



According To CMC

H1

2024

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Market Overview

Global Crypto Market Cap

\$2.3

Trillion

-14.5%

in Q2

24hr trade volume

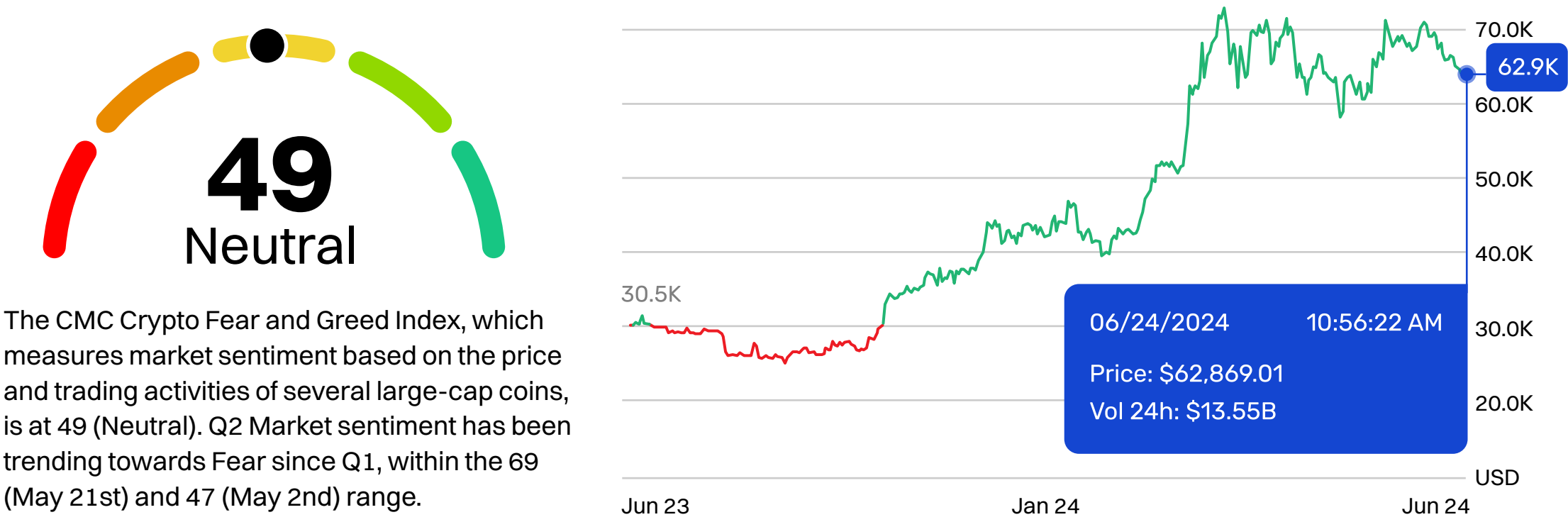
\$79.4

Billion

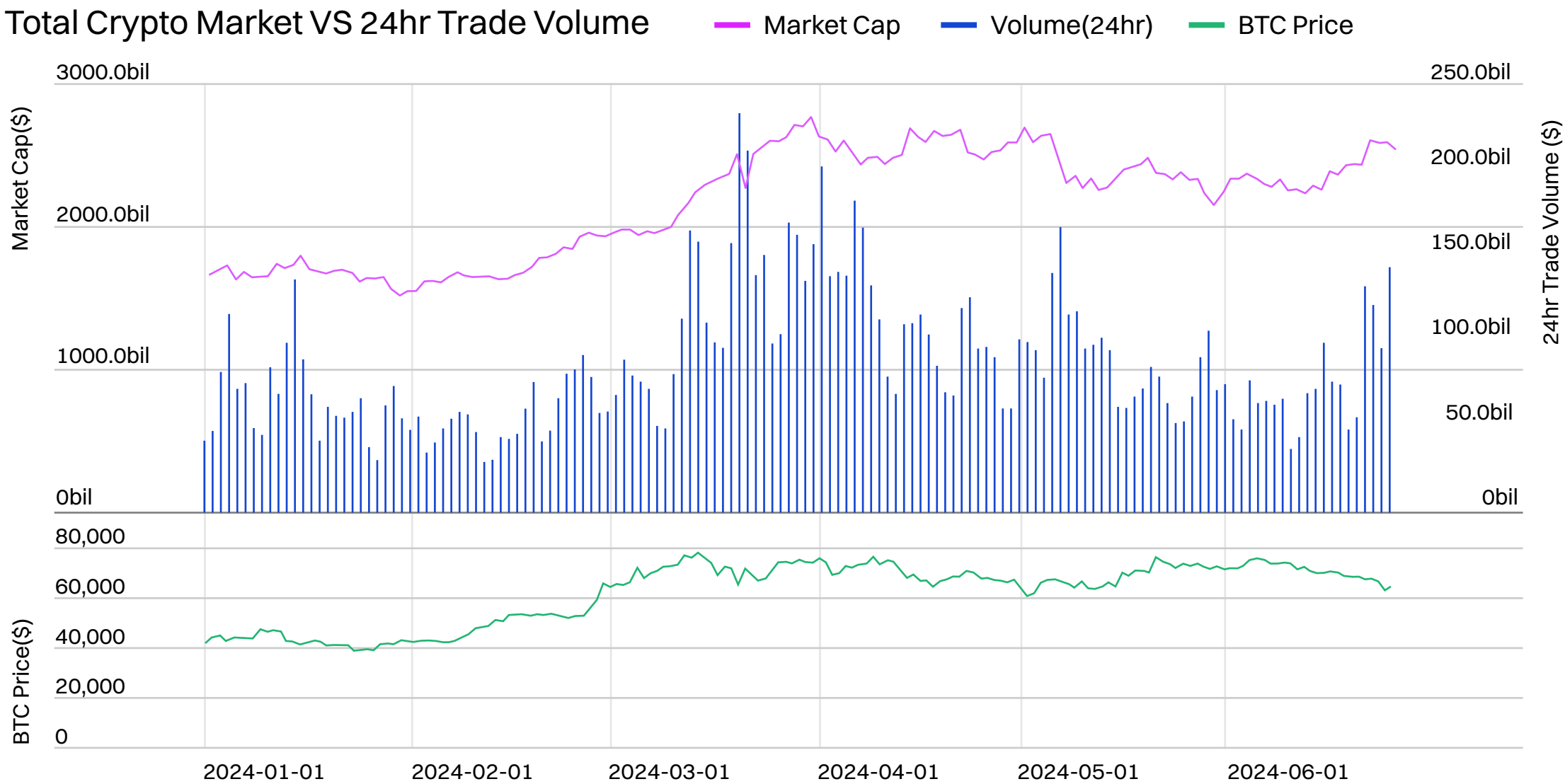
+223%

in Q2

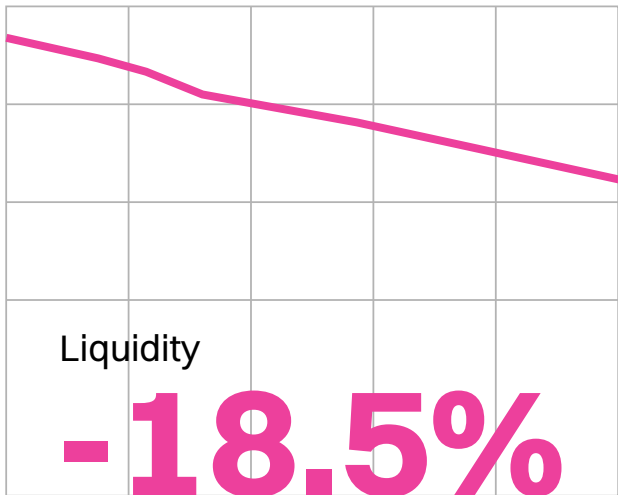
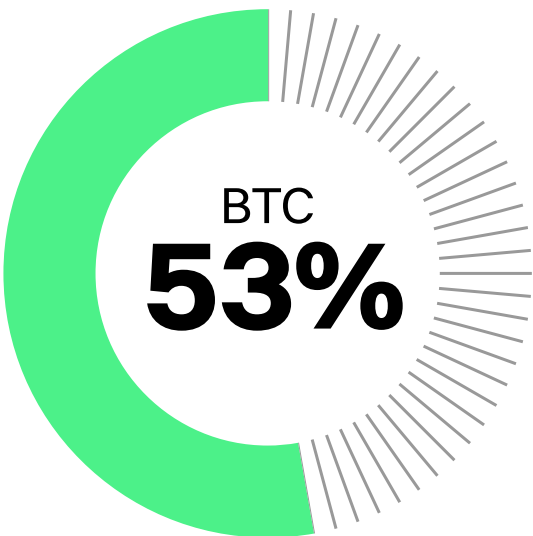
CMC Crypto Fear and Greed Index



Total Crypto Market VS 24hr Trade Volume



Bitcoin Dominance is at 53%, showing no sign of an altcoin season

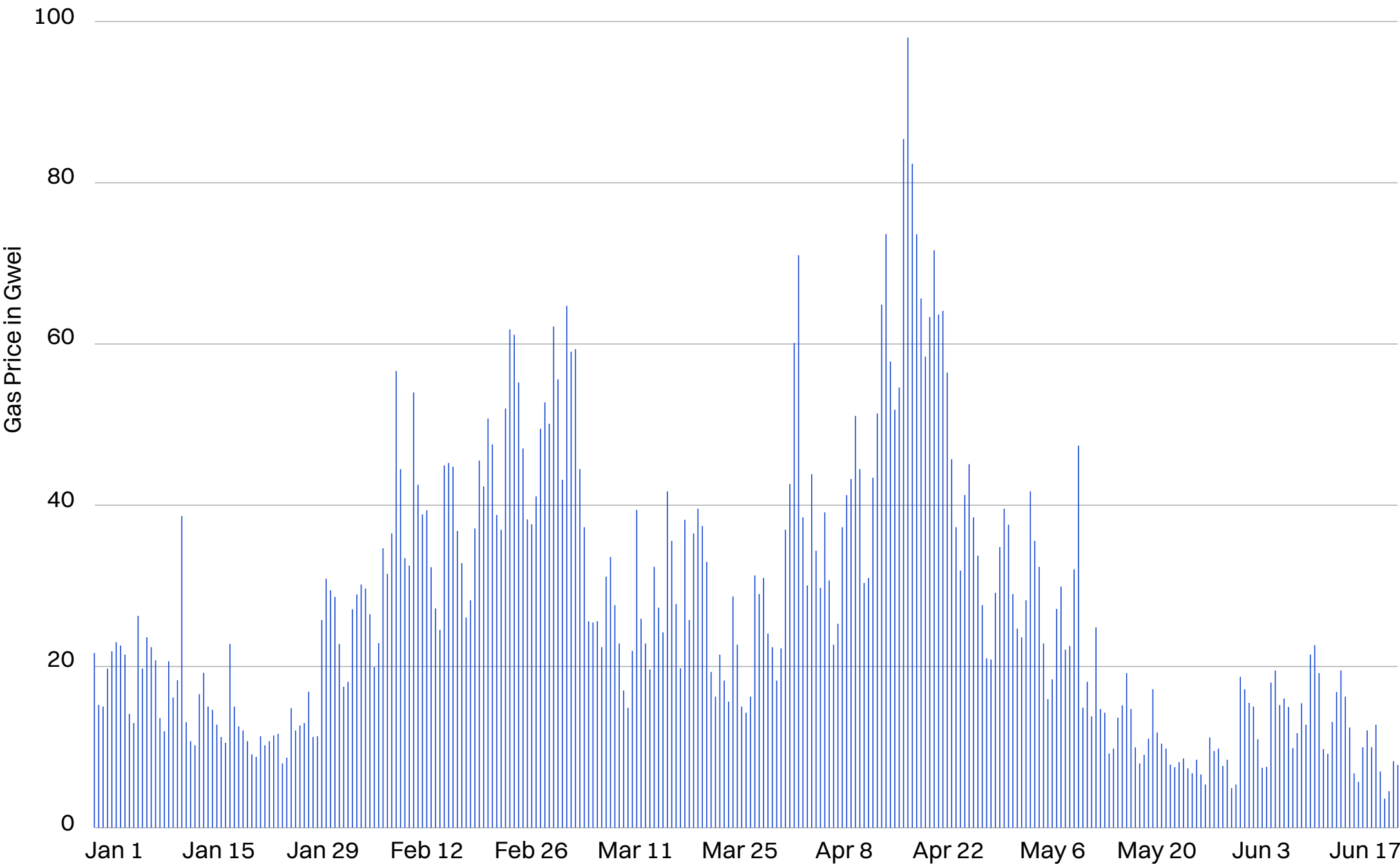


Liquidity is down **-18.5%** in the past month. The April and May market activity has calmed following the March price surge, exhibiting characteristics akin to a **"bear phase" within the prevailing bull market trend.**

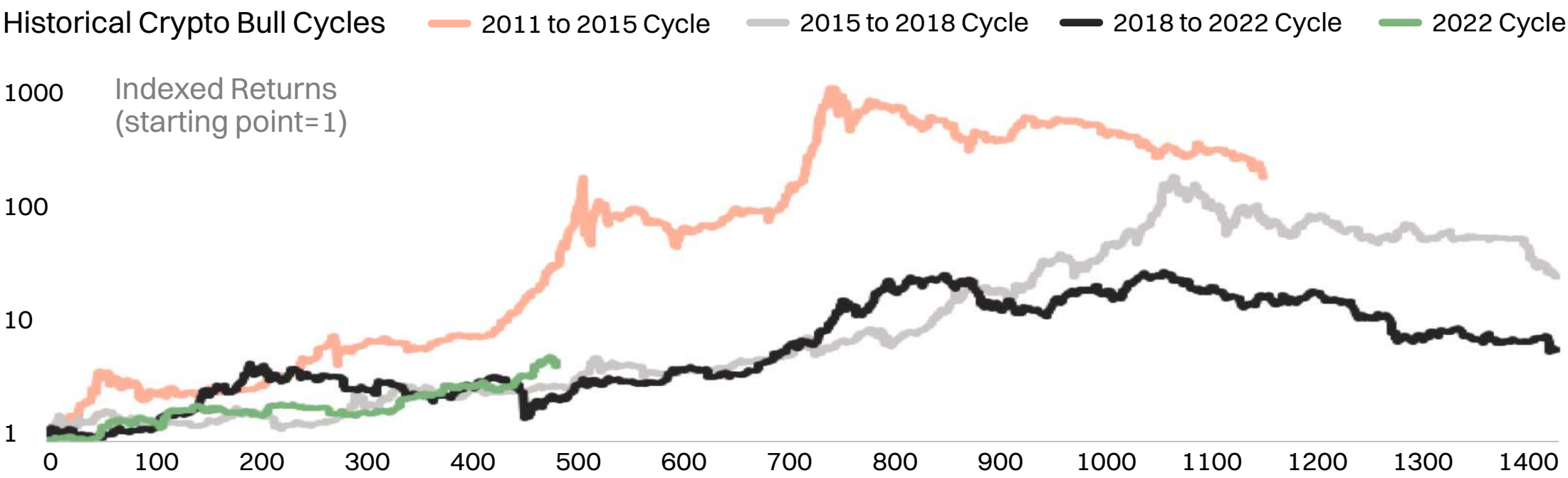
Despite sustained bullish macro sentiment driven by prospects such as the SEC’s approval of the Ethereum ETFs and the anticipation of a US interest rate cut, **liquidity has declined to bearish levels reminiscent of the September 2023 bear market.** This has been accompanied by a notable reduction in Ethereum gas fees (lowest two gweis) and minimal inflows into ETF assets.

Ethereum Average Gas Price Chart

Jan 1, 2024 - Jun 25, 2024



Is History Repeating Itself?



Yes, Repeating

- In the early stages of the bull run, Bitcoin has historically led the market, where Bitcoin Dominance (BTC.D), a measure of BTC's market cap against total market cap, will gain. BTC.D gained from 38.4% in November 2022 to 54% in this cycle.
- An increase in stablecoin supply, indicating an influx of capital into crypto markets, signals the onset of a bull market. Since the start of 2024, stablecoin supply has gone up 19.8%.
- The decrease in BTC's supply on exchanges was reflected in the 2021 bull cycle, as investors transferred BTC to cold wallets for long-term storage. This trend is currently playing out.

No, not repeating

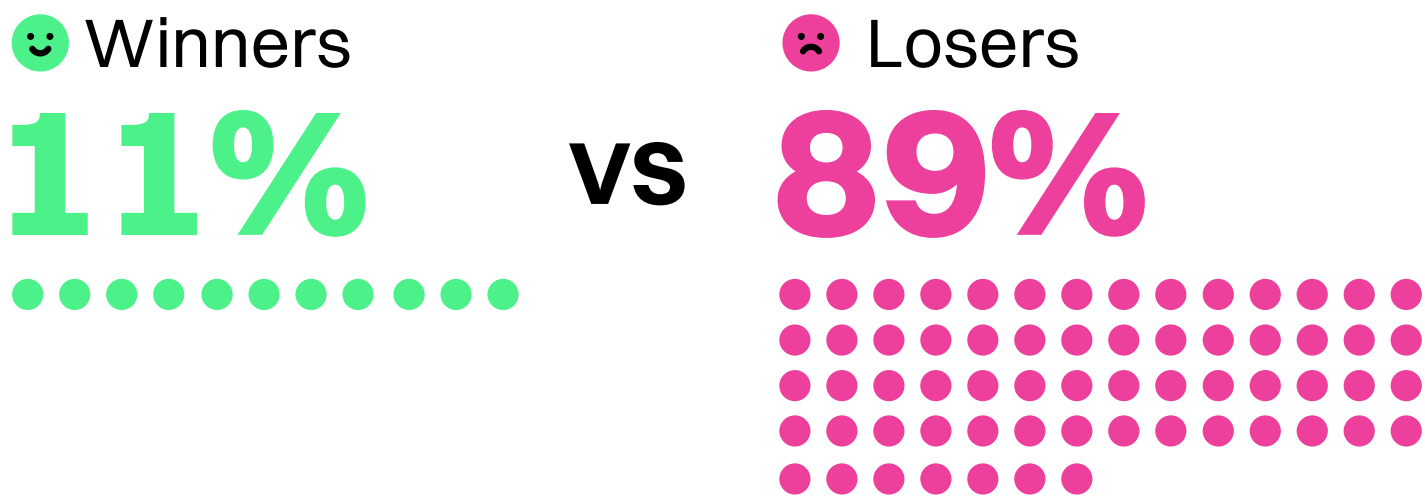
- The current bull cycle drawdown is less severe than previous cycles, with a max drawdown of 18% compared to over 50% in the 2021 bull, likely due to BTC as a maturing asset and ETF flows.
- BTC reached an all-time high of \$73,000 before the halving. In all previous cycles, BTC only reached ATH after the halving due to a supply shock. This unprecedented move was primarily due to institutional inflows from spot BTC ETFs.

We are in the middle of the bull market, but retail is yet to arrive

- So far, the bull market is driven by crypto natives and institutional investors.
- Over \$17.1B in total institutional inflows, with Bitcoin gaining the majority at \$16.7B.
- Meanwhile, retail user metrics like Google search trends, new crypto YouTube subscribers, and App Store rankings signal that most retail users still need to arrive.

Only three sectors experienced positive growth in Q2

89% of the sectors experienced negative market cap change, with over 30 sectors dropping 20%- 40% in value.



★ **Stablecoins**

+8.6%

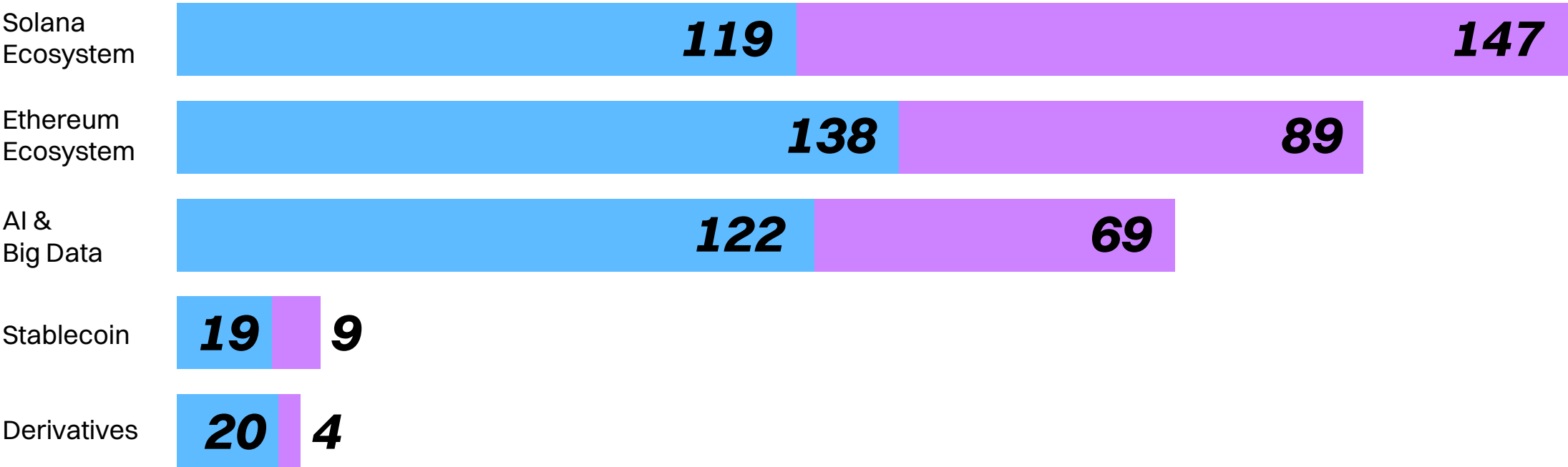
Only 3 sectors experienced positive growth in Q2, again highlighting the challenging market conditions. So what are some of the “unicorns” that continuously expand and grow their ecosystem/market cap despite such a harsh market environment? Post the March and early April Memecoin season, the market has now focused back on Stablecoins (+8.6% market cap).

CMC data is indicating a strong growth in the Stablecoin sector, with the recent launch of Ethena, Lista, and a few other high-profile projects. **Tether has made over \$4.52 billion profit in Q1 2024, a circa 50 people team generated 80% of the revenue of Goldman Sachs.** Its success sent a strong incentive in the market for new projects to take part in this sector, where the high interest rate environment and the increasing institutional funds inflows coming into the crypto market provides one of the real opportunities.

No. of Crypto Tokens	Trade Volume(24h)	Market Cap
35	54.4 Billion	160.5 Billion
Q2 Market Cap % change		Q2 No. Listing Change
8.76%		13

Growing sectors with the most % increase in new token listings

Top 5 Most Active Sectors - New Token Listings Q2 Beginning of the Year Token Listing YTD New Listing added

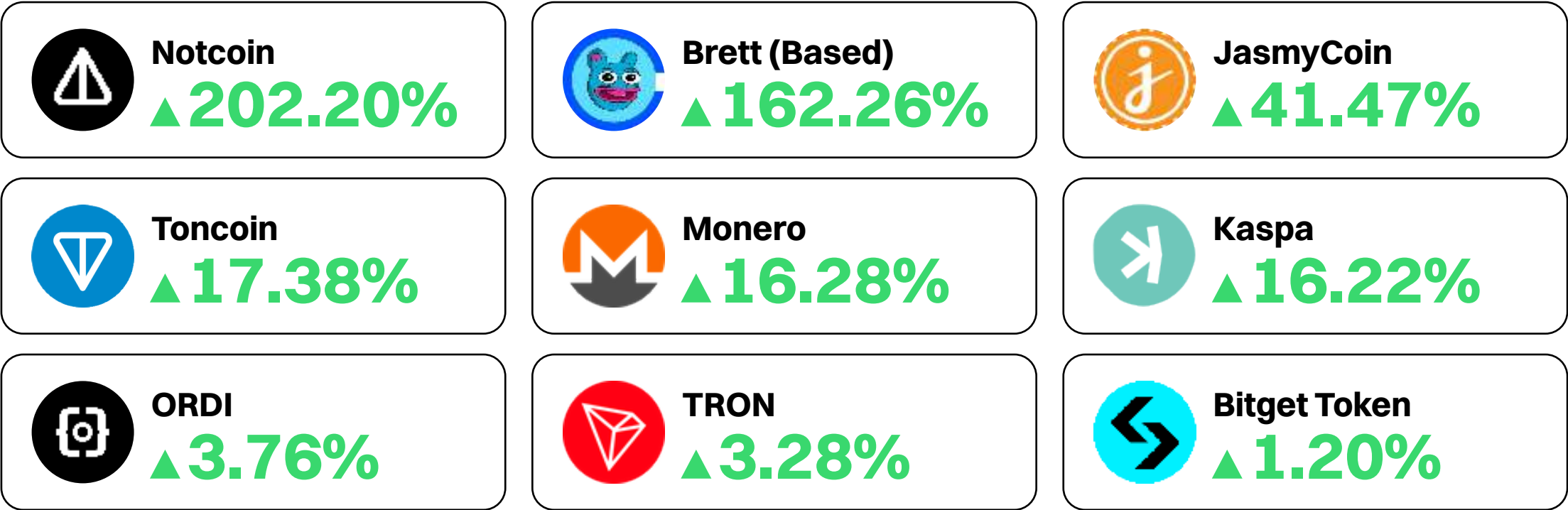


When new projects are launched, they usually get their information listed and updated on CoinMarketCap.com as one of the initial steps. Therefore, by monitoring the number of listing changes, we can gain insight into which sectors or ecosystems are the most active. It acts as an indicator of the frontier of the market trend and where to invest for market alpha.

For the past eight months, the Solana ecosystem (+20 new tokens in Q2) has been continuously topping the growth chart, followed by the Ethereum Ecosystem (+14 new tokens in Q2), Derivatives (+5), and Stablecoins (+4). Compared to March 2024, the Memecoins sector and AI & Big Data are showing signs of slowing down in Q2, with many projects delisting from the sectors.

Top Gainers - Market Cap Ranking movement

Top 9 Best Performing Large Cap Coins (Top 100 Market Cap, June 2024)



Market Sentiment: Unwrapping CMC's Unique Data

CoinMarketCap is the world's most trafficked crypto website and the number one source of crypto data, insights and community. By observing the general viewing patterns of our millions of users, we can detect emerging trends and changing priorities within the global crypto community.

In this section, we unwrap our exclusive CMC data to cover:

- ★ **Most popular CMC categories**
- ★ **Top coins per category**
- ★ **CMC users around the world**
- ★ **Most popular coins per region**

MOST POPULAR CMC CATEGORIES

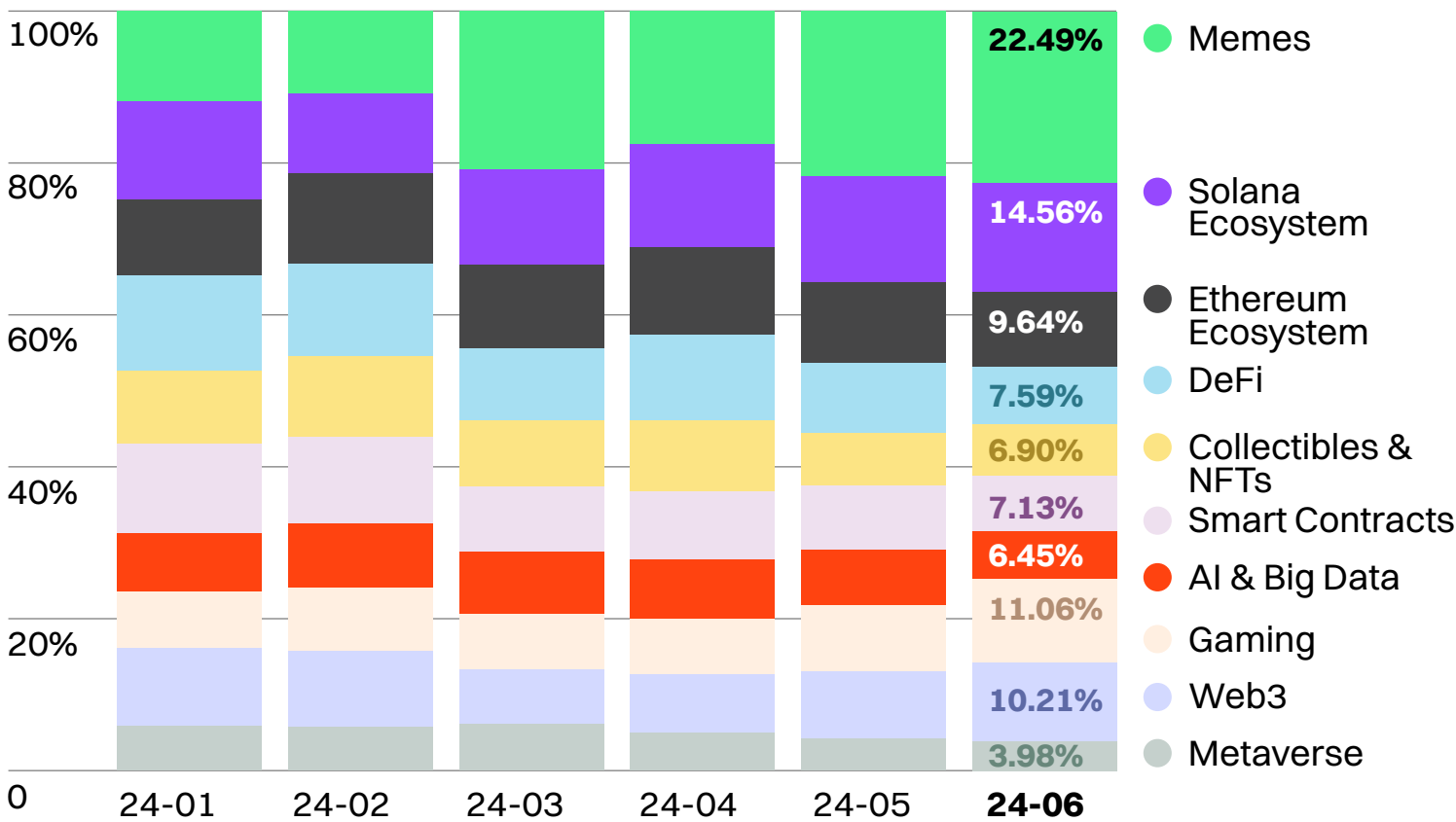
From Jokes to Giants Meme Coins Become Crypto’s Top Trend

For the first time, Meme Coins have become the most popular category in crypto, flipping the previously dominant Smart Contract, DeFi, and NFT narratives. Meme Coins accounted for ~23% of page views on CoinMarketCap, with over 25 million in June.

June

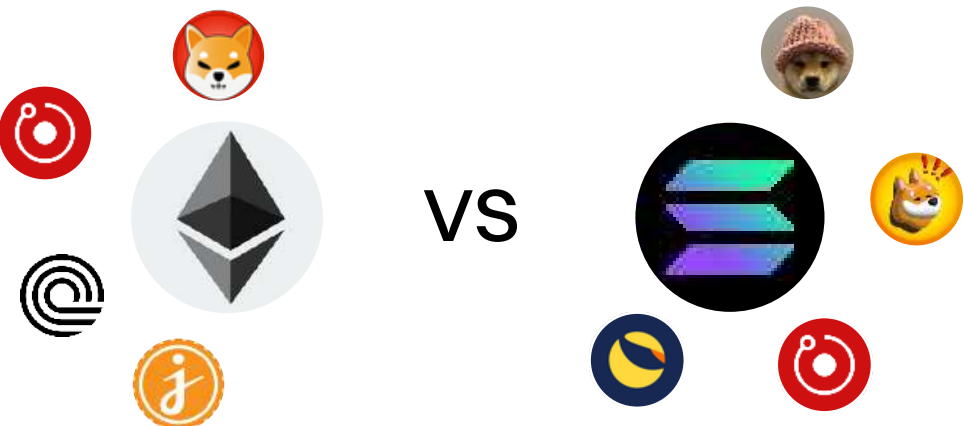
Meme Coin Page Views:

25 Million



Surge in Solana's Popularity Is SOL Challenging ETH's Dominance?

Recently, the Solana ecosystem has garnered more attention than the Ethereum ecosystem. Although this doesn't directly reflect network activity, it signals a notable trend. **Since October 2023, SOL and its meme coin ecosystem have been gaining significant momentum** in both price performance and popularity. While Solana hasn't yet dethroned Ethereum, the surge in interest reveals its growing prominence in the crypto space.



AI Hype Declines from February Peak

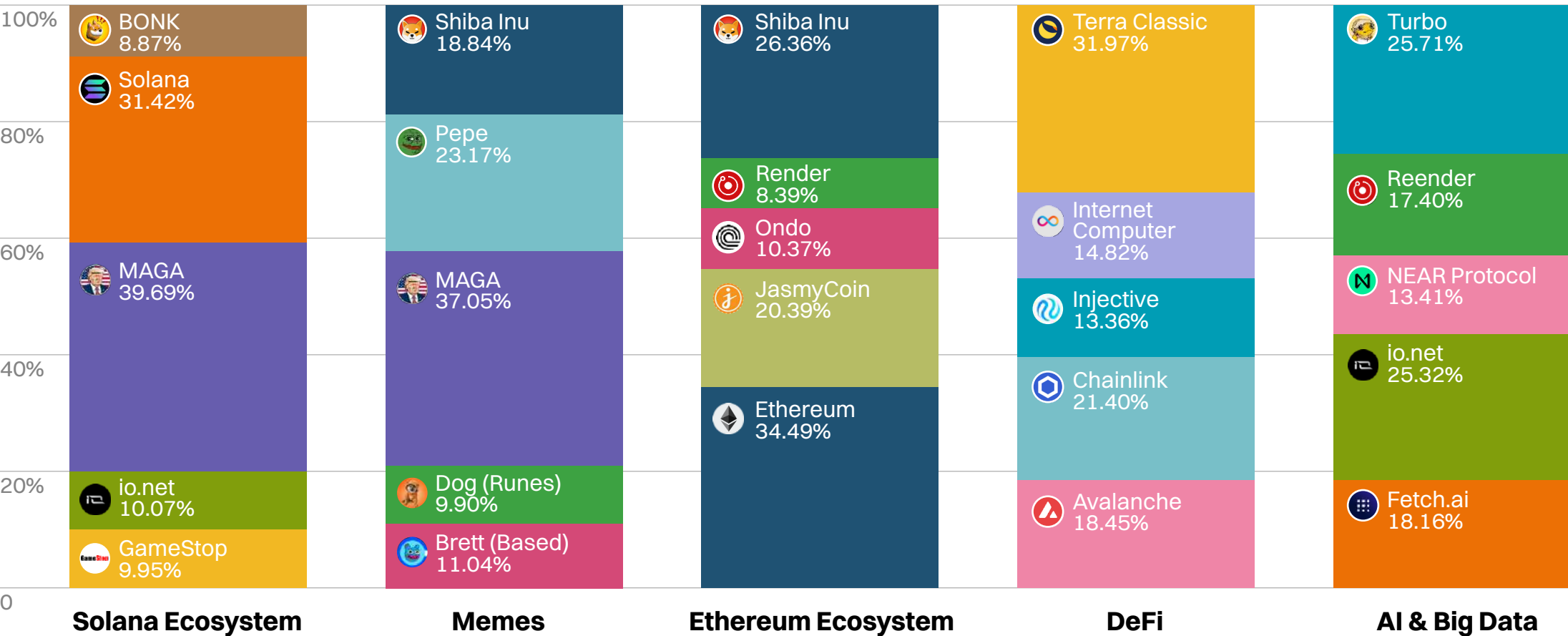
In contrast, the popularity of AI as a trending topic has declined, reaching only a 7.3% share in May after peaking in February. This decline may be attributed to the rising interest in other areas, such as meme coins, which have gained significant traction. However, AI remains a crucial area of development with the potential for resurgence as new advancements emerge.



TOP COINS PER CATEGORY

Meme Coins Reign Supreme in Solana Ecosystem Shift Towards ‘Anti-Establishment’ Crypto over ‘Traditional’ Projects

Top Visited Coins by Category



In the Solana (SOL) ecosystem, meme coins reign, symbolizing a rush into speculative assets. Retail investors are prioritizing quick gains over the VC-backed high FDV projects, indicating an anti-establishment sentiment.

The rapid influx of liquidity into meme coins creates a casino-like mood, where

investors prefer to gamble on high-risk assets rather than rely on more value-oriented, slower build projects.

In the broader meme coin space, we are also seeing new projects gather momentum at unprecedented speed compared to any previous cycle. Even in the AI category, the most popular projects

for our users are mostly “meme-fied” AI concept tokens.

This potentially marks a shift from the previous dichotomy of crypto versus traditional finance to a new split between establishment and anti-establishment forces within the crypto space.

Traditional Crypto Retreats to Basics Ethereum Ecosystem Emphasizes RWA and AI

In the Ethereum ecosystem, away from the meme coin frenzy, the prevailing narratives center around Real World Assets (RWA) and AI distributed computing. These trends underscore Ethereum's efforts to bridge traditional finance with blockchain technology, a strategic move towards practical,

real-world applications and pioneering innovations.

Meanwhile, the DeFi sector is returning to its foundational roots, with stablecoins now dominating interest. Previously, decentralized exchanges (DEXs) and derivatives captured the spotlight,

driving much of the innovation and excitement within the sector. However, the current trend reflects a renewed focus on stability and reliability with stablecoins offering a secure and predictable medium for transactions, savings, and lending.

CMC USERS AROUND THE WORLD

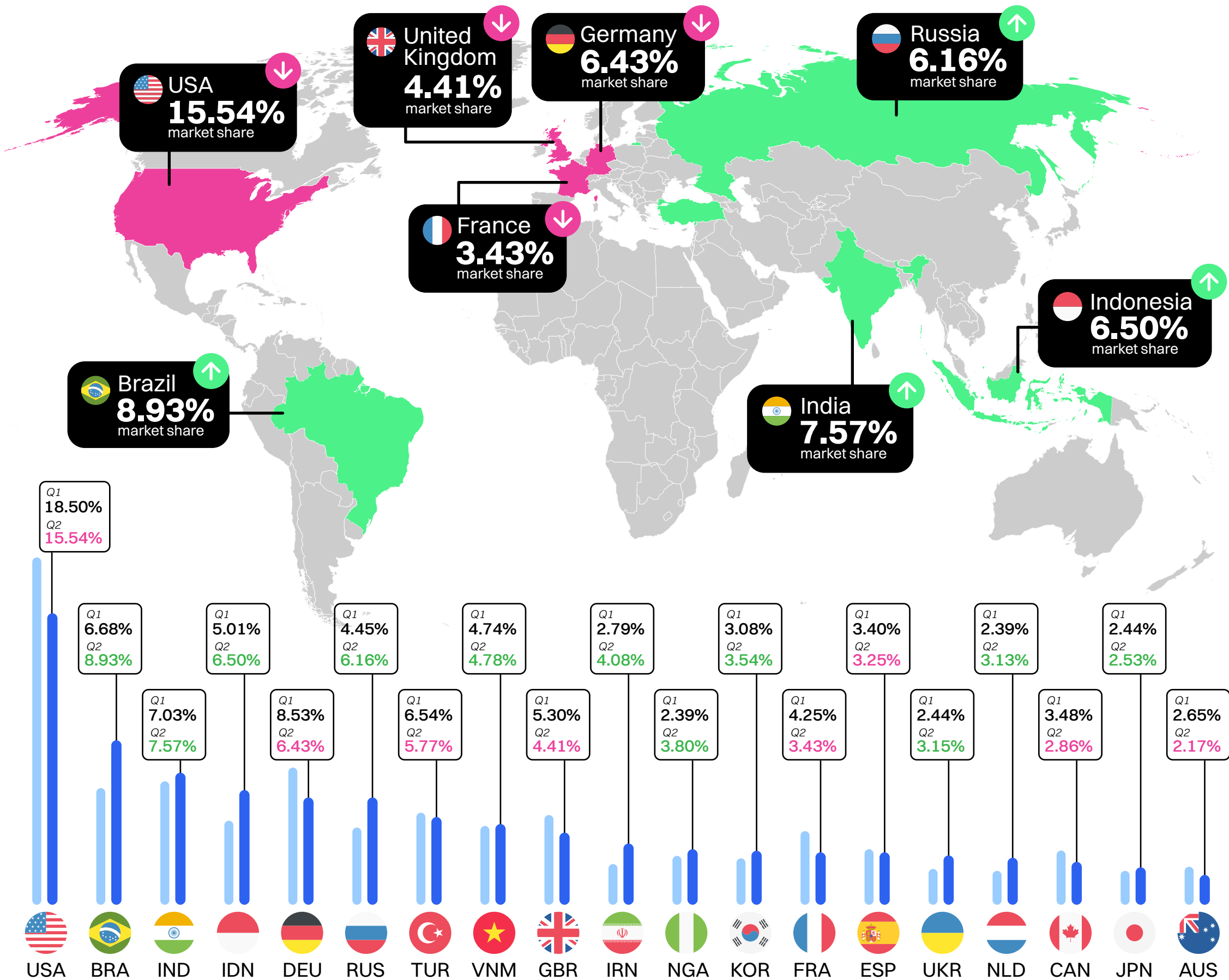
Meme Momentum

CMC Data Reveals Rising Influence of Brazil, India, and Indonesia

This chart shows the breakdown of user traffic on CoinMarketCap webpage by country. We see a dramatic shift from Q1 to Q2 in line with the trend towards meme coins and away from more ‘traditional’ crypto.

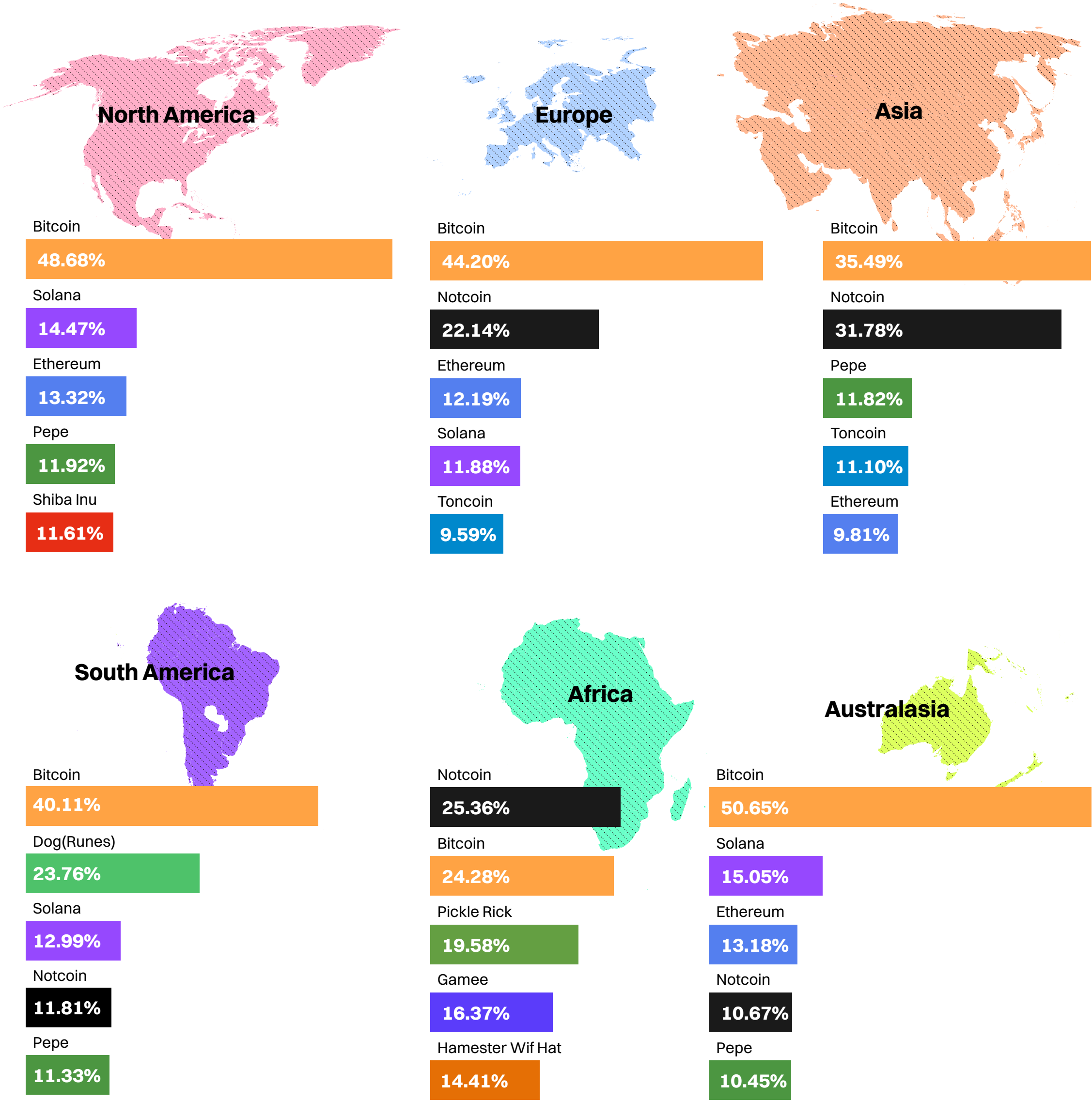
Driven by the meme-centric market environment, **Brazil has become the second largest country according to CMC crypto user traffic, with around 9% market share.** It is followed by **India (7.57%), Indonesia (6.5%), Germany (6.4%), and Russia (6.2%).**

Meanwhile, countries such as the USA, United Kingdom, and France, which have traditionally been more focused on BTC/ETH, DeFi, infrastructure, and institutional markets, have seen a decrease in crypto user market share.



MOST POPULAR COINS PER REGION

Finally, this chart is a snapshot of the most popular coins per region in June 2024, again emphasizing the stunning surge in interest of meme coins across the global crypto community.



Market Pulse:

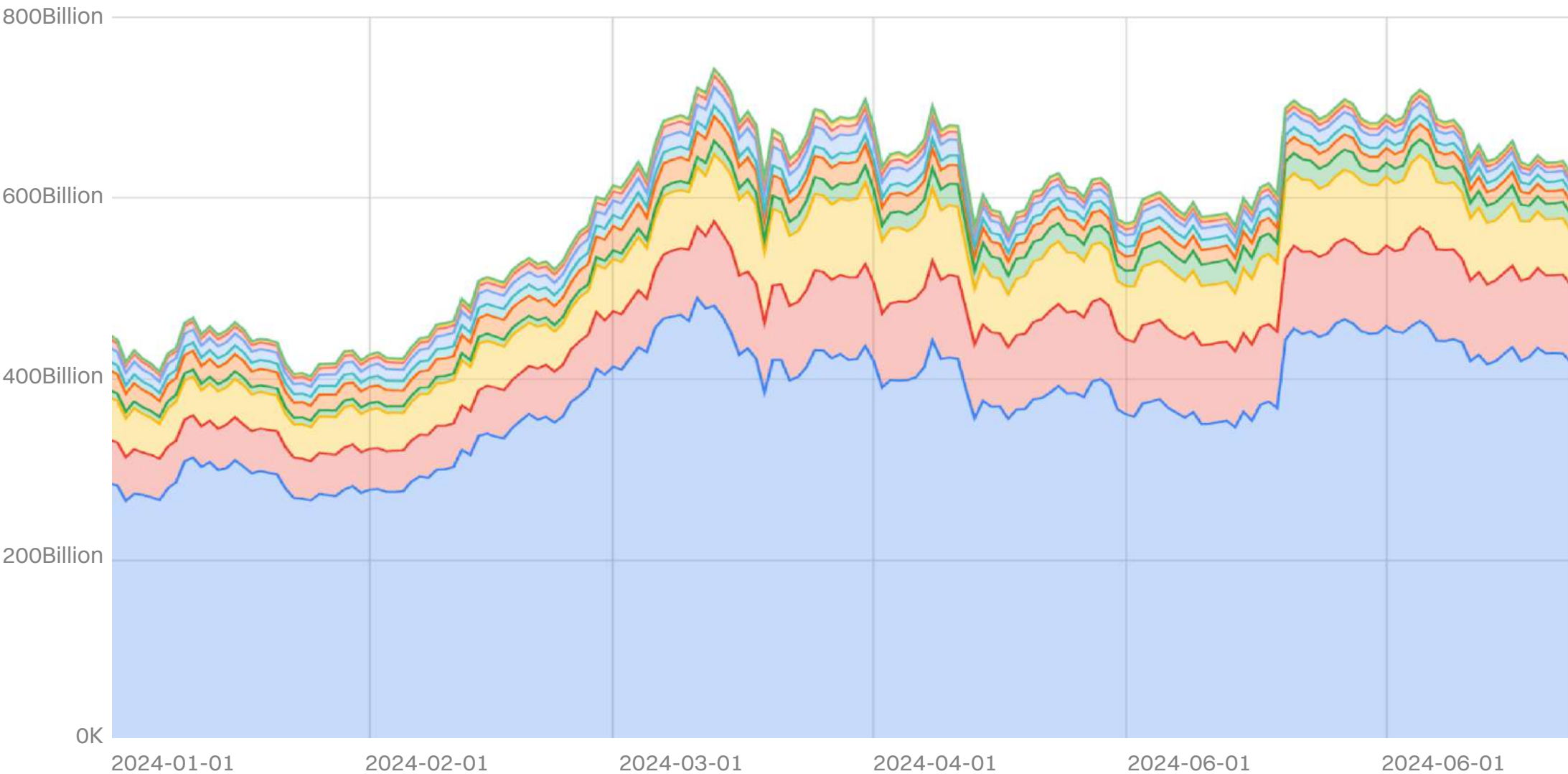
State of each sector

- ★ L1 Smart Contract
- ★ Layer-2s
- ★ Cross-chain Bridges
- ★ RWA
- ★ NFT/Gaming
- ★ Meme

L1 Smart Contract

Top 10 L1s Market Cap

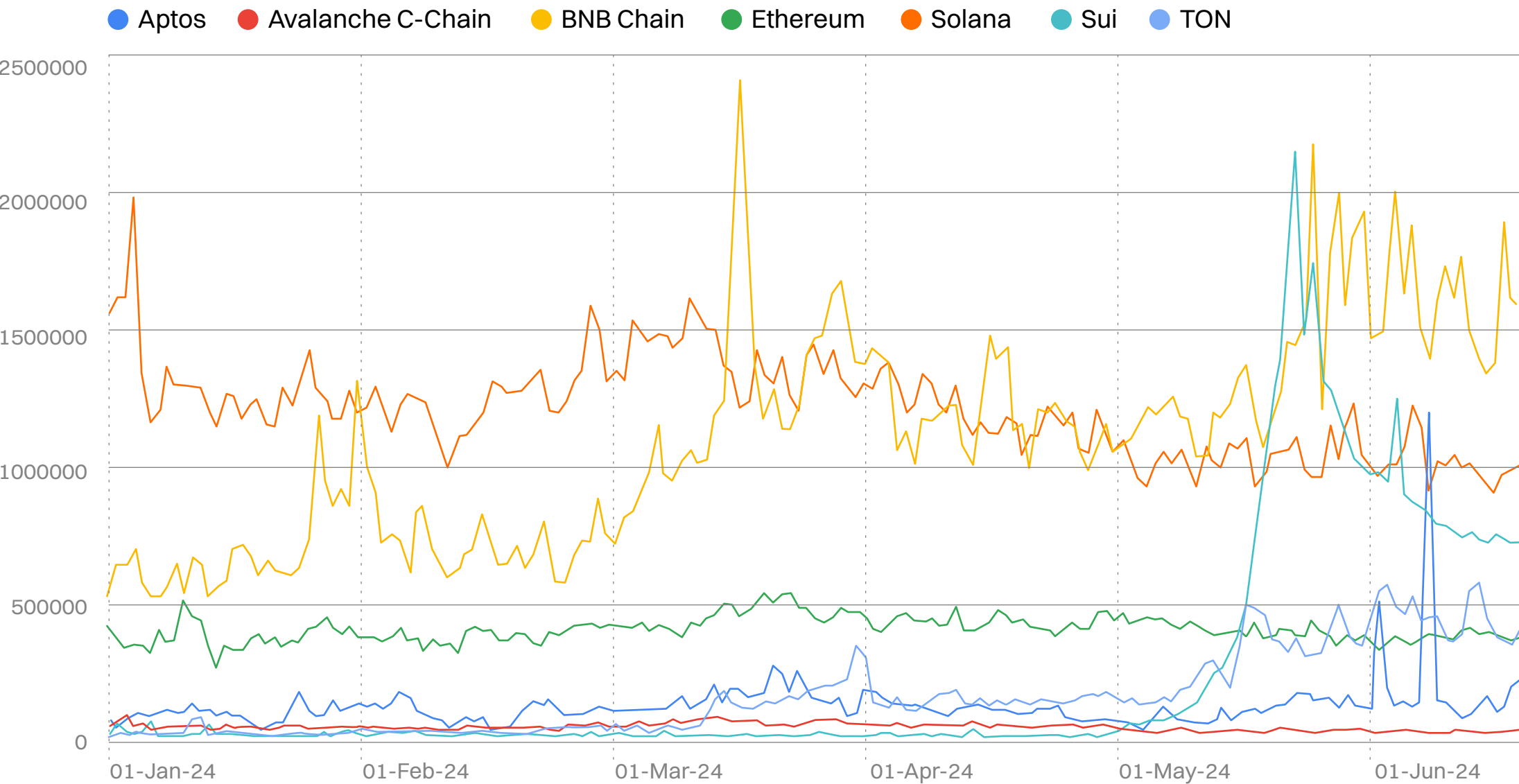
1	Ethereum	2	BNB	3	Solana
	\$418,374,046,835		\$85,330,306,416		\$59,631,586,769
4	Toncoin	5	Cardano	6	Tron
	\$18,575,987,002		\$13,586,545,687		\$10,396,984,168
7	Avalanche	8	Polygon	9	Aptos
	\$9,898,817,671		\$5,582,846,725		\$3,050,628,899
10	SUI				
	\$2,148,420,704				



The Total Market Cap for Layer 1 Smart Contracts is \$695.58 billion (-3.57% QnQ); Ethereum's Dominance (among major L1s) is 62.11%, the highest it's been since 2024. The SEC's approval of Ethereum Spot ETFs was the catalyst for this milestone.

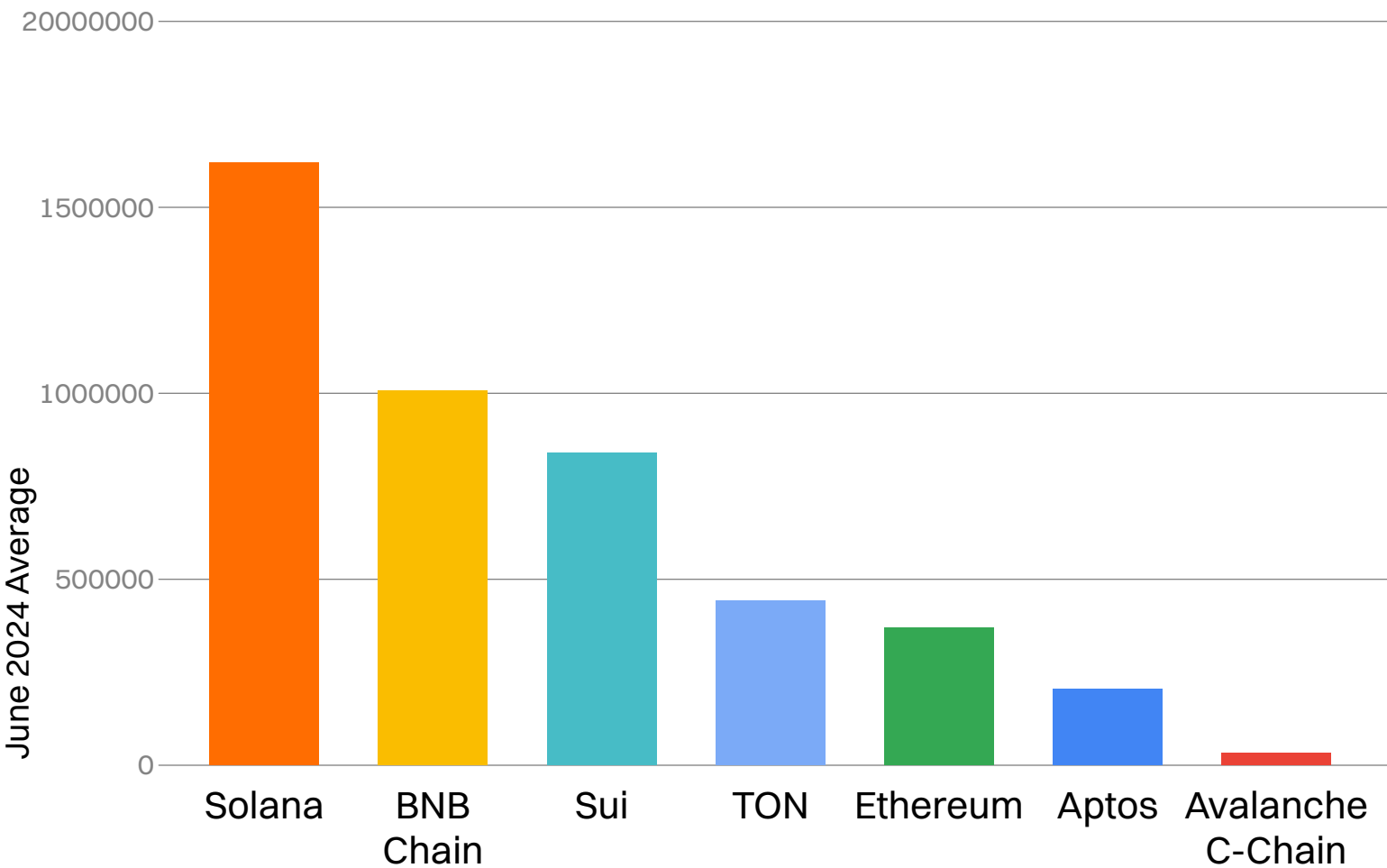
BNB and Solana have been gaining momentum, adding another \$42bil and \$18bil YTD, respectively, and both expanded their market share among the L1s.

L1 Daily Active Addresses



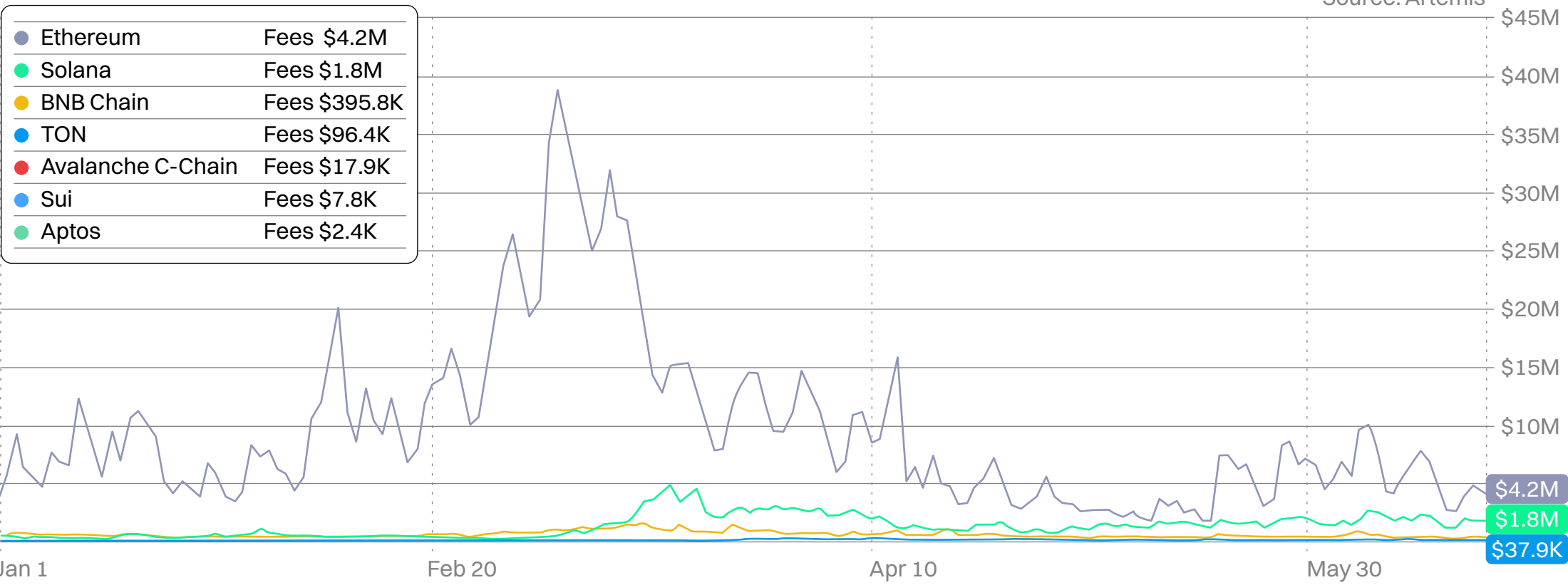
Top L1 Daily Active Addresses

Solana is the No.1 chain by Active daily addresses with over 1.6 million active addresses, followed by BNB's 1 million. Both SUI and TON ecosystems have seen increased activities on the network. (News linked to the recent grants & popular projects)

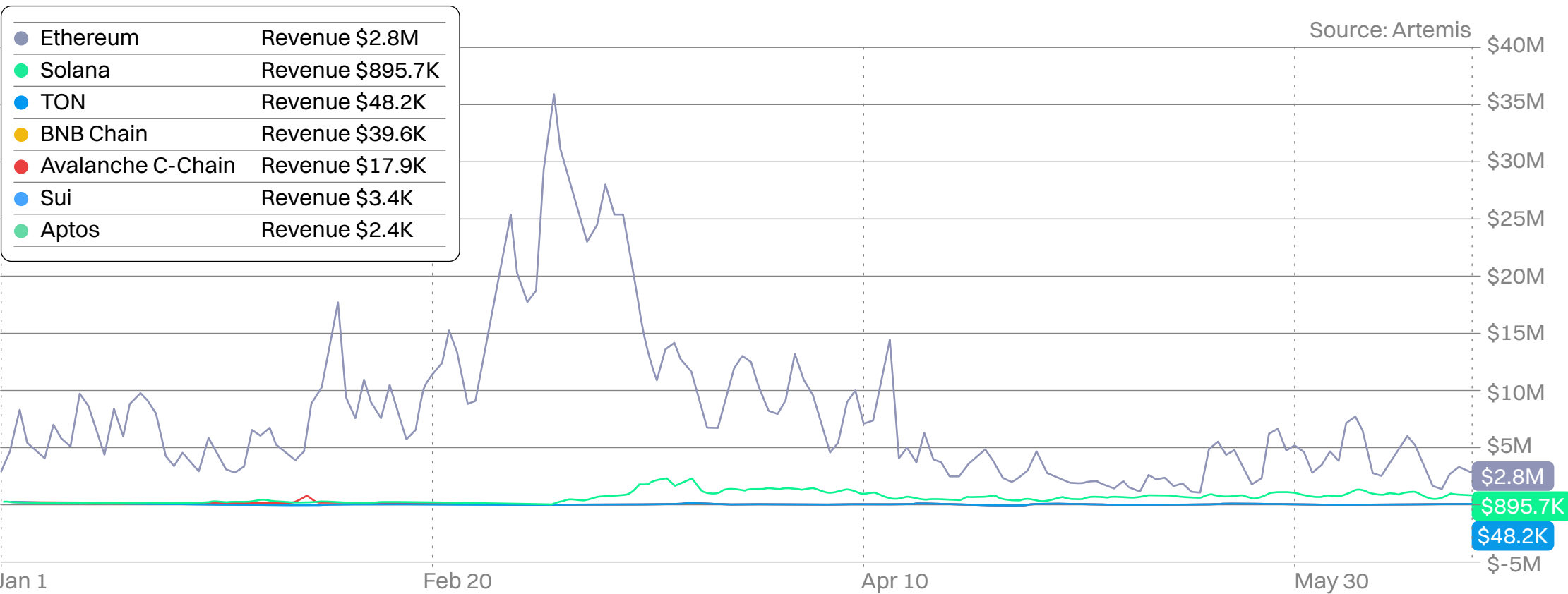


Transaction Revenue

Chains - Fees



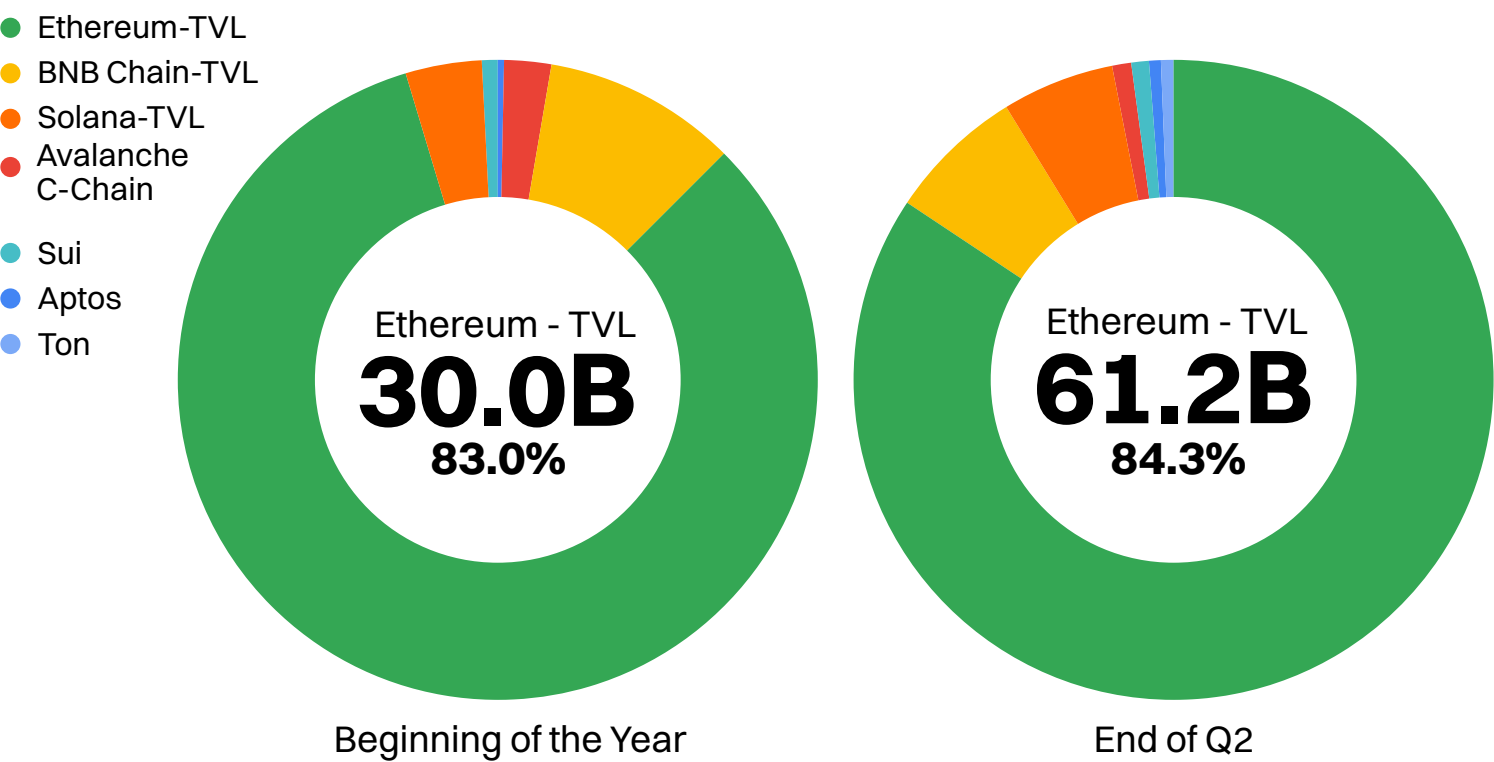
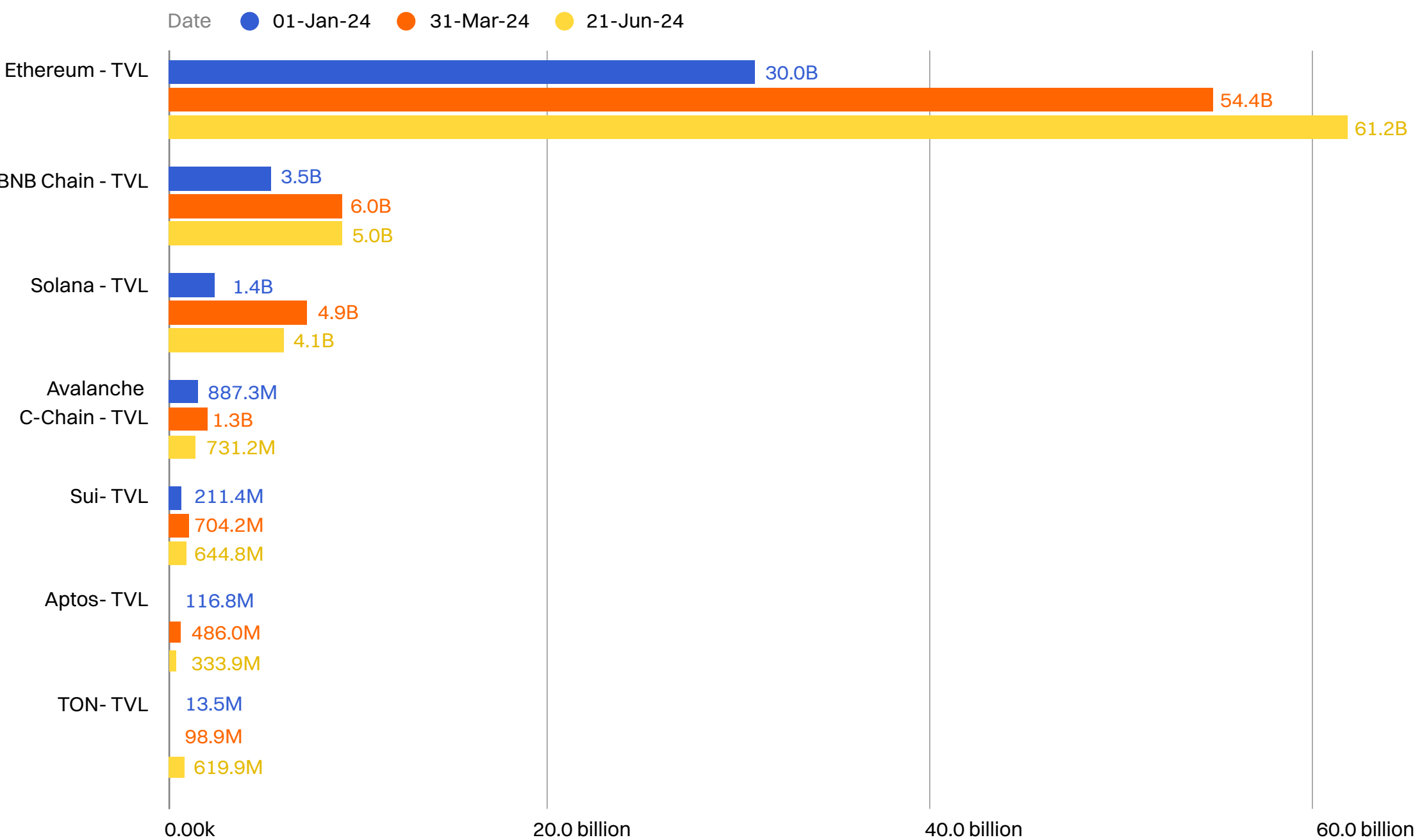
Chains - Revenue



Ethereum has seen record low gas fees in Q2, with only two gwei around the end of April. Ethereum hasn't seen such gas fee levels since 2020, before the 2021 DeFi summer. A few reasons contributed to this: 1) the fast-growing adoption of L2s diverted most of the transactions; the recent Dencun upgrade also lowered the costs for L2s. 2) April and May saw the market excited with SOL-based meme coins, reducing the DeFi transactions on ETH mainnet.

In terms of Revenue, although Ethereum represents 62% of the market cap among the L1s, it currently accounts for 70% of the daily revenue among all major L1s, at \$2.7million. SOL is ranked No.2 with around \$900k daily revenue generated.

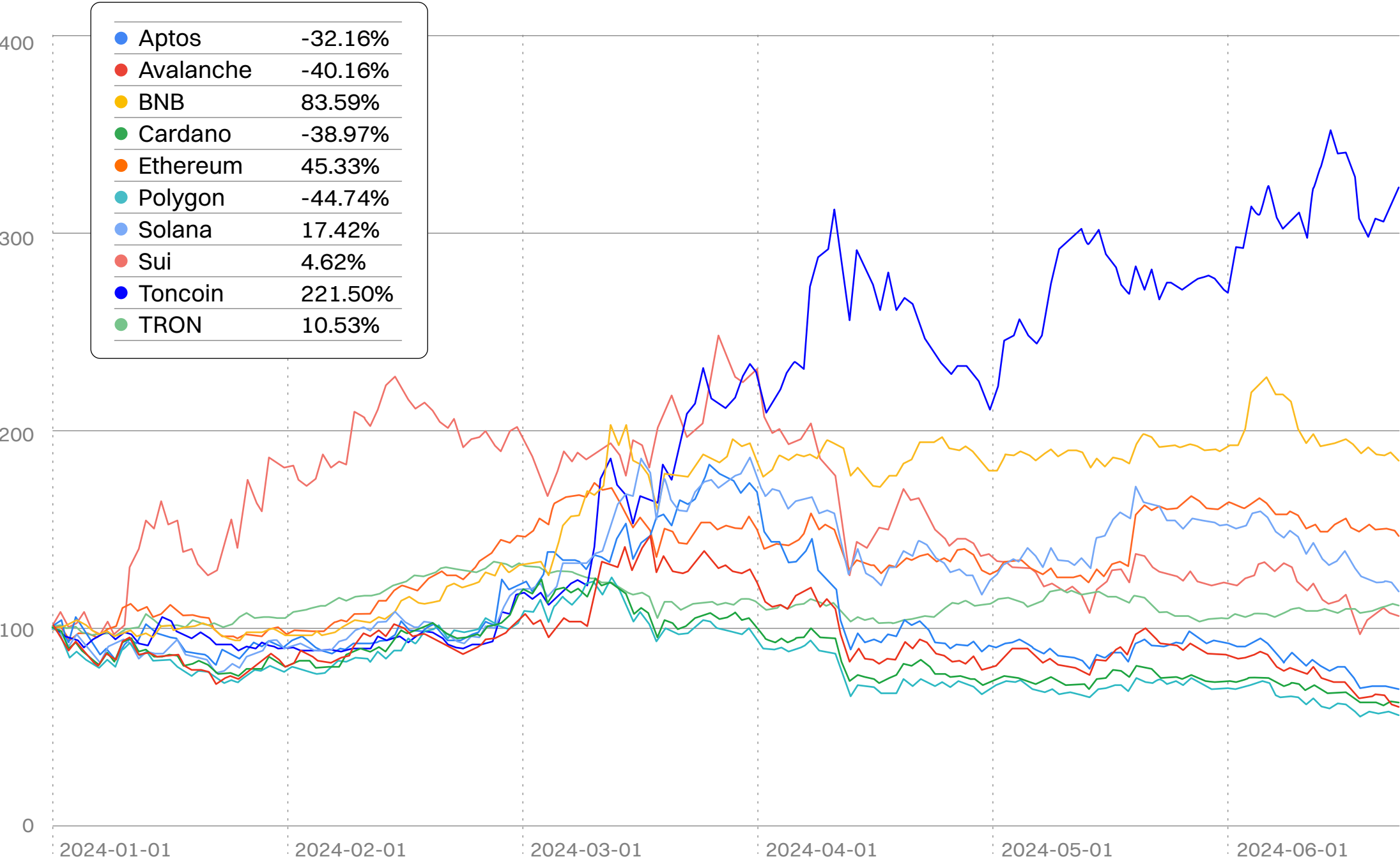
L1 DeFi TVL Market Share



Although the DeFi sector has seen an overall reduction in TVLs since the beginning of this year, Ethereum is still the dominating chain in DeFi, with c.84.3% of TVL market share, primarily driven by DEX trading and staking. Meanwhile, SOL mainly consists of Meme-related transactions.

Price Performance

Top 10 Layer 1 Smart Contract Platforms Price Performance (YTD rebased)



Layer-2s: Arbitrum Maintains Lead, Base Close Behind

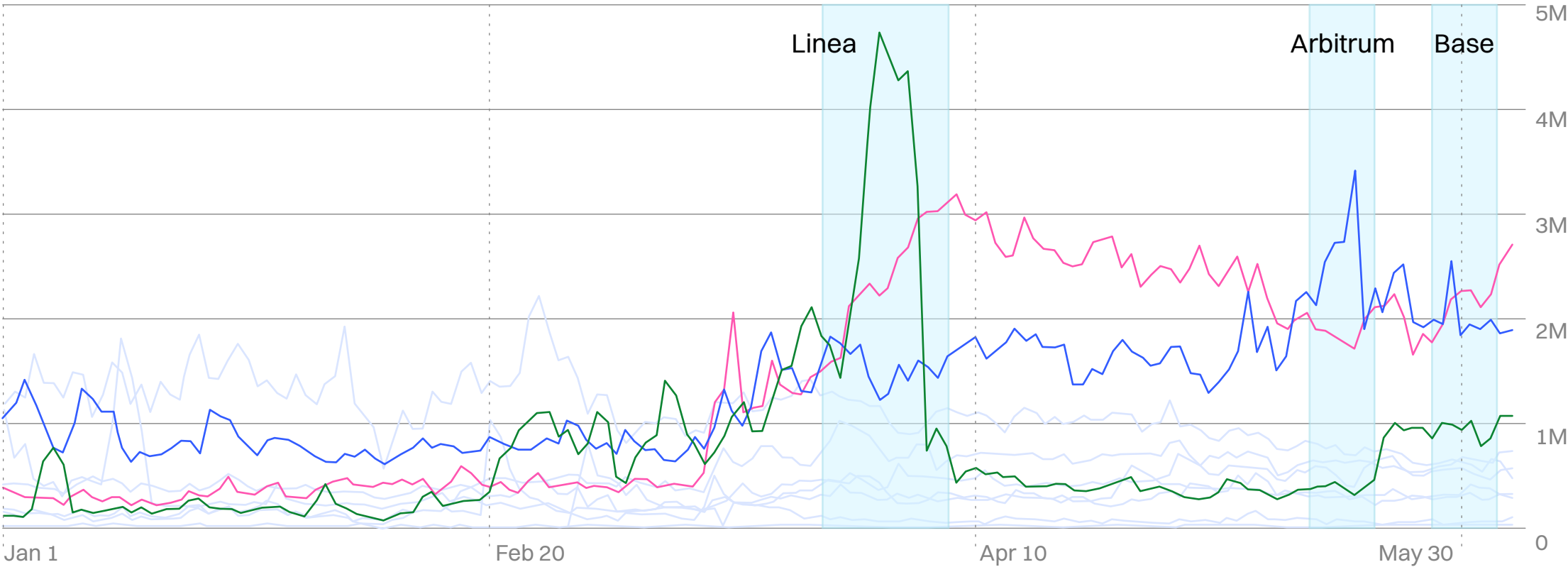
In terms of absolute gain in TVL, **Arbitrum (\$8.2B)** and **Base (\$6.8B)** saw the largest increase in H1.

Coinbase's Base Network is a notable outperformer in H1. Despite launching less than a year ago, in August 2023, it has climbed the ranks to become the third-largest L2 by TVL, behind incumbents like Arbitrum and Optimism. Base's strong developer community (a record 22K contracts deployed daily) saw major consumer apps like Friend. Tech and Farcaster deployed on the network.

However, **Mode Network saw the highest percentage gain**, with TVL growing 26X since its mainnet launch in January 2024. Mode is a DeFi-focused L2 built on the OP stack and supported by Optimism (\$6M grant), EigenLayer, Renzo, and EtherFi. The exponential growth in MODE's TVL is largely due to its airdrop campaign.

L2 Chain	Type	TVL (Start of H1)	TVL (End of H1)	% Gain
Mode Network	Optimistic Rollup	\$26.51M	\$718.3M	2609.54%
Base	Optimistic Rollup	\$742.63M	\$7.6B	920.70%
Starknet	ZK Rollup	\$144.88M	\$1.2B	693.76%
Linea	ZK Rollup	\$186.75M	\$1.2B	553.28%
Mantle	Optimium	\$222.48M	\$1.3B	466.34%
Blast	Optimistic Rollup	\$1.00B	\$3.2B	223.00%
Arbitrum One	Optimistic Rollup	\$10.88B	\$19.1B	75.55%
zkSync Era	ZK Rollup	\$602.75M	\$881.1M	46.18%
Manta Pacific	Optimium	\$619.98M	\$905.4M	46.03%
OP Mainnet	Optimistic Rollup	\$6.32B	\$7.8B	23.26%

Daily Transactions ● Linea ● Base ● Arbitrum



In terms of user activity on L2s, **Linea saw a massive spike at the start of April due to the launch of its “Linea Voyage: The Surge” campaign.** Users were incentivized to interact with DeFi protocols and earn points for a potential airdrop.

Leading L2 network Arbitrum saw a surge in transactions in early May, likely due to an uptick in DeFi as total transaction volume on Uniswap (Arbitrum) surpassed \$150 billion.

In June, **Base overtook Arbitrum to become the network with the most user activity.** This is likely due to the highly anticipated launch of Coinbase's smart wallet. Coinbase users can trans-act on-chain on Base without incurring gas fees.

Following the launch of Bitcoin Ordinals, a new wave of innovation has hit the Bitcoin ecosystem.

This includes layer-2s which aim to introduce faster and cheaper transactions, bringing more functionality and efficiency to Bitcoin.

Many new incumbents like Merlin Chain, Botanix, Citrea and more are challenging leading Bitcoin L2s such as Lightning Network and Stacks.

Bitcoin Layer 2 scaling solutions overview

MAINNET

Client-side validation

RGB

Chaumian Ecash

Cashu

DA

Gelios

Syscoin

Anchored Chain

Stacks

State Channel

lightning network

OmniBOLT

NostrAssets

Rollup

Bitcoin Virtual Machine

U Protocol

Biop

LIGO

ROLLUX

elastos

SOVRYN

Sidechain

DFINITY

Mintlayer

BEVM

Map Protocol

CORE

MVC

Rootstock

Merlin Chain

Libre

LIQUID NETWORK

KADENA

NERVOS

TESTNET

Spiderchain

Botanix

DA

Bool

Sovereign Rollup

Rollkit

Drivechain

LayerTwo Labs

Sidechain

Bitfinity EVM

ROSETTA

BounceBit

Rollup

B'NETWORK

SATOSHIVM

LumiBit

Bison Labs

BOB

Hacash.com

Rooch

PRE-TESTNET

State Channel

ARK

Credit Mint

Bitcredit

DA

Nubit

Statechain

Mercury Layer

Validity Rollup

ZeroSync

Client-side validation

RGB++

Chaumian Ecash

Fedimint

Sidechain

Babylon

SIDE

CONFLUX

Other

Finny

Rollup

AINN Layer2

BitReXe

Citrea

Alpen Labs

Bitlayer

BL2

bit_Smiley

Lightec

EAST BLUE

TUNA CHAIN

ZKSats

QED

IRROR

ZKBase

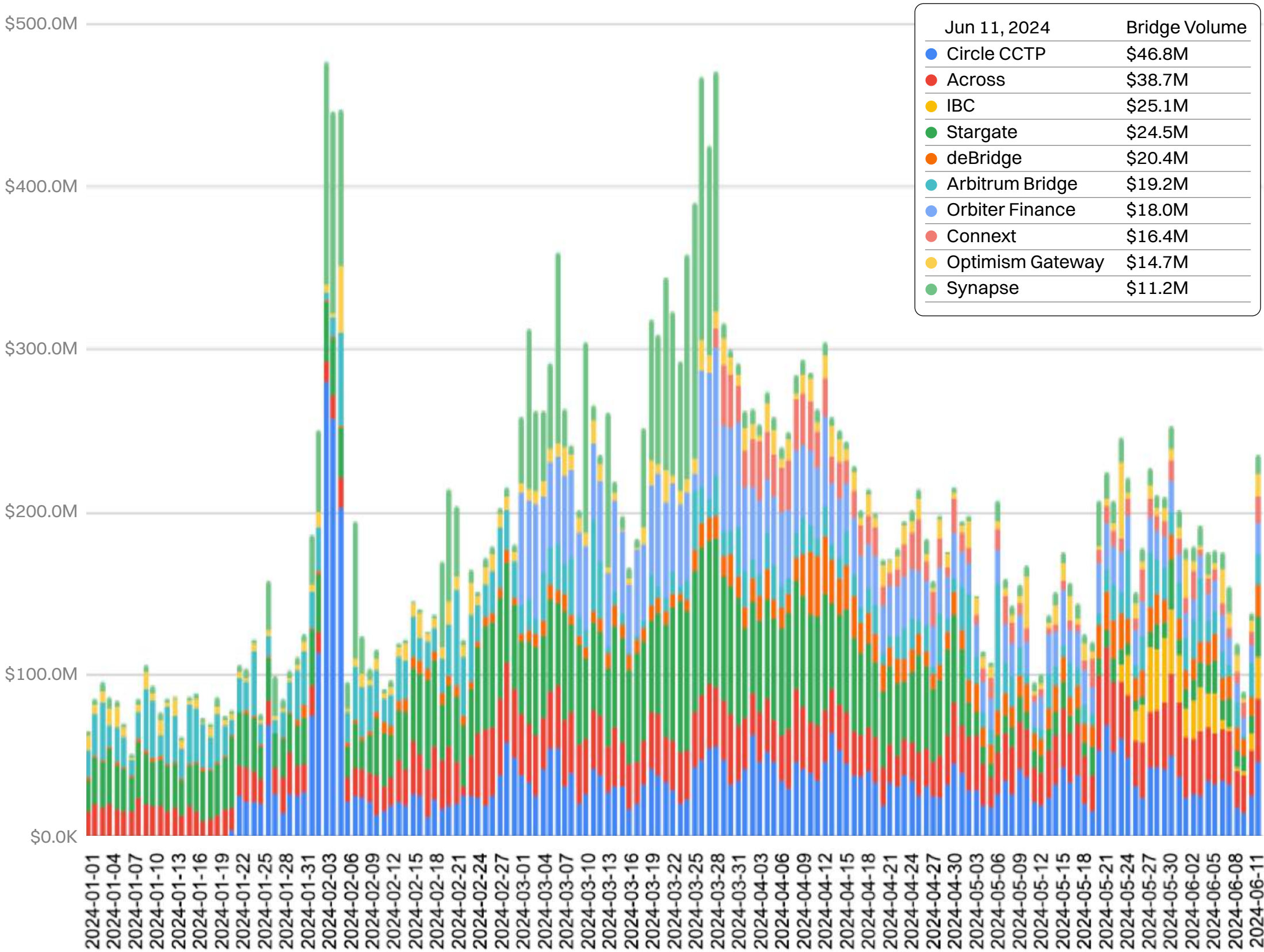
Bitsat

Cross-chain bridge's market share is fairly distributed among the top 5, showing diversity and healthy competition

Since launching on January 22, **Circle's CCTP has become the top bridge by volume.** This is likely due to its expansion to Solana in March and integration with top platforms like MetaMask, Chainlink's CCIP, and other interoperability protocols like Wormhole, Ox, Axelar, and Across.

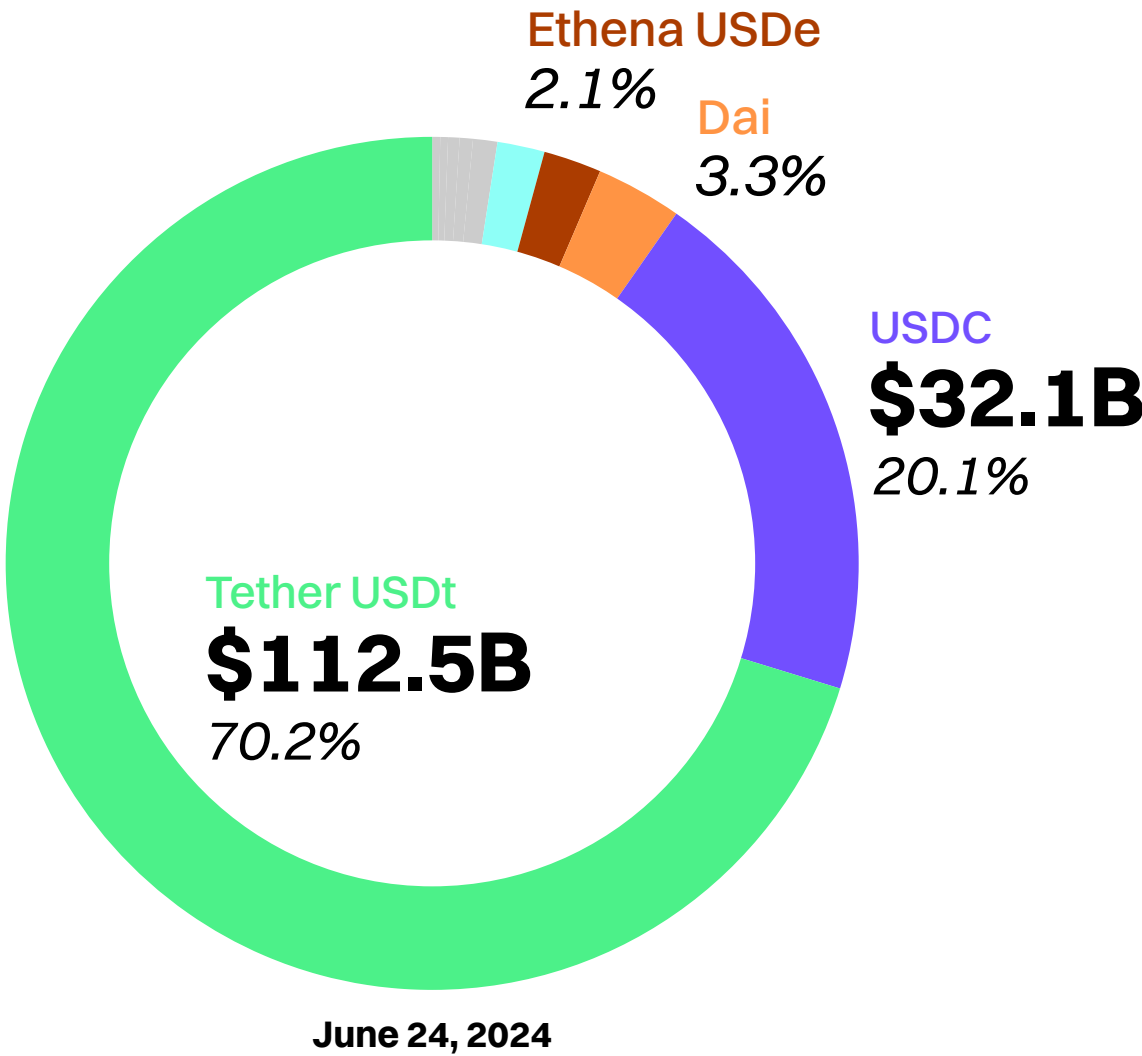
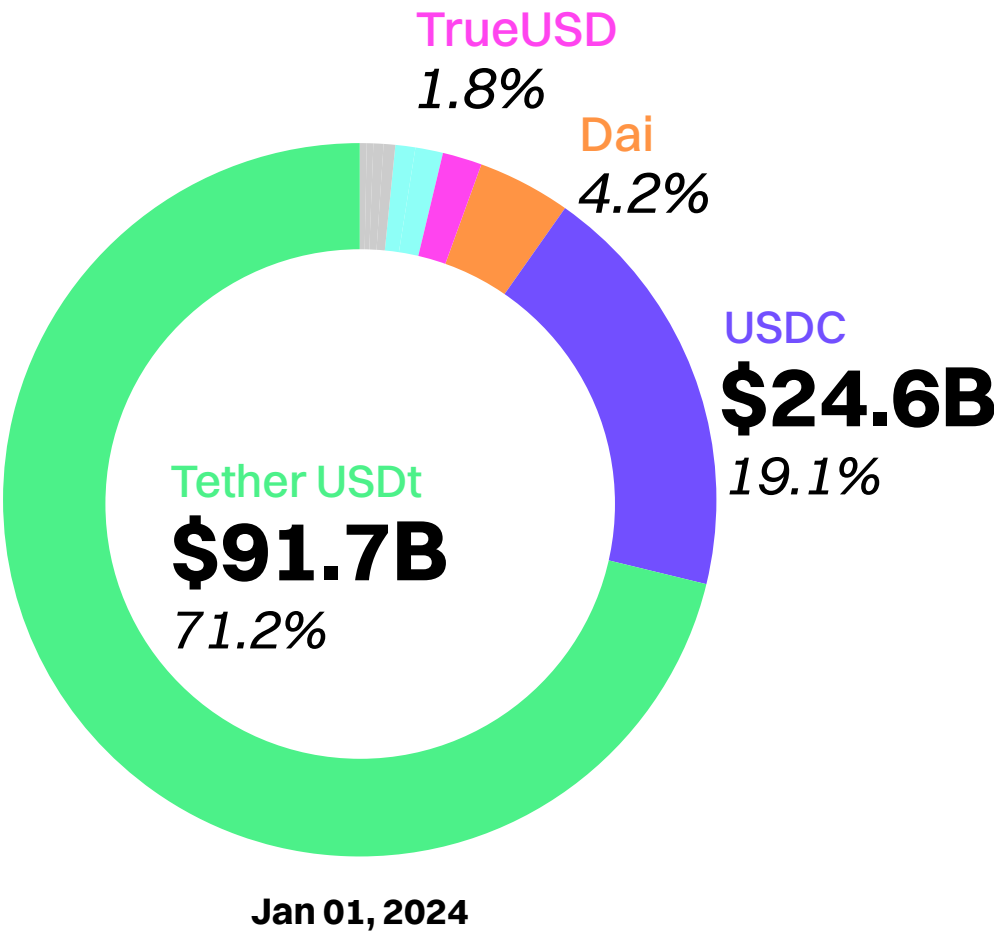
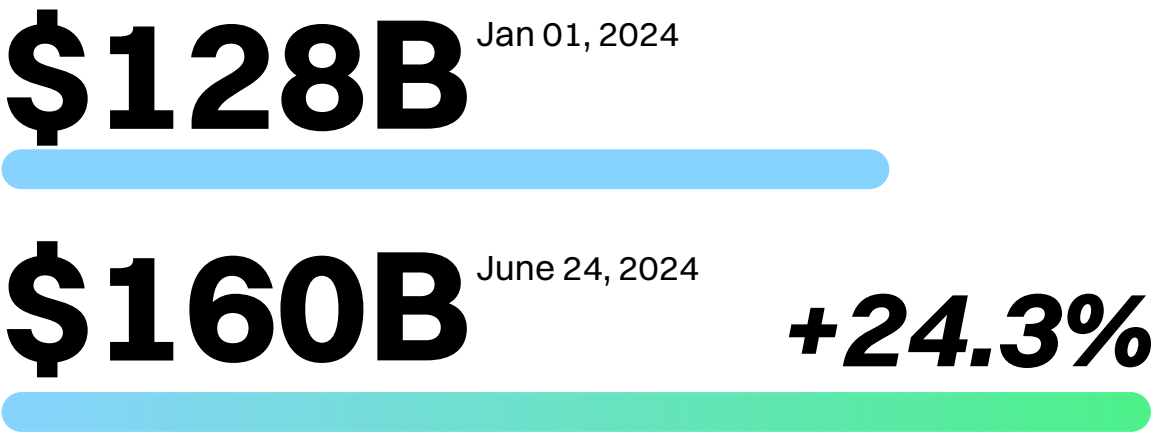
Circle's CCTP accounts for 15.6% of the total market share, while the top 5 bridges account for 51.8% of the total bridge volume (as of June 11). This indicates **no platform currently dominates the majority of cross-chain bridge volume.** This is good for the market, as it demonstrates diversity and healthy competition amongst the protocols.

Total Bridge Volume (H1 2024) **Top 10 bridges by volume*



RWA: Fastest Emerging Sector Due to Spot ETH ETF Approval, BlackRock's Tokenization Focus

The total stablecoin market cap **increased by 24.3%, from \$128B to \$160B**, in H1 due to an influx of new capital in the bull market.



Fiat-collateralized stablecoins make up **96.6% of the total real-world assets market cap**, followed by Government Securities (1.65%), Commodities (1.21%), and others.

USDT continued its dominance, with its **market cap continuing to make new highs** and gaining 22.4% in H1. USDT remains the most traded token and is the base pair for almost 70% of spot trading volume on CEXs.

USDC saw a resurgence in H1 after last year's downtrend, with its market cap increasing 32%. This is likely due to Circle's push towards institutional clients and the launch of Coinbase International, which brought more volume to USDC in non-US markets.

Ethena's USDe launched in February 2024 and already saw a **934% increase in market cap**. USDe offers a relatively high yield of 33.5%, resulting in an inflow of capital. Despite the airdrop and launch of its native token, ENA, the market cap continues to grow.

BlackRock’s BUIDL fund leads by AUM, reaching half a billion dollars in less than 3 months

Product	Protocol	Issuer of Underlying Asset	AUM		Market Share	
BUIDL	Securitize	BlackRock	<div><div></div></div>	\$454.09M	<div><div></div></div>	30.3%
BENJI	Franklin Templeton	Franklin Templeton	<div><div></div></div>	\$357.68M	<div><div></div></div>	23.9%
OUSG	Ondo Finance	iShares	<div><div></div></div>	\$199.04M	<div><div></div></div>	13.3%
USDY	Ondo Finance	iShares	<div><div></div></div>	\$146.76M	<div><div></div></div>	9.8%
USTB	Superstate	Government	<div><div></div></div>	\$109.13M	<div><div></div></div>	7.3%
USYC	Hashnote	Government	<div><div></div></div>	\$63.48M	<div><div></div></div>	4.2%
STBT	Matrixdock	Government	<div><div></div></div>	\$44.38M	<div><div></div></div>	3.0%
USDM	Moutain Protocol	Government	<div><div></div></div>	\$41.66M	<div><div></div></div>	2.8%
TBILL	OpenEden	Government	<div><div></div></div>	\$30.73M	<div><div></div></div>	2.1%
MPLcasUSDC	Maple Finance	Government	<div><div></div></div>	\$22.93M	<div><div></div></div>	1.5%

The recent approval of Spot Ethereum ETF **legitimizes ETH** and opens up institutional access to it.






BlackRock’s BUIDL fund launched on Ethereum in March 2024. It leads tokenized funds in AUM and **witnessed a \$453M inflow in less than three months.**






Ondo Finance is the largest contributor to BUIDL, responsible for \$195M of its AUM. Ondo offers tokenized institutional-grade finance. Since its launch on Jan 18, **ONDO has gained 634% and is the leading coin of the RWA sector.**






However, TVL in RWA protocols, which currently stands at \$4.39B, has yet to surpass the last cycle's high of \$6.37B, suggesting **further room for growth ahead.**






NFT/Gaming

Ethereum is no longer the main chain for NFTs, at least so far this cycle.

Volume 6M		\$12.37B	
	Bitcoin	43.33%	\$5.36B
	Ethereum	41.94%	\$5.19B
	Solana	12.49%	\$1.55B
	Polygon	1.71%	\$211.19M
	Binance	0.45%	\$55.55M

Unique Wallets 6M		3.86M	
	Solana	43.11%	1.66M
	Aptos	15.59%	601.71k
	Bitcoin	13.94%	537.99K
	Ethereum	11.67%	450.57K
	Polygon	10.11%	390.18K

Buyers 6M		2.44M	
	Solana	44.97%	1.1M
	Aptos	15.28%	373.52K
	Bitcoin	13.19%	322.4K
	Polygon	11.76%	287.52K
	Ethereum	10.82%	264.5K

Transactions 6M		71.64M	
	Solana	76.52%	54.82M
	Bitcoin	7.84%	5.62M
	Aptos	5.26%	3.77M
	Polygon	3.92%	2.81M
	Ethereum	3.18%	2.27M

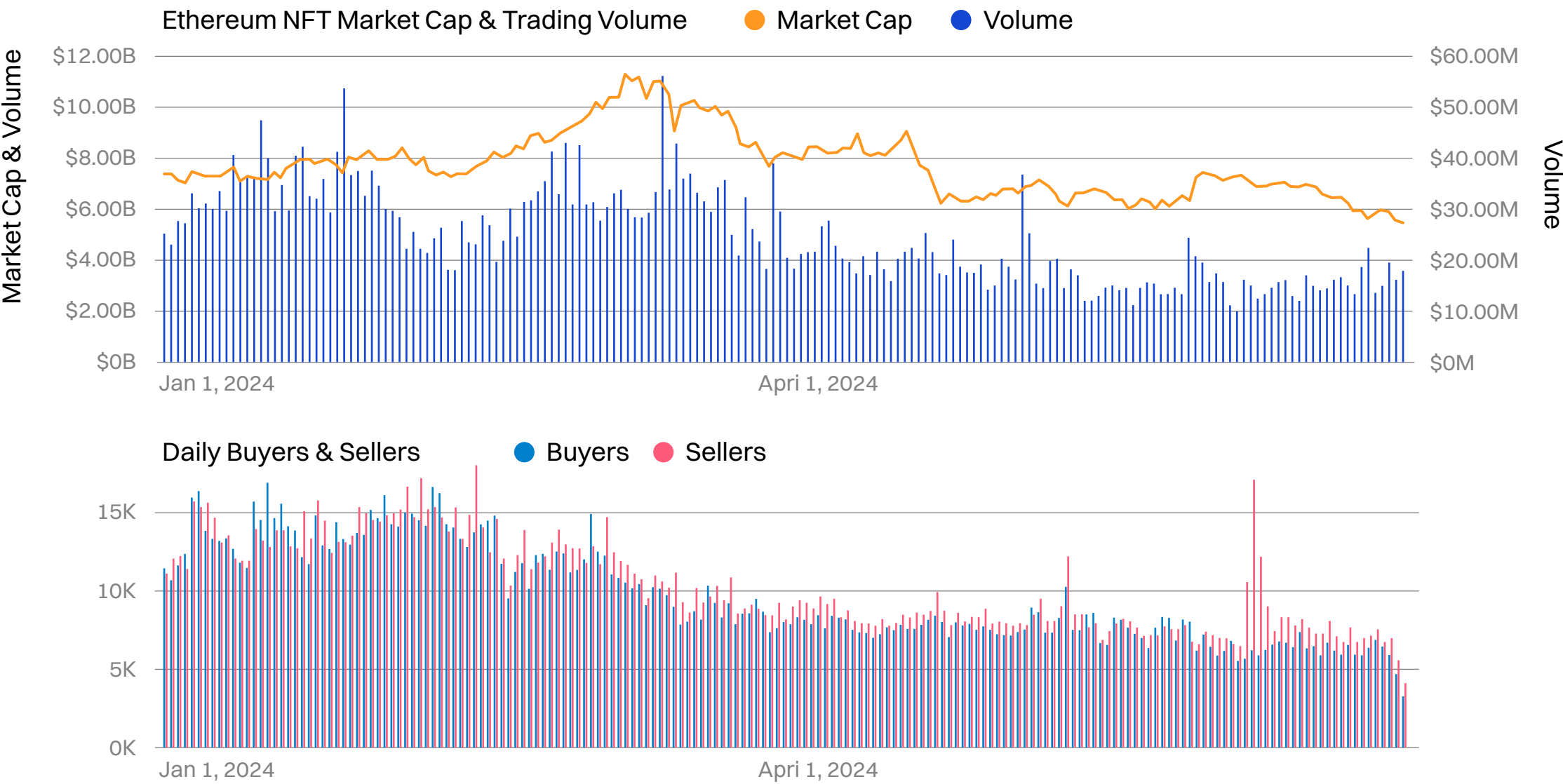
Ethereum is no longer the dominant chain for NFT trading, as it was last cycle and so far this year.

With the introduction of Bitcoin inscriptions and protocols like Ordinals and Runes, Bitcoin has a slight lead over Ethereum in terms of total volume traded.

Meanwhile, Solana leads by user activity metrics like unique wallets and number of transactions, likely due to the low fees and faster transaction speed.

Ethereum NFT trading volume, number of traders is on a downtrend

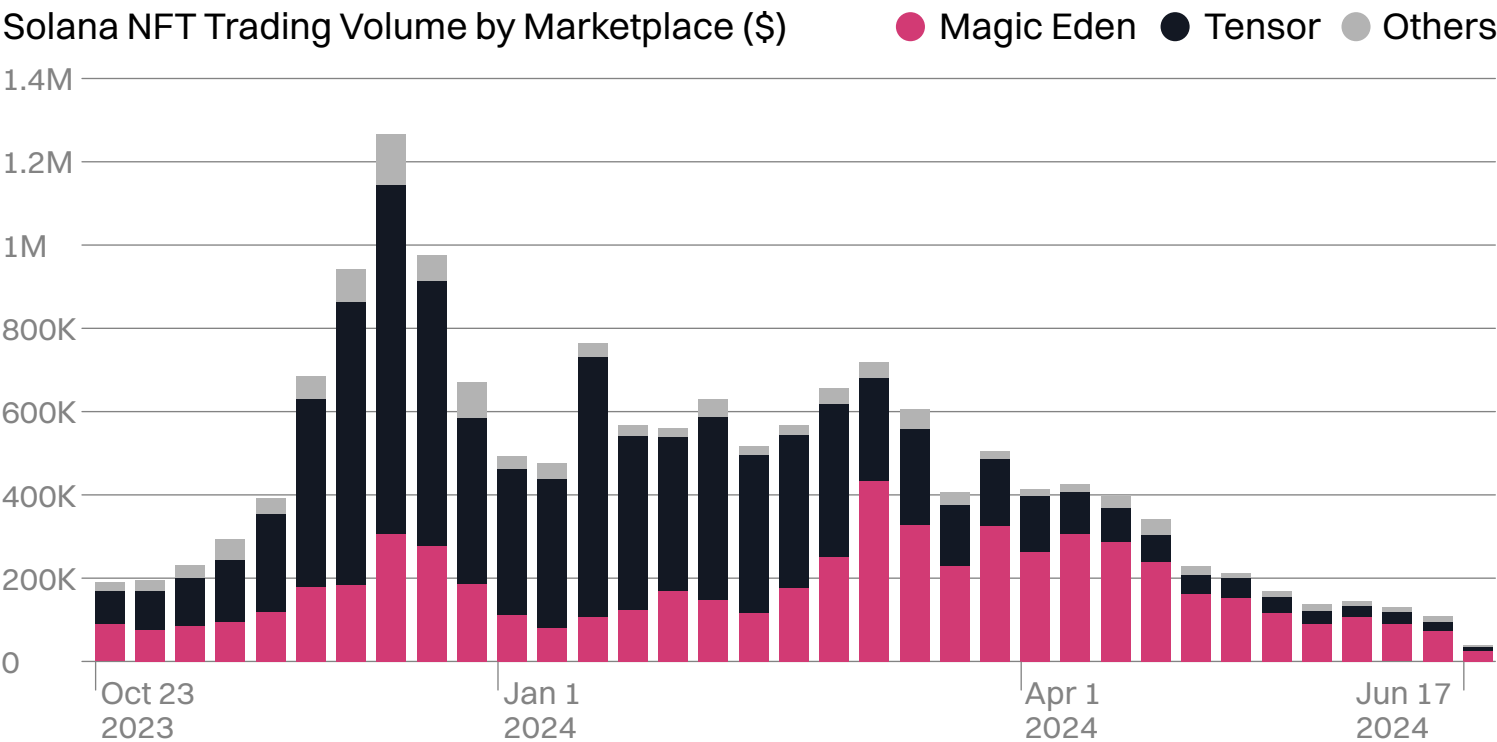
The Ethereum NFT market’s total market capitalization and trading volume reflect the trend, showing a gradual decline. This is also reflected in a decrease in user activity.



Solana saw a surge in NFT trading since Oct 2023 driven by Tensor’s airdrop campaign, but volume has died off

Solana saw a surge in NFT trading volume at the start of the year, likely due to Tensor’s airdrop campaign, which saw the protocol become the leading NFT marketplace in Solana.

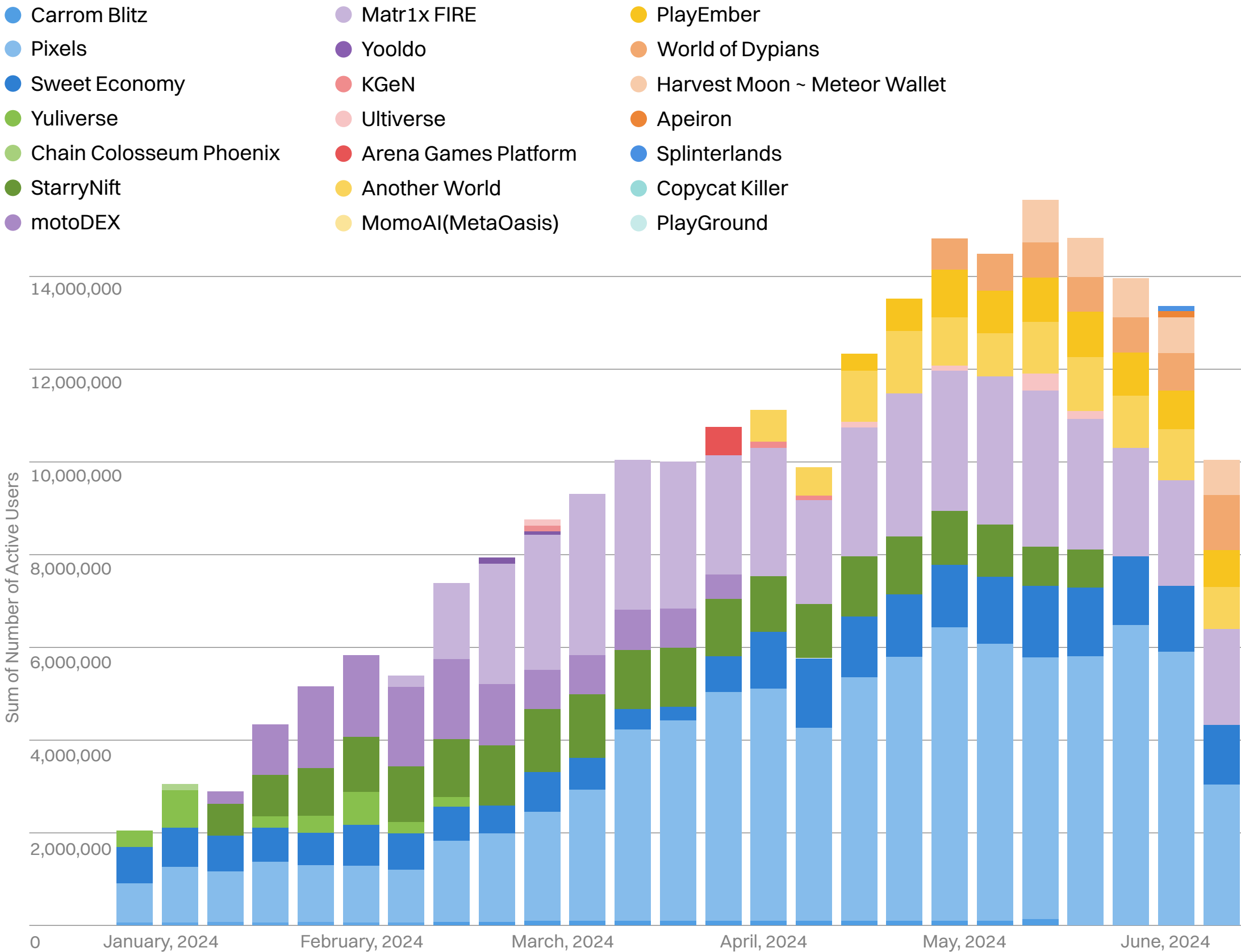
However, after the TNSR airdrop, the tension volume died off, and there was a broader decline in Solana NFT trading volumes. This reflects a general downward trend in the overall NFT market.



In Gamefi

Ronin-based Pixels Leads in DAU, Matr1x FIRE Emerges as Second

Top Games by Daily Active Users *Min 100,000 DAU, Data as of June 24



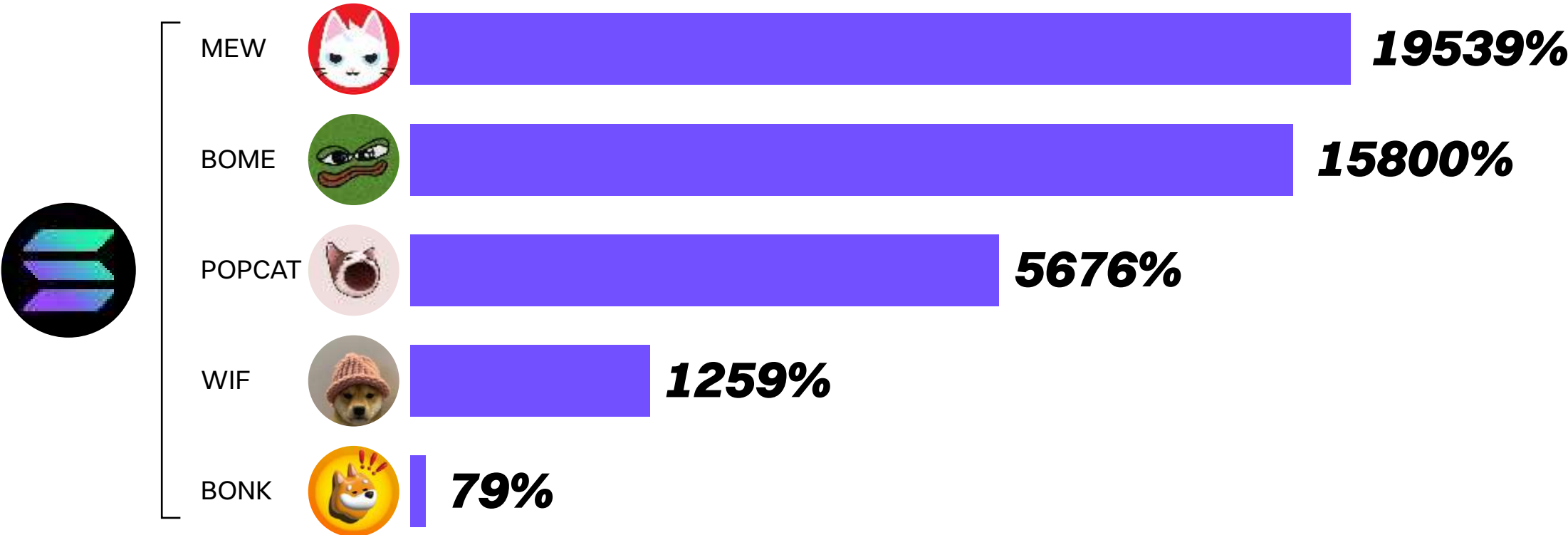
Pixels has seen a 270% increase in daily active users since the start of 2024. Despite its token launch and airdrop in February 2024, Pixels has managed to retain and even increase the active user base, demonstrating that players were not just farming the airdrop. The Ronin-based farming virtual world boasts over 5M players and just launched Chapter 2, introducing more features for the fast-growing community.

Apart from the games above, another notable development in the Gaming sector is the popularity of hyper-casual games like the TON-based Notcoin. Having launched this year, it grew to an astonishing 40M users, eight times more than Pixels, not factoring in bot activity. The clicker-based game launched its native token, NOT, to a market cap of \$1.05B.

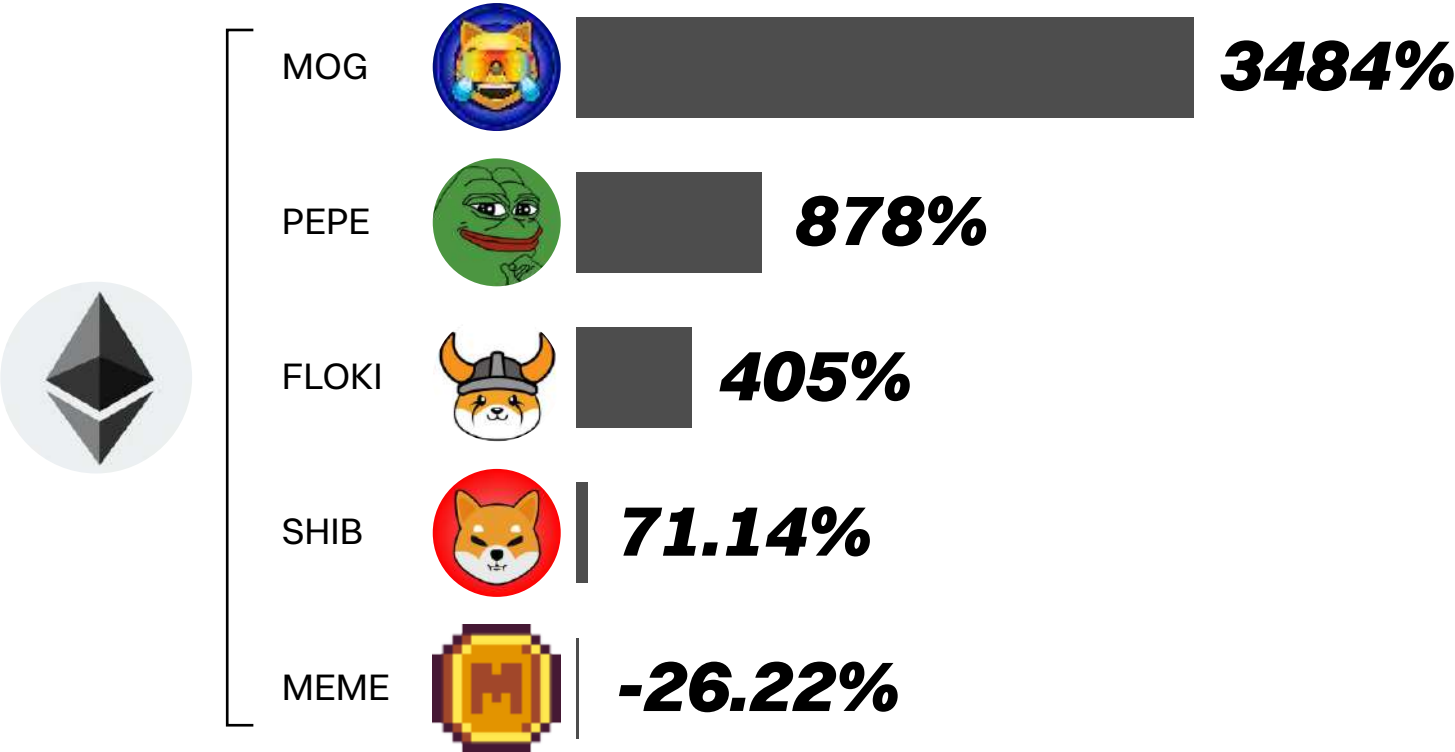
Meme Coins

On Average, Solana-based meme coins outperformed Ethereum-based by almost 8X YTD

Top 5 Solana-based meme coins



Top 5 Ethereum-based meme coins



*Based on top 5 meme coins launched on Solana and Ethereum by MCAP, Data as of June 25.


While there are meme coins on practically every L1 or L2 chains, most of the attention, activity and trading volume have been fixated on Solana and Ethereum.

ETH memes were more established, which many launched in 2023 or earlier, whereas most of SOL memes were launched in late 2023 or 2024.

SOL memes outperformed ETH memes significantly, returning an average of 8,469% vs 962% for Ethereum.

This is likely due to the rush of speculative capital from other chains, attracted by the explosive rallies of WIF and BONK, causing more memes to pump and attracting even more capital and attention.






The Political Meme Tokens Rivalry



Donald Trump

Top Coins Based on Trump

Updated: June 26, 2024 (by MCAP)

	MAGA (\$TRUMP)	373M
	MAGA (\$MAGA)	141M
	Doland Tremp (\$TREMP)	82M
	Super Trump (\$TRUMP)	29M
	MAGA VP (\$MVP)	12M

Trump's Stance on Crypto


Positive outlook on crypto and NFTs

.....

Holds \$9.9M in crypto assets (Source: Arkham)

.....




Presidential campaign now accepting crypto donations



Joe Biden

Top Coins Based on Biden

Updated: June 26, 2024 (by MCAP)

	Jeo Boden (\$BODEN)	107M
	Joe Biden (\$BIDEN)	8M
	JOE (\$BIDEN)	366K

Biden's Evolving Crypto Stance

Initially harsh, implementing strict crypto regulations

.....

Now adopting more balanced approach:

.....

Approved Bitcoin and Ether ETFs in 2024

.....

Crypto-friendly bills advancing in Congress

Political memes emerged as a popular subcategory, and the total market cap of this sector stands at \$784M out of a total meme market cap of \$57.7 billion.

Trump's vocal support for crypto and acceptance of crypto for campaign donations caused the leading MAGA (TRUMP) meme coin to gain over 5100% so far this year.

Crypto is shaping up to be a major topic for the November US elections, and many are speculating through these political meme coins.

CMC Listing/Research Insight

Frontier Trends

★ Politics & Policies

★ ETFs

Politics & Policies

Recent developments in U.S. politics have highlighted a significant shift regarding cryptocurrency.

Increased Political Influence

Despite a decline in overall crypto usage among Americans, the industry has won notable victories in Washington, illustrating its growing influence. This includes a significant increase in political spending, with more than \$80 million planned for the 2024 elections. The crypto industry has significantly increased its political influence in Washington, primarily through substantial financial investments in key Congressional races. Crypto-focused PACs like Fairshake have raised around \$85 million and spent millions to support crypto-friendly candidates, successfully shaping election outcomes. For instance, Fairshake spent \$10 million to defeat crypto-critical Congresswoman Katie Porter and supported Republican Mark Messmer's nomination in Indiana with nearly \$500,000 in media buys.

Bipartisan Support

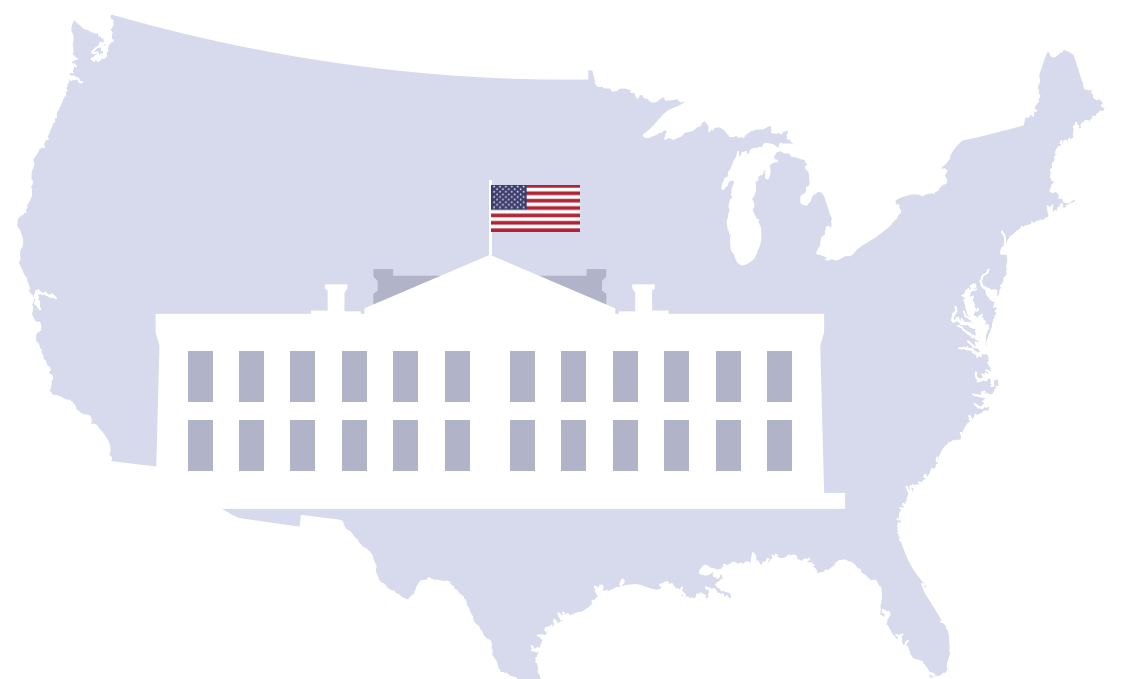
Crypto-friendly legislation has garnered unexpected bipartisan support, with prominent Democrats like Chuck Schumer and Nancy Pelosi emerging as allies. This has resulted in a potential isolation of crypto skeptics, including Senator Elizabeth Warren. In addition, the House passed a significant crypto regulation bill with substantial Democratic support, indicating a legislative shift towards more crypto-friendly policies. The Senate passed a resolution to repeal SEC crypto guidance, defying a White House veto threat.

Changing Administration Stance

The Biden administration has shown a new willingness to engage with the crypto industry, stepping back from earlier positions and expressing a desire to work with Congress on crypto policy.

Republican Alignment

Republicans, including former President Donald Trump, are increasingly aligning with the crypto industry, with Trump accepting crypto donations and advocating for digital asset traders.



Actions from Politicians For Crypto:

Chuck Schumer

- Supported a resolution to repeal SEC crypto guidance opposed by the industry.
- Ignored a White House veto threat on crypto regulation rollback.

Nancy Pelosi

- Supported GOP-led crypto legislation in the House.
- Participated in meetings with crypto executives and advocates.

Patrick McHenry

- As House Financial Services Chair, has consistently championed crypto-friendly policies.
- Dubbed recent legislative successes as a "high watermark" for the industry.

Pete Aguilar

- Voted in favor of the House legislation creating a tailored regulatory regime for crypto.

Katherine Clark

- Supported the House bill regulating crypto and voted for its passage.

Tom Emmer

- Praised the administration's more diplomatic stance on crypto regulation.
- Advocated for continued legislative support for the industry.

Marc Veasey

- Influenced by Mark Cuban, he backed pro-crypto policy recently passed in the House.

Wiley Nickel

- Lobbied the White House to not oppose the crypto regulatory bill.

Donald Trump

- Began accepting campaign contributions in crypto.
- Pledged support for digital asset traders and criticized Biden's stance on crypto.

Biden Administration

- Initially opposed the House bill limiting the SEC's authority over crypto but expressed willingness to work with Congress on crypto regulation without issuing a veto threat.
- Signaled a more flexible approach towards crafting industry-friendly policies.

Mark Cuban (influencer)

- Lobbied Biden and regulators for a more industry-friendly approach.
- Influenced Democratic representatives to support pro-crypto legislation.

Actions from Politicians Against Crypto:

Elizabeth Warren

- Vocal critic of the crypto industry, warning about the lack of regulation.
- Compared the crypto market to the pre-2008 financial crisis due to insufficient oversight.

Sherrod Brown

- As a crypto skeptic, likely to oppose crypto-friendly legislation.
- Faces significant industry opposition in his reelection campaign.

Jon Tester

- Similar to Brown, Tester is a skeptic and is under pressure in his reelection campaign.
- Likely to oppose pro-crypto bills.

Maxine Waters

- Led opposition against the House crypto bill.
- Criticized industry lobbying and remained a staunch advocate for stronger regulation.



Worldwide Crypto Policies Update

Governments worldwide are developing new regulations for cryptocurrencies, with varying approaches and levels of strictness. The International Organization of Securities Commissions has recommended global standards, while the World Economic Forum's Digital Assets Regulatory (DAR) initiative analyzes national regulatory outcomes. The urgency for regulation increased following bank collapses linked to crypto activities.



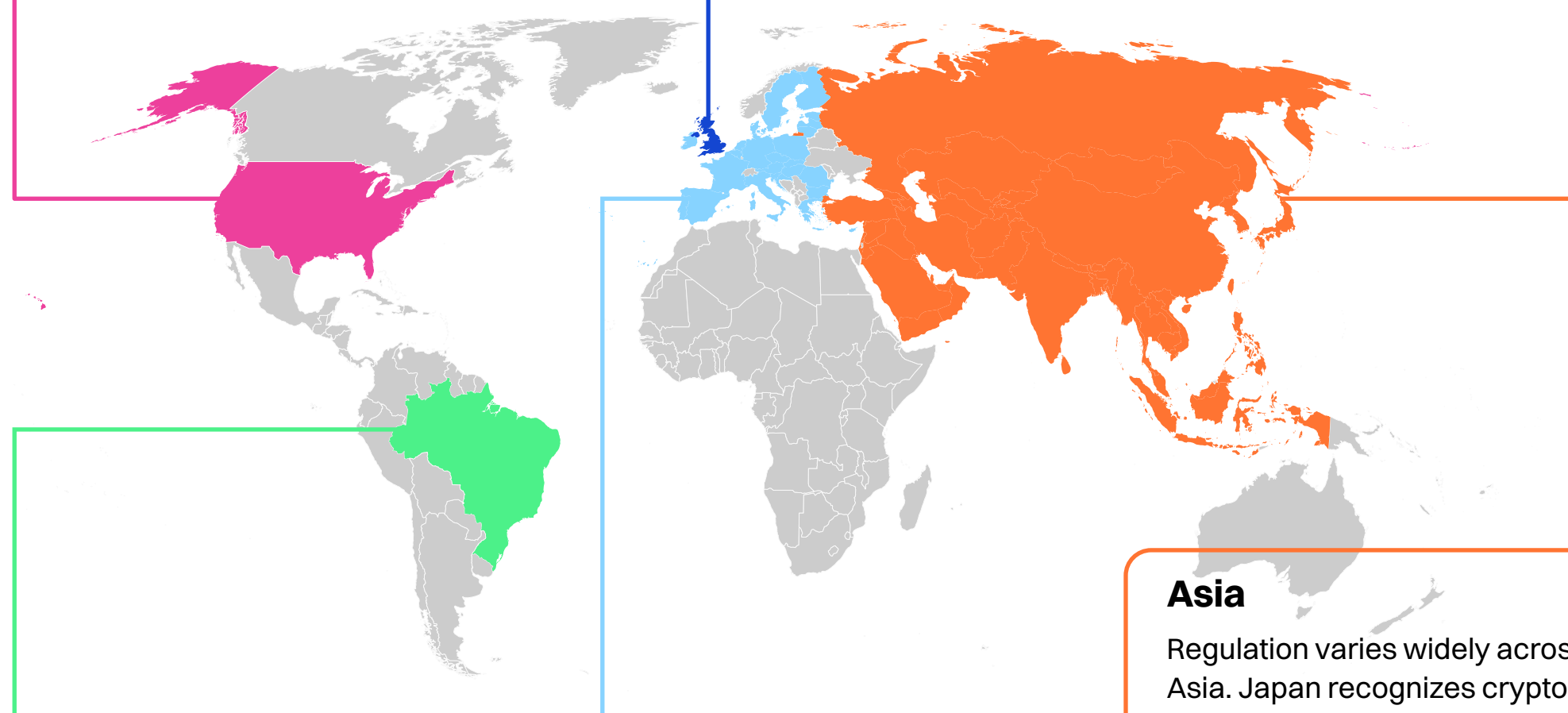
United States

The U.S. has moved towards establishing a regulatory framework for cryptocurrencies, with significant legislative efforts like the Financial Innovation and Technology (FIT) for the 21st Century Act and the Blockchain Regulatory Certainty Act, which aim to clarify the classification and oversight of digital assets. However, federal legislative progress has stalled.



United Kingdom

The UK mandates that companies offering digital currencies be authorized by the Financial Conduct Authority (FCA). The government insists on authorization for firms dealing with UK consumers, regardless of their location. The FCA and the Bank of England are also developing regulations for stablecoins to ensure stability and consumer protection. These regions illustrate diverse approaches to crypto regulation, ranging from comprehensive frameworks and strict enforcement to developing guidelines and grappling with implementation challenges.



Brazil

Brazil's Cryptoassets Act, enacted in June 2023, places the central bank in charge of supervising crypto assets, aiming to prevent scams and enforce penalties for fraud and money laundering. The central bank governor has called for tighter regulations due to rising cryptocurrency use in payments.



European Union

The EU implemented the Markets in Crypto-Assets Regulation (MiCA) in May 2023, the first comprehensive crypto regulation. This requires companies issuing or trading crypto to obtain licenses and mandates verification of wallet ownership for transactions over €1,000, aiming to protect investors and prevent money laundering.

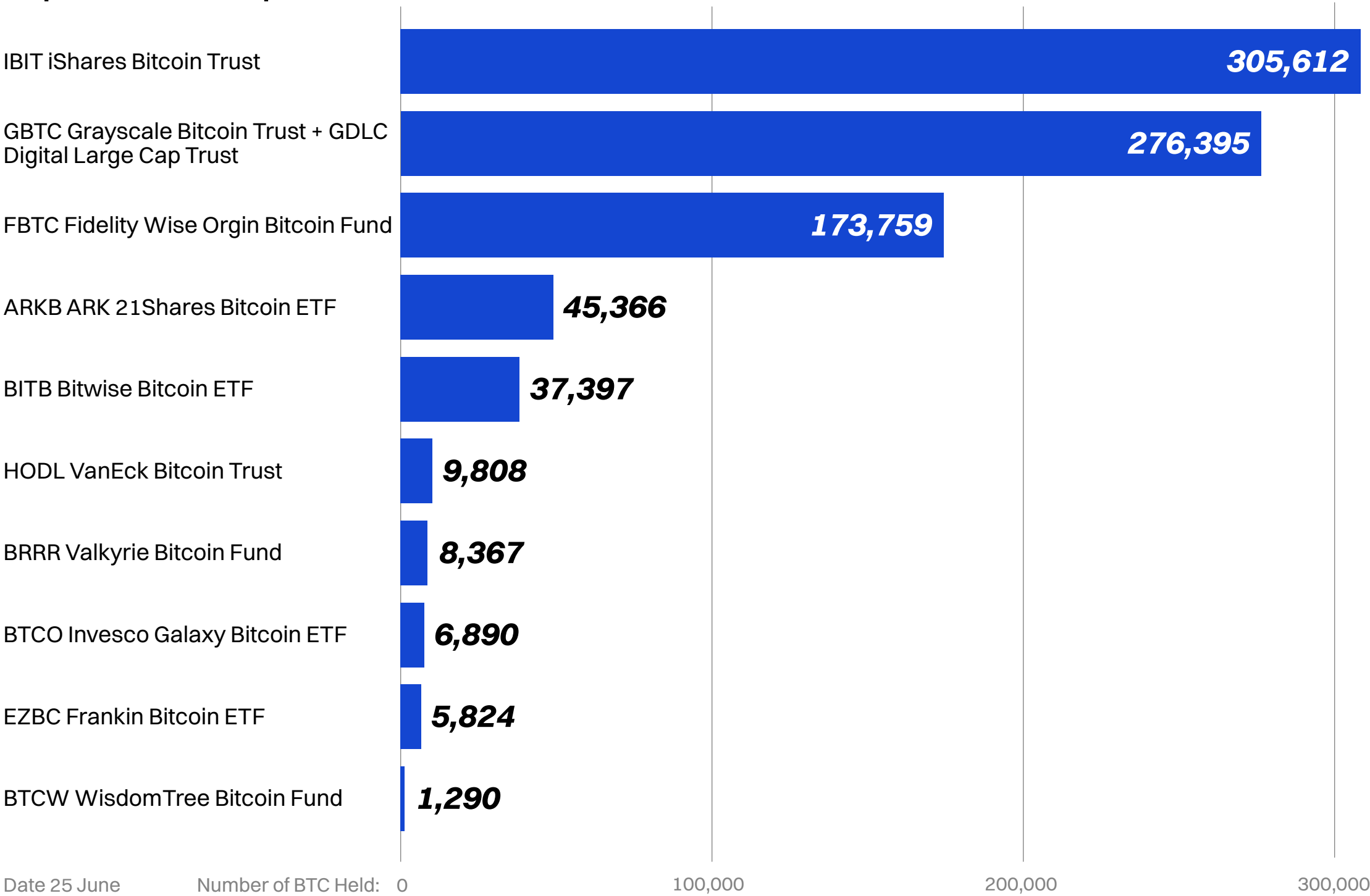
Asia

Regulation varies widely across Asia. Japan recognizes crypto as legal property and regulates it through the Financial Services Agency, with recent enhancements to anti-money laundering measures. South Korea's Virtual Asset Users Protection Act imposes stricter user protection and transparency requirements. China bans crypto exchanges, trading, and mining, while India is working on legislation to create an official digital currency, facing delays in implementation.

ETFs

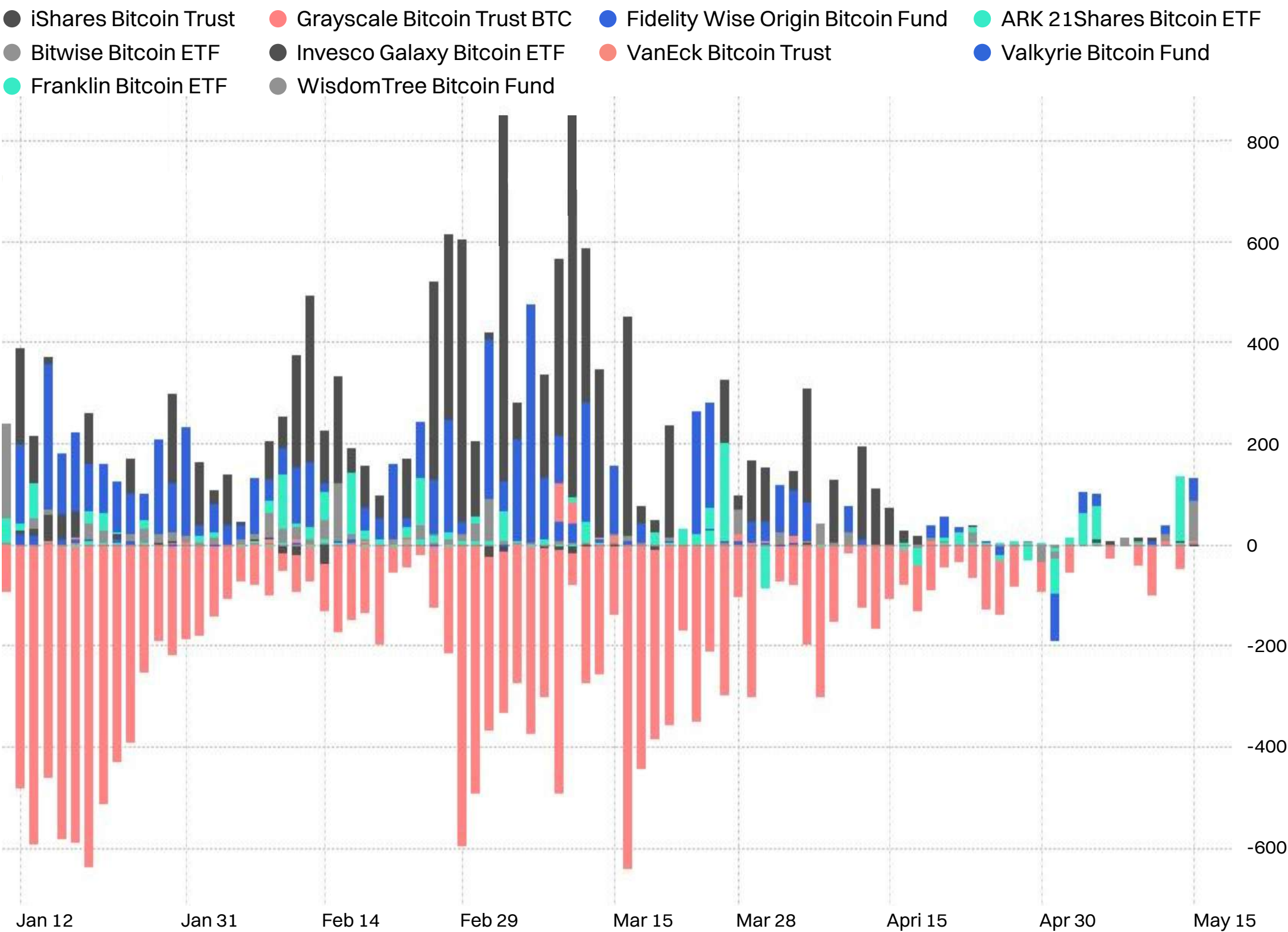
Flow- Over 1 million of Bitcoin are now held in ETFs

Top 10 Bitcoin Spot ETFs Now Hold Over 800k Bitcoins



Since the approval of U.S. spot Bitcoin ETFs on the 10th Jan 2024, there are now over 70 spot Bitcoin ETFs globally, which attracted over \$28billion additional inflows. Collectively, there are over \$72billion worth of Bitcoin held in these ETFs and funds by institutions globally, which changes the dynamics in this market cycle. Institutions are often restricted by their asset allocation strategies, which means they would balance their portfolios as per the volatility appears in the market.

Investors Have Poured \$12 Billion Into Bitcoin ETFs But flows have since slowed since their January debut



Source: Bloomberg.com 18 June

Top Holders of Bitcoin ETFs in the U.S.

Over 1000 institutions hold Bitcoin ETFs in the U.S: the total investment scale exceeds 11.5 billion USD, with hedge funds accounting for the majority.

According to the recent SEC Form 13F filing, The investment levels in Bitcoin ETFs vary among institutions. There are 18 institutions holding related assets

exceeding \$100 million, 102 institutions holding related assets exceeding \$10 million, and 371 institutions holding related assets exceeding \$1 million. For most institutions, BTC ETF assets represent only a small portion of their total assets under management.

The 18 institutions holding related assets

exceeding \$100 million are mostly well-known hedge funds and asset management companies, such as Millennium Management, Jane Street Group, Schonfeld Strategic Advisors, etc. Similarly, investments in crypto assets by large institutions only make up a small fraction of their total assets under management.

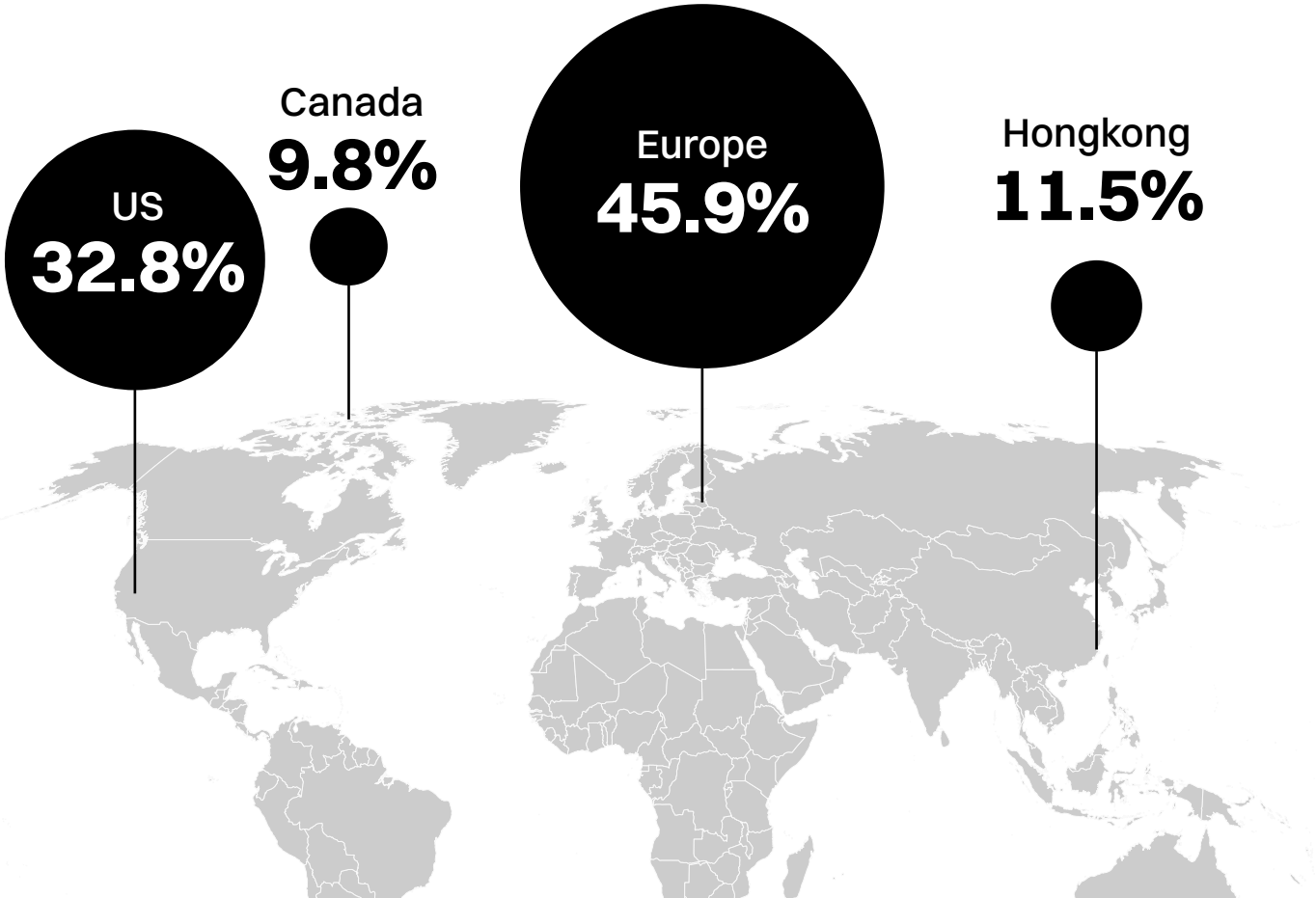
These are some of the top holders of BTC ETFs in the U.S.



Millennium Management Llc	\$1,942,591,000	> 1%
Susquehanna International Group, Llp	\$1,326,064,000	0.2 %
Horizon Kinetics Asset Management LLC	\$945,920,000	17.8%
Jane Street Group, Llc	\$633,952,000	0.1 %
Schonfeld Strategic Advisors LLC	\$479,845,000	3.2 %
Bracebridge Captial, LLC	\$434,322,000	< 86%
Boothbay Fund Management, Llc	\$377,051,000	7.25%
Morgan Stanley	\$272,122,000	N/A
ARK Investment Management LLC	\$206,482,000	N/A
Pine Ridge Advisers LLC	\$205,825,000	23%

Recent ETF Products & Flows Globally

The U.S., Europe, Canada, HongKong and Australia are the largest markets for institutional investors.



Will Coinbase become a super company?



Coinbase provides Custody services for 7 out of the 10 largest U.S. Bitcoin ETFs, and now account for 78% of the total institutional assets by Total Asset Under Management (AUM). Together with its existing crypto exchange business, Coinbase-related wallets now hold a significant amount of BTC (est. around 1.2 million BTC, 6% of the circulating supply).

7/10

U.S. Bitcoin ETFs

78%

Total Institutional Assets

1.2 Million

Amount of BTC

6%

Circulating Supply

Bitcoin Top Holders

ENTITY	VALUE	PCT	USD
Coinbase	877,468.95	4.45%	\$60.95B
Binance	634,465.66	3.22%	\$44.07B
BlackRock	287,976.93	1.46%	\$20.00B
Grayscale	286,845.14	1.46%	\$19.92B
Fidelity Custody	276,498.75	1.4%	\$19.20B
U. S. Government	212,895.69	1.08%	\$14.79B
Bitfinex	202,571.52	1.03%	\$14.07B
Kraken	166,823.14	0.85%	\$11.59B
Wrapped Bitcoin	149,676.58	0.76%	\$10.40B
Mt. Gox	141,686.2	0.72%	\$9.84B
Robinhood	133,494.82	0.68%	\$9.27B
OKX	124,961.74	0.63%	\$8.68B
Mt. Gox Hacker	79,957.27	0.41%	\$5.55B
MicroStrategy	78,406.31	0.4%	\$5.45B
bc1q8yj0herd4r4yxszw3nkfvt53433thk0f5qst4g	78,317.03	0.4%	\$5.44B

How big is the Ethereum ETF Market

On the 23rd May 2024, the SEC approved the Ethereum Spot ETFs in the U.S. market, which saw ETH price increase by 17.7% on the day. How big is the Ethereum ETF market and how will this impact ETH price? Let's analyze it from both Demand and Supply's perspective separately:

Outside the United States, where both Bitcoin and Ethereum exchange trade products (ETPs) are already available, assets in Ethereum ETPs amount to about 25%-30% of assets in Bitcoin ETPs. On this basis, we could make the assumption that net inflows into U.S.-listed spot Ethereum ETFs will be around \$5billion over the first 4 months or so.

17%

Idle or Relatively Illiquid

In terms of ETH supply, Significant portion of ETH supply inaccessible to new spot ETFs. Around 17% of the ETH can be categorized as idle or relatively illiquid, together with the ETH used as gas, in protocol treasuries, and staked, it further limits the supply of ETH available. To the extent that existing uses limit the available supply available to the new spot ETF products, any incremental increase in demand could have a larger impact on price.

Crypto ETP AUM by Country*

	BTC \$mn	ETH \$mn	ETH/BTC %
Canada	3,049	840	28
Switzerland	2,576	999	39
Sweden	2,255	1,334	59
Germany	2,193	328	15
Hong Kong	340	76	22
Brazil	294	101	35
Australia	71	15	21
France	5	0.3	5
Average			28
Aggregate	10,783	3,694	26

Source: Greyscale June 2024

Components of ETH Supply(Estimated)

	Million ETH	Share of Circulating Supply
Staked ETH	32.6	27.2
ETH in Smart Contracts	13.6	11.3
Dormant ETH (5yrs+)	7.6	6.3
ETH in ETPs	4.0	3.3
ETH in Protocol Treasuries	0.9	0.7
ETH Used as Gas (Last 1yr)	0.8	0.6

Source: Greyscale June 2024



CoinMarketCap is the world's most-referenced price-tracking website for crypto assets in the rapidly growing cryptocurrency space. Its mission is to make crypto discoverable and efficient globally by empowering retail users with unbiased, high quality and accurate information for drawing their own informed conclusions.

CoinMarketCap Research

CoinMarketCap Research aims to leverage CMC's data analysis and bring unique insights into the crypto market. We look to collaborate with other industry-leading voices and create a platform for people to learn and share their passion for crypto.

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