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Key Takeaways

- Crypto markets had a strong run after the Shapella upgrade on Ethereum. We note the impressive rallies experienced by the majors in the immediate aftermath as BTC and ETH soared to new highs for the year. Nonetheless, prices continued to see-saw through the month, especially with the recent rumors and false alerts over the US government selling a large amount of Bitcoin. Fortunately, these were quickly absorbed, leaving the market positioning ahead of another possible interest rate hike in May’s FOMC.

- For the first time, validators can now withdraw staked ETH from the Beacon Chain after the long-awaited Shapella upgrade on Ethereum was implemented on April 12. There has not been a rush for the exit, and withdrawals from the Beacon chain have been reasonably paced so far.

- April marks the third consecutive month in which creators on Blur have received more royalties than creators on OpenSea. NFT volume on Blur continues to exceed that on OpenSea.

- Venture capital firms invested US$2.4B into crypto-focused companies in Q1 2023, the lowest amount since 2020. However, on a more positive note, the number of deals has picked up in Q1, with pre-seed deals driving most of this growth.

- Average Ethereum transaction fees surged in April and recorded a high not seen since June 2022. This surge was largely driven by transactions related to meme coins.
Crypto Market Performance

April marked a major milestone for crypto following Ethereum’s highly anticipated Shapella upgrade on April 12 as markets buoyed after the event – with Bitcoin above US$30,000 and ETH smashing through US$2,100 at one point. A healthy correction in crypto markets then ensued as prices reverted to early April levels. This development comes against the hawkish outlook on the speculated Fed interest rate hike.

**Figure 1: Monthly crypto market capitalization increased by 2.8% in April**

**Monthly Change in Crypto Market Cap (%)**

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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<tbody>
<tr>
<td>2023</td>
<td>30.4</td>
<td>3.4</td>
<td>9.3</td>
<td>2.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>-22.6</td>
<td>-0.3</td>
<td>25.3</td>
<td>-18.1</td>
<td>-25.2</td>
<td>-31.7</td>
<td>21.8</td>
<td>-11.4</td>
<td>-2.1</td>
<td>7.2</td>
<td>-18.0</td>
<td>-4.5</td>
</tr>
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<td>2021</td>
<td>33.9</td>
<td>39.6</td>
<td>31.1</td>
<td>11.4</td>
<td>-25.7</td>
<td>-5.9</td>
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<td>25.2</td>
<td>-9.9</td>
<td>42.9</td>
<td>-1.0</td>
<td>-15.0</td>
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<tr>
<td>2020</td>
<td>35.4</td>
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<td>-27.7</td>
<td>38.8</td>
<td>10.0</td>
<td>-4.5</td>
<td>25.9</td>
<td>13.7</td>
<td>-7.6</td>
<td>14.6</td>
<td>37.5</td>
<td>39.7</td>
</tr>
<tr>
<td>2019</td>
<td>-11.6</td>
<td>12.3</td>
<td>11.1</td>
<td>17.1</td>
<td>55.5</td>
<td>30.8</td>
<td>-22.5</td>
<td>-6.5</td>
<td>-13.7</td>
<td>14.8</td>
<td>-14.7</td>
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<td>2018</td>
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<td>-9.0</td>
<td>-42.9</td>
<td>67.9</td>
<td>-26.2</td>
<td>-23.4</td>
<td>18.1</td>
<td>-22.9</td>
<td>-1.7</td>
<td>-8.4</td>
<td>-32.1</td>
<td>-5.5</td>
</tr>
</tbody>
</table>

Source: CoinMarketCap
As of 30 Apr 2023

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

Source: CoinMarketCap
As of 30 Apr 2023
In descending order of performance:

- SOL was the best performer of the month, showing an 8% rise in price on a month-on-month ("MoM") basis. This comes as the total value locked ("TVL") on the chain rose over 11% throughout April. The comeback was helped along by the increasing popularity of SOL liquid staking on Lido, with TVL nearly US$64.0M, up from US$54.4M at the start of April.

- BNB also displayed resilience in April as it remained in the green on a month-on-month ("MoM") basis. Based on the latest quarterly burn on BNB chain under the Auto-Burn program, over 2 million BNB was burnt, equating to an approximated US$676.6M. The mechanism automatically adjusts the amount of BNB to be burnt based on the price and number of blocks generated during the quarter.

- Despite the release of Polygon zkEVM, MATIC continued its downward spiral with a ~11% fall in April. Regarding network activity, daily active addresses and the number of transactions declined steadily in April, exhibiting early warning signs of waning expectations in the market.

- XRP also recorded noticeable declines of nearly 12% in April after showing one of the strongest price actions in March. This followed waves of positive news last month in the ongoing lawsuit with SEC, which caused the token to outperform the markets significantly. The fall could be attributed to possible profit-taking behavior by investors as the euphoria subsided against the backdrop of heightened regulatory uncertainty.
Decentralized Finance (“DeFi”)

DeFi markets fell by 0.50% MoM to US$49.5B. Ethereum (58.4%), Tron (11.1%), and BNB Chain (9.7%) retained the top spots as the composition remained generally unchanged.

*Figure 3: TVL share of top blockchains*

Most notably, TVL on Ethereum hit a high for the year on April 16, topping out over US$32.1B. A similar trend was seen in terms of combined TVL for L2 networks, namely Arbitrum, Optimism, and Polygon, which have also soared to new highs. Arbitrum continues to dominate the L2 landscape, accounting for over US$2B after its highly anticipated airdrop of the ARB token last month. In addition, as Ethereum has also completed its Shapella upgrade, it remains to be seen how TVL will change given the new deposit and withdrawal procedures of staked ETH. We will further discuss the Shapella upgrade later in this report.
**Non-Fungible Token (“NFT”)**

**Figure 4: Monthly trading volume for NFTs**

After an initial strong start to the year, NFT trading volumes have gradually declined and nearly halved as of the end of April. A similar observation is seen across other key statistics – the number of daily trades and daily traders, which have dipped to new lows for the year as trading activity on Blur suffered a steep drop since its airdrop in February.

Nansen’s NFT-500 index also recorded a general slump as floor prices for prominent NFT collections fell. In particular, the BAYC floor price hit a 5-month low as pseudonymous NFT holder “franklinisbored” sold at least 27 BAYCs within 12 hours to pay off the loans on BendDAO. This triggered other NFT whales to similarly sell their blue-chip NFTs, causing a general market sell-off.

*Source: Cryptoslam
As of 30 Apr 2023*
Charts of the Month

The moderate pace of withdrawals post-Shapella upgrade

*Figure 5: ETH withdrawals have been processed at a reasonable pace*

The long-awaited Shapella upgrade on Ethereum was implemented successfully on 12 April. The hard fork was a highly anticipated event and marked the conclusion of Ethereum's transition to Proof of Stake. For the first time, validators can withdraw staked ETH from the Beacon Chain.

More than two weeks have passed since the upgrade, and while ETH bears had previously predicted a rush for the exit and pent-up sell pressure, withdrawals have occurred at a reasonable pace. In fact, there have been several days when deposits have exceeded withdrawals, resulting in net gains to the amount of ETH staked.

With the Shapella upgrade behind us, the next major hard fork is the EIP-4844 Cancun upgrade, which aims to tackle Ethereum’s scalability problem and introduces proto-danksharding. Proto-danksharding increases block capacity, thereby reducing roll-up costs and allowing for more transactions.

*Source: Dune Analytics (@hildobby)*

As of 30 Apr 2023
NFT royalties on Blur exceeded OpenSea

*Figure 6: Since Feb, royalties on Blur have consistently exceeded those paid out on OpenSea*

Following the highly publicized NFT royalty war that newer entrant, Blur, entered into with market leader, OpenSea, things continue to look good for Blur. Since February of this year, Blur has consistently paid more royalties to creators than OpenSea. March and April have seen a continuation of this trend and have been significant months, with Blur paying out over US$3.1M more to creators when compared to OpenSea.

While traders and creators initially flocked to Blur to benefit from its $BLUR token airdrop, it appears that Blur has maintained a high level of activity on its platform following the initial drop. Blur continues to dominate volume, and given it is now paying more royalties than OpenSea, it may not be surprising to see continued growth in market share versus peers. To read more about the history of the battle between Blur, OpenSea, and other peers, check out our report on [The State of NFT Marketplaces](#).
Q1 venture capital funding hits a new low

Figure 7: Crypto venture capital funding hit its lowest level since 2020

Venture capital firms invested US$2.4B into crypto-focused companies in Q1 2023, which is the lowest amount since 2020. In fact, this represented an 80%+ decline when compared to Q1 2022. As somewhat expected, this is likely due to increased investor risk aversion after generally shakier market conditions and some of the events that took place within the crypto universe through last year.

On a more positive note, digging deeper into the numbers, the number of deals has picked up in Q1 (439 vs. 366 in Q4 2022). Pre-seed deals (i.e., the youngest companies) have driven most of this growth (as opposed to companies further in their development). This might indicate renewed investor interest in backing smaller, more novel projects relative to some of the higher-valued startups in the space.

Source: Pitchbook Data, Inc.
As of 30 Apr 2023
ETH fees spiked in April due to a surge of meme coins

*Figure 8: Ethereum transaction fees spiking in April*

![Graph showing ETH transaction fees spiked in April](image)

*Source: TheBlock, Binance Research  
As of 30 Apr 2023*

After the Merge took place in September 2022, Ethereum transaction fees remained relatively muted. The only exception to this trend came during March when fees spiked after $USDC de-pegged. Soon after the de-peg event, transaction fees fell and began normalizing to post-Merge levels. However, in the past few weeks, transaction fees have spiked again, surpassing the $USDC de-peg event in March and marking the highest transaction fees witnessed since June 2022.

The main cause of the rise in transaction fees can be attributed to a frenzy of meme coin buying in the Ethereum ecosystem. In early April, meme coins began to outperform the overall crypto market. As awareness of this outperformance spread, speculators flocked to partake in the rally, thus driving up trading volumes and gas prices. [On-chain data](https://www.theblockcrypto.com) suggests that speculators were not the only ones contributing to rising transaction fees. [MEV](https://www.magnetism.com) bots were also partaking in bidding up transaction fees. One MEV bot alone was reported to have spent over US$1.1M on transaction fees in 24 hours (over 7% of total Ethereum gas usage).
Upcoming Events and Token Unlocks

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

*Figure 9: Notable events in May 2023*

- **Avalanche Summit II** (3 - 5 May)
- **Launch of Sports Blockchain**
- **ETHGlobal Lisbon** (12 - 14 May)
- **Mainnet Upgrade for ETH withdrawals**
  - Expected: Mid-May
- **Miami Bitcoin Conference** (18 - 20 May)

*Source: Binance Research*

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

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>TOKEN</th>
<th>UNLOCK IN US$ EQUIVALENT</th>
<th>% OF SUPPLY</th>
<th>UNLOCK DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimism</td>
<td>SOP</td>
<td>$338.6M</td>
<td>3.60%</td>
<td>31 May</td>
</tr>
<tr>
<td>Avalanche</td>
<td>$AVAX</td>
<td>$165.7M</td>
<td>1.33%</td>
<td>28 May</td>
</tr>
<tr>
<td>BitDAO</td>
<td>$BIT</td>
<td>$93.1M</td>
<td>1.95%</td>
<td>15 May</td>
</tr>
<tr>
<td>ApeCoin</td>
<td>$APE</td>
<td>$63.2M</td>
<td>1.56%</td>
<td>17 May</td>
</tr>
<tr>
<td>APT$S</td>
<td>$APT</td>
<td>$48.1M</td>
<td>0.45%</td>
<td>12 May</td>
</tr>
<tr>
<td>ImmutableX</td>
<td>$IMX</td>
<td>$18.0M</td>
<td>0.90%</td>
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<tr>
<td>dYdX</td>
<td>$DYDX</td>
<td>$17.1M</td>
<td>0.65%</td>
<td>9 May</td>
</tr>
<tr>
<td>SNYM</td>
<td>$SNYM</td>
<td>$16.6M</td>
<td>7.38%</td>
<td>3 May</td>
</tr>
<tr>
<td>Ronin</td>
<td>$RON</td>
<td>$15.2M</td>
<td>1.46%</td>
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<tr>
<td>GALXE</td>
<td>$GAL</td>
<td>$13.7M</td>
<td>3.81%</td>
<td>5 May</td>
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<tr>
<td>OasisFoundation</td>
<td>$ROSE</td>
<td>$12.3M</td>
<td>2.00%</td>
<td>19 May</td>
</tr>
</tbody>
</table>

*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 in reading more of such analyses? Be sure to visit us on our website.

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Exploring the intersection of AI and Crypto

The Financialization of NFTs
An analysis of existing solutions to unlock NFT liquidity

Q1 State of Crypto: Market Pulse
A compilation of key charts and insights on the market

Monthly Market Insights - April 2023
A summary of the most important market developments, interesting charts and upcoming events

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
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.

Jie Xuan Chua, Macro Researcher

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.

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.

Colin Chan, Macro Research Intern

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 Graticule 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 is now 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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