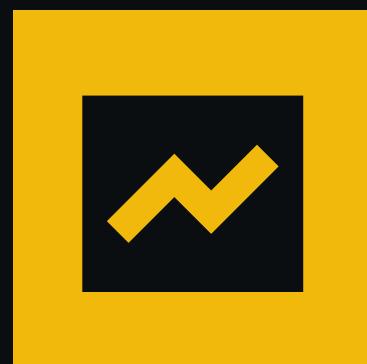


# Top 10 Charts From H1 2024



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# Key Takeaways

- ❖ It has been a strong year for crypto markets, with total crypto market cap up ~44% year-to-date, representing an increase of over US\$720B. On a year-on-year basis, total crypto market cap is up over 104%, having added over US\$1.2T since last July.
- ❖ Bitcoin has had an active year following the U.S. spot ETF approval in January, as well as the fourth Halving event and launch of Runes in April. Scalability and DeFi on Bitcoin has also become a much more active space. Correspondingly, Bitcoin's market dominance has grown this year from ~50% to over 55%.
- ❖ Outside Nvidia, Bitcoin and Ether have been notable outperformers compared to common TradFi investments, including Alphabet, Amazon, Apple. Bitcoin and Ether significantly lead the major stock indices in terms of performances, with many like the Hang Seng Index and FTSE 100 showing single-digit returns this year.
- ❖ The U.S. spot Bitcoin ETFs have been received extremely positively and have attracted over US\$17B in net inflows and average US\$2.5B in daily trading volume. The recent launch of the U.S. spot Ether ETFs has also been a positive tailwind for the industry, further legitimizing the asset class from a TradFi lens.
- ❖ Stablecoin supply, a measure of inflows into crypto and a proxy for potential buying pressure, is the highest (~US\$165B) it has been since May 2022, and fast-approaching all-time highs (which are ~US\$188B).
- ❖ Restaking has been a dominant Ethereum narrative in 2024 and attracted over US\$18B of TVL. While EigenLayer leads the pack, new competitors like Karak and Symbiotic are emerging.
- ❖ Solana's DEX activity has hit new all-time highs, both in volume and weekly DEX traders. Weekly traders have been significantly higher on Solana than other major chains. The popularity of memecoins on the chain, aided by their relatively cheap fees and cohesive and unfragmented product suite, has likely been a key driver.
- ❖ Prediction markets have seen a ~212% increase in TVL since the beginning of the year, exceeding US\$108M for the first time ever. Polymarket has been dominant, controlling ~75% of the market and seeing a ~500% increase in monthly volume in July compared to January.

- ❖ Tether remains a leader in the stablecoin space, with the high rate environment and increased adoption buoying its business and making it more profitable than major Wall Street investment banks like Morgan Stanley and Goldman Sachs.
- ❖ The NFT market has been in a slump, with sales volumes down over 70% since their peak in 2021. Profile-picture NFTs (“PFPs”) seem to be in a particularly negative position, with even the likes of CryptoPunks down over 50% in floor price this year. Pudgy Penguins has made some noise with the success of their physical plush toys and might have some interesting updates with their new consumer-focused L2, Abstract.
- ❖ Memecoins have been the best performing narrative this year, returning over 280%. Structural reasons, where 100% of tokens are commonly unlocked and circulating with extremely limited (or no) VC involvement, has played at least a partial role in the appeal and success of the sub-sector. Especially, as awareness about the effects of significantly token unlocks becomes more commonplace.

# Introduction

It has been a strong 2024 for crypto markets, with total crypto market capitalization (“market cap”) up over 40% this year, and over 100% over the last year. The first quarter was particularly notable, adding over 60% in market cap.

Notable highlights included the successful launch of **spot BTC exchange-traded funds (“ETFs”)** in the U.S., which have **attracted over US\$17B<sup>(1)</sup> in net inflows** so far. Bitcoin also saw its **fourth Halving** event in April, which came alongside the launch of its new fungible token standard, the **Runes Protocol**. Other L1s also did well, with Ethereum seeing restaking hype, EIP-4844 (which significantly reduced layer-2 (“L2”) transaction fees), and the recent **launch of U.S. spot ETH ETFs**. **BNB Chain and Solana successfully took advantage of the new memecoin meta**, while newer L1s like **TON** and the **upcoming Berachain and Story Protocol** also made some noise. The **L2 world continued to expand**, while **DeFi** also saw growth, with **prediction markets** being a highlight. **Tether did well**, while **Ethena’s USDe** also made a splash. NFT markets remained relatively muted, while **SocialFi, AI x Crypto, and DePIN** saw some traction. Developments in **gaming, institutional adoption, and real-world assets (“RWAs”)** were also of note. While we cover all of these sectors (and much more) in our recent [Half-Year Report](#), this shorter piece is going to focus on the most notable charts of the first half.

**Figure 1: Total crypto market cap is up ~44% year-to-date, representing an increase of over US\$720B. On a year-on-year basis, total crypto market cap is up over 104%, having added over US\$1.2T since last July.**



Source: CoinMarketCap, Binance Research, as of July 30, 2024

## Key Charts

### 1. Bitcoin Dominance Rising

It was a strong first half for Bitcoin, where activity continued to accelerate on all fronts. On one hand, **fundamental metrics, including market cap, trading volume, transactions, hash rate, Lightning Network capacity, and others, continued to improve**. On the other side, the Ordinals-driven new era of **Bitcoin progressed in both the fungible and non-fungible token (“NFT”) directions**. This included the [continued rise of Bitcoin NFTs](#) and the launch of its latest fungible token standard, the [Runes Protocol](#) (brainchild of the same developer who bought us Ordinals and Inscriptions, Casey Rodarmor).

The conversation around **Bitcoin scalability and L2s** has also been heating up, something we recently covered in our report, [The Future of Bitcoin #3: Scaling Bitcoin](#). Various teams are working on interesting solutions, including OGs like Lightning, Stacks, and RGB, alongside newer players like Citrea and Merlin. The discussion around **BitVM** is also interesting to monitor. This activity has also led to a growing market for **Bitcoin DeFi**, with a few notable projects focusing on Bitcoin staking and restaking, while others focus on Ordinals / Runes-linked borrowing and lending markets. All this in the same few months that we saw the **fourth Bitcoin Halving event**, alongside the successful launch of **spot Bitcoin ETFs in the U.S.** (which have generated **over US\$17B in net inflows**).

**Figure 2: Bitcoin market dominance has continued to rise this year and is now over 55%**



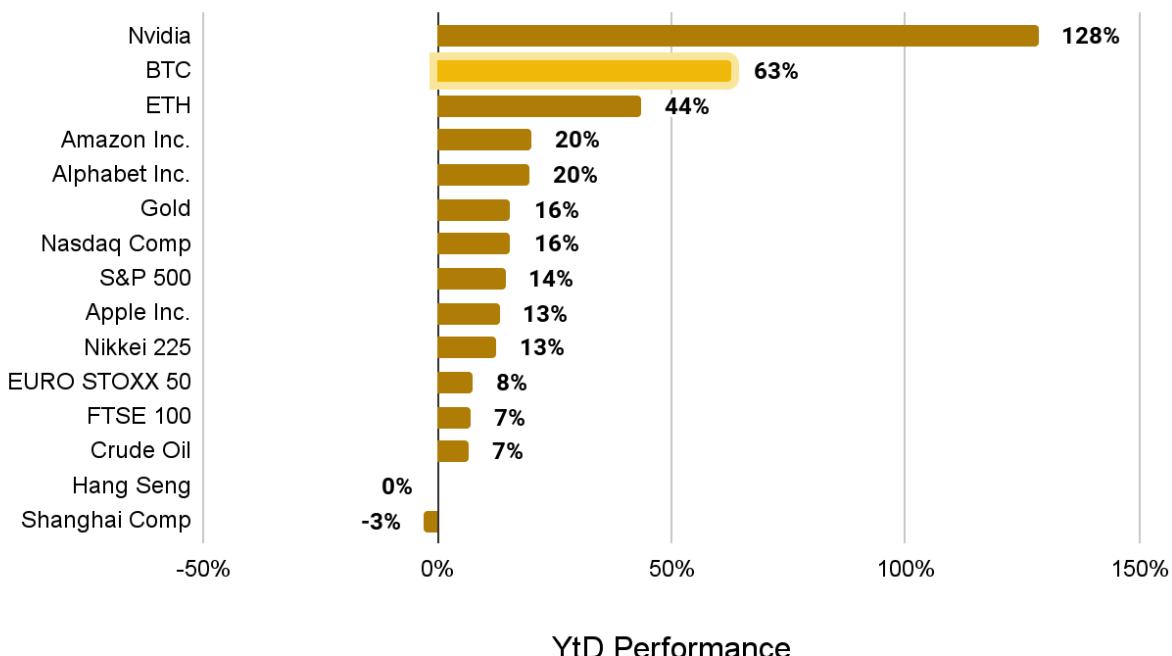
Source: CoinMarketCap, Binance Research, as of July 30, 2024

## 2. BTC & ETH Lead TradFi Returns

Comparing the performance of the top two cryptocurrencies to TradFi, and we see that **except** the very notable performance of chipmaker **Nvidia, Bitcoin and Ether have performed vastly better than other common TradFi investments.**

Alphabet and Amazon's equities are the only other investments in our comparison group that are up more than 13% this year. **Major stock market indices like the S&P 500, FTSE 100, and Hang Seng, are much further behind, with many displaying single digit returns.** Gold, the commonly touted Bitcoin alternative is up only 16% this year, while crude oil rose ~7%.

**Figure 3: Bitcoin and Ethereum rank the top performers among a group of popular TradFi benchmarks**



Source: Yahoo Finance, Binance Research, as of July 27, 2024

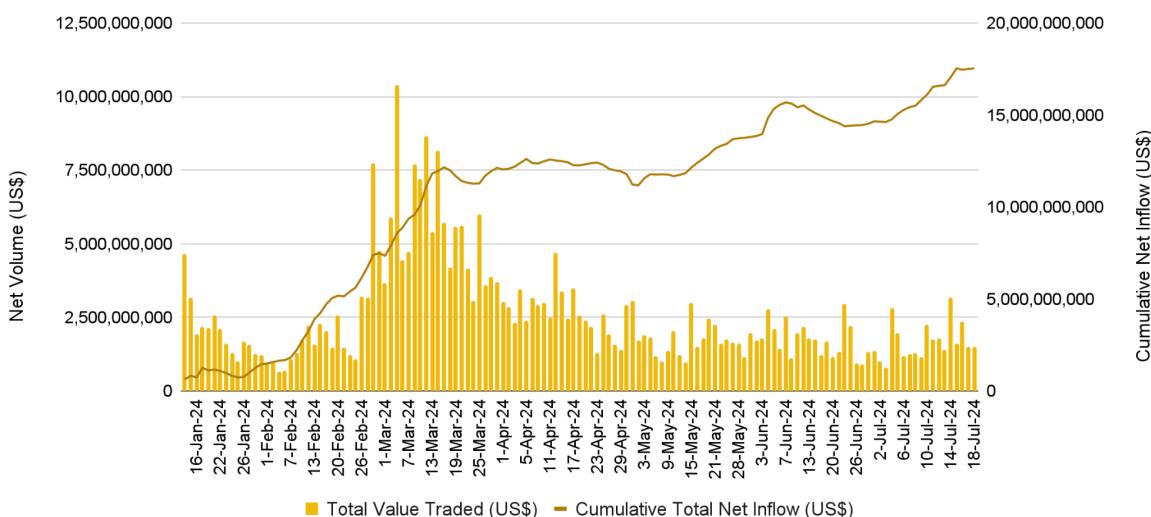
Charts like this help illustrate Bitcoin and Ethereum's potential diversification benefits in a TradFi portfolio.

### 3. Bitcoin ETF Net Flows: US\$17B+

One of the defining narratives of the first half of this year has been the approval of spot BTC ETFs in the U.S. in January. These have helped to add a **new source of institutional demand to the Bitcoin market, a factor that enhances the diversity and depth of investment interest compared to previous cycles**. Now, all sorts of U.S-based institutional investors, from hedge funds to pension funds, have a very direct, straightforward way to get exposure to the crypto markets. The ETF wrapper is something that institutional investors understand very well and are comfortable with, thus it is a great way to introduce some of the more conservative investor base to the crypto markets.

To date, there have been **over US\$17.6B in cumulative inflows to the ETFs, with total holdings of over 900K BTC (~US\$62B)**<sup>(2)</sup>.

**Figure 4: The new spot BTC ETFs have seen over US\$17B in inflows, with US\$2.5B of daily average trading volume**



Source: farside.co.uk, Binance Research, as of July 27, 2024

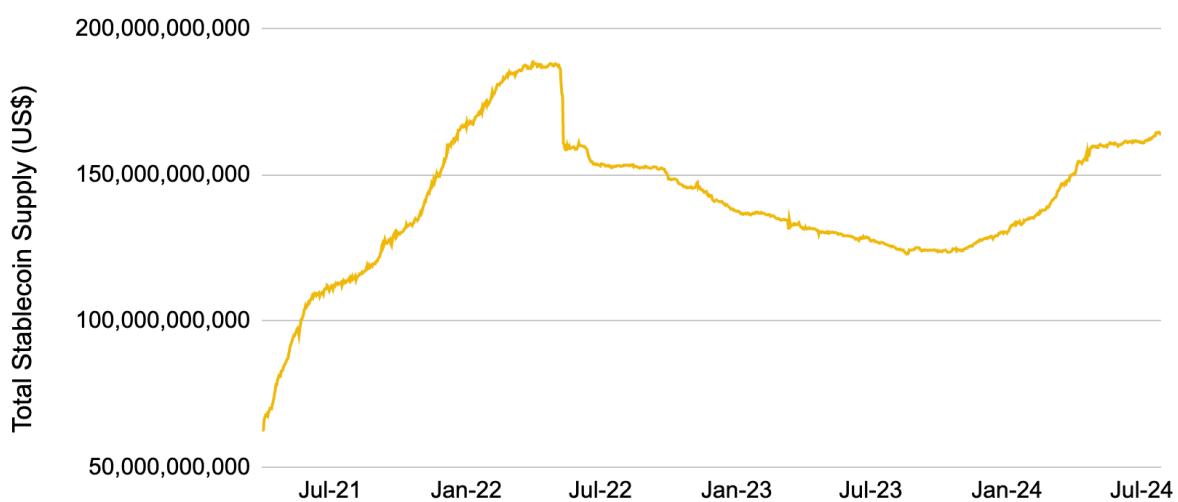
In terms of the leading ETF providers, **BlackRock has dominated, with over US\$20B in inflows. Fidelity has also done well**, with ~US\$10B in inflows<sup>(3)</sup>.

On Tuesday 23 July, we also saw the nine **spot Ether ETFs go live in the U.S.** Among this, we had Grayscale's Ethereum Trust ("ETHE"), which has seen significant outflows. Although this was widely expected as many investors had been locked into this product for many years and took the chance to redeem their shares via the ETF. Also, ETHE's fees of 2.5% were the highest among the new ETFs by a margin (most started with 0% fees). **Grayscale's outflows, as well as, poor equity market performance has affected initial flows for the ETFs, however the very approval and successful launch is of note.** As of 30 July, the Ether ETFs have seen **~US\$406M in outflows across US\$5.3B+ in volume**<sup>(4)</sup>.

## 4. Stablecoin Supply Approaching All-Time Highs

Stablecoin supply is a **measure of the amount of capital ready and available to invest in crypto assets at any given point in time**. Stablecoin supply has been rising this year, up from US\$130B in January to ~US\$165B at the time of writing. In fact, **stablecoin supply is the highest it has been since May 2022 and is fast approaching its all-time high** level of ~US\$188B in market cap (also reached in May 2022).

**Figure 5: Stablecoin supply is up over 25% this year and fast approaching its all-time high of ~US\$188B**



Source: DeFiLlama, Binance Research, as of July 27, 2024

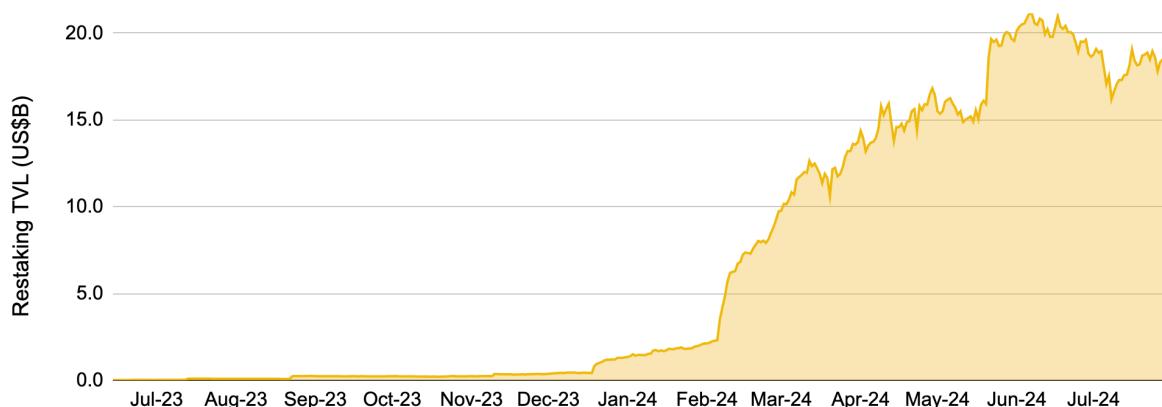
- ❖ Given that **increasing stablecoin supply is a measure of capital inflows into crypto and an indication of potential buying pressure**, the recent move can be evaluated as a positive sign.
- ❖ It is worth keeping a close eye on how this metric evolves over the coming months and whether this was a temporary change or representative of a more sustained upward trend.

# 5. Restaking, restaking, restaking

Restaking, which allows users to **repurpose their already staked tokens in order to provide security to other applications**, has been a dominant Ethereum narrative over the past six months.

**EigenLayer**, the largest and one of the first projects in the sector, has driven the narrative and **commands the majority of TVL in the market**. EigenLayer currently has US\$16B in TVL<sup>(5)</sup>, over 85% of the overall market. As a brief refresher, EigenLayer allows Ethereum stakers to repurpose their staked ETH to secure other applications (called actively validated services (“AVS”)). Stakers can choose these services and earn a yield from doing so. In return, they agree to grant EigenLayer additional slashing rights on their staked ETH.

**Figure 6: Restaking TVL has exploded since this year, currently at over US\$18B**



Source: DeFiLlama, Binance Research, as of July 31, 2024

The fact that EigenLayer’s deposits were locked for numerous months led to the emergence of **liquid restaking protocols and tokens (“LRTs”)**, which allowed users to collect EigenLayer points and yield, while maintaining liquidity. This market itself saw incredible growth, from US\$281M in TVL in January, to over US\$13.4B. Players like ether.fi, Renzo, and Puffer Finance rank among the leaders here.

We also saw others enter the restaking market, including Karak and Symbiotic. **Karak** focuses on **multi-chain restaking**, while **Symbiotic** focuses on Ethereum, but casts a broad net with the **different ERC-20 tokens they can accept** for restaking.

Make sure to check our our detailed report on the subject, [The Hitchhiker’s Guide to Restaking](#).

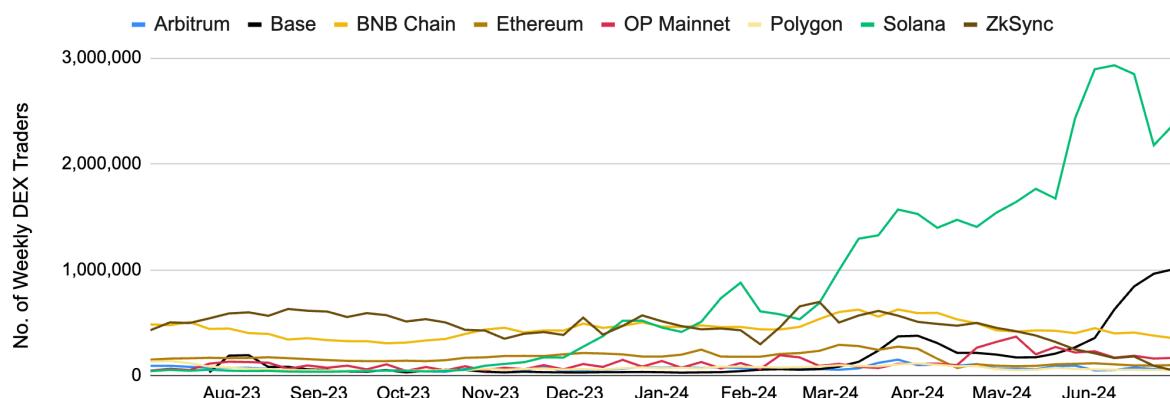
## 6. Solana Memes Driving DEX Activity

Solana's DEX activity has been steadily increasing and has seen strength over the last six months. A key driver of this has been **memecoins**, which have been the top performing narrative of this year, and central to Solana's growth. Many traders have chosen Solana as their chain of choice when trading memes, with the **relatively cheap transaction fees**, and the **cohesive & unfragmented product suite** being key reasons.

Solana has also generated some organic memecoin activity through airdropping the BONK memecoin to Solana Saga Mobile owners. As we know, BONK has gone on to become one of the leading memecoins of this cycle, among other Solana-based tokens like WIF.

As we can see in Figure 7, **weekly DEX traders for Solana have seen significant growth relative to the rest of the market**, reaching new all-time highs. While not completely attributable to memecoin trading, this has likely been a key growth driver.

**Figure 7: Solana's weekly DEX traders have hit new all-time highs this year and have been far higher than other major chains**



Source: Dune Analytics (@ilemi), Binance Research, as of July 29, 2024

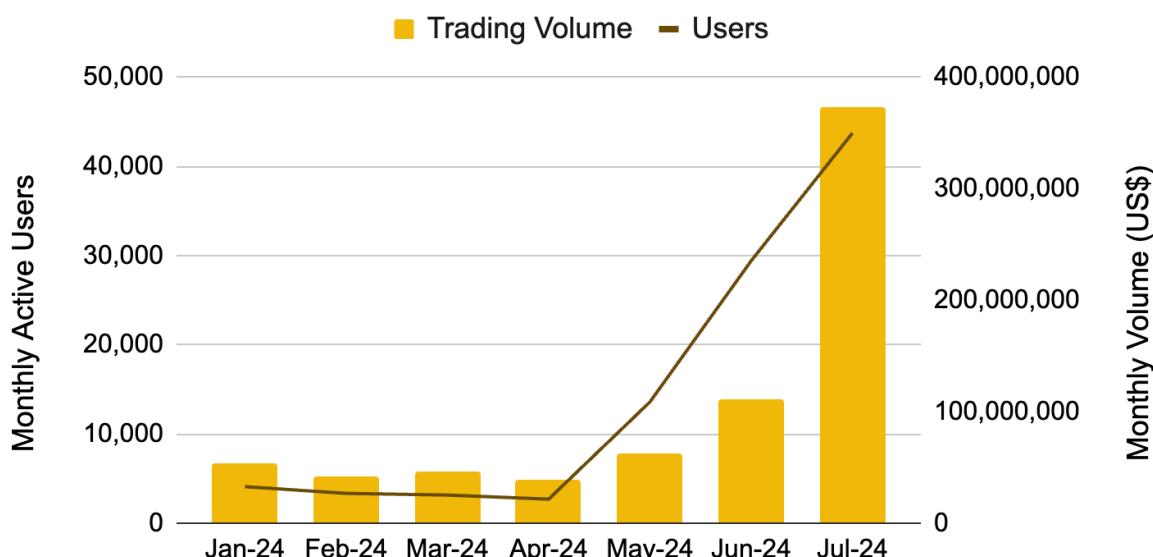
The launch and growth of pump.fun has also been important to the Solana memecoin story. **Pump.fun is a simple platform dedicated to the creation and trading of memecoins**. It addresses the classic issues of unfair distribution and rug pulls by ensuring that each token is a fair launch, with no pre-sale and no team allocations. Given users can create and deploy a new memecoin in around 2 minutes for 0.02 SOL, this platform has really helped grow Solana's memecoin trading market. Over **1.5M new memecoins have been deployed via pump.fun, while the platform has generated over 512K SOL in revenue (~US\$86M)<sup>(6)</sup>**.

## 7. Prediction Market Hype

Prediction markets reached **new all-time highs across several metrics<sup>(7)</sup>**, driven on by speculation surrounding the U.S. Presidential Election this November. There has been a **~212% increase in TVL** since the beginning of the year, **exceeding US\$108M** for the first time ever.

While prediction markets have been available for a number of years, there has been a resurgence over the past six months. A key driver has been **Polymarket**, which remains at the forefront with a ~75% market dominance. **Polymarket's July monthly volume of ~US\$373M is over 500% higher than its January volume of US\$54.2M<sup>(8)</sup>**. With more than three months remaining until the election, prediction markets may see further growth as the election draws closer.

**Figure 8: Polymarket saw significant growth in July as U.S. election news intensified**



Source: DeFiLlama, Binance Research, as of July 31, 2024

For prediction markets to take the next step, **maintaining high activity levels and attracting more liquidity, especially outside of election cycles**, is crucial. These markets have sometimes struggled to secure large and consistent liquidity sources and need a **market with regularity to thrive (perhaps sports?)<sup>(9)</sup>**.

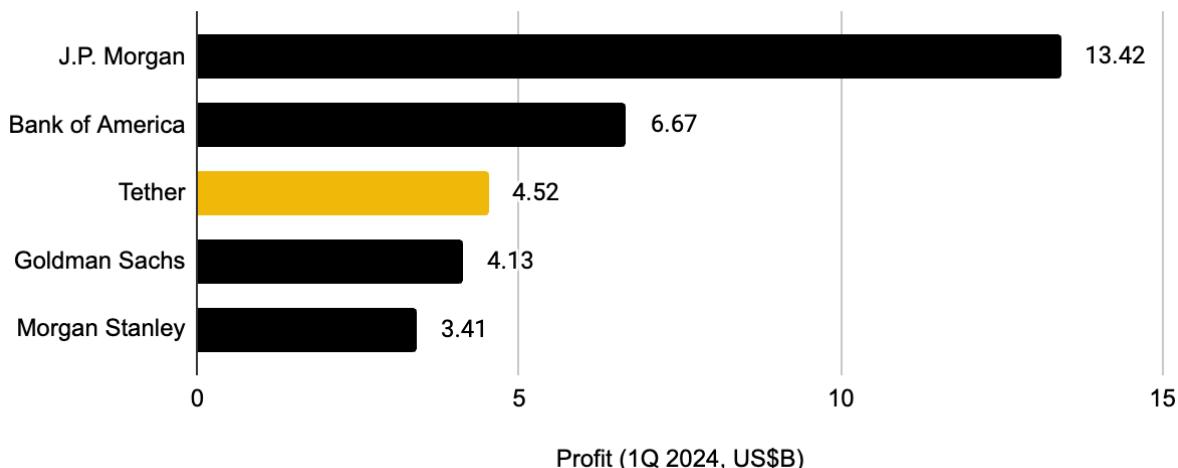
As we look ahead, the success of prediction markets will **hinge on their ability to effectively find a regular market (or set of markets) to aid liquidity**. Observing how these developments unfold post-November will be interesting to monitor. Check out [Breakthrough DeFi Markets](#) for more.

## 8. Tether Remains Dominant

While USDT's market share has decreased slightly from 70.5% at the end of 2023 to 69.7% as of July 28, 2024, **it has continued to maintain its dominance** in the stablecoins market by a significant margin. The second largest stablecoin (USDC) has a market cap of around US\$34B compared to USDT's US\$115B<sup>(10)</sup>.

USDT's circulation has been steadily rising, having increased by nearly 25% this year so far. Amidst the recent high interest rate environment, USDT's rising adoption has also been financially advantageous for Tether. Tether reported a **record-breaking net profit of US\$4.52B in the first quarter of 2024, with approximately US\$1B contributed by its holdings in U.S. Treasury holdings**<sup>(11)</sup>. To put these numbers into perspective, Tether's 1Q profit puts it on par with some of the largest U.S. banks, many of which have been operating for decades.

**Figure 9: Tether earned as much as some of the U.S. banks in 1Q 2024**



Source: Financial statements of respective companies, Binance Research, as of March 31, 2024

With an expansive [reserve](#) and high profitability, Tether has been able to expand its investments across a range of solutions. Tether announced in April that it would form **four new business divisions: Data, Finance, Power, and Edu(cation)**<sup>(12)</sup>. Data to focus on strategic tech investments, Finance for their USDT business, Power to explore sustainable Bitcoin mining, and Edu to improve digital assets education.

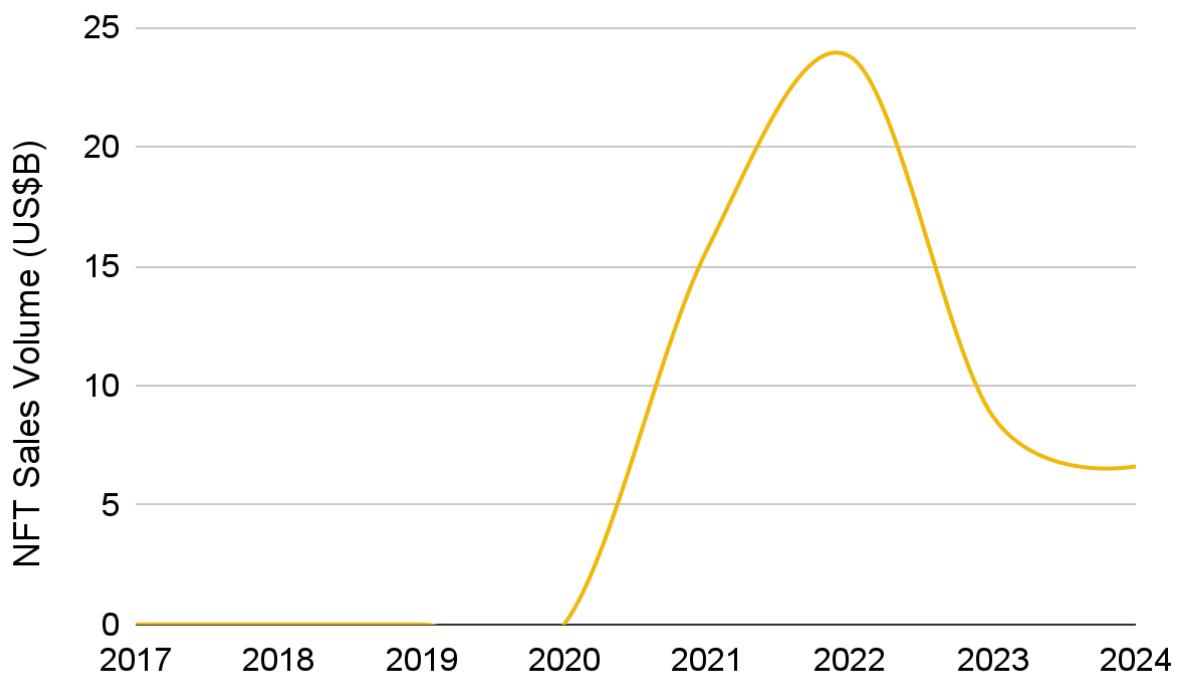
Recent initiatives include Tether's [investment](#) into XREX Group, a regulated, blockchain institution that focuses on cross-chain payments in emerging markets. They have also launched various initiatives to improve blockchain education across the world, including in Turkey, Taiwan, and Ghana<sup>(13)</sup>.

Check out more details in the Stablecoins section of our [Half-Year Report 2024](#).

## 9. NFT Markets In A Slump

The NFT market has had a difficult time in the last couple of years. **Sales figures have been on the decline after peaking at over US\$23B in 2021<sup>(14)</sup>**, while the top NFT collections continue to underperform. Even collections as iconic as **CryptoPunks are down from ~54 ETH to 25 ETH year-to-date<sup>(15)</sup>**. Many have **theorized that memecoins have provided users with a more liquid and easy-access method to speculate, somewhat replacing the role NFTs played for many traders**. At the same time, there have been some success stories, with brands like Pudgy Penguins building alternative IP with their plush toys. Bitcoin NFTs also continue to perform well, with marketplaces like Magic Eden capitalizing on their growth.

**Figure 10: NFT sales are down over 70% from their peak in 2021**



Source: CryptoSlam, Binance Research, as of June 30, 2024

**Ethereum remains the leader**, followed by Solana and Bitcoin, in terms of leading all-time NFT sales<sup>(16)</sup>. From a marketplace perspective, **Blur has been dominant**, controlling between 60-80% of the Ethereum NFT market in 2024 so far<sup>(17)</sup>. Their Seasons campaign has been crucial in incentivizing liquidity and volume, with Blur currently in Season 4 which is set to continue into 2025.

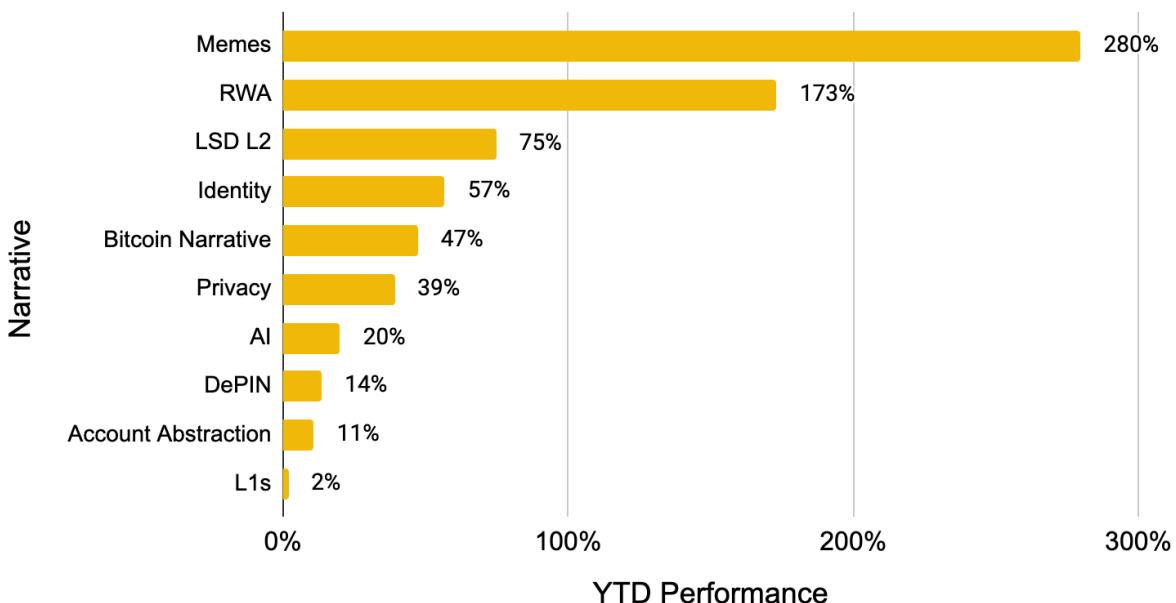
The classic **profile-picture NFTs (“PFPs”)** of the last bull market remain **in a difficult position** and have seen downward movement this year. It will be interesting to observe if other collections **launch their own L2s following Pudgy Penguins’ Abstract<sup>(18)</sup>**.

# 10. Memecoins Lead The Charts

Memecoins have been the leading narrative this year and driven a significant amount of activity among traders. Given that this has also meant that **memecoins** have been the **top performing sector year-to-date and have returned a staggering 280%**<sup>(19)</sup>, it is hardly surprising that it has been a sector that has garnered so much interest.

Chains such as Solana and Base have been popular avenues for memecoin trading, benefitting from heightened on-chain activity and rising daily active addresses. As we showed [above](#), the **number of weekly DEX traders on Solana has skyrocketed from around 455K to 2.9M at its peak in June, an increase of nearly six times**. Base has also overtaken several other chains in this metric, with an average of 1M+ weekly DEX traders in July<sup>(19)</sup>. While not all of this growth is attributable to memecoins, they have undoubtedly played an important role in driving increased activity on these chains.

**Figure 11: Memecoins are the top performing narrative this year**



Source: Dune Analytics (@cryptokoryo), Binance Research, as of July 31, 2024

The **token supply structures of memecoins have also arguably contributed to their popularity**. Many memecoins have all their tokens unlocked and circulating at the TGE, which eliminates selling pressure from future dilutions. Many have market cap equal to fully diluted valuation, indicating that holders will not suffer from further dilutions due to token emissions. This structure has arguably played at least a partial role in the appeal of memecoins, **especially as awareness about the effects of significant token unlocks increases**, even if the tokens may lack utility.

It will be interesting to see how this popularity evolves over the next few months and whether memecoins can continue to be a leading force in the market.

# Closing Thoughts

It has been a busy start to the year, with activity across the stack, from financial titans like BlackRock leading the charge on Bitcoin and Ether ETFs to pump.fun churning out thousands of memecoins by the hour. The legitimization of crypto currently happening in the U.S. market is historic and something that might have been hard to imagine for many in the industry a decade ago. Yet, here we are.

The next few months may see significant volatility, especially with the increased politicization of crypto being reinforced by the U.S. presidential election. Nonetheless, we remain cautiously optimistic that our general direction of movement is in a positive direction.

To get a more detailed understanding of what has happened in the crypto markets during the first half of this year, make sure to check out our [Half-Year Report 2024](#).

Make sure to also follow us on X [@BinanceResearch](#) to receive regular market alpha and keep updated about our latest research reports.

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