

Monthly Market Insights

April 2023



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Key Takeaways

- ❖ Despite increasing macroeconomic uncertainty, the crypto market exhibited resilience in March. Crypto market capitalization was up 9.3% month-on-month. This comes as Bitcoin broke the \$28,000 ceiling, a level not seen since June 2022.
- ❖ The Crypto Fear and Greed Index, which measures market sentiment, recorded a new high in March, indicating bullish sentiment. In fact, the index remained firmly in the “Greed” zone most of the time during the month, a stark contrast to 2022 when the index was generally in the “fear” zone.
- ❖ The narrative of Bitcoin as a store of value gained steam and Bitcoin has exhibited strong outperformance against the broader crypto market. Notably, Bitcoin was the top-performing coin in March among the top 10 coins by crypto market capitalization.
- ❖ Following Arbitrum’s airdrop announcement in mid-March, we witnessed a spike in activity on other Layer 2s such as zkSync and Starknet. This trend may have been driven by users moving to these L2s in anticipation of a future airdrop. March also marked a momentous month for L2 innovation with the launch of several zkEVM solutions.
- ❖ In the realm of stablecoins, USDT has been the net beneficiary of recent market events and has captured sizable market share from BUSD and USDC. Since the end of January, USDT’s market share based on market capitalization has risen from 49.5% to 60.0% as of the end of March.

Crypto Market Performance

March has been an eventful month for the economy and crypto markets to say the least. We witnessed the shutdown of three U.S. banks, the depeg of USDC stablecoin, and the launch of the first zkEVM rollup, among others. Despite increasing macroeconomic uncertainty with the banks and bond markets showing visible cracks, crypto market capitalization was still up in the month of March. This comes as Bitcoin broke the \$28,000 ceiling, a level not seen since June 2022.

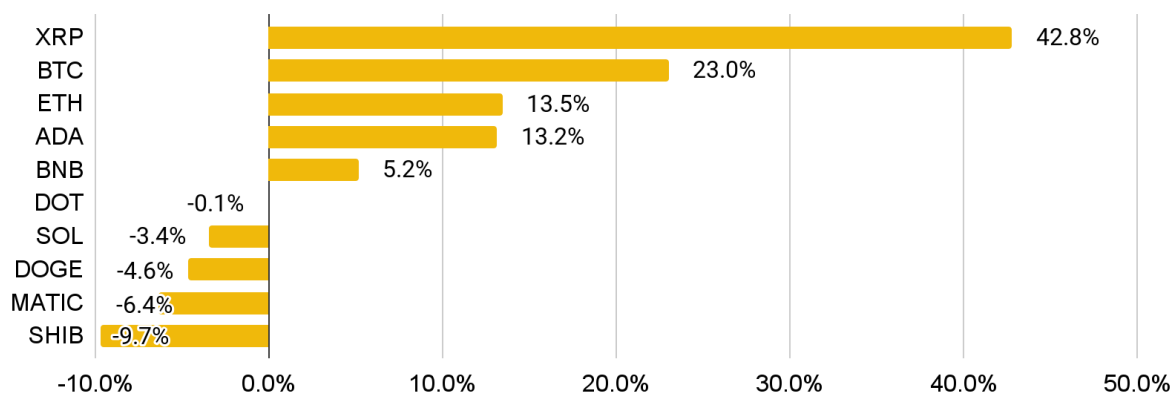
Figure 1: Monthly Crypto Market Capitalization increased 9.3% in March

Monthly Change in Crypto Market Cap (%)

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

Source: CoinMarketCap
As of 31 Mar 2023

Figure 2: Monthly Performance of the Top 10 coins by Market Capitalization



Source: CoinMarketCap
As of 31 Mar 2023

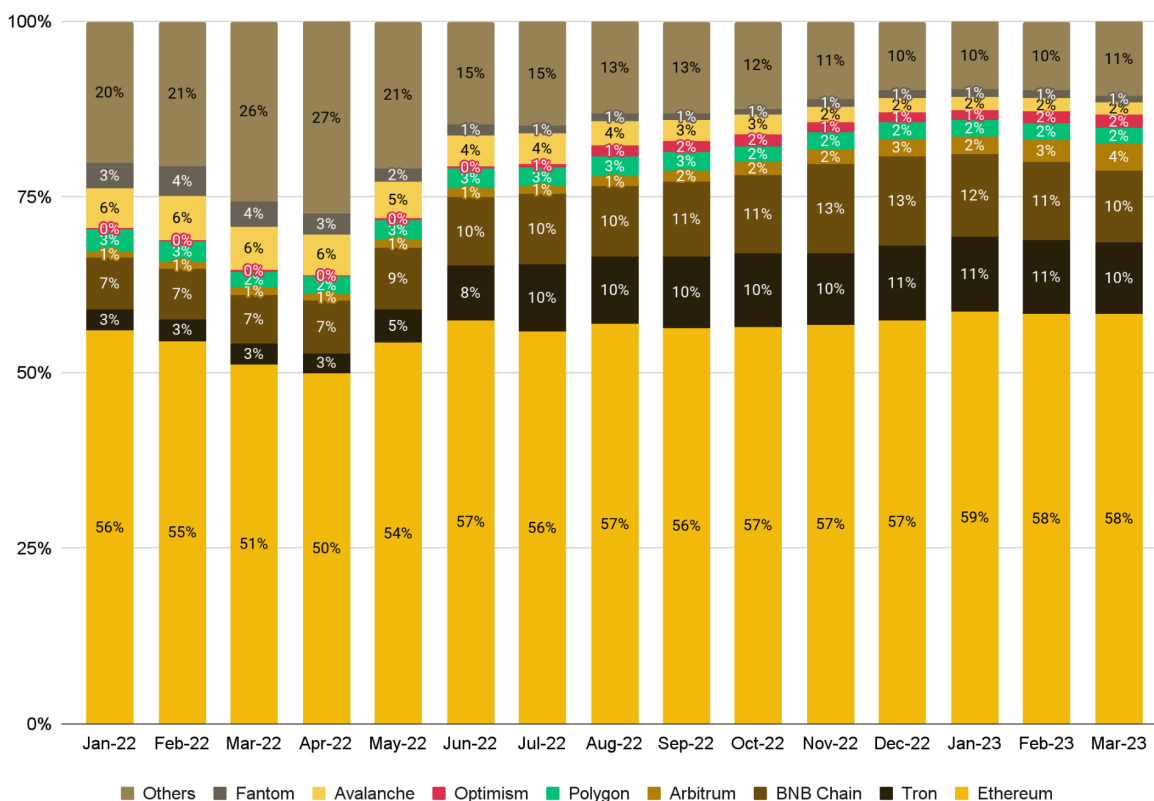
In descending order of performance:

- ❖ XRP enjoyed a stellar performance with a 42.8% rise in its price ahead of the potential conclusion for the SEC v Ripple lawsuit. Investors remain optimistic about the company's ability to successfully overcome these legal challenges and contest that XRP is a digital currency rather than a security.
- ❖ The majors - BTC and ETH have also witnessed double digit growths, with BTC leading with a 23.0% rise. This comes after concerns of a U.S. banking crisis drove the narrative of BTC as a store of value and inflation hedge. The rise in BTC could also be attributed to Michael Saylor's MicroStrategy ("MSTR") who purchased another 6,455 bitcoins for approximately US\$150M according to its recent filings. The continued growth in the Ordinals and Inscriptions space has also been a notable tailwind for Bitcoin, as it has created an alternative use case for the coin and led to additional demand for its block space. For Ethereum, the final phase of its upcoming upgrade ("Shapella") is scheduled for April 12, 2023. This will enable validators to withdraw their staked ETH from the Beacon Chain. There are currently over 17 million ETH staked.
- ❖ ADA and BNB have also displayed resilience in March, prices are up 13.2% and 5.2% month-on-month ("MoM") respectively. Based on data from [Santiment](#), addresses holding more than 10K ADA have collectively accumulated 1.03B (3.3% more coins) in the past five months.
- ❖ Despite the widely anticipated release of Polygon's zkEVM mainnet beta on March 27, the price of MATIC failed to see much rejuvenation but instead declined 6.4% MoM. Nonetheless, the introduction of this new technology marks a significant milestone for the ecosystem as it enables faster and cheaper transactions with easy-to-use interfaces for developers to onboard and build on the network.
- ❖ Elsewhere, SHIB and DOGE slumped relative to the previous month with the lack of any particular social media hype or notable developments.

Decentralized Finance (“DeFi”)

DeFi markets fell by a slight 0.3% MoM to US\$49.0B. Ethereum (58.4%), Tron (10.1%) and BNB Chain (10.2%) retained the top spots and expanded in terms of TVL share as the composition remained generally unchanged.

Figure 3: TVL share of Top Blockchains

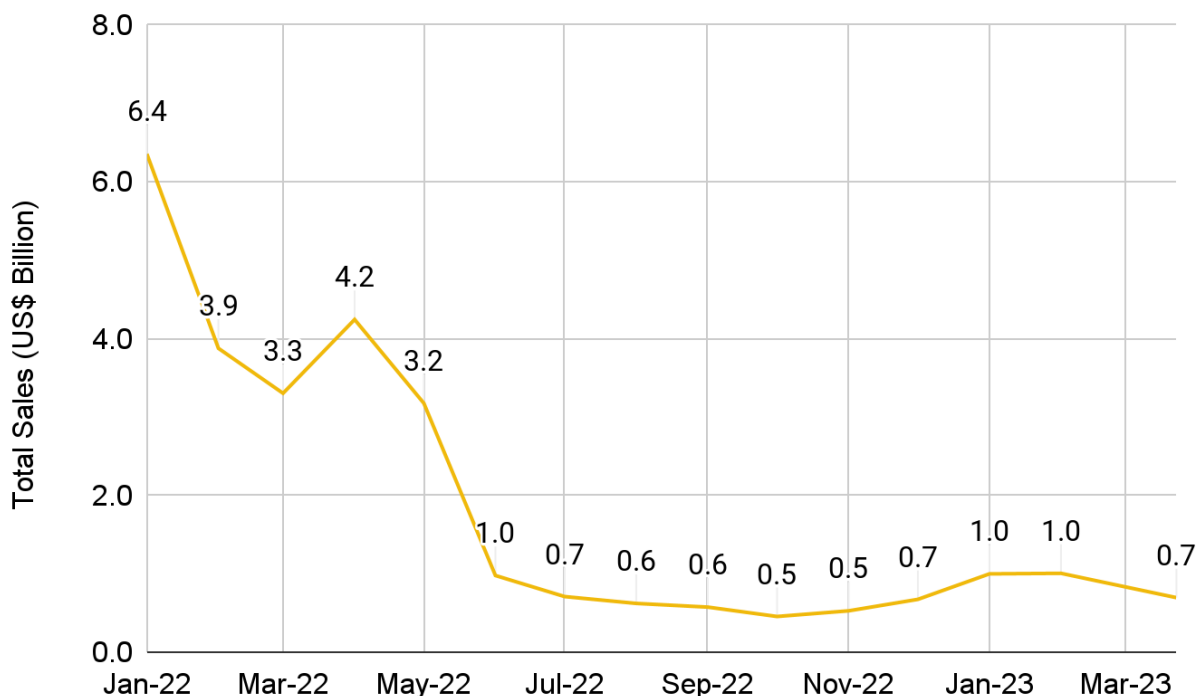


Source: DeFiLlama
As of 31 Mar 2023

Following Arbitrum’s airdrop where over 1 billion tokens were airdropped to more than 540,000 wallets, it is of no surprise that the L2 roll-up’s TVL rose by an impressive 22.9% compared to February. This was largely fuelled by the rise in trading volumes and TVL for decentralized exchanges such as GMX, Camelot and Uniswap V3.

Non-Fungible Token (“NFT”)

Figure 4 : Monthly Trading Volume for NFTs



Source: Cryptoslam
As of 31 Mar 2023

Following the end of “Season 1” of the highly anticipated \$BLUR airdrop in February, total sales declined and normalized back to trend in March. The number of buyers and sellers decreased as well. This comes as total transactions dropped since January with fewer users farming NFT projects to be eligible for the \$BLUR tokens. Nonetheless, Blur continues its lead as the top NFT marketplace based on trading volume in March. We touched on what we believe have contributed to Blur’s rise in one of our recent reports on [The State of NFT Marketplaces](#).

Charts of the Month

Fear and Greed Index hits new high

Figure 5: Market sentiment is bullish



Source: Coinglass
As of 31 Mar 2023

The Crypto Fear and Greed Index recorded a high of 68 during the month, a level not seen since November 2021. The index, which measures crypto market sentiment, has remained firmly in the “Greed” zone for the most part in March, indicating bullish sentiment. This is in stark contrast to 2022 when the index remained largely range bound in the “fear” zone throughout the year.

Even as the broader economy witnessed a banking crisis, the overall crypto market has shown resilience in March, with crypto market capitalization increasing by 9.3% month-on-month to US\$1.18T.

Investors flock to Bitcoin amidst an uncertain macro environment

Figure 6: ETH-to-BTC ratio hits a new low



Source: CoinMarketCap
As of 31 Mar 2023

Bitcoin has exhibited strong outperformance against the broader crypto market and Ether, as shown by the ETH-to-BTC-ratio. The price ratio has hit a new low for the year, a level last seen in July 2022.

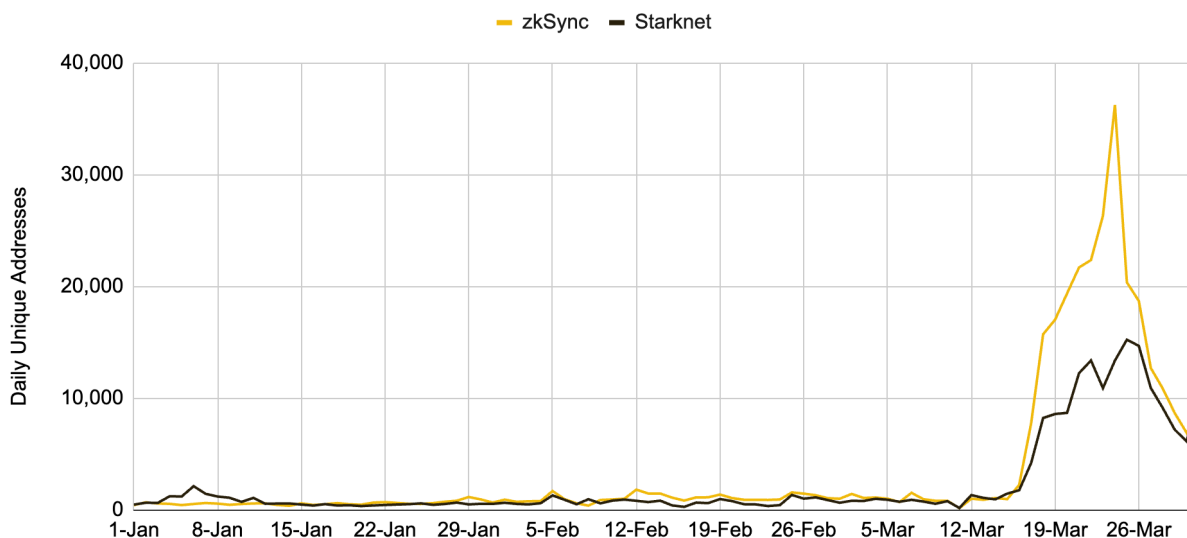
Following the shut down of several U.S. banks and against an increasingly challenging macro backdrop, the narrative of Bitcoin as a store of value and a hedge against the dollar has re-emerged and gained steam. Former Coinbase CTO, [Balaji Srinivasan's bet](#) that Bitcoin would reach US\$1M in 90 days has also shone the spotlight on Bitcoin.

The emergence of Ordinals and Inscriptions earlier this year has also been of importance. Over 650K Inscriptions have now been inscribed onto the Bitcoin blockchain, having generated over US\$4M in fees. Overall, March was a significant month with total minted Inscriptions rising by over 200% and both Gamma.io and Magic Eden announcing NFT marketplace support for Ordinals-based collections. See our latest [piece](#) on Bitcoin for more.

On the other hand, the upcoming Shapella upgrade for Ethereum has introduced some uncertainty in terms of market impact for Ether, possibly contributing to Ether's underperformance relative to Bitcoin.

Activity on other Layer 2s surged after Arbitrum’s airdrop announcement

Figure 7: Daily Unique Addresses spiked in the second half of March



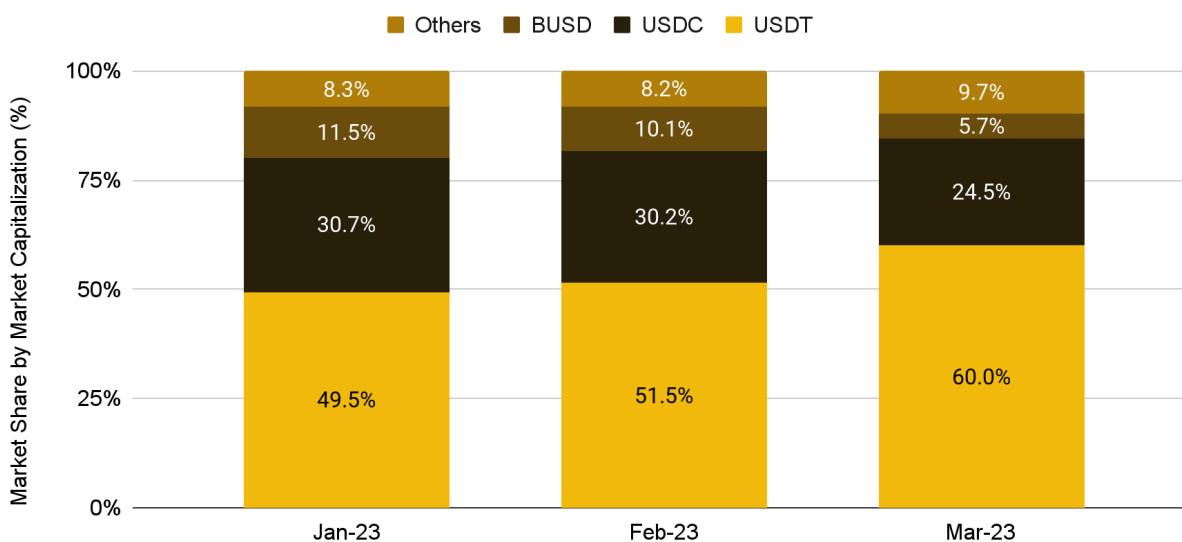
Source: Dune Analytics (@subinium)
As of 31 Mar 2023

Following Arbitrum’s airdrop announcement on March 16th, we witnessed a spike in Daily Unique Addresses (“DUAs”) on other L2s such as zkSync and Starknet. This trend may have been fuelled by users moving to these L2s in anticipation of a future airdrop. It should be recognized that DUA is not a pure metric of user base, as a single user could be using multiple unique addresses on-chain. Time will tell whether the spike in DUAs is organic or rather, driven by “airdrop farmers.”

On a separate but related note, March marked a momentous month for L2 innovation. zkSync released the first zero-knowledge (“zk”) rollup compatible with the Ethereum Virtual Machine (“EVM”) on mainnet, marking a major milestone for the Ethereum scalability roadmap. Hot on the heels of zkSync Era, Polygon has also launched its zkEVM solution to the public.

USDT absorbs competitors' market share

Figure 8: USDT market share surged in March 2023



Source: DeFiLlama
As of 31 Mar 2023

March has undoubtedly been a turbulent month for Circle's USDC. Following revelations that Circle held over US\$3.3B of USDC reserves in the now defunct Silicon Valley bank, USDC traded to an intraday low of \$0.87 as panic ensued and holders rushed for the exits. While USDC has since recovered its peg and Circle's funds ended up being safe, circulating supply has tracked lower over the past couple of weeks, signaling a loss of holders' confidence.

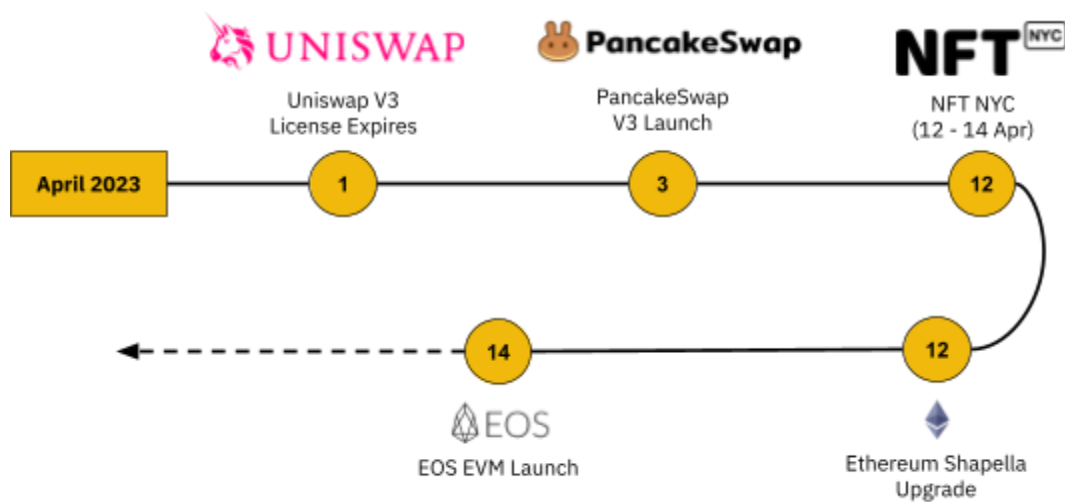
Similarly, BUSD's circulating supply has also continued its decline as stablecoin issuer Paxos announced that they will stop minting new BUSD in February.

Against this backdrop, USDT has been the net beneficiary of recent market events. Since the end of January, USDT's market share based on market capitalization has risen from 49.5% to 60.0% as of the end of March. As one of the most liquid and widely accepted stablecoin, USDT has benefitted from the shift in tides and has captured sizable market share from BUSD and USDC.

Upcoming Events and Token Unlocks

In this section, we have summarized notable events and upcoming token unlocks for the month. We hope this would be helpful for you to monitor key developments in the space and keep track of unlock events that may have an impact on your holdings.

Figure 9: Notable events in April 2023



Source: Binance Research

Figure 10: Largest token unlocks in US\$ terms

PROJECT	TOKEN	UNLOCK IN US\$ EQUIVALENT	% OF SUPPLY	UNLOCK DATE
BitDAO	\$BIT	\$98.8M	1.95%	15 Apr
ApeCoin	\$APE	\$64.6M	1.56%	17 Apr
APTOS	\$APT	\$51.9M	0.45%	12 Apr
Ronin	\$RON	\$44.7M	4.15%	27 Apr
Axie Infinity	\$AXS	\$32.6M	1.45%	17 Apr
ImmutableX	\$IMX	\$20.1M	0.90%	22 Apr
dydx	\$DYDX	\$16.8M	0.65%	11 Apr
Moonbeam	\$GLMR	\$4.7M	1.27%	11 Apr
Wield Guild	\$YGG	\$4.3M	1.69%	27 Apr

Source: Twitter (@top7ico), TokenUnlocks, Binance Research

New Binance Research Reports

Check out our latest publications over the past month by clicking on the following images. Interested to read more of such analysis? Be sure to visit us at our [website](#).



A New Era for Bitcoin?

With an analysis of recent developments, we cover all there is to know and look forward to in Bitcoin's new era



Navigating Crypto: Industry Map

An overview of different verticals in crypto



The State of NFT Marketplaces

An analysis of the competitive landscape of NFT marketplaces



Monthly Market Insights - March 2023

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

References

- 1) <https://defillama.com/>
- 2) <https://coinmarketcap.com/>
- 3) <https://www.cryptoslam.io/>
- 4) <https://www.coinglass.com/>
- 5) <https://token.unlocks.app/>

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



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Colin is currently an intern with Binance on the Macro Research team. Prior to joining Binance, he interned as a Trader with Genesis Global Trading. Additionally, Colin has had experience as a data analyst, spending time with Paypal’s Enterprise Architecture Team and Gtracule Asset Management Asia’s Digital Assets Team. He was also a Solidity developer at Morpheus Labs. Colin is currently an undergraduate at the National University of Singapore, where he is studying Business and Computing (Information Systems). His interests primarily lie in DeFi and quantitative analysis.

Mac Naggar, Macro Research Intern



Mac is currently an intern with Binance on the Macro Research team. Prior to joining Binance, he worked as a Web3 Product Manager for HSBC. Additionally, Mac has had experience on the trading side, spending time with Morgan Stanley's Fixed Income Division, Algorand's Capital Markets Team, and CrossTower's Digital Assets Trading Desk. Mac is a recent graduate of Cornell University and now is pursuing a Master of Science in Blockchain & Digital currencies at the University of Nicosia. His sector interests primarily lie in DLT Design & Interoperability, DeFi, and Institutional Adoption.

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