

Monthly Market Insights

June 2024

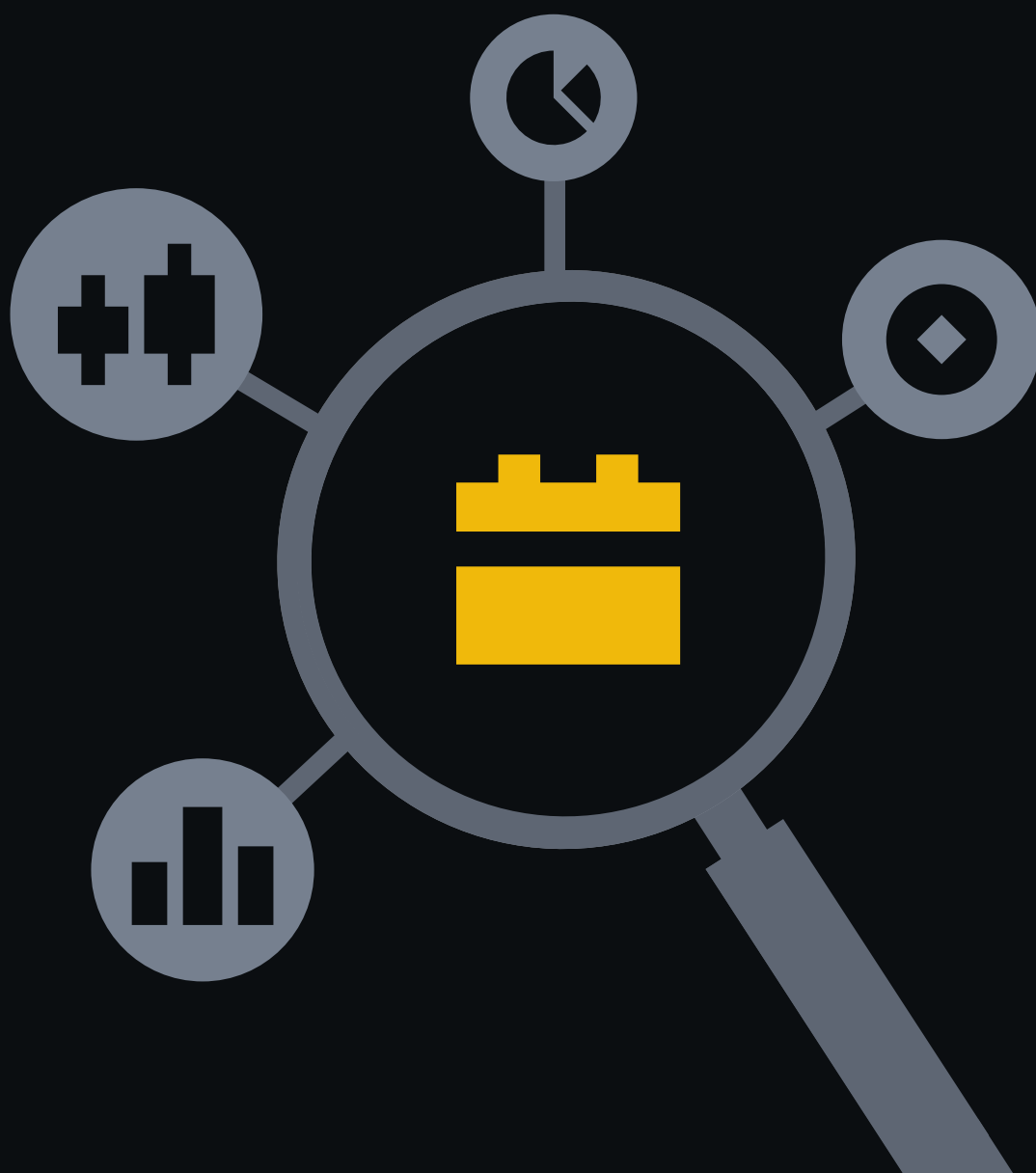


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Key Takeaways

- ◆ The crypto market experienced a strong upward momentum in May, closing the month with a 8.6% increase in total market capitalization. This market-wide rally was largely driven by favorable regulatory actions for crypto, including the approval of 19b-4 filings for 8 spot ETH ETFs by the U.S. Securities and Exchange Commission (“SEC”) and the passing of the Financial Innovation and Technology for the 21st Century (“FIT21”) Act by the U.S. House of Representatives. ETH’s price surged 21.2% in a single day leading up to the approval, followed by a broader market resurgence. Spot BTC ETFs also witnessed 14 consecutive days of net inflows in May, contributing to the positive overall market performance.
- ◆ Leading up to the approval of spot ETH ETFs, Grayscale’s Ethereum Trust (“ETHE”) has experienced a continued narrowing of its discount to net asset value. The discount currently stands at 1.4%, its lowest in nearly three years. Looking ahead, it will be key to monitor flows from ETHE and the newly approved spot ETH ETFs.
- ◆ Solana stakers passed a proposal to distribute 100% of priority fees to network validators. Prior to this proposal, 50% of priority fees were burned. Concurrently, Solana daily network transaction fees came closer than ever before to fees generated by Ethereum, while Phantom wallet climbed to third place in the utility category on the Apple app store.
- ◆ Tokenized U.S. treasuries hit a new high in May, recording around US\$1.5B in value on-chain. The market has grown approximately 80% year-to-date (“YTD”), demonstrating the continued rise in demand for tokenized treasuries. BlackRock’s USD Institutional Digital Liquidity Fund has been a key driver of this growth, and its fund is now the largest in the space.
- ◆ Prediction markets have seen a resurgence this year, marked by a 68.6% increase in total value locked (“TVL”) since January. May, in particular, saw net deposits exceed US\$60M for the first time. The U.S. presidential election has arguably been a key driver of this growth, notably driving activity on prediction market platforms like Polymarket. With more than five months remaining until the election, prediction markets may see further growth as the election draws closer.

Crypto Market Performance

The crypto market experienced strong upward momentum in May, closing the month with an 8.6% increase in total market capitalization. The market-wide rally was driven by several key factors, including regulatory actions for crypto such as the approval of 19b-4 filings for spot ETH ETFs by the U.S. SEC and the passing of the Financial Innovation and Technology for the 21st Century Act (“FIT21”) by the U.S. House of Representatives. This occurred as U.S. political campaigns heated up, with various candidates discussing their views on cryptocurrencies. Spot BTC ETFs also witnessed a consecutive 14-day net inflow, contributing to the overall boost in market performance.

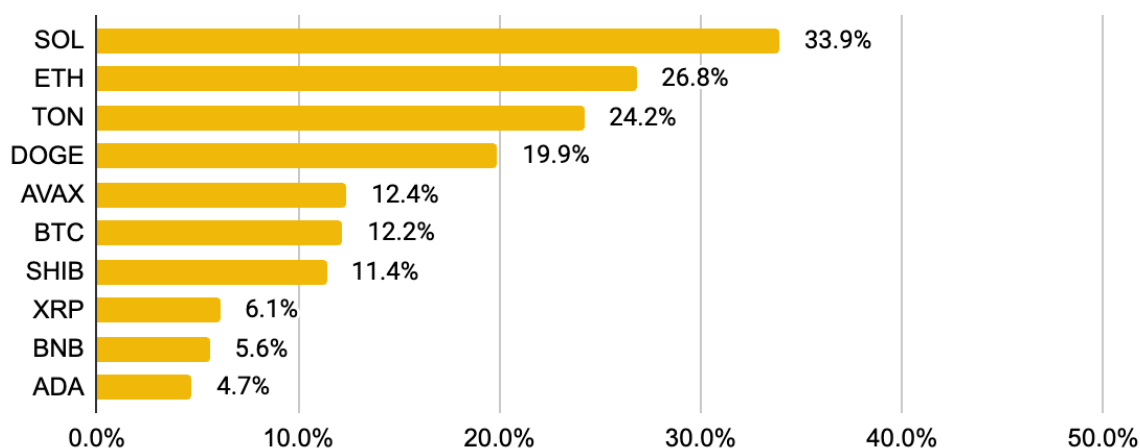
Figure 1: Monthly crypto market capitalization increased by 8.6% in May

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	0.4	40.0	16.3	-11.3	8.6							
2023	30.4	3.4	9.3	3.2	-6.0	3.3	1.0	-8.8	2.6	19.0	11.0	15.2
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

Source: CoinMarketCap

As of May 31, 2024

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



Source: CoinMarketCap

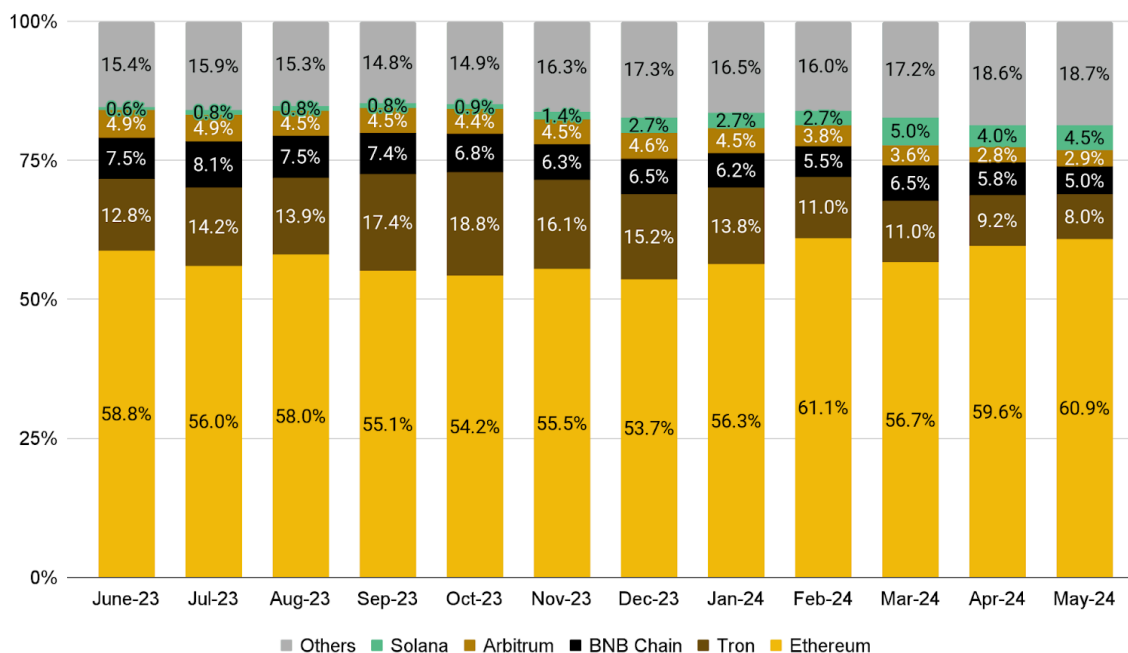
As of May 31, 2024

In descending order of performance:

- ◆ In line with the strong overall market performance, all of the top ten coins by market capitalization ended the month in green. Solana was the strongest performer, surging 33.9% month-on-month (“MoM”), while its DeFi TVL spiked 33.4% to reach US\$4.84B. The outperformance of memecoins on Solana, driven by retail interest and the mass deployments on token launchpad pump.fun, led to US\$31.2B in monthly DEX trading volumes on the chain. Top memecoins on Solana, such as BONK and WIF, performed strongly, with BONK breaching its previous all-time high (“ATH”) to reach a market capitalization of US\$2.94B. The return of Keith Gill (aka Roaring Kitty) on X also sparked a momentary upsurge in memestocks like GameStop (NYSE:GME) and AMC (NYSE:AMC), while SPL-20 tokens of the same ticker saw significant gains mid-May.
- ◆ In the lead-up to the SEC’s surprising approval of the spot ETH ETFs, ETH began an unrelenting rally, rising 26.8% MoM. This came as Bloomberg analysts raised their probability of approval from 25% to 75% and as the SEC requested exchanges amend and resubmit 19b-4 filings. The approval of eight spot ETH ETFs on May 23 marked a victory for the crypto industry, bolstering Ethereum’s strong performance and leading a market-wide rally.
- ◆ With a 24.2% MoM uptick in price, TON was the third-best performer of the month. TON’s DeFi TVL continued to push ATHs, rising 227.8% MoM to reach US\$326.0M. This may be attributed to significant ecosystem initiatives such as “The Open League,” a long-term incentive program distributing 30M TON to users, projects, and teams over three months. Following the integration of USDT on the network, Telegram Wallet launched an incentive campaign on Wallet Earn, distributing US\$30M worth of TON rewards to users and offering up to 50% APY, along with additional rewards. On May 16, TON onboarded over a million users onto the network, largely attributed to the listing and minting of Notcoin (“NOT”), which hit a total of US\$1.5B in market capitalization on its launch day. Pantera Capital also announced an undisclosed investment in the TON blockchain, citing it as their “largest investment ever.”
- ◆ Following ETH’s rally, we also witnessed a price spike in ERC-20 memecoins such as DOGE and SHIB, which gained 19.9% and 11.4% MoM, respectively. AVAX saw a 12.4% rise in May, while BTC gained 12.2% as spot BTC ETFs experienced 14 straight days of net inflows, with Blackrock’s IBIT recording over US\$290M in inflows on May 21.
- ◆ Reflecting market-wide performances, XRP, BNB, and ADA experienced modest price increases, with gains of 6.1%, 5.6%, and 4.7%, respectively.

Decentralized Finance (“DeFi”)

Figure 3: TVL share of top blockchains



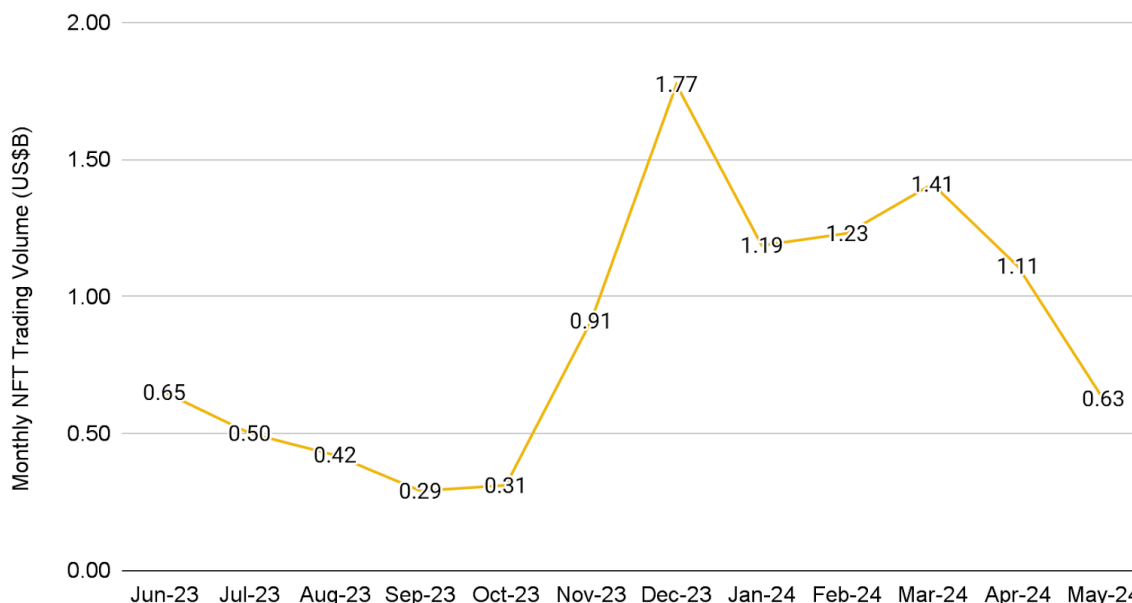
Source: DeFiLlama
As of May 31, 2024

In line with the market resurgence, total DeFi TVL experienced an uptick in May, posting an MoM gain of 21.7%. Notable gainers among the top ten chains included Merlin, TON, and Solana, recording monthly gains of 183%, 135%, and 36%, respectively. As for protocols, several emerging projects – namely Pendle Finance, Ethena, Morpho, and Polymarket – spanning various markets such as interest rate derivatives, modular lending, yield-bearing stablecoins, and prediction markets all experienced notable growth in May, reaching new highs in TVL. For a deeper dive into these emerging projects, check out our latest publication, [Breakthrough DeFi Markets](#).

May also brought updates on airdrops from several popular projects. This includes the launches of EIGEN and DRIFT, whose claims went live on May 10 and May 16, respectively. In addition, LayerZero announced its offering for Sybil farmers, allowing them to self-report and receive 15% of their intended airdrop allocations. Meanwhile, Blast announced its plans for an airdrop on June 26, with a larger allocation amount as compensation for the airdrop's delay from May to June. Moreover, Ethena, a fast-growing synthetic dollar project, introduced its 2024 roadmap, aiming to expand the project's impact across DeFi, centralized finance (“CeFi”), and traditional finance (“TradFi”), with USDe being the key connective tissue tying all three fields together.

2.2 Non-Fungible Token (“NFT”)

Figure 4: Monthly NFT trading volume



Source: CryptoSlam
As of May 31, 2024

The NFT market saw a significant drop in May, recording a total sales volume of US\$0.63B, marking a 41% decrease from April. While Ordinals remained the top collection in terms of sales volume, it experienced a 71% MoM decrease. Other top collections, such as NodeMonkes, Crypto Punks, and Bored Ape Yacht Club, also witnessed declines in sales volumes.

Across the top chains, NFT sales volumes decreased considerably, with Bitcoin experiencing a dramatic drop from US\$602M to US\$194M in May, translating to a 68% decline. Despite this pessimistic market activity, Fantasy Top, a trading card game on Blast, defied the trend, sparking considerable user interest with its innovative gaming mechanism. Having launched on May 1, Fantasy Top has so far garnered a total sales volume of US\$51M, making it the second-highest volume collection and propelling Blast into the top five chains by sales volume.

Charts of the Month

Grayscale's ETHE Discount Narrowed to Near 3-Year Low

Figure 5: Grayscale's ETHE discount narrowed to 1.4%



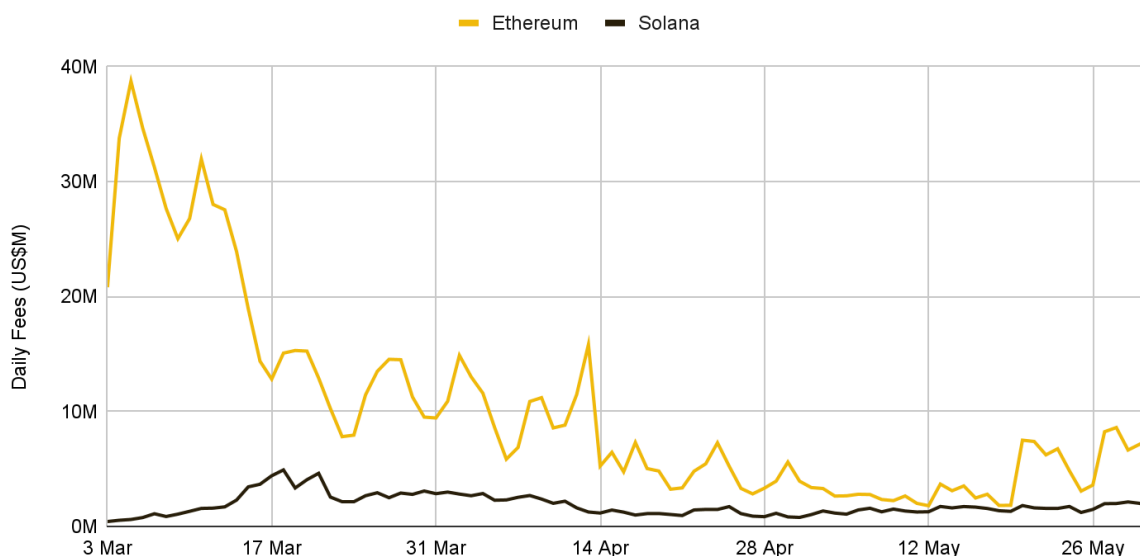
Source: YCharts, Binance Research
As of May 31, 2024

The discount to net asset value (“NAV”) of the Grayscale Ethereum Trust (“ETHE”) has narrowed from 26.1% in April to 1.4%, its lowest level in nearly three years. This could be attributed to the increase in the odds of approval for spot ETH ETFs and the SEC’s eventual approval of 19b-4 filings on May 23. The narrowing discount suggests that traders may have been buying ETHE to take advantage of the arbitrage opportunity presented by the discount. That said, it may still take some time before the approval of S-1 filings, which is required for the spot ETH ETFs to start trading on the market.

Looking ahead, it will be key to watch how market participants respond to the spot ETH ETFs. Assuming a similar scenario to the spot BTC ETFs, we may see significant outflows from Grayscale’s ETHE in the initial phases of its launch. It will be important to see if the newly launched ETFs will be able to absorb these outflows and bring in additional demand.

Solana Daily Fees Come Within Spitting Distance of Ethereum's

Figure 6: Solana daily fees came closer than ever before to Ethereum's



Source: Artemis.xyz, Binance Research
As of May 31, 2024

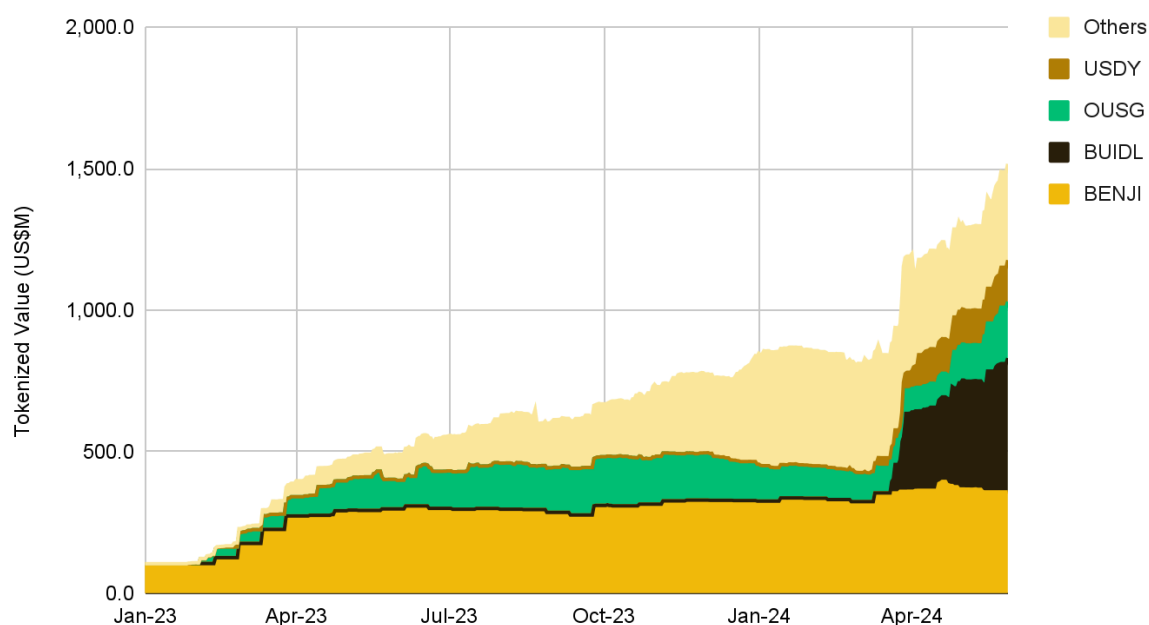
In May, continued activity on Solana, largely driven by memecoin trading, combined with a lull in activity on Ethereum, allowed daily fees generated on Solana to come closer than ever to those on Ethereum. On May 18, total fees paid by users on Solana reached US\$1.4M, merely US\$0.4M short of the fees paid by users on Ethereum for that day. However, leading up to the news of the spot ETH ETF approval, which was officially announced on May 23, Ethereum's daily fees once again outstripped Solana's by a large margin.

Nevertheless, the Solana ecosystem continues its march forward. On May 27, Solana validators passed a proposal to allocate 100% of the blockchain priority fees to validators, with 51.17% of the total stake participating and 77% voting in favor. Solana priority fees are additional fees users can pay to increase the likelihood of their transactions being processed faster by the network. Prior to this, 50% of the priority fees were burned, with the remaining 50% awarded to validators. This passed proposal is part of Solana Improvement Document number 96 ("SIMD-0096").

Solana also made headway on the user acquisition front. The Solana-native Phantom Wallet became the #1 finance app on the Google Play Store and reached #3 in the utility app category on the U.S. Apple App Store. As Solana continues to grow, monitoring how it matches up to Ethereum across various metrics will be key to assessing its success and performance.

Real-World Assets Continue to Gain Traction

Figure 7: Value of tokenized treasuries hits record high of US\$1.5B



Source: Dune Analytics (@21co), Binance Research

As of May 31, 2024

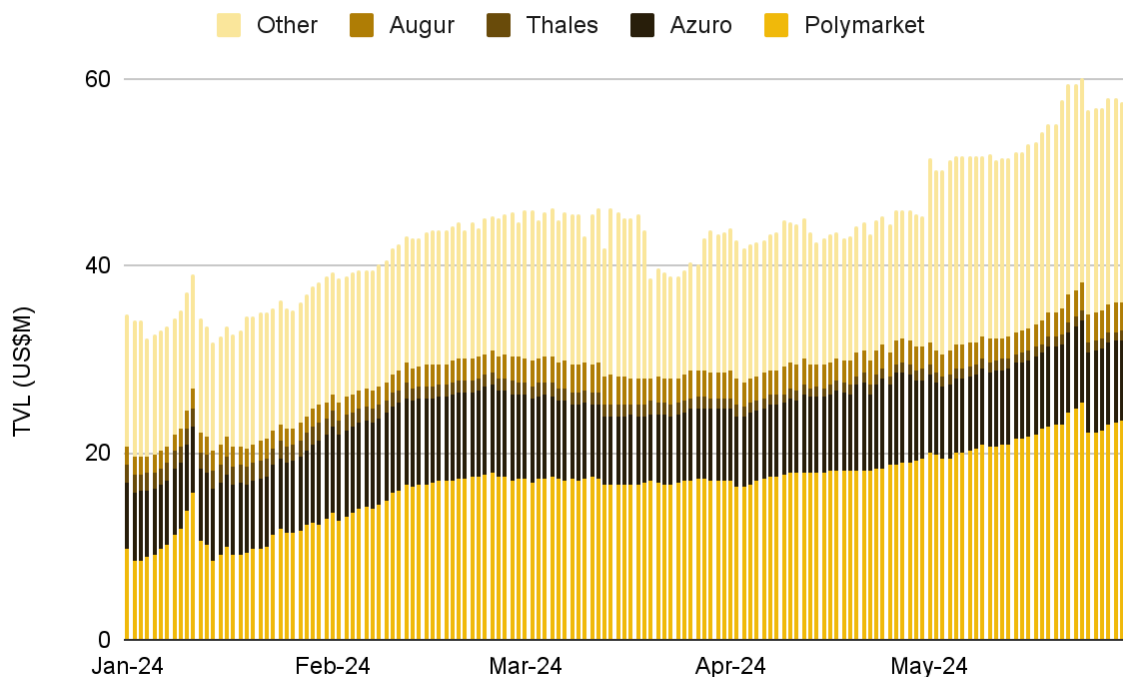
Tokenized U.S. treasuries hit a new high in May, recording around US\$1.5B in value on-chain. Compared to the start of the year, the market has grown nearly 80%, a testament to the demand for tokenized treasuries. Demonstrating the utility of real-world assets (“RWAs”), investors can take advantage of elevated real-world yields by investing in tokenized treasuries without leaving the blockchain.

Growth in recent months has been driven by the launch of BlackRock’s USD Institutional Digital Liquidity Fund (“BUIDL”), which is backed by U.S. Treasury bills, repurchase agreements, and cash. BlackRock’s first tokenized offering is now the largest in this space, with around 30% of the market share.

Tokenization offers the benefits of faster settlements, increased transparency, and an improvement in operational efficiency. With the recent ETH ETF approval, it would not be surprising to see more institutional interest in the smart contract capabilities of blockchains, as well as the market opportunity in tokenizing real-world assets on-chain.

Election Year Spurs Prediction Market Resurgence

Figure 8: Prediction markets have reached a record high in net deposits, topping US\$60M after a 68.6% YTD increase



Source: DeFi Llama, Binance Research
As of May 31, 2024

Prediction markets have experienced a resurgence this year after being relatively subdued in previous years, with a 68.6% increase in TVL since the beginning of the year. In particular, May saw net deposits exceed US\$60M for the first time ever.

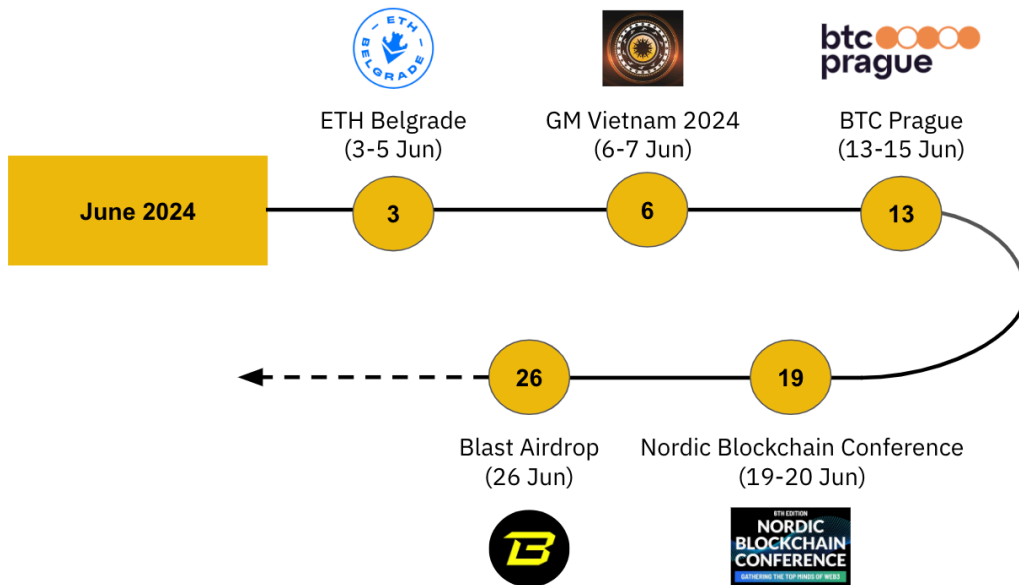
As contract-based platforms speculating on the outcomes of specific events, prediction markets naturally thrive when notable events occur. Historically, political events have driven interest and activity in these markets. Such patterns seem to have continued this year, with elections taking place in eight of the ten most populous nations, including the highly anticipated U.S. election, which has arguably been a key driver of activity.

While the resurgence has positively impacted protocols across the board, Polymarket remains at the forefront with a 40.7% market dominance. It has emerged as a major beneficiary of this growth, as evidenced by its activity metrics; average monthly volumes have surged by 846.9% to US\$63.0M, and monthly active users have increased by 747.7% to 13.6K since December 2023. With more than five months remaining until the election, prediction markets may see further growth as the election draws closer.

Check out our report that covers prediction markets in detail, [Breakthrough DeFi Markets](#).

4 Upcoming Events and Token Unlocks

Figure 9: Notable events in June 2024



Source: Binance Research

Figure 10: Largest token unlocks in US\$ terms

PROJECT	TOKEN	UNLOCK IN US\$ EQUIVALENT	% OF SUPPLY	UNLOCK DATE
	\$ARB	110.25M	3.49%	16 Jun
	\$APT	101.79M	2.61%	12 Jun
	\$STRK	78.72M	5.61%	15 Jun
	\$SUI	72.24M	2.79%	1 Jun
	\$ZETA	68.95M	1.99%	1 Jun
	\$DYDX	67.1M	11.92%	1 Jun
	\$IMX	64.08M	1.72%	14 Jun
	\$ID	59.7M	18.23%	22 Jun
	\$ENA	44.91	3.62%	1 Jun
	\$1INCH	40.75	8.52%	1 Jun

2

Source: Token Unlocks, Binance Research

References

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<https://coinmarketcap.com/>

<https://www.cryptoslam.io/>

<https://token.unlocks.app/>

<https://dune.com/>

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<https://artemis.xyz/>

New Binance Research Reports



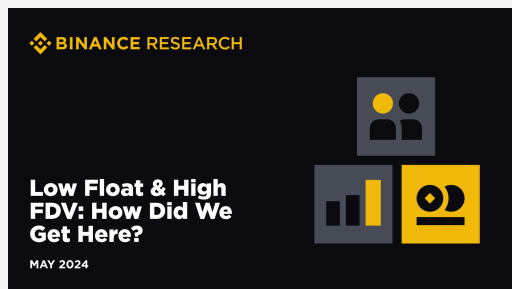
The Future of Bitcoin #3: Scaling Bitcoin

A detailed and technical breakdown of a selection of Bitcoin scalability solutions



Breakthrough DeFi Markets

An in-depth analysis of the emerging trends transforming DeFi



Low Float & High FDV: How Did We Get Here?

A review of recent token trends



The Future of Bitcoin #2: Tokens

A dive into Bitcoin's new fungible token standard: The Runes Protocol

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 research topics, including but not limited to the crypto ecosystem, blockchain technologies, and the latest market themes.



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Macro Researcher

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



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Macro Researcher

Moulik is a Macro Researcher at Binance, and he has been involved in the cryptocurrency space since 2017. Prior to joining Binance, he had experience spanning cross-functional roles in Web3- and Silicon Valley-based tech companies. With a background in co-founding start-ups and a BSc in Economics from the London School of Economics & Political Science (“LSE”), Moulik brings a comprehensive perspective to the industry.



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Kennard is currently working for Binance as a Macro Research Analyst intern. Prior to joining Binance, he worked as a DeFi research analyst at a real-world asset private credit protocol and a Web3 consulting firm. He is a junior at Singapore Management University (“SMU”) and has been involved in the cryptocurrency space since 2021.

Resources



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