

Monthly Market Insights

September 2024

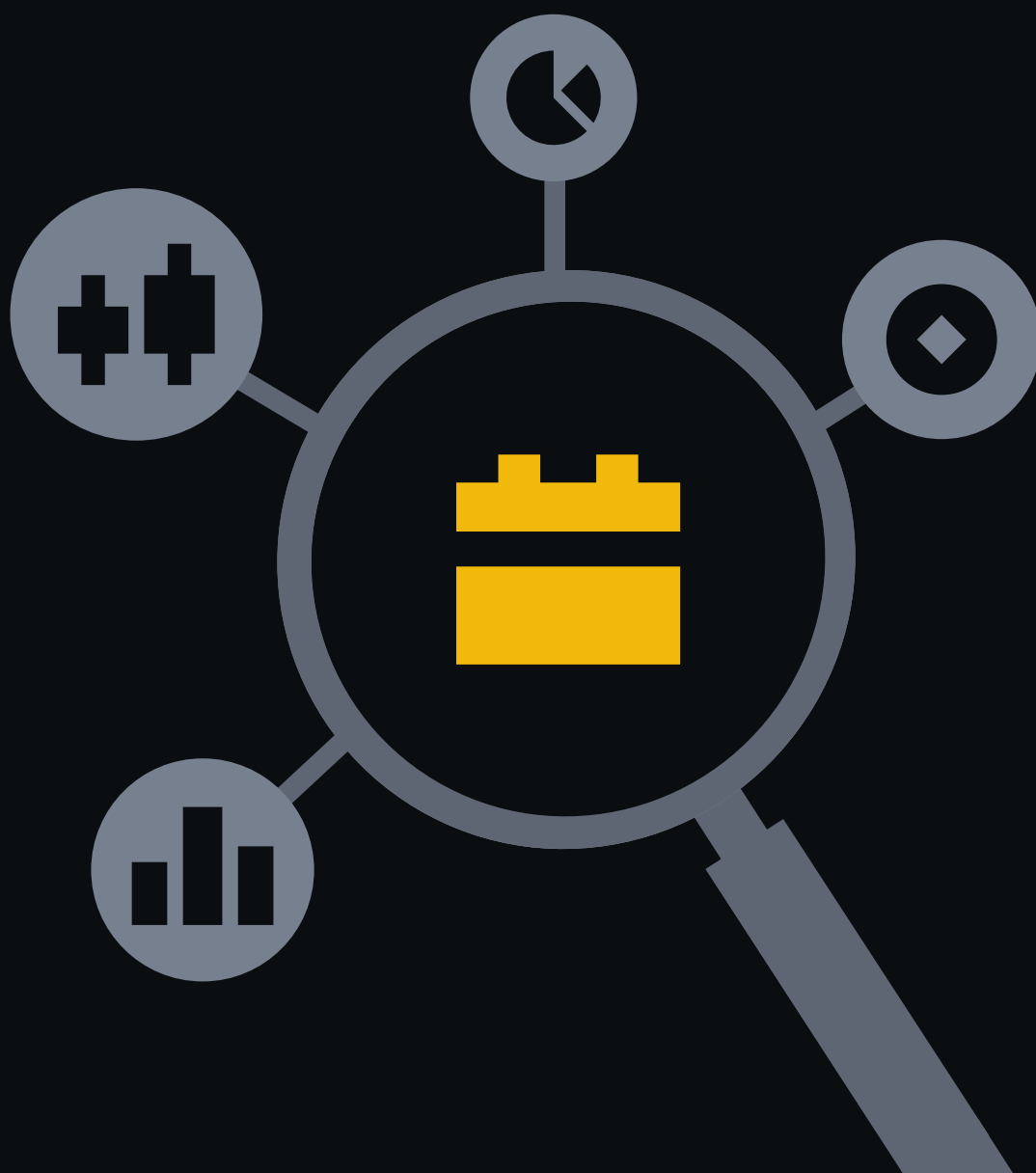


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Key Takeaways

- ◆ In August 2024, the cryptocurrency market experienced a 13.1% drop in total market capitalization influenced by major global macroeconomic concerns. Weaker-than-expected U.S. unemployment data and a significant interest rate hike by the Bank of Japan led to a ripple effect in global stock markets, particularly in Asia. The crypto market saw over US\$819M in liquidations in a single day, the highest since April 2024. Despite a "flash crash," the market began to recover as U.S. Federal Reserve Chairman Jerome Powell hinted at a potential rate cut in September, and the U.S. Bureau of Economic Analysis revised second-quarter GDP growth to 3%, exceeding expectations.
- ◆ The U.S. federal funds rate has been at its highest level since 2001, following a significant rate hiking cycle between March 2022 and July 2023. After holding rates steady for 8 consecutive meetings, all eyes point to a rate cut in the next meeting on September 17-18. For context, the Fed adjusts the federal funds target rate in response to economic conditions. This is done to serve their dual mandate of maintaining stable prices (i.e. keeping inflation under control), and supporting maximum employment. Now that U.S. inflation is significantly down from the highs, and fast approaching its 2% target, the Fed's focus has been shifting towards unemployment. Lowering their target rate (i.e., the price of credit) should hopefully lead to a fresh influx of money into the economy, which can support more hiring and better employment figures.
- ◆ Ethereum Layer-1 gas fees have reached their lowest levels in over five years, with several instances of low-priority transactions costing one gwei or less in recent weeks. The decline in gas fees can be attributed to lower network activity and the introduction of blobs during the Dencun upgrade in March, which not only reduced Layer-2 gas fees but also alleviated congestion on Ethereum Layer-1, thereby contributing to the overall reduction in gas fees.
- ◆ Despite the emergence of competing meme coin launchpads, Pump.fun remains the frontrunner, setting a new record this month with over 20K tokens created in a single day. The platform has now launched nearly 2M tokens and, since mid-August, has accounted for over 60% of daily transactions across Solana-based decentralized exchanges ("DEXes"). As market competition intensifies, it will be interesting to see if Pump.fun can maintain its dominance as the leading meme coin launchpad.
- ◆ The stablecoin market continues to boom, with transaction counts approaching all-time highs and significant growth being seen in the CELO and Solana

ecosystems. While CELO's USDT supply reached US\$200M quickly, Solana led in transactions – boosting PayPal's PYUSD to a US\$1B market cap. As stablecoins gain global traction, it will become increasingly important to monitor how macroeconomic factors and regulatory changes impact the sector's development.

Crypto Market Performance

In August 2024, the cryptocurrency market experienced a 13.1% drop in total market capitalization due to global macroeconomic concerns and weak U.S. unemployment data, which heightened recession fears. The Bank of Japan's interest rate hike on August 5 caused significant turmoil in global stock markets, leading to substantial intra-day declines especially in Asian indices like the MSCI Asia Pacific and Japan's Nikkei 225. This turmoil spilt over to the crypto market, resulting in over US\$819M in liquidations in just a single day. Despite the "flash crash," the market began to recover after the U.S. Federal Reserve Chairman Jerome Powell hinted at a potential rate cut in September. Additionally, the U.S. Bureau of Economic Analysis revised second-quarter GDP growth to 3%, which exceeded expectations. However, the path to the anticipated rate cut remains uncertain, pending key economic reports.

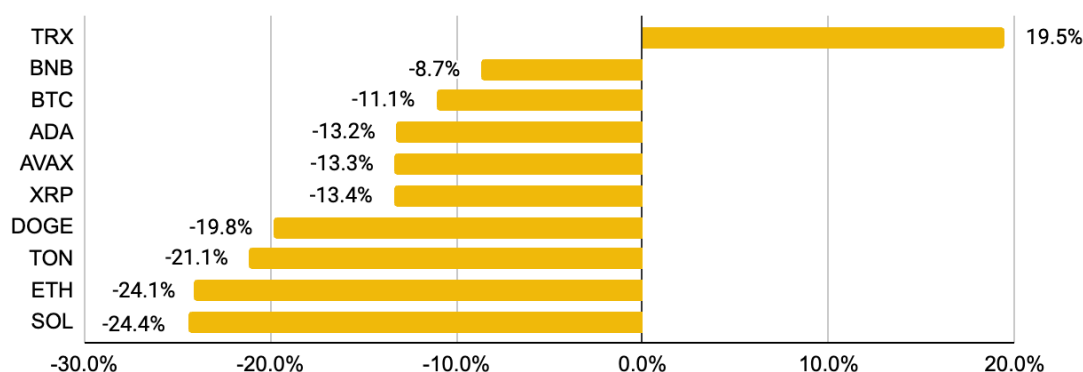
Figure 1: Monthly crypto market capitalization decreased by 13.1% in August

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|
| 2024 | 0.4 | 40.0 | 16.3 | -11.3 | 8.6 | -11.4 | 6.1 | -13.1 | | | | |
| 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 August 31, 2024

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



Source: CoinMarketCap

As of August 31, 2024

In descending order of performance:

- ◆ In August, TRX led the market, achieving a 19.5% gain despite the broader market downturn. This was largely driven by the launch of SunPump, a memecoin launchpad backed by TRON founder Justin Sun. The introduction of SunPump brought significant liquidity and attention to the TRON ecosystem, propelling TRX's outperformance accompanied by a 65.6% increase in monthly trading volume. The emergence of TRON memes associated with the "Sun" branding gained considerable traction within the community, leading to TRON's decentralized exchange ("DEX") trading volumes surging 245.2% to surpass the US\$3B mark.
- ◆ BNB witnessed a 9.1% decline but remained relatively resilient amid volatile market conditions. Notably, BNB Chain initiated the third round of its Meme Coin Innovation Battle, offering a prize pool of up to US\$150K to foster the development of the BNB meme ecosystem. Additionally, the top three projects will receive customized marketing support and access to a US\$900K liquidity pool. This initiative generated significant interest on the memecoin launchpad four.meme, leading to a surge in memecoin launches on BNB.
- ◆ BTC experienced significant volatility in August, declining by 11.1% due to macroeconomic conditions and geopolitical tensions. Entering the seasonally bearish month of September, investors began adopting a risk-off approach, particularly in anticipation of key U.S. economic reports leading up to the September FOMC meeting. Spot BTC ETFs saw a net outflow of US\$142M, with Grayscale's GBTC experiencing a substantial US\$838M outflow. BTC has been highly reflexive to macroeconomic factors, remaining unstable and range-bound for an extended period.
- ◆ ADA, AVAX, and XRP saw declines of 13.2%, 13.3%, and 13.4% respectively, reflecting the broader market's volatility. Meanwhile, DOGE faced a more significant downturn, with its value dropping by 19.8%.
- ◆ TON experienced a 20.4% decline in August. This drop was primarily due to a significant six-hour network outage caused by congestion from the popular memecoin DOGS, which halted block production, disrupted deposits and withdrawals on centralized exchanges, and interrupted functionalities within the Telegram Wallet. Adding to the negative sentiment, Telegram founder Pavel Durov was detained at Bourgev Airport over allegations that his platform is being used for illicit activity..
- ◆ ETH faced significant challenges in the volatile market, declining by 24.9% in August. Monthly on-chain transaction activity fell by 4.4%, and gas fees reached a five-year low amidst a significant outflow in DeFi TVL. Concerns intensified as

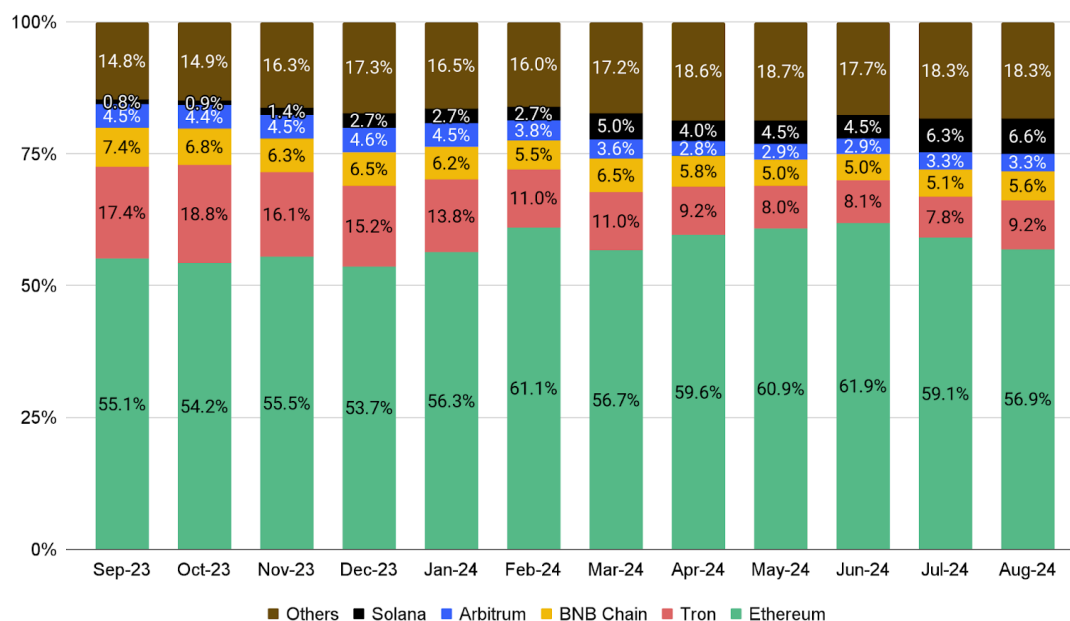
key players like Jump Crypto liquidated substantial ETH positions while exiting their market-making business, while significant sales of ETH by the Ethereum Foundation and Co-founder Vitalik Buterin raised eyebrows among the community. Spot ETH ETFs also underperformed in their first trading month, with a cumulative net outflow of US\$477M since inception and a modest net inflow of US\$7M in August. Notably, Grayscale's ETHE experienced a cumulative net outflow of US\$583M in August alone.

- ◆ SOL witnessed the largest decline among the top ten coins in August, falling by 24.4%. Initially buoyed by memecoin trading on pump.fun, retail interest waned due to numerous rug pulls by bad actors, including trump-related coins DJT and RDT, GRIMACE (following a hack of the McDonald's account), and MBAPPE (after a hack of footballer Kylian Mbappe's account). The increasing player-versus-player dynamic on Solana has negatively impacted on-chain meme trading sentiment, with substantial value being extracted by bad actors in the space. Additionally, on-chain sentiment is at a low as Solana DEX trading volume fell by 27.7%, reflecting a US\$16.1B drop from July. Furthermore, pump.fun experienced monthly declines in new token launches, daily active addresses, and revenue.

2.1

Decentralized Finance (“DeFi”)

Figure 3: TVL share of top blockchains



Source: DeFiLlama
As of August 31, 2024

In August, the DeFi Total Value Locked (“TVL”) experienced a 15.8% decrease, reflecting the broader market downturn. Major chains such as Ethereum and Solana saw significant TVL outflows, while other alternative chains like TON and Blast experienced substantial declines of 51.78% and 30.7% respectively.

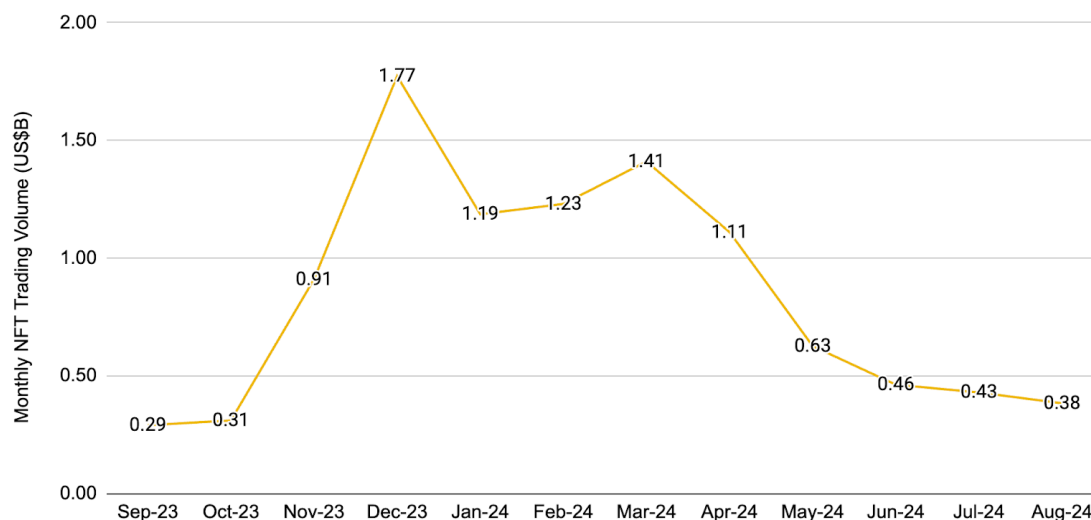
Amidst this weaker market performance, Sui emerged as a notable gainer, with a 35.63% increase in TVL. This growth was driven by heightened interest in native DeFi applications such as Navi Protocol, Volo, Scallop Lend, and Cetus. Several developments, including Grayscale’s announcement of the Grayscale Sui Trust and the phased rollout of the new consensus engine Mysticeti, have possibly directed attention to the Move-based Layer-1, leading to an influx of liquidity in its DeFi ecosystem.

In the restaking sector, Symbiotic sustained strong interest with a 38.1% increase in TVL. This is likely driven by their ongoing points program. The lifting of asset caps in mid-August, along with the expansion to 14 new networks and the addition of five new assets — WBTC, ETHFI, FXS, LsETH, and osETH — led to a significant influx of deposits. Notably, the introduction of WBTC extends shared security beyond Ethereum to include Bitcoin— an asset with tremendous economic security that has historically been isolated from the wider interoperability landscape. This development is supported by partners such as Swell, Radius, and Polyhedra, among others, bolstering the BTC restaking infrastructure. Furthermore, Symbiotic continues to grow through robust partnerships and integrations with new chains, LRT providers, middleware, and dApps.

Following the launch of Sunpump on August 9, SUN saw a significant influx of liquidity across its suite of DeFi products, resulting in a remarkable 42.4% surge in TVL across SUNswap, SUN.io, and Sunpump. A major driver of this growth has been the memecoin launchpad Sunpump, which has facilitated the deployment of over 69,400 tokens since its inception. This activity drew speculative meme traders to the TRON ecosystem who are eager to capitalize on the growing attention around "Sun" memes. Consequently, the launchpad generated over \$45.8 million in revenue in less than a month.

Non-Fungible Token (“NFT”)

Figure 4: Monthly NFT trading volume



Source: CryptoSlam
As of August 31, 2024

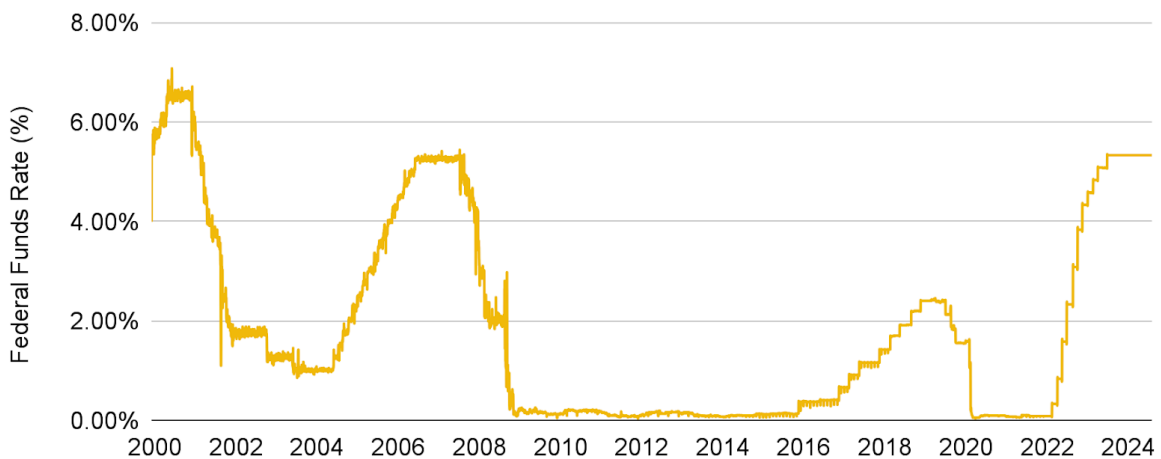
In August, the NFT market experienced a further slump, with total sales volume declining by 10.7% to US\$383M. Despite the overall downturn, CryptoPunks was a standout performer with the highest monthly sales volume at US\$18.0M. In addition, several games exhibited robust performance. Examples include Guild of Guardians, Sorare, DeGods and y00ts. Guild of Guardians, a multiplayer RPG on Immutable zkEVM, surged by 151.2% to reach US\$14.6M in trading volume. Sorare, a fantasy sports video game, hit US\$13.1M. Solana collections DeGods and y00ts saw significant traction, increasing by 310.34% and 217.3% in trading volume respectively.

On Ethereum, prominent collections such as CryptoPunks, Bored Ape Yacht Club, and Pudgy Penguins witnessed a brief resurgence, with increases of 138.5%, 48.8%, and 9.0% in trading volume respectively. Conversely, top Ordinals collections like Bitcoin Puppets and NodeMonkes continued their decline from July following dwindling interest in NFTs on the network.

Across major chains, NFT sales volumes saw a collective decline with Bitcoin, Ethereum, and Solana experiencing reductions of 47.6%, 35.1%, and 36.2% respectively. In contrast, Mythos distinguished itself with a notable increase of 14.3% in NFT volume in August, with its in-game item marketplace DMarket generating a massive US\$14.6M in volume across top games such as CS:GO, Team Fortress 2, DOTA 2, and more.

Fed Rate Cut On The Horizon?

Figure 5: The U.S. federal funds rate has been at its highest level for over 23 years, following a significant rate hiking cycle between March 2022 and July 2023. After holding rates steady for 8 consecutive meetings, all eyes point to a rate cut in the next meeting on September 17-18.



Source: [macrotraders.net](https://www.macrotraders.net/), Binance Research
As of August 31, 2024

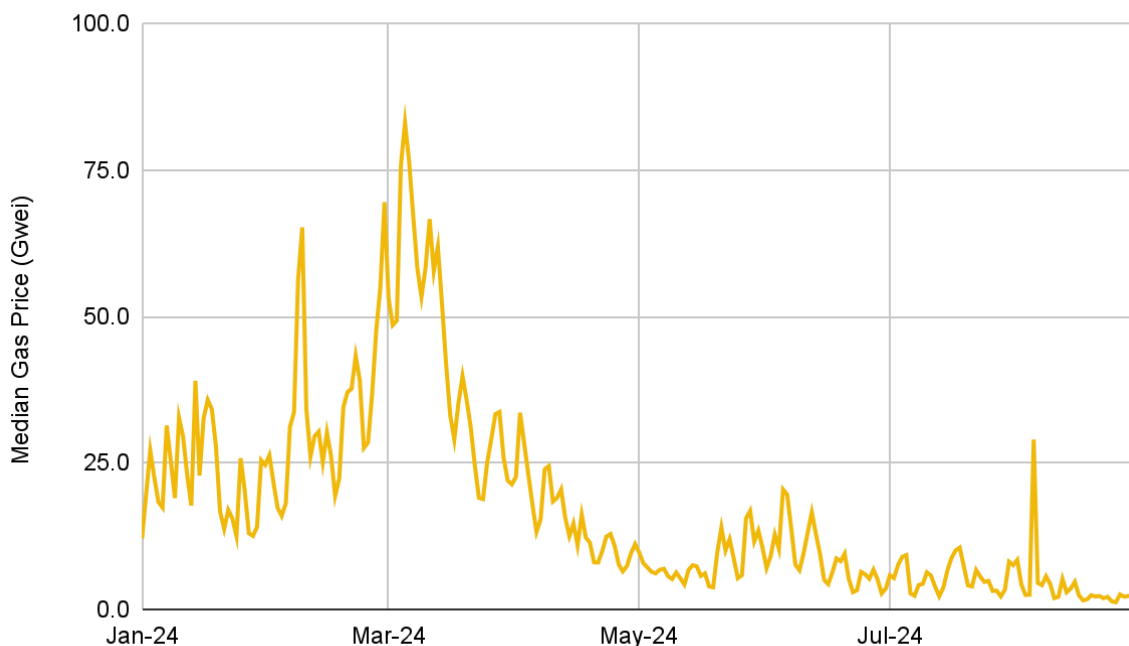
The U.S. Federal Reserve's ("Fed") Federal Open Market Committee i.e. the FOMC, meets eight times a year in order to determine the federal funds target rate. This determines the interest rate at which banks can lend to each other. The rate is then passed on to the rest of the economy, serving as a basis to determine interest rates for mortgages, corporate loans, financing agreements, and more. This is why the federal funds rate is a critical part of U.S. monetary policy.

The FOMC adjusts the federal funds target rate in response to economic conditions to serve the Fed's dual mandate of maintaining stable prices (i.e. keeping inflation under control), and maximally support employment. As a general rule of thumb, when inflation is high, the FOMC raises rates, which increases the cost of borrowing, which may quell inflationary pressures. This is exactly what the Fed has been doing since they started raising rates in March 2022.

Now that U.S. inflation is significantly down from the highs, and fast approaching its 2% target, the Fed's focus has been shifting towards the unemployment side of its mandate. After over a year of holding rates steady at their highest level since 2001, the market sees an increasing likelihood that the Fed will embark on its rate-cutting cycle in September.

ETH Gas Fees Hit 5-Year Low

Figure 6: Median gas prices on Ethereum have been on a downtrend



Source: Dune Analytics (@hildobby), Binance Research
As of August 31, 2024

Ethereum Layer-1 gas fees have reached their lowest levels in over five years, with several instances of low-priority transactions costing one gwei or less in recent weeks. This significant reduction is highlighted by the fact that median gas fees have plummeted by 98% from their peak in March of this year.

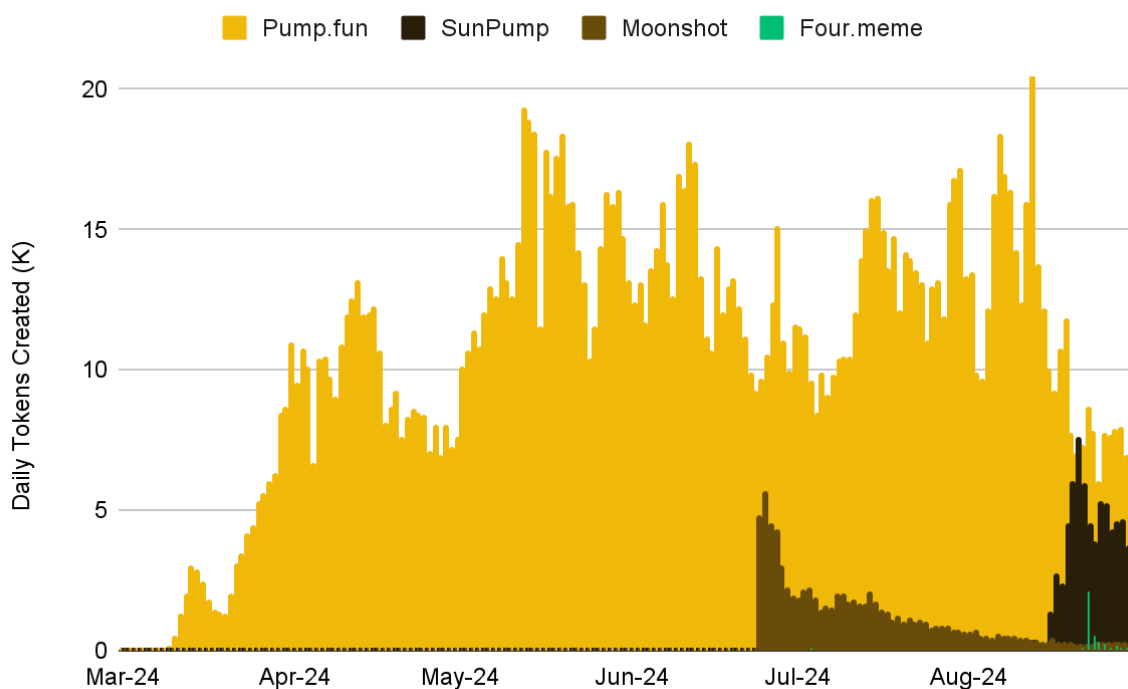
The decline in gas fees can be attributed to lower network activity, as users have increasingly interacted with other competing blockchains and Layer-2 solutions. The introduction of blobs during the Dencun upgrade in March enhanced network efficiency. This not only reduced Layer-2 gas fees but also alleviated congestion on Ethereum Layer-1, thereby contributing to the overall reduction in gas fees.

The prolonged period of low gas fees has impacted the supply growth and burn rate of ETH — the lower the gas fees, the less ETH is burnt. A sustained increase in supply exerts pressure on ETH's price. Since April, Ethereum's total supply has grown by 253K ETH (approximately US\$636M), while its price has declined by 20% during the same period.

Recent outflows from ETH ETFs have also negatively impacted ETH's price action. Since their launch, ETH ETFs have experienced a cumulative outflow of US\$477M, largely driven by outflows from Grayscale's ETHE. On the bright side, eight out of the nine new ETH ETFs have seen net positive inflows since their launch, helping to offset some of the outflows from Grayscale's ETHE.

Pump.fun Leads The Way For Meme Coin Launchpads

Figure 7: Despite the rise of competing meme coin launchpads, Pump.fun remains the leader, setting a new record this month with over 20K tokens created in a single day



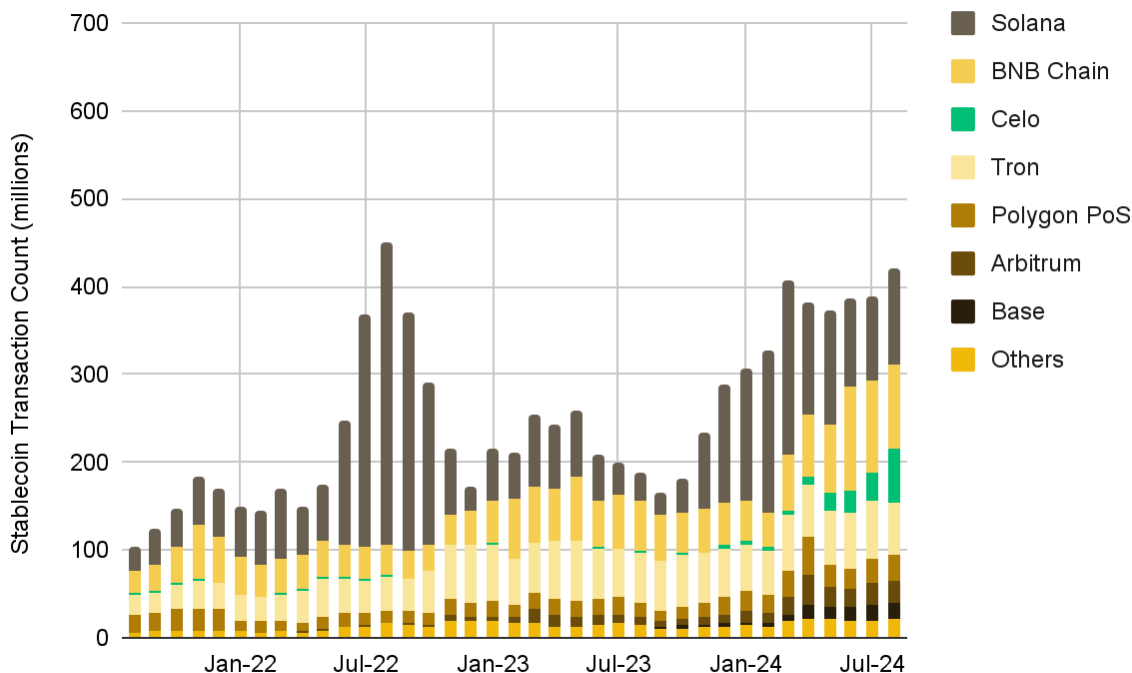
Source: Dune Analytics (@obchakevich_research, @hashed_em, @deangertee), Binance Research
As of August 31, 2024

The speculative nature of crypto markets continues to drive demand and attention toward meme coin launchpads. Capitalizing on the first-mover advantage and this trend, Pump.fun maintained strong momentum this month even after recording over 20K tokens created in a single day for the first time. The platform has launched nearly 2M tokens and has accounted for over 60% of daily transactions across Solana-based decentralized exchanges (“DEXes”) since mid-August. In a short period of time, Pump.fun has earned cumulative revenues of over 679,915 SOL, valued ~US\$94M at current prices, establishing itself as one of the highest on-chain revenue generators.

Given its market performance, it's no surprise that by late June, competitors began to emerge, seeking a share of the meme coin generator market. This competition contributed to a slight dip in Pump.fun's activity since mid-August. Among the new entrants, Moonshot initially peaked at over 5K daily token creations before fading. On the other hand, BNB Chain's Four.meme and Tron's SunPump have more recently entered the market, with SunPump achieving impressive numbers in a short period. As the market evolves, it will be interesting to see if Pump.fun can maintain its dominance as the leading meme coin launchpad. Success will hinge on each platform's ability to attract the most compelling memecoins, to generate high volumes, and to retain users by fostering strong, engaged communities.

Stablecoins Continue to Heat Up

Figure 8: Stablecoins continue to gain traction as total on-chain transaction count hits 420M for the month of August.



Source: Artemis, Binance Research
As of August 31, 2024

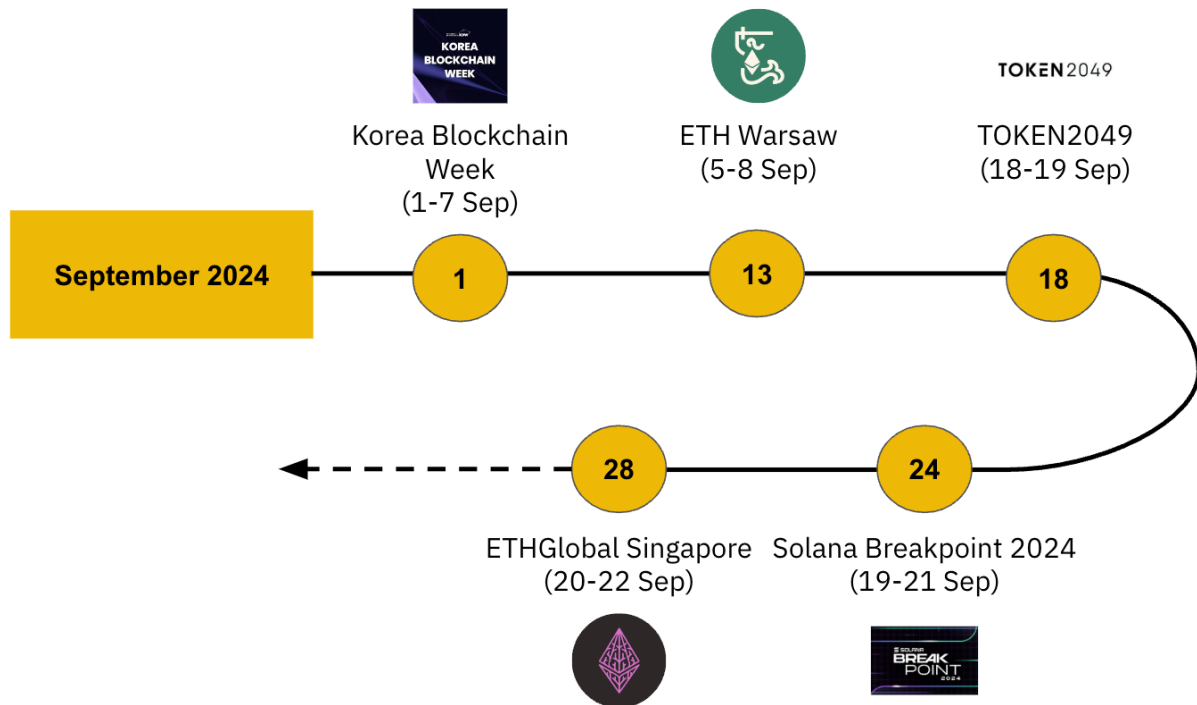
The stablecoin landscape continues to heat up, with transaction counts approaching all time highs, climbing in tandem with the total supply which now stands at US\$170B. The CELO ecosystem, in particular, has seen remarkable growth, with its USDT supply reaching US\$200M just six months after launching on the emerging Ethereum Layer 2. Concurrently, the Celo blockchain ecosystem introduced the Stabila Foundation, which aims to enhance financial stability and promote stablecoin utility, especially in emerging markets like Africa, Latin America, and Southeast Asia.

Meanwhile, Solana continues to capture the market's attention, recording the highest number of stablecoin transactions in August with 108M, narrowly surpassing BNB Chain's 97M, which held the top spot in July. Solana DeFi has been a significant driver of growth for PayPal's PYUSD stablecoin, which has reached a total market capitalization of US\$1B. Of this amount, over US\$647M is on Solana, with US\$430M locked as collateral on the DeFi protocol Kamino.

Stablecoins remain one of the most widely used products to emerge from blockchain technology. As they continue to scale globally, it becomes increasingly important to observe how macroeconomic factors, such as global interest rates and evolving regulatory regimes, influence market participants' approaches to this burgeoning sector.

4 Upcoming Events and Token Unlocks

Figure 9: Notable Events in September 2024



Source: Binance Research, CoinMarketCap

Figure 10: Largest token unlocks in US\$ terms

| PROJECT | TOKEN | UNLOCK IN US\$ EQUIVALENT | % OF SUPPLY | UNLOCK DATE |
|---------|-------|---------------------------|-------------|-------------|
| | APT | 76.34M | 2.33% | 11 Sep |
| | SUI | 51.93M | 2.47% | 1 Sep |
| | ARB | 47.80M | 2.65% | 16 Sep |
| | IMX | 47.41M | 2.06% | 6 Sep |
| | ID | 27.66M | 18.23% | 22 Sep |
| | ZETA | 26.57M | 15.71% | 1 Sep |
| | STRK | 22.82M | 3.95% | 15 Sep |
| | CORE | 22.67M | 2.54% | 9 Sep |
| | TAIKO | 20.16M | 19.02% | 5 Sep |
| | ALT | 14.88M | 7.92% | 26 Sep |

Source: Token Unlocks, Binance Research

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<https://farside.co.uk/?p=1321>

New Binance Research Reports



Blockchain Payments: A Fresh Start

An exploration of the ways blockchain technology can benefit the payment solutions of the future



Web3: The Household Name in the Making

Exploring the market dynamics and strategies shaping Web3 adoption



Reality Check: Real Value in the Crypto Market

A thought piece on ways to achieve sustainable growth



Monthly Market Insights - August 2024

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

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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Moulik Nagesh

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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Resources



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