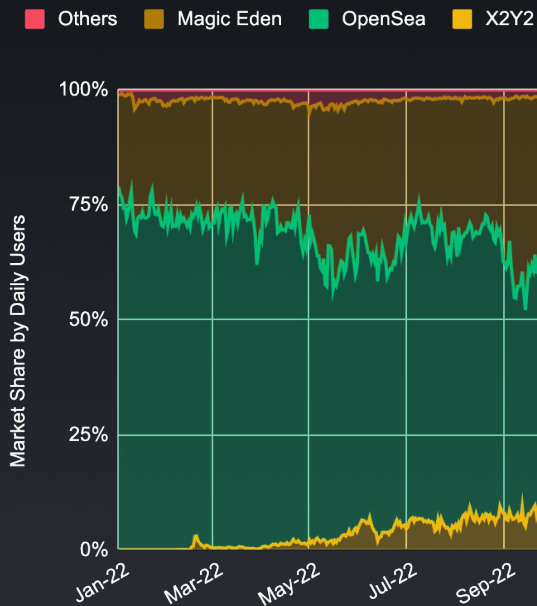
Will Social NFTs rule forever?

- Social NFTs enable users to network, interact and socialise. They include profile pictures (e.g. Cryptopunks), membership (e.g. proof-of-attendance), and utility (eg. Ethereum name service).
- Are Gaming NFTs a story of the past? The continued decline makes us wonder how the future will look like.

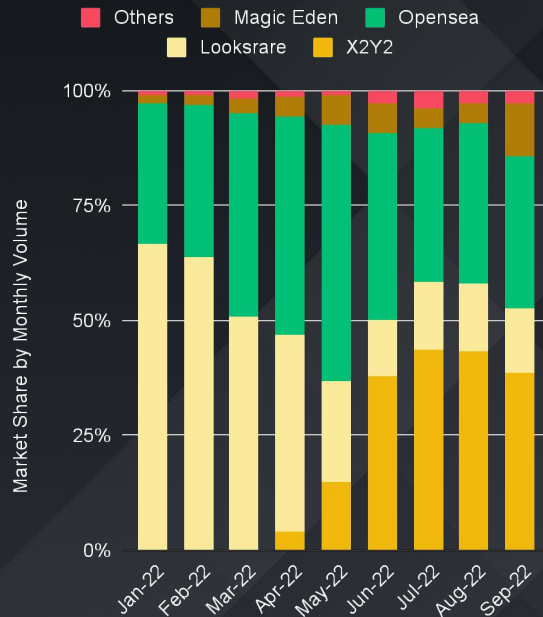
NFT Marketplaces Market Share

A slow but steady change in market leadership

By Users



By Volume



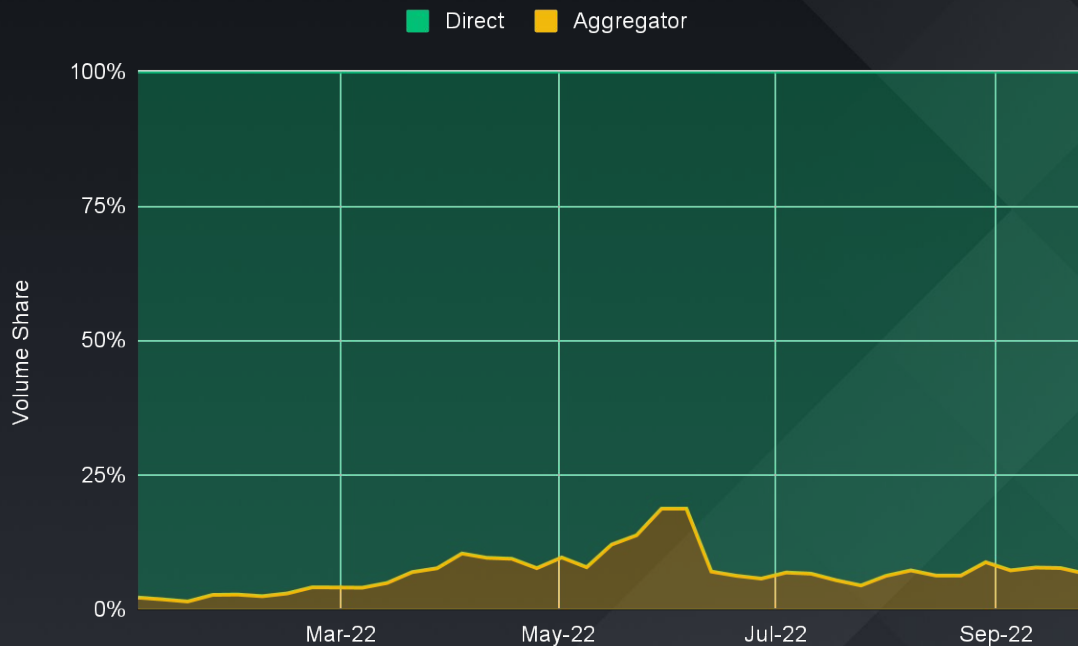
OpenSea is still the leading exchange, but for how long?

- Throughout the year, competitors have been gaining market share and the market has turned from a monopoly into an oligopoly.
- Magic Eden is a close second as Solana NFTs pick up steam.

NFT Aggregators vs Direct

A story of the past?

NFT Aggregators vs Direct Volume Share



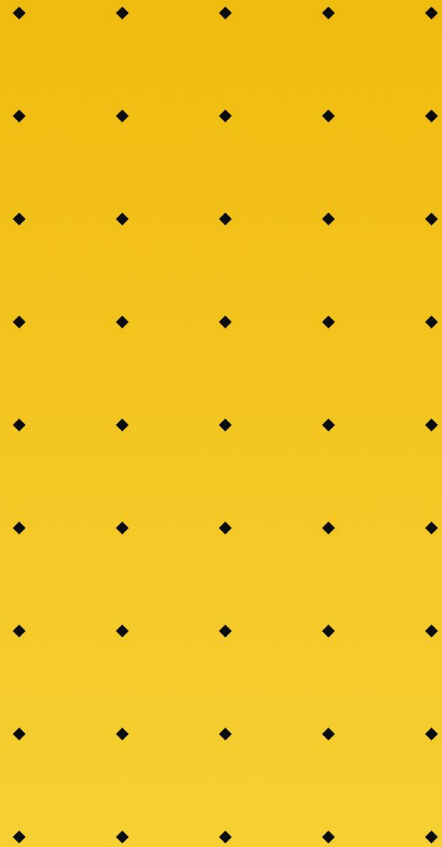
Source: Dune Analytics, Binance Research. Data as of 30 Sep 2022.



Aggregators were a hot topic in H1 but have not gained much traction since then

- Direct NFT marketplaces have been focused on rolling out new features and innovation, giving aggregators a run for their money, with little to no growth in the market share of aggregators.

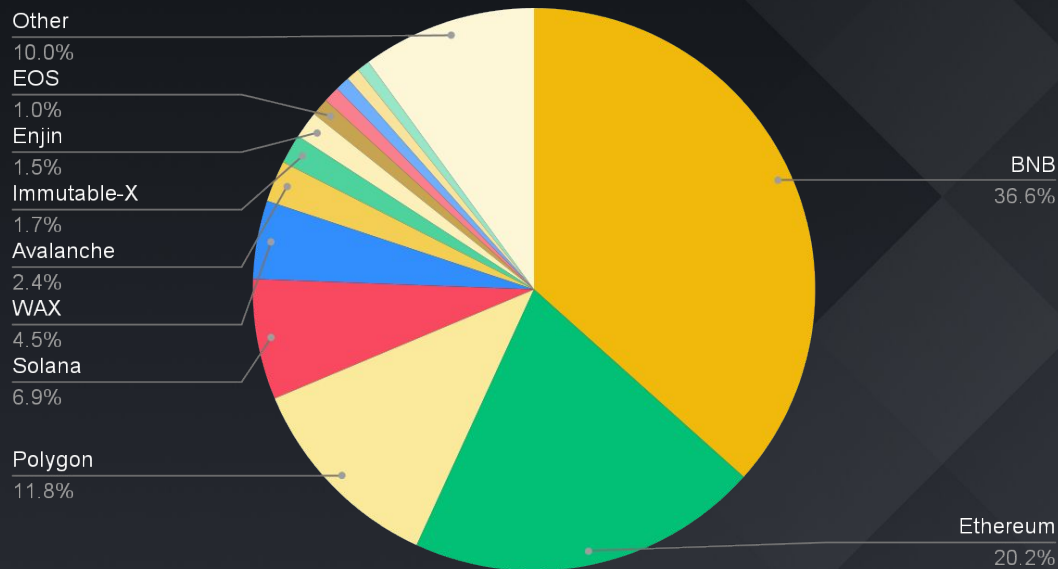
GameFi



Games by Chain

BNB Chain leads with the greatest number of games

Web3 Games by Chain



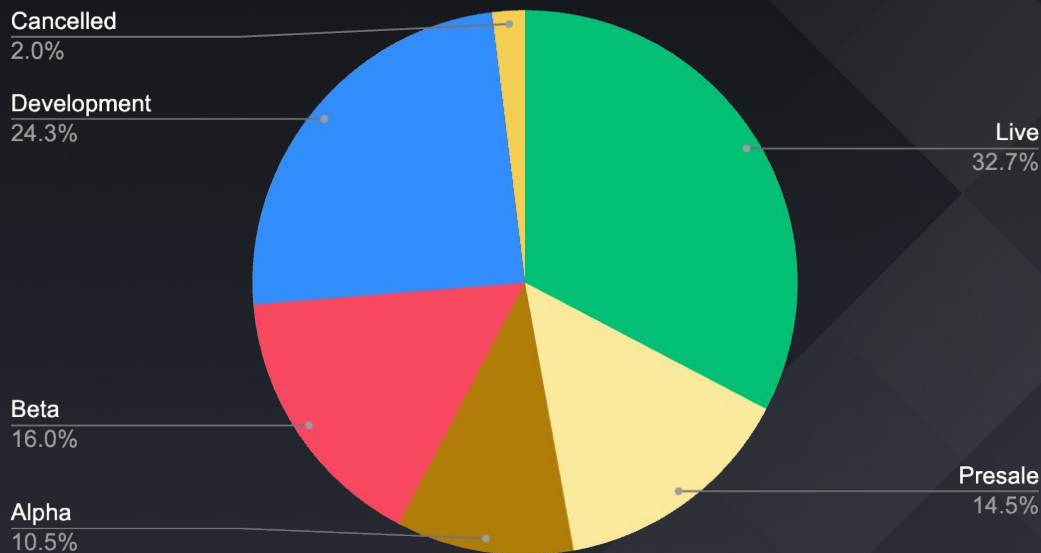
The gaming landscape is led by the top three players

- BNB Chain, Ethereum, and Polygon account for almost 70% of all games.
- BNB Chain has the highest number of games built on the chain.

Games by Status

GameFi is still in its early days

Web3 Games by Status



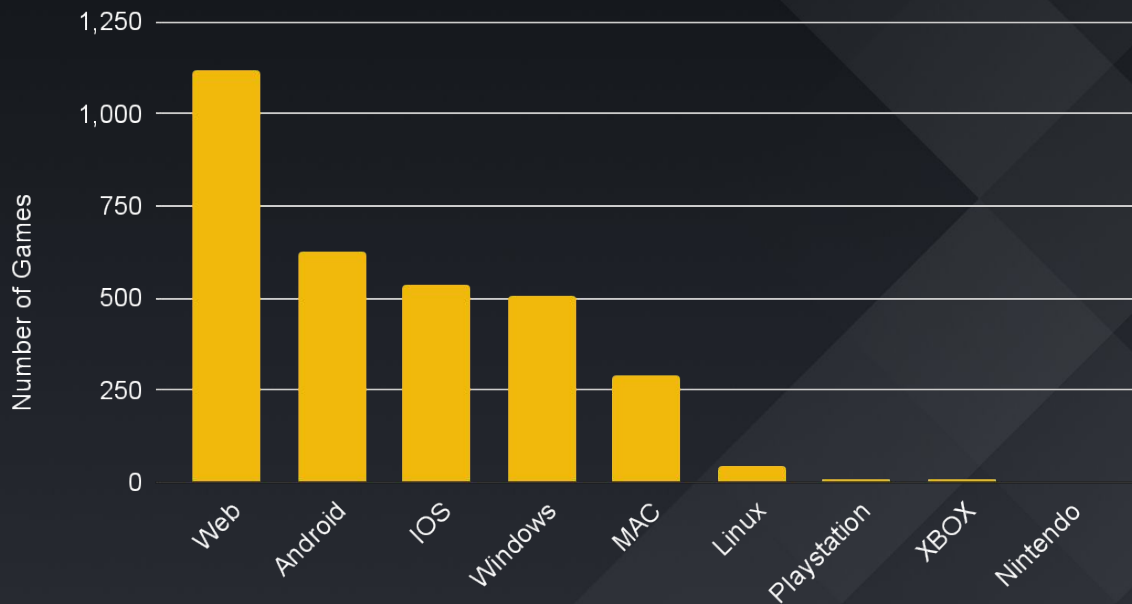
With only ~30% of games live, most games are still under development

- Only a small percentage of projects have been cancelled and there are many projects in Development, Beta, or Alpha stages.

Games by Device

Online or Mobile - you choose

Web3 Games by Device



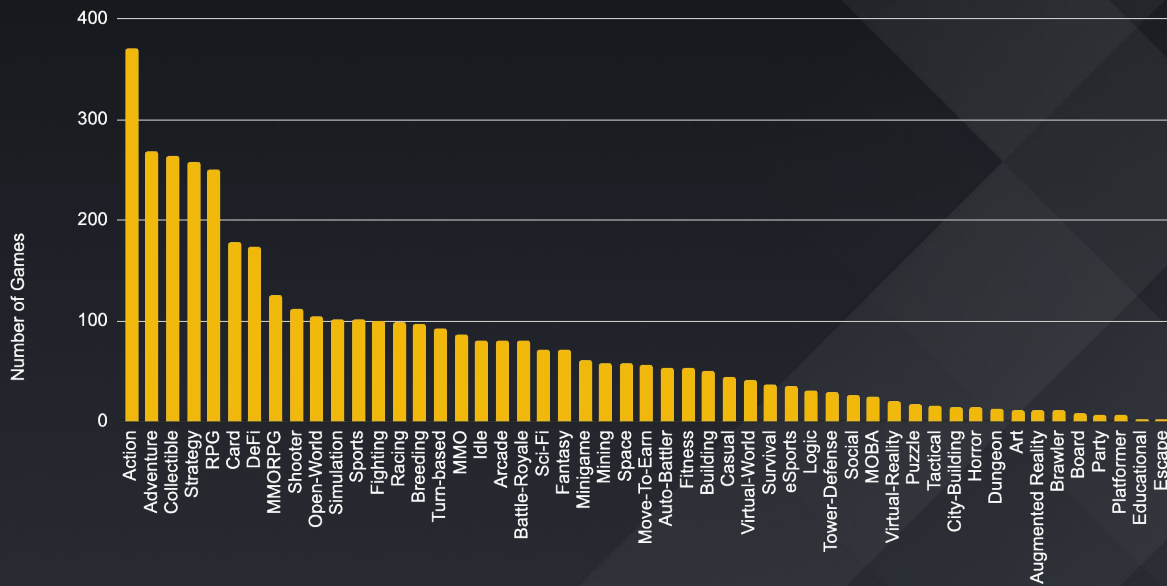
As of now, web-based and mobile games are head-to-head

- Mobile games (Android + iOS) are leading by a small margin. Considering a large mobile gaming market in Asia and high crypto adoption for the region, we are not surprised.
- Console games are clearly lagging behind.

Games by Genre

Entertainment across the board

Web3 Games by Genre



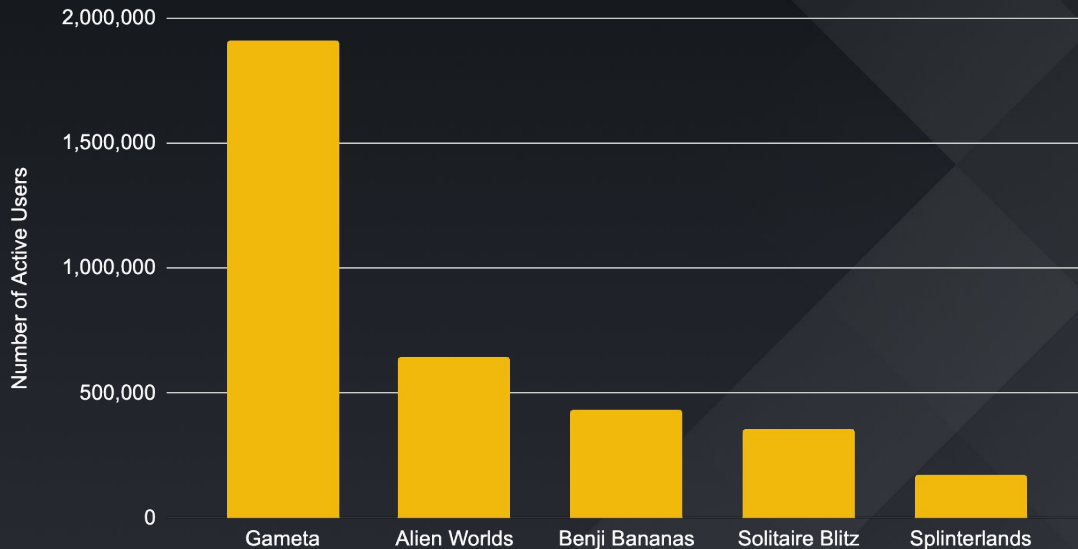
Action-oriented games are leading

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

Top 5 Games by Active Users in Past 30 Days

Play-to-earn games are leading the pack

Games by Active Users (September 2022)



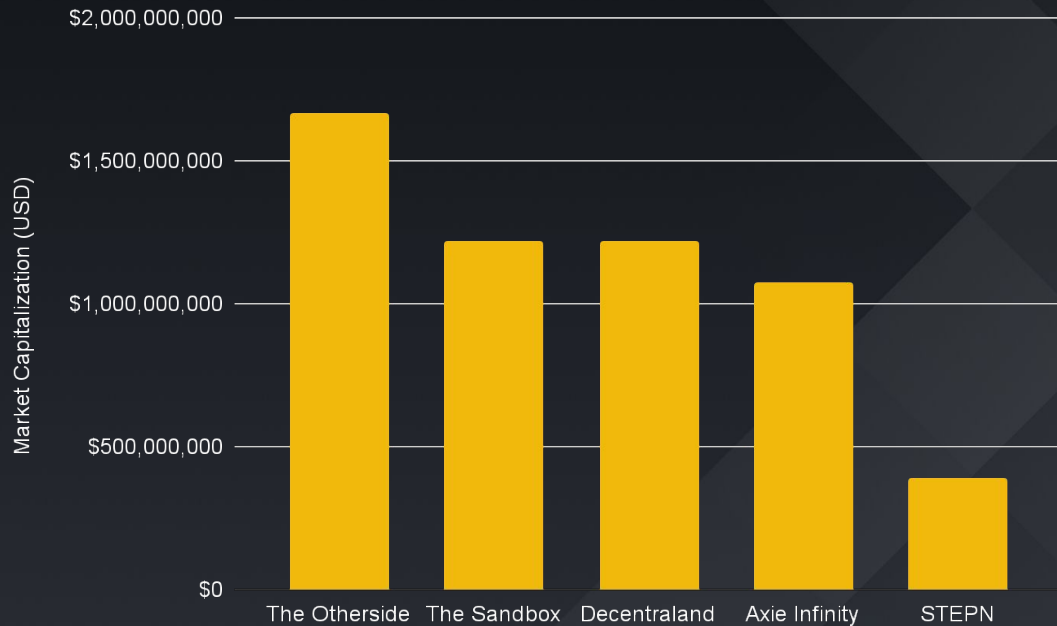
Gameta led in terms of users in September

- Action and community are at the center of GameFi trends.
- Play-to-Earn, despite its controversial reputation, is still highly popular.

Top 5 Games by Market Cap in Past 30 Days

The Metaverse - hype or opportunity?

Games by Market Cap (September 2022)



Metaverse projects stand out

- The top 3 games are Metaverse-related and are big names that should be familiar to most.
- X-to-Earn games like Axie Infinity and STEPN follow closely behind.

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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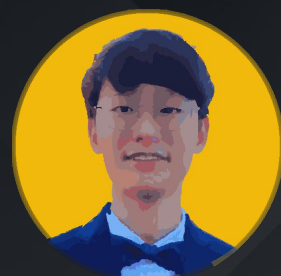
Shivam holds a BSc Economics degree from the London School of Economics & Political Science (“LSE”) and has been involved in the cryptocurrency space since 2017.



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Stefan started his career as Government Official for the District Government Muenster. Stefan has been involved in Crypto since 2019.



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Kevin is currently working for Binance as Macro Research Intern.

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