

Monthly Market Insights

February 2025

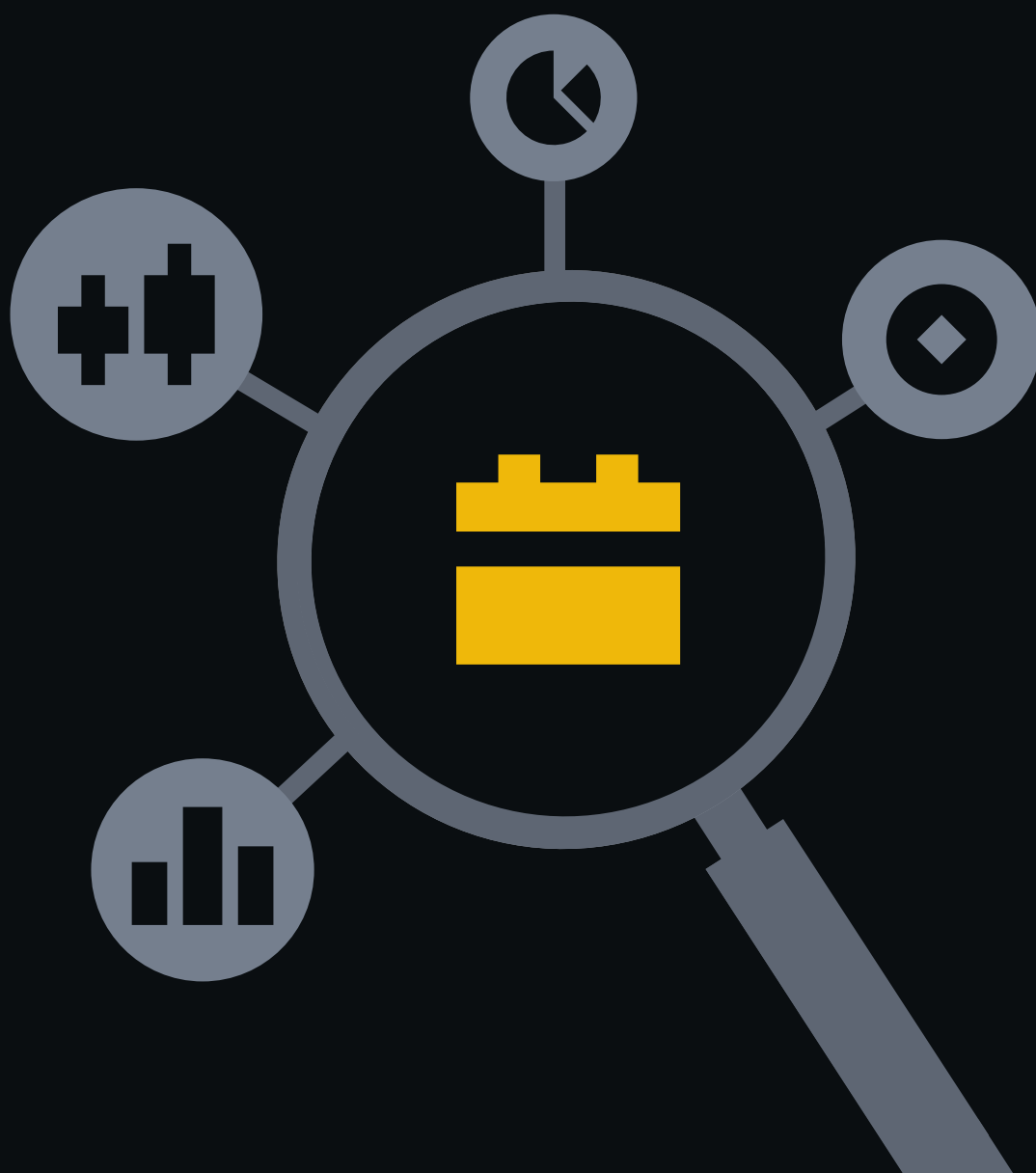


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01 / Key Takeaways

- In January 2025, the cryptocurrency market peaked at US\$3.76T, driven by a rebound from December's downturn, with contributing factors including potential policy initiatives such as a national crypto reserve and stablecoin regulations. However, late-month momentum faltered as DeepSeek, an emerging AI model, overtook ChatGPT as the most downloaded app, triggering a 2% decline in both U.S. and crypto markets. Early February saw heightened market volatility amid concerns over potential U.S. tariff policies, impacting risk assets globally, including cryptocurrencies. These developments will be discussed in greater detail in the next monthly report.
- The change in U.S. administration, led by President Donald Trump and pro-crypto Republicans, along with the departure of former SEC Chair Gary Gensler, has sparked a wave of new crypto ETF filings. Currently, there are 47 active filings in the U.S., spanning 16 distinct asset categories, including memecoins. While renewed optimism for digital asset regulation has driven momentum for token-based ETFs, the new approval framework is still unfolding, leaving timelines uncertain.
- The advent of token launchpads and the memecoin mania has led to the creation of over 37M tokens, with projections exceeding 100M by year-end. This growth has fragmented capital, making it harder for tokens to sustain prices and achieve high valuations. The influx of new tokens fuels speculation, reduces attention spans and discourages long-term holding. Despite the surge, most tokens have negligible market capitalization, with the top 100 tokens comprising around 98% of the total crypto market capitalization.
- Solana's DEX volumes have exceeded those of Ethereum every month since October 2024, with volumes in January reaching over 200% higher than those of Ethereum. In fact, in January, the Solana-to-Ethereum DEX volume ratio reached its all-time high of over 300%. Solana's growth has been driven by its leadership in the memecoin and AI agent narratives, with the recent launch of the \$TRUMP and \$MELANIA memecoins further boosting its performance in January. In the DeFi space, Solana has been one of the few chains that have shown growth in 2025, with major protocols like Jito, Raydium, Meteora, and Pump.fun contributing and maintaining strong fee generation. Notable highlights include Jupiter, a leading DEX aggregator, acquiring the memecoin app Moonshot. Additionally, the announcement of their buyback-and-burn program and the launch of their new Jupnet liquidity aggregation network have drawn significant attention.
- Despite a promising start, the DeFAI sector ended January with a -10% return. However, the overall AI narrative dominance remains robust, capturing 44% of Kaito's Narrative Mindshare. AI tokens, fueled by open-source developments, represent the rapid expansion of traditional AI innovation. As the global AI race intensifies, tracking the trading patterns of these globally tradable AI tokens could provide key insights into retail interest and the evolving AI landscape.

02 / Crypto Market Performance

In January 2025, the cryptocurrency market peaked at US\$3.76T on January 7, rebounding from December's downturn following the Federal Reserve's signal of only two rate cuts for the year. The recovery was driven in part by executive orders from President Trump, including the creation of a working group to explore a national crypto reserve and develop a regulatory framework for digital assets, including stablecoins, within 180 days. Additionally, Trump banned the creation of a U.S. Central Bank Digital Currency, while Eric Trump proposed eliminating capital gains taxes on cryptocurrencies issued by U.S.-based companies.

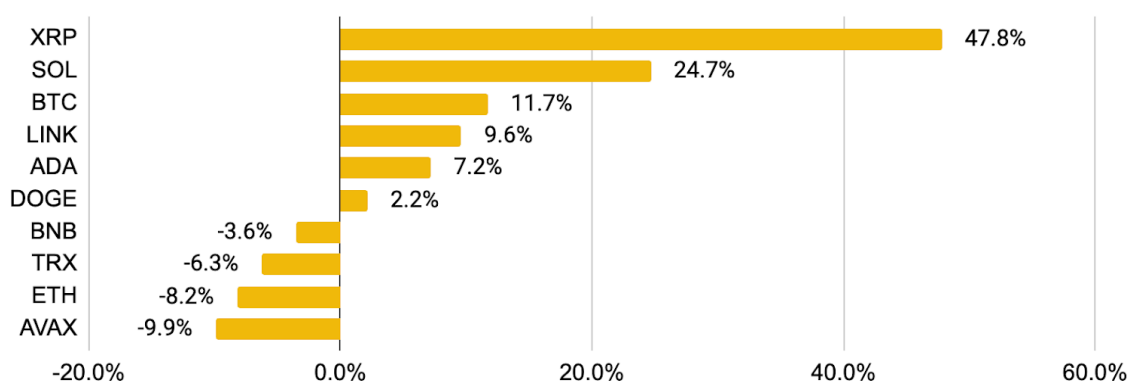
However, momentum stalled in late January when DeepSeek reportedly developed an AI model at a fraction of the cost and with significantly fewer resources than its competitors. This raised concerns about overvaluations in the U.S. tech sector and triggered a sharp market reaction, wiping out billions of dollars from both U.S. and cryptocurrency markets. Early February saw heightened market volatility amid concerns over potential U.S. tariff policies, impacting risk assets globally, including cryptocurrencies. These developments will be discussed in greater detail in the next monthly report.

Figure 1: Monthly crypto market capitalization increased by 4.3% in January

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2025	4.3											
2024	0.4	40.0	16.3	-11.3	8.6	-11.4	5.6	-12.4	8.0	2.8	39.9	-4.5
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

Source: CoinGecko
As of January 31, 2025

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



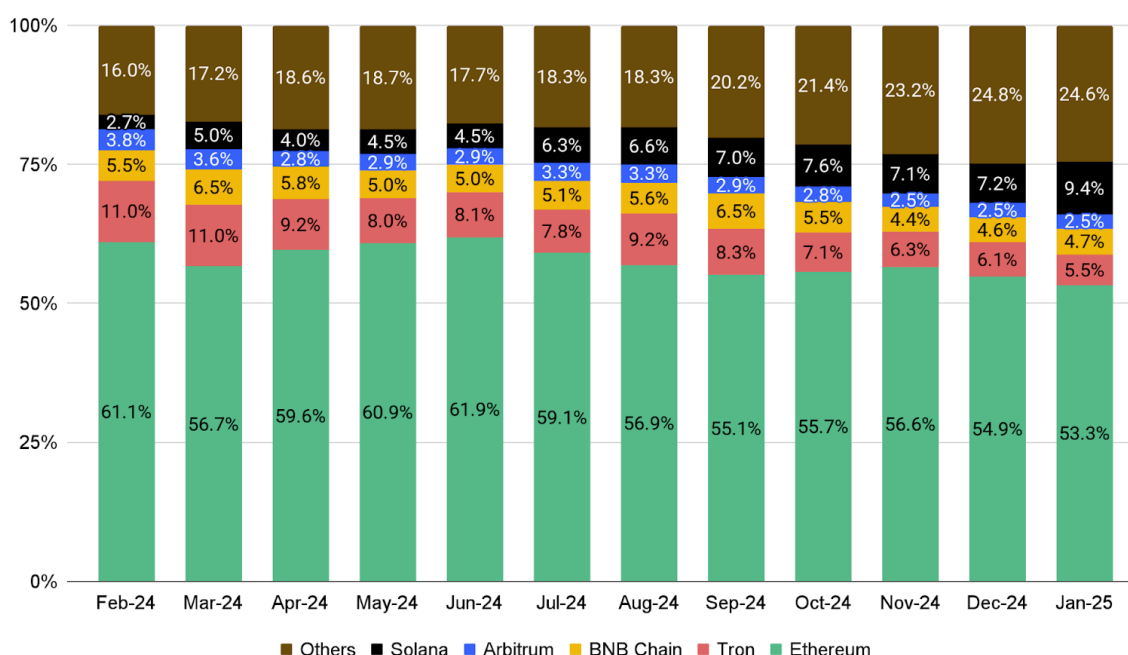
Source: CoinMarketCap
As of January 31, 2025

In descending order of performance:

- ◆ XRP surged 47.8% in January, driven by the rapid growth of its native DEX, which exceeded US\$400M in monthly swap volume and now averages over US\$17M in daily trading. According to FXStreet, profit-taking was primarily led by short-term investors who had held XRP for the past 90 days, as indicated by a spike in dormant circulation. In contrast, long-term holders largely accumulated, suggesting they anticipate a higher future valuation for the asset.
- ◆ SOL, rising by 24.7%, experienced a surge in activity this month, fueled by speculative interest in newly launched meme coins. The influx of liquidity drove a spike in DEX trading, significantly increasing overall network usage. As trading volumes soared, Solana's high throughput and low fees attracted even more users, further solidifying its position as a dominant force in DeFi and crypto trading.
- ◆ Bitcoin rose by 11.7% in January, driven by pro-crypto policy initiatives from Donald Trump, including plans for a national crypto reserve and stablecoin regulations. Additionally, speculation over Bitcoin's potential inclusion in the Czech National Bank's reserves further fueled investor confidence.
- ◆ LINK, ADA and DOGE rose by 9.6%, 7.2% and 2.2% respectively. LINK was underpinned by its introduction of innovative programs like Scale and Build which contributed to widespread adoption, with over 4,000 developers building on 16 different chains using the Chainlink standard. ADA and DOGE continued to rise, building on bullish sentiment surrounding cryptocurrency regulation.
- ◆ BNB and TRX declined by 3.57% and 6.26%, respectively, likely as liquidity shifted toward more speculative networks and assets like SOL amid rising memecoin activity.
- ◆ Overshadowed by the rise of the Solana SOL network and the growth of DEXs fueled by memecoins, ETH saw a decline of 8.2%. AVAX dropped 9.3% as short-selling pressure outpaced long positions, driving a bearish trend in the market.

2.1 Decentralized Finance (DeFi)

Figure 3: TVL share of top blockchains



Source: DeFiLlama
As of January 31, 2025

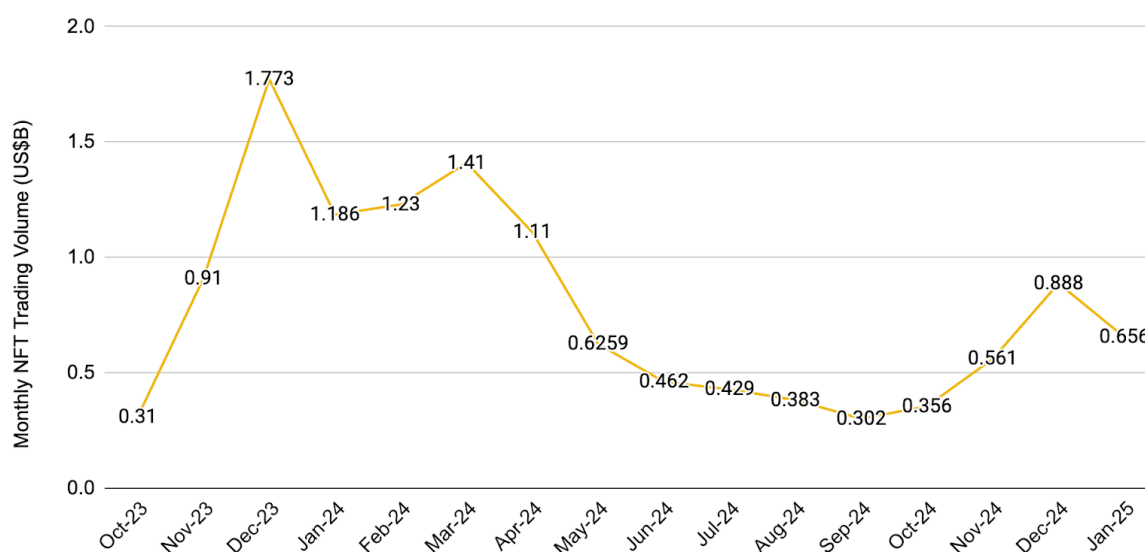
In January 2025, the Total Value Locked (TVL) in decentralized finance (DeFi) experienced a modest increase of approximately 0.4%. Notably, the U.S. Department of the Treasury released final regulations regarding reporting requirements for digital asset brokers, extending reporting requirements to certain DeFi platforms. Specifically, DeFi platforms that provide trading front-end services — interfaces enabling users to input and transmit order details for transactions on distributed ledger networks — are now classified as brokers if they are in a position to know the nature of transactions that could result in gross proceeds from digital asset sales. While custodial brokers must begin reporting in 2025, DeFi service providers have until 2027 to comply with these requirements.

In contrast, the stablecoin market cap grew by 6%, reaching US\$217B at the end of the month. This divergence suggests that investors may have derisked amid macroeconomic uncertainty, exacerbated by DeepSeek AI's efficiency gains, which raised concerns about the valuations of U.S. technology companies.

Solana's TVL surged over 35% to a record US\$12.1B on Jan 24, driven by the launch of \$TRUMP and \$MELANIA meme coins, which fueled a 320% increase in weekly DEX volume. Jito, Raydium, and Kamino rose 29%, 27%, and 22%, respectively, with Jito's validator adoption reaching 93%. Since the launch of \$TRUMP, Solana has generated over US\$11B in trading volume, now processing 300M daily transactions and surpassing 4M active addresses.

2.2 Non-Fungible Tokens (NFTs)

Figure 4: Monthly NFT trading volume



Source: CryptoSlam
As of January 31, 2025

In January, the NFT market faced a significant decline, with total sales volume dropping across all of the top 10 NFT chains, except for Base, which saw a remarkable 344.8% surge in sales. The number of monthly NFT transactions fell to 5.1 million — the lowest level since March 2021. Reflecting the challenges faced by the market, MakersPlace, a digital art platform specializing in NFTs, announced its closure on January 15 after six years of operation, marking another casualty of the downturn.

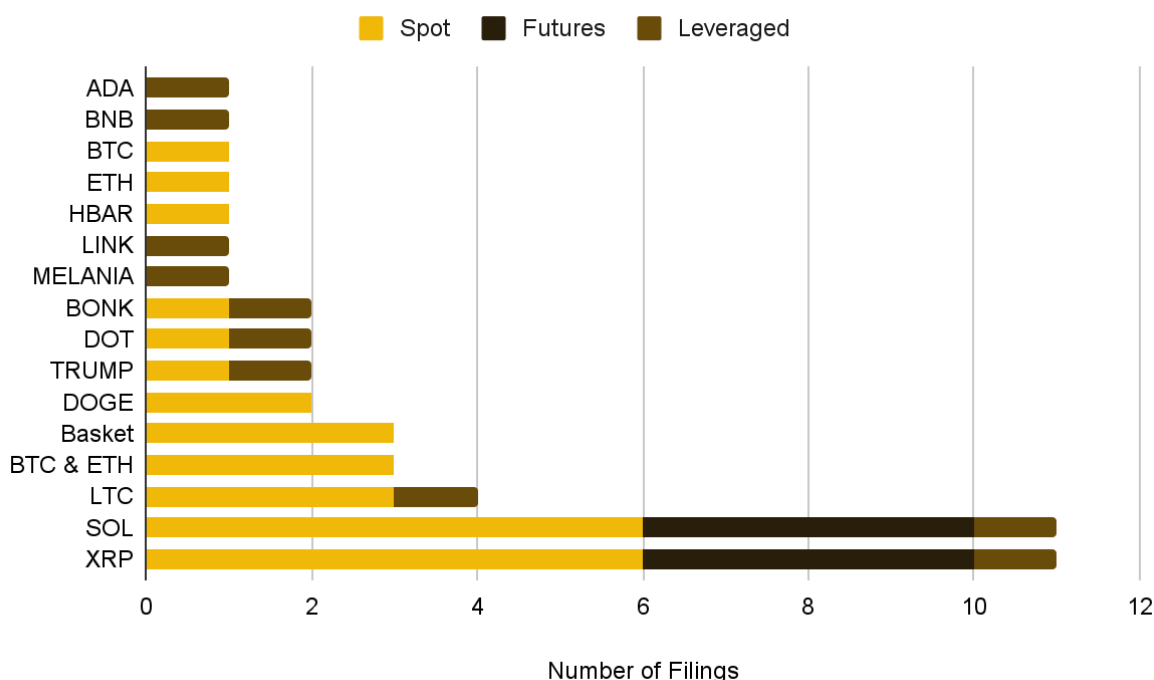
Ethereum sales dropped by 39.1% and saw declines in legacy projects such as Bored Ape Yacht Club and Cryptopunks, which saw drops of 18.5% and 8.4%, respectively. In contrast, emerging NFT projects like Courtyard, which digitizes collectible cards, saw a 53.0% rise in sales and a 39.2% increase in transactions. Despite Igloo Inc., the parent company of Pudgy Penguins, launching their Ethereum Layer 2 blockchain "Abstract," Pudgy Penguins experienced a 39.6% month-on-month drop in sales following a strong prior month driven by the PENGU token generation event.

Bitcoin NFT volume declined by 39.2% with the total number of transactions falling by 24.6%. Quantum Cats and Bitcoin Puppets fell by 65.3% and 29.7% respectively, likely a result of broader NFT market decline. Other chains such as Solana, Polygon, and BNB Chain reported significant decreases in sales volume — Solana by 26.6%, Polygon by 70.6%, and BNB Chain by 84.5%.

03 / Charts of the Month

Surge in Crypto ETF Filings

Figure 5: The U.S. now has 47 active crypto ETF filings spanning 16 distinct asset classifications



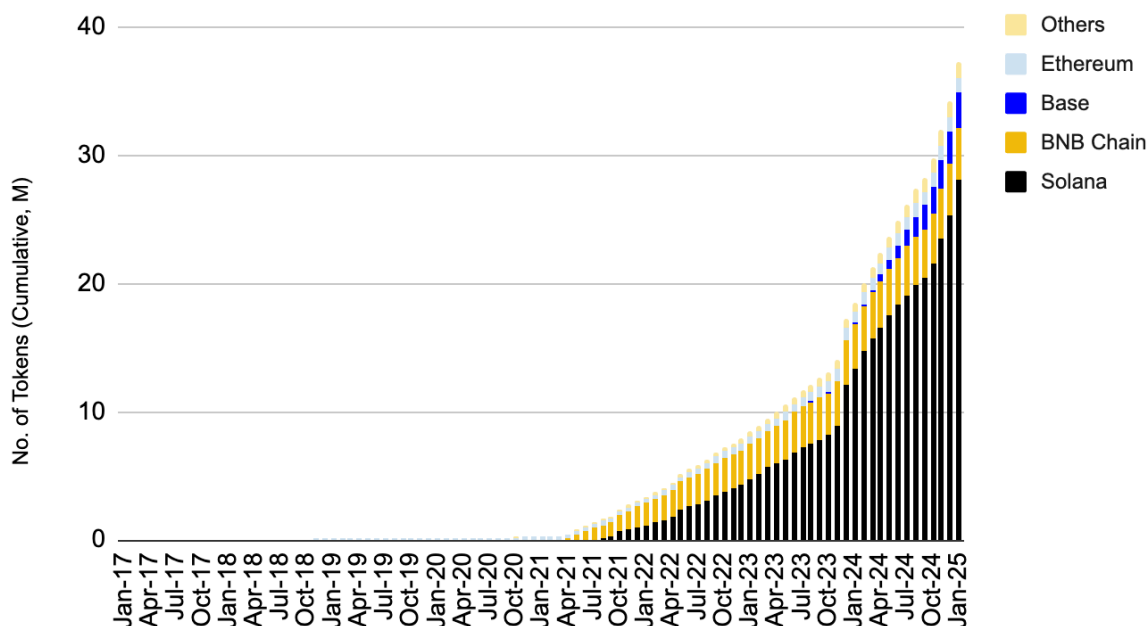
Source: Kaiko, Binance Research
As of January 31, 2025

The change in U.S. administration, led by pro-crypto Republicans and Donald Trump, along with the departure of former SEC Chair Gary Gensler, has sparked a wave of new crypto ETF filings. Currently, there are 47 active filings in the U.S., spanning 16 distinct asset categories. This marks a significant shift from a market once dominated by Bitcoin (BTC) and Ethereum (ETH) ETFs to one now expanding into ambitious filings, including memecoin-based spot ETFs.

The new SEC leadership has brought renewed optimism for digital asset regulation, though approval timelines remain uncertain. A key focus will likely be on ensuring efficient and healthy underlying spot markets, which are expected to play a key role in the approval process. Notably, some filings propose spot ETFs for assets without regulated futures markets, introducing additional considerations for regulators. While the specifics of the new approval framework are still unfolding, there is clear momentum toward token-based ETFs, with the crypto ETF space set for increased activity in the near term.

Number of Tokens Created Surpasses 37M

Figure 6: There are now more than 37M tokens created



Source: Dune Analytics (@cgrogan), Binance Research
As of January 31, 2025

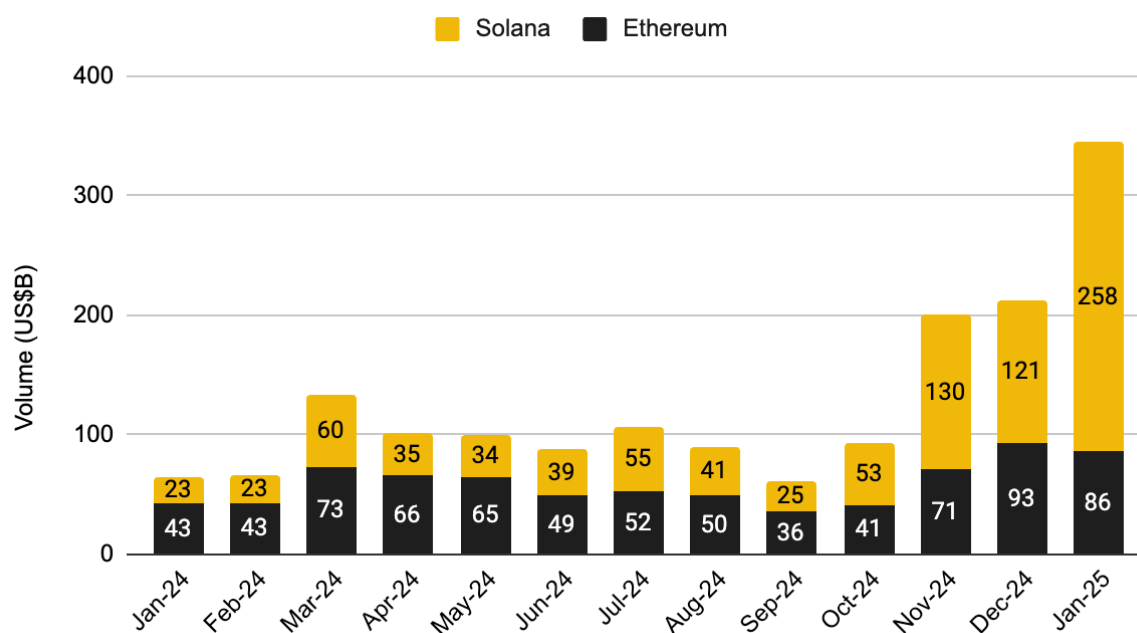
The advent of token launchpads has significantly simplified the token creation process. Coupled with the memecoin mania, this has led to a surge in the number of tokens created. With over 37M tokens in the ecosystem, estimates suggest the number could exceed 100M by the end of this year assuming the current growth rate holds.

This explosive growth in tokens has several implications. Firstly, capital is increasingly fragmented and distributed across a greater number of tokens. With low switching costs, it will be harder for tokens to sustain prices and command high valuations. Many parts of the market may also struggle to see explosive returns on a sustainable basis. Additionally, the constant influx of new tokens has fueled speculation, prompting traders to chase the next trending token or emerging narrative with potential for growth. This behavior reduces attention spans and disincentivizes long-term holding.

However, among the 37M tokens created, a significant number have low market capitalization. While the ease of token creation has driven the explosive growth in the number of tokens, the real impact on the overall market structure is debatable. For context, the top 100 tokens by market capitalization make up around 98% of the total crypto market capitalization, highlighting the dominance of a small number of tokens.

Solana DEX Volumes Are on a Tear

Figure 7: Solana's DEX volume has been higher than Ethereum's since October 2024



Source: The Block, Binance Research
As of January 31, 2025

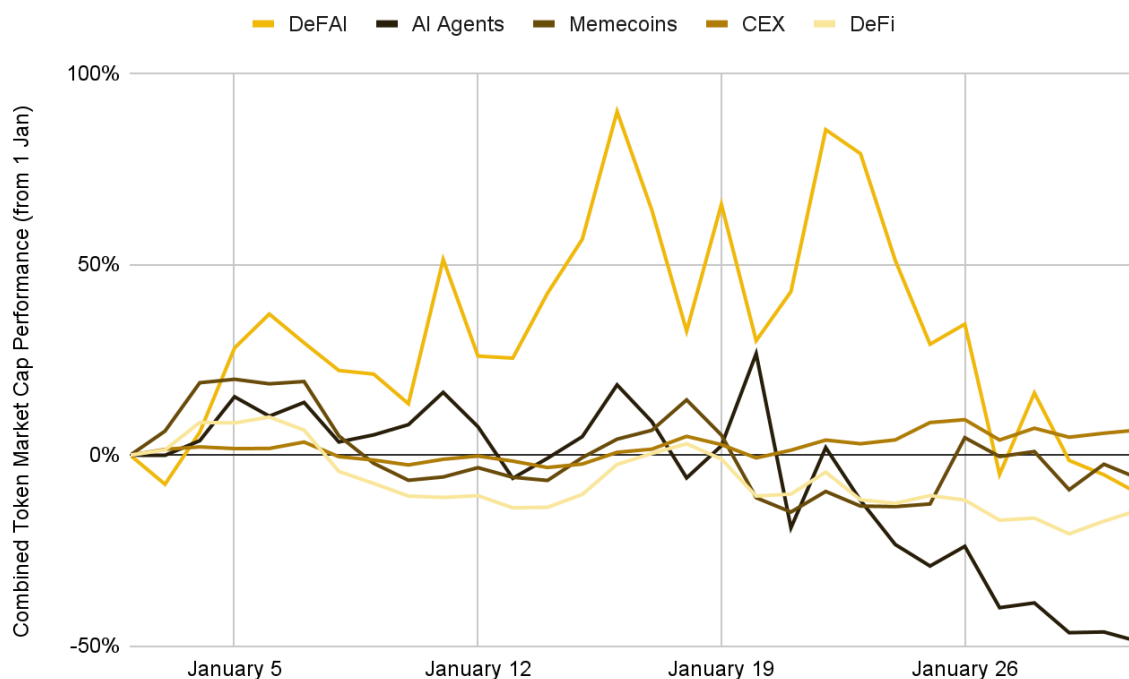
A notable result of Solana leading on the memecoin and AI agent narratives has been its strong performance in terms of DEX volume. As we can see above, Solana has exceeded Ethereum's DEX volume every month since October 2024. This difference has been getting increasingly visible recently, with Solana's DEX volumes in January 2025 being over 200% higher than that of Ethereum. For reference, in January, the Solana-to-Ethereum DEX volume ratio reached its all-time high of over 300%.

Central to recent growth have been the launch of \$TRUMP and \$MELANIA memecoins on Solana. Both tokens are directly associated with the recently inaugurated President and First Lady of the United States, experiencing an incredibly hyped launch, including strong trading volume, multi-billion dollar valuations, and major exchange listings. While market cap has cooled from the top, both tokens still command significant valuations. Not to mention, the concept of the sitting U.S. President and First Lady launching their own memecoins is something we could not have imagined even just a year ago.

Solana DeFi has also been showing growth and naturally contributing to DEX volume. Among the top chains, Solana has been one of the few that has shown DeFi growth in 2025 so far, with protocols like Jito, Raydium, Meteora, and Pump.fun, contributing to growth and maintaining strong fee generation. Notably, Solana's leading DEX aggregator, Jupiter, announced the acquisition of Web2 memecoin app, Moonshot, alongside a buyback-and-burn program, and a new liquidity aggregation network (Jupnet). It will be interesting to see if Solana can maintain their lead in DEX volume or if Ethereum can stage a comeback.

DeFAI Narrative Rockets to a Peak in Mid-January

Figure 8: DeFAI experienced substantial outperformance leading up to mid-January, before retracing in line with other major market themes



Source: Dexu.ai, Binance Research.
As of January 31, 2025

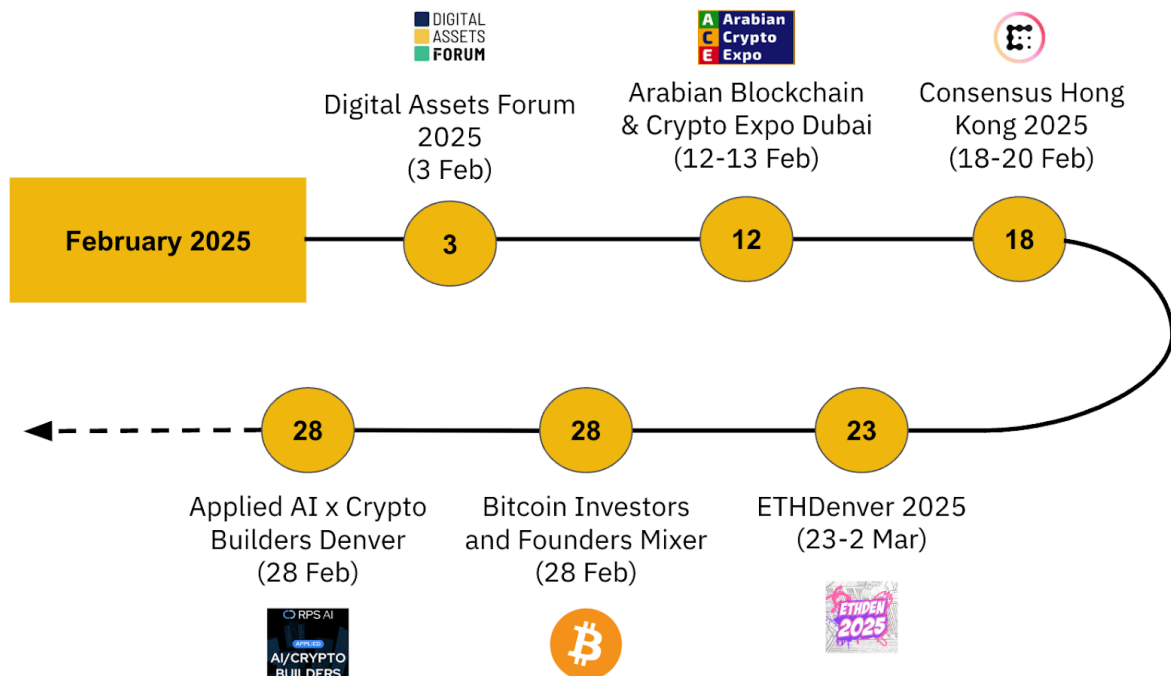
The emerging DeFAI (Decentralized Finance Artificial Intelligence) sector initially led other major narratives in January in terms of combined token market capitalization. DeFAI tokens reached a high of 90% return on January 16. However, a sharp decline in the latter half of the month resulted in a -10% return by month end (measured from January 1). The total DeFAI market capitalization is currently around US\$1B, significantly lower than the other token categories.

Despite the poor overall performance of DeFAI and AI Agent coins in January, AI remains the dominant narrative in the crypto space. It captured 44% of Kaito's Narrative Mindshare, a metric used to measure the prominence of specific narratives within the market, over the past 30 days. This is considerably higher than memecoins (second place) and DeFi (third place), which captured 10% and 9.7%, respectively.

AI tokens can be seen as representations of the rapid expansion of innovation moving beyond traditional AI sectors into new, decentralized spaces, where perceived value can be speculated on through globally accessible tokens. Open-source developments further accelerate this process. As the global AI race intensifies, monitoring the trading activity of these openly tradeable AI tokens could offer valuable insights into retail interest.

04 / Upcoming Events and Token Unlocks

Figure 9: Notable Events in February 2025



Source: Itez, Binance Research

Figure 10: Largest token unlocks in US\$ terms

PROJECT	TOKEN	UNLOCK IN US\$ EQUIVALENT	% OF SUPPLY	UNLOCK DATE
	\$SUI	331M	2.67%	01 Feb
	\$SAND	110M	8.41%	14 Feb
	\$APT	89M	1.98%	12 Feb
	\$MELANIA	74M	23.2%	20 Feb
	\$ARB	59M	2.13%	16 Feb
	\$ENA	58M	2.51%	02 Feb
	\$MOVE	40M	2.18%	09 Feb
	\$JTO	38M	3.92%	07 Feb
	\$ZKJ	29M	25.6%	19 Feb
	\$IMX	28M	1.40%	21 Feb

Source: CryptoRank, Binance Research

05 / References

defillama.com/
coinmarketcap.com/
cryptoslam.io/
token.unlocks.app/
dune.com/
itez.com/events
cryptorank.io/

06 / New Binance Research Reports

From Challenges to Opportunities: How DeSci Reimagines Science [Link](#)

An introduction to DeSci



Full-Year 2024 & Themes for 2025 [Link](#)

A crypto-centric review of 2024



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 Research Lead

Jie Xuan (JX) is currently the Macro Research Lead at Binance. 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 Economics degree from the London School of Economics & Political Science ("LSE") and has been involved in the cryptocurrency space since 2017.



Joshua Wong
Macro Researcher

Joshua is currently working for Binance as a Macro Researcher. He has been involved in the cryptocurrency space since 2019. Prior to joining Binance, he worked as a product manager at a Web3 fintech startup, and a market analyst at a DeFi startup. He holds a Bachelor of Laws (LLB) from Durham University.



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.



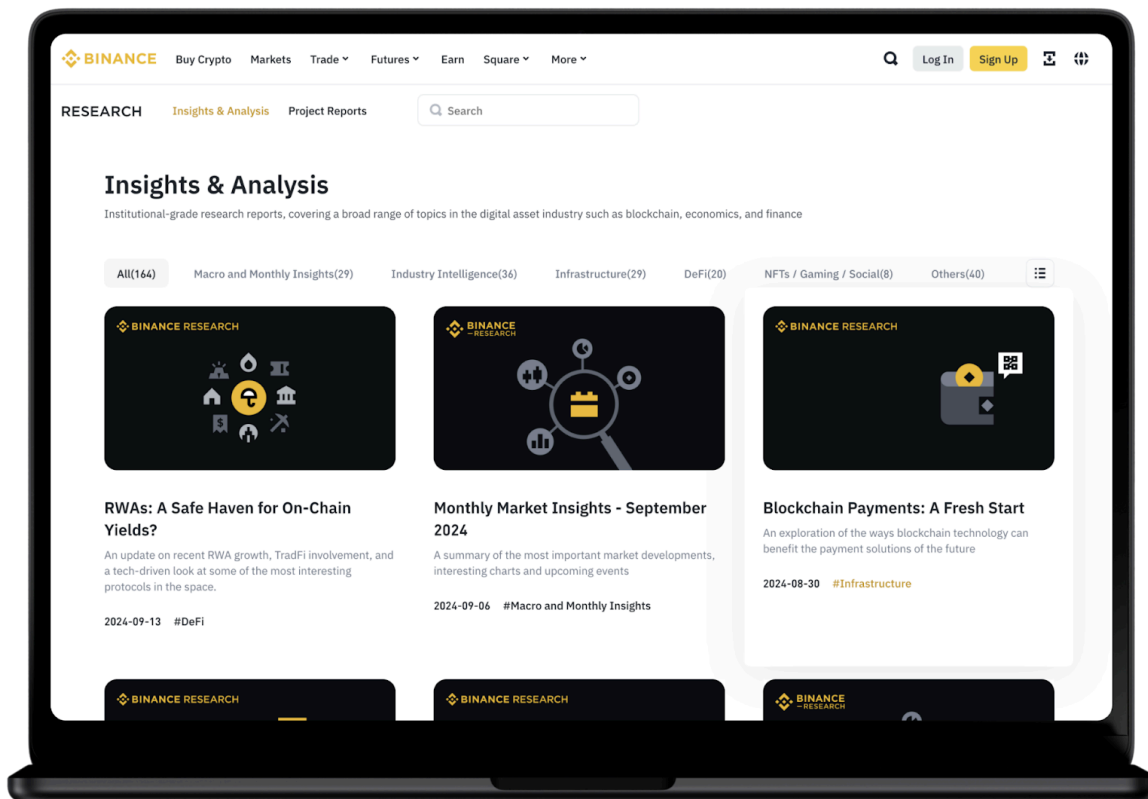
Jamyson Gouveros

Macro Research Intern

Jamyson is currently working for Binance as a Macro Research Analyst intern. Prior to joining Binance, he worked as a Venture Capital Analyst, and later, a pre-seed investor. He is a sophomore at the University of New South Wales (“UNSW”) and has been involved in the cryptocurrency space since 2021 after founding a Tokenisation start-up.

Resources

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