

According to **CMC**: Crypto Market Analysis

August 2022



CMC Research

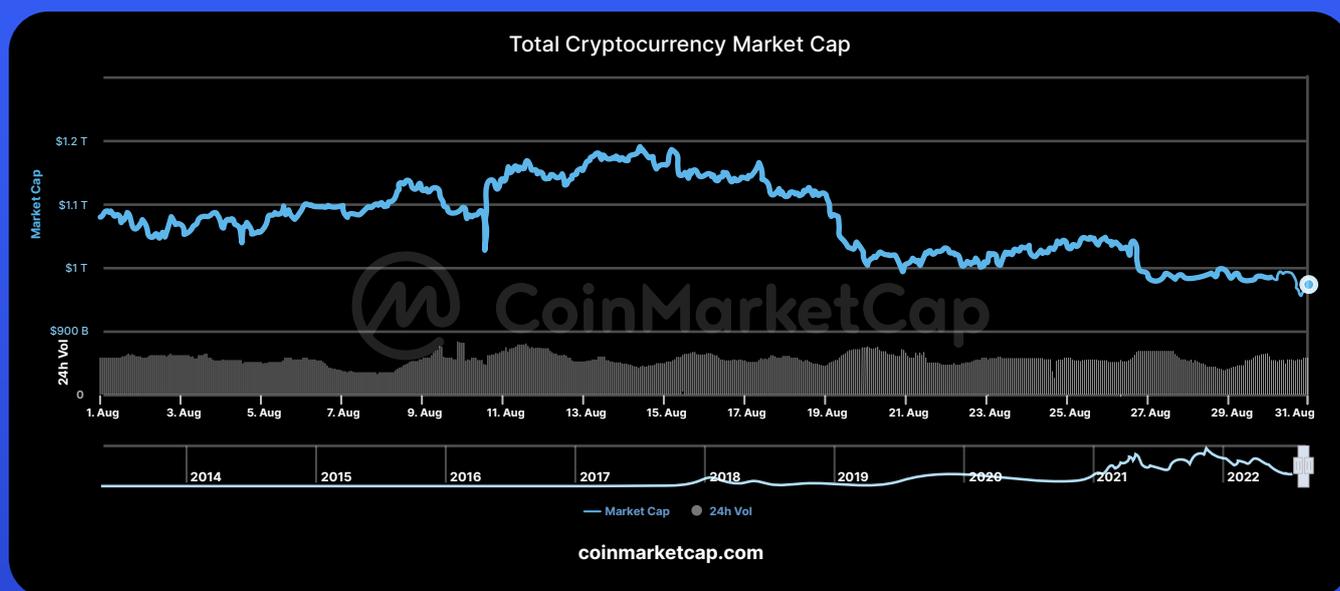
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Chapter 1: Crypto Market Composition

How has the general crypto market cap changed in August?

The total crypto market cap has decreased from \$1.082 trillion to sub \$1 trillion within August alone, representing a 9.97% drop.



There are a few macro factors that have impacted this price drop:

- **Global inflation is still far from under control**, with U.S. inflation at 8.5% and other G-20 countries still maintaining somewhat similar levels of inflation to what were previously recorded in June/July. There is no clear sign of inflation dropping to a healthy level in the near term.
- **The continuous Fed rate hikes at the current speed.** Fed Chair Powell's speech on Friday, Aug. 26 sent a strong and clear message: the Fed will continue to hike rates despite the challenging economic conditions. This has led the markets to trade the Sept. 21 FOMC (the Federal Open Market Committee) odds — whether they will hike 50bp or 75bp. The NFP (nonfarm payrolls) later released on Sept. 2 printed solid numbers that leaves the 75bps Fed hike on table; the CPI data due to release on Sept. 13 will be key to watch next. Overall, the continuous rate hikes means that risky assets like crypto are likely to see a challenging growth environment.
- **Sentiment is bearish across the markets globally.** Global economies have started to slow down, with signs of weakness in certain sectors such as retail and manufacturing. Meanwhile, several leading economic indicators start to become sluggish. Sentiment in the markets starts to slow down as investors flee to high quality assets.

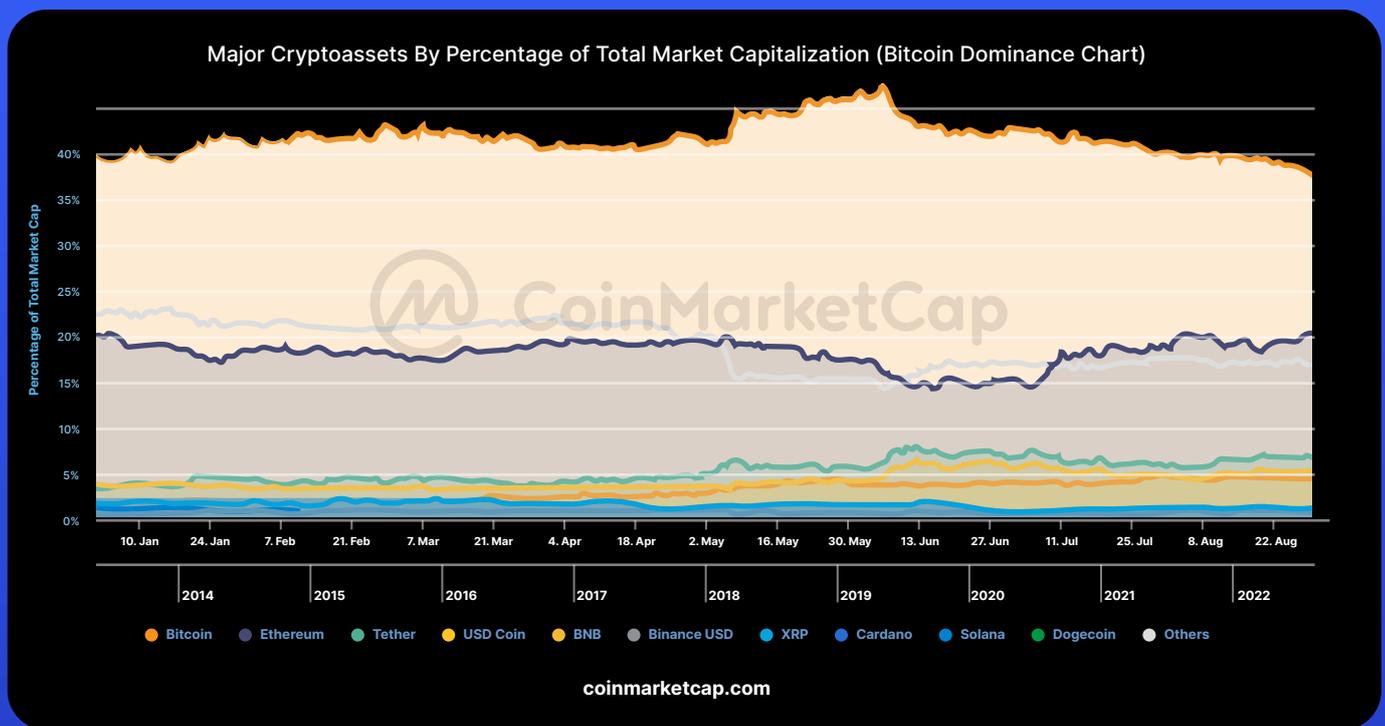
This macro backdrop sets the scene for the challenging environment in the coming year or two, not just for crypto, but for all major assets globally. As the crypto industry can be considered nascent, it has never been through a major economic recession. Therefore, although there has been some recorded history about crypto's cyclicity and previous price history, they may not be closely followed this time around. Buckle up, uncharted waters ahead.

¹ <https://tradingeconomics.com/country-list/inflation-rate>

Two interesting reports were published recently on price/trend analysis that are well worth a read, one from Alex Thorn of Galaxy Research highlighting BTC's key trading indicators²; the other is by Glassnode³ on how near-term weakness continues to haunt numerous Bitcoin fundamentals.

Next, we use a few key discussion points to zoom in and examine how the crypto market cap has changed over the month of August.

Topic 1: ETH Merge



The **Ethereum merge**, scheduled indicatively for Sept. 15, 2022, is the next step in the evolution of **Ethereum** and arguably the most anticipated event since Ethereum was launched in July 2015. This upcoming event will see the existing execution layer merged with the consensus layer (the Beacon Chain)—this will form a main-net platform secured by proof-of-stake, while still maintaining the original Ethereum state.

Right now, there are two independent blockchains for Ethereum operating in isolation. These are the current proof-of-work (POW) Ethereum chain and a separate proof-of-stake Beacon Chain.

The Ethereum market cap has consistently been around half of Bitcoin's for 2022. When the merge was brought back into the spotlight in August, it drove more attention to Ethereum and we have seen the price of ETH increase from \$1,635.20 (Aug. 1) to \$2,022.79 (Aug. 14) the highest it has been in August; and its market cap increased to 19.39% of the total crypto market cap, while Bitcoin's market cap now only accounts for 39.12% of the total crypto market — a decreasing trend observed for the past two months.

² <https://www.galaxy.com/research/insights/bitcoin-outlook-key-levels-breached/>

³ <https://insights.glassnode.com/the-week-onchain-week-35-2022/>

Topic 2: Sector Analysis

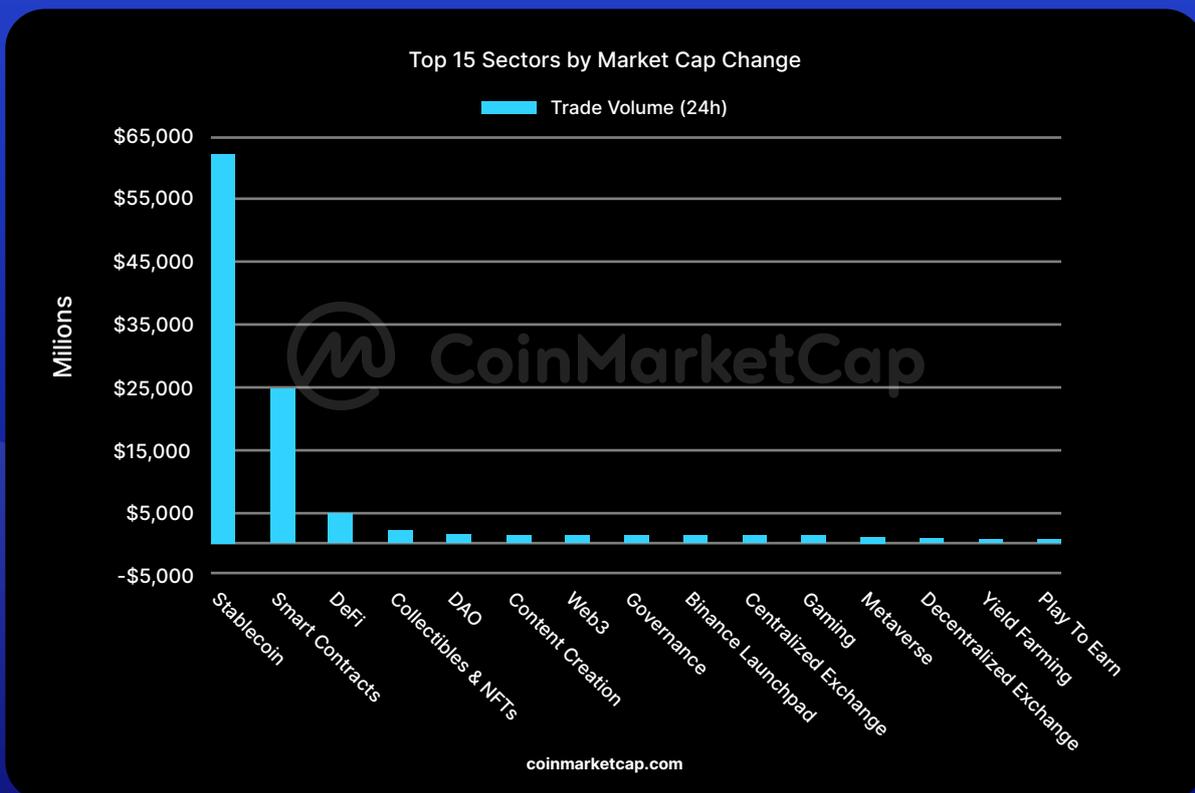
Market Cap, Trade Volume and New Projects

In August, most sectors experienced negative market cap growth. The two major leading sectors that still saw positive market cap change are: stablecoins growing by \$1.67 billion; interoperability growing by \$536 million. Despite the market's sideways actions, the gambling and fan token sectors have seen the highest increase in terms of the market cap % change, and have grown month-on-month by over 404% and 262% respectively.

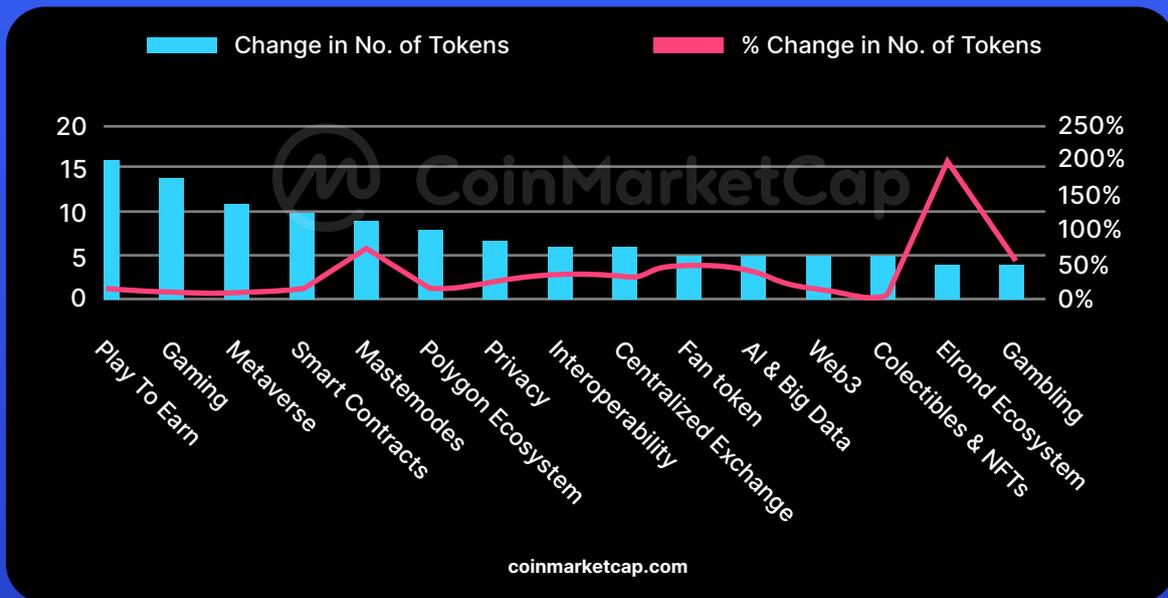
We will deepdive into these two sectors in the next section when analyzing the social trends.



In terms of the trade volume, stablecoins still dominate; however, smart contracts have seen the most positive volume increases compared with the beginning of the month, now at around \$25 billion daily trade volume on Aug. 31, 2022. This trend is partially driven by the active Ethereum Merge trades and real yield narrative in DeFi.



When we measure the sector growth by the number of projects listed, GameFi related areas have seen the biggest growth in the past month. This includes play-to-earn (16 new coins tagged), gaming (14 new coins tagged), and metaverse (11 new coins tagged), all representing an additional 10-14% of the existing universe expansion. This coincides with the trending keyword searches around GameFi. CoinMarketCap has recently released a GameFi industry report⁴ with Footprint Analytics in detail on this subject. People often consider the bear market to be the best time to build, and based on the developments in the GameFi space, we are likely to see this sector coming out of the sideways market, showing strong growth and potentially becoming the next wave of the crypto trend.



⁴ <https://s3.coinmarketcap.com/uploads/CMC-Footprint-GameFi-Industry-Report-2022.pdf>

Topic 3: Bitcoin and Ethereum Key Events

BTC Price

January 2, 2022

\$47,345



The Kazakhstan government removes energy price caps. After mass protests, President Tokayev blocked all internet access, ending Bitcoin mining nation-wide. Global hashrate fell by 14% in the first two days.

February 8, 2022

\$44,118



The United States Department of Justice announces it has seized \$3.6 billion in stolen Bitcoin from the 2016 Bitfinex hack. Two individuals were arrested and charged with conspiracy to launder stolen cryptocurrency.

February 24, 2022

\$38,332



Russia launches a full-scale assault on Ukraine. Within 3 weeks, \$54M in BTC and other crypto were sent to the Ukrainian government. BTC fell from \$44,000 to \$34,000 by the end of February.

March 9, 2022

\$41,982



Biden signs the “Ensuring Responsible Development of Digital Assets” executive order, laying out a roadmap of the U.S. plans for using and regulating crypto. BTC surged 9% as crypto execs reacted favorably.

April 27, 2022

\$39,241



The Central African Republic (CAR) adopted Bitcoin as legal tender, making it the second country to do so, after El Salvador.

May 7, 2022

\$35,501



Referred by some as crypto’s “Lehman Brothers” moment, the Terra implosion and wipeout of \$60 billion sent shockwaves across the entire market. BTC fell to \$28,900, while the total crypto mcap more than halved to \$822B.

June 3, 2022

\$29,704



El Salvador’s Finance Minister announced the delay of the country’s Bitcoin bonds. Their BTC holdings are all underwater. Moody’s downgraded the country’s credit rating on account of its Bitcoin holding.

June 12, 2022

\$26,762



As a result of the Terra crash and market downturn, major crypto lending platform Celsius announced a freeze on customer assets due to “extreme market conditions”. BTC price sank 12% on the news.

June 15, 2022

\$22,572



Prominent hedge fund Three Arrows Capital (3AC), estimated to have \$18 billion in AUM at its peak, has become the latest casualty. It later emerges that 3AC faced dozens of margin calls, and filed for bankruptcy.

June 18, 2022

\$19,017



The news of 3AC’s implosion extended the bear market drawdown — BTC dipped below the major level of \$20,000 for the first time since 2020. In the following days, BTC touched \$18,000 at its lowest.

July 20, 2022

\$24,169



Tesla reveals that the firm has sold 75% of its Bitcoin holdings for roughly \$900 million. CEO Elon Musk claimed the sale was to maximize Tesla’s cash position, amidst uncertain economic conditions.

August 2, 2022

\$22,978



Bitcoin maxi Michael Saylor is stepping down as CEO of MicroStrategy. He will take on the role of executive chairman, focused on “acquiring and holding Bitcoin.” The firm reportedly holds more than 129,699 BTC.

August 11, 2022

\$23,957



July’s CPI came in at 8.5%, lower than the expected figure of 8.7%. Bitcoin surged 5.95% on the day and towards the psychological level of \$25,000.

Ethereum Price

January 25, 2022

\$2,455



Ethereum Foundation drops “Ethereum 2.0” naming, explaining that it is “an inaccurate representation of Ethereum’s roadmap.” Instead, Ethereum 1.0 would be known as the “execution layer,” while Ethereum 2.0 would be referred to as the “consensus layer”.

February 18, 2022

\$2,785



Morgan Stanley warns of Ethereum’s risks and volatility. The investment bank claimed that Ethereum is “less decentralized than Bitcoin” as the top 100 Ether addresses held 39% of the entire supply. It also warned that Ethereum is 30% more volatile than Bitcoin, and 7X more than the S&P 500, since 2018.

February 23, 2022

\$2,590



TheDAO hacker was allegedly unmasked by crypto journalist Laura Shin. Programmer Toby Hoenisch was allegedly responsible for the 2016 hack that led to 3.64M ETH siphoned away, and the splitting of the blockchain to Ethereum and Ethereum Classic.

March 16, 2022

\$2,772



Ethereum Merge tested on Kiln testnet, expected to be the final testnet created before public testnets are upgraded, as the Ethereum network inches towards the Merge.

March 18, 2022

\$2,945



Ethereum co-founder Vitalik Buterin appears on the cover of this week’s TIME Magazine, as he revealed his concerns for the crypto industry’s future.

April 12, 2022

\$3,030



Ethereum’s first mainnet shadow fork successfully launches, marking a milestone on the path to the long awaited Ethereum “Merge.”

May 7, 2022

\$2,636



The UST depeg and Terra crash caused investors to flee the ecosystem — resulting in a death spiral. 615,980 bETH (a wrapped bridged version of stETH on Terra) were bridged back to mainnet and offloaded on Curve. This caused a significant deviation between ETH and stETH.

June 8, 2022

\$1,793



Ropsten, the longest-lived Ethereum PoW testnet which launched in 2016, underwent the first testnet Merge to adopt PoS. Ethereum developer Tim Beiko likened it to the “first dress rehearsal” before the actual Merge.

June 13, 2022

\$1,204



Ether plunged 35.6% on the week, as selloffs were witnessed across crypto and global markets — fueled by fears of rampant inflation, imminent rate hikes and the prospect of recession. Crypto lender Celsius froze users assets, drawing parallels to the recent LUNA crash.

June 18, 2022

\$993



Ether traded below the major level of \$1,000, reaching a low of \$896 after losing 40% in a week. BTC plunged below \$20,000, the first time it has traded below its previous bull cycle’s all-time-high.

July 6, 2022

\$1,186



Sepolia, the second testnet to test the Merge after Ropsten, successfully switches to the PoS consensus. No significant glitches were reported following the testnet Merge.

August 9, 2022

\$1,703



Ethereum-based Tornado Cash is sanctioned by the U.S. over allegations that it’s been used to launder more than \$7 billion worth of cryptocurrencies over the past three years.

August 11, 2022

\$1,881



Goerli, the third and last testnet, successfully switched to PoS — in what was described as the final dress rehearsal before the Merge. Ether rallied by 11% as a result of the news — hitting highs of \$1,908.20 at one point.

August 25, 2022

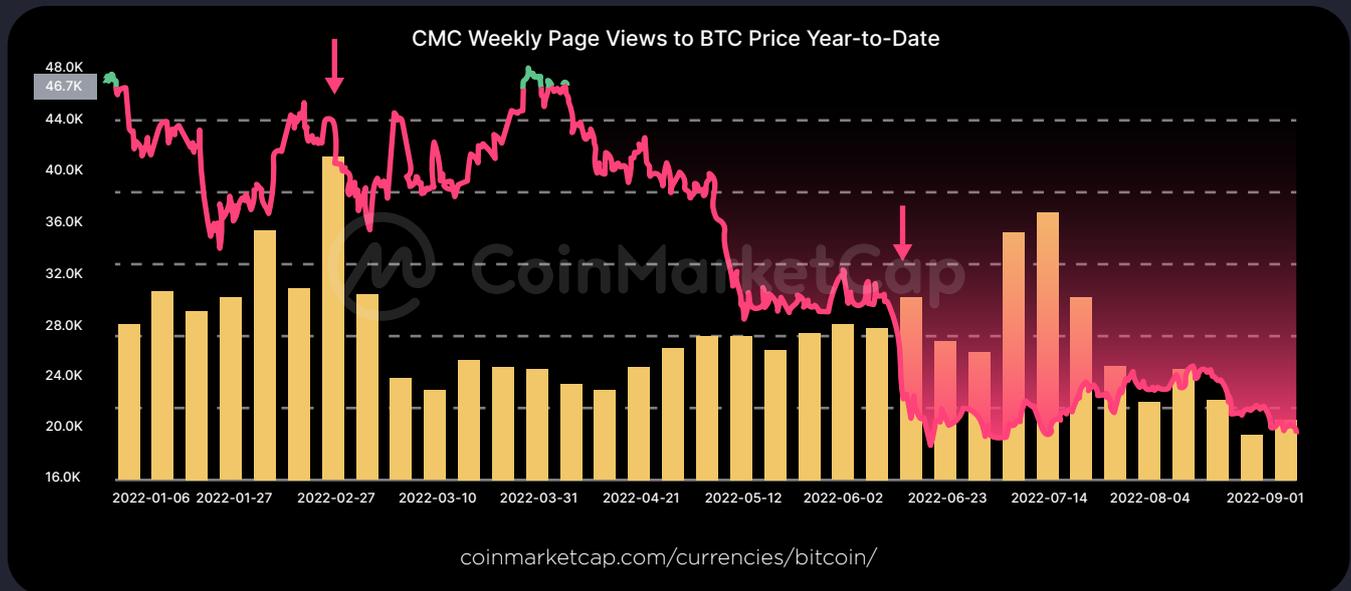
\$1,696



The Ethereum Foundation has revealed that the long-awaited merge will be completed between Sept. 10 and 20. The foundation also announced a \$1 million bug bounty.

Chapter 2: Retail Market Sentiment

How Has Retail Interest Reacted to the Crypto Market Movement?



As the leading crypto price aggregator, we look at the overall CoinMarketCap pageviews as a proxy for the general crypto market retail interest. There are two major spikes in pageviews, or retail interest, so far this year. This is due to:

- First, retail interest spiked in late-February amid the escalating tensions between Russia and Ukraine. BTC plunged 10% to nearly \$40,000 after comments by the U.S. President Biden alluding to a potential Russian invasion of Ukraine in days.
- On Feb. 24, BTC fell a further 9% to \$34,555 as Russia invaded Ukraine. The intensification of war not only affected crypto, but global markets tanked too.
- Pageviews climbed since February — at 119.5% greater than the average weekly pageviews year-to-date — as BTC price reclaimed the \$44,000 level.

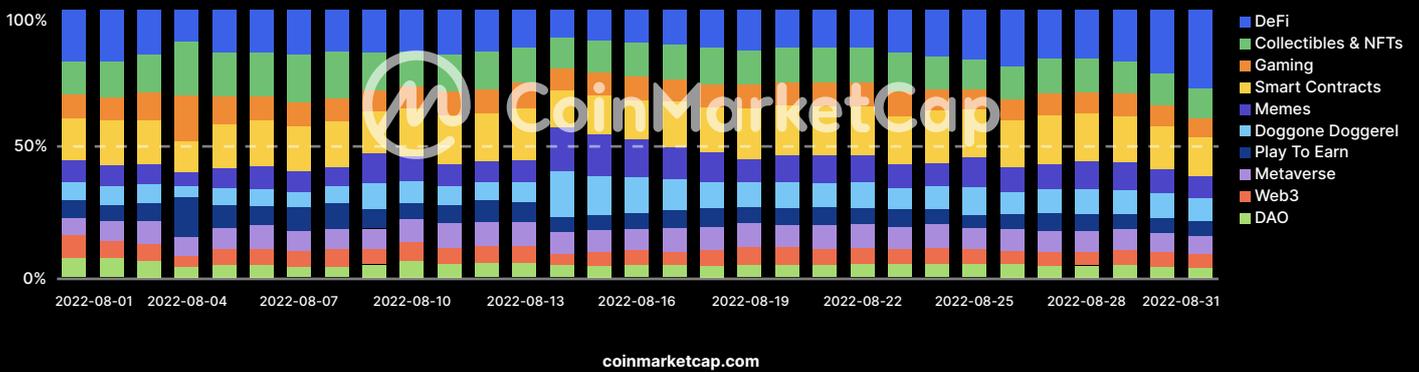
A second spike in retail interest started from mid-June, as BTC crashed from the \$30,000 level to \$17,744 at the lowest. Importantly, this breached the all-important \$20K psychological level, and it was also the first time BTC went below its previous cycle all-time-high (ATH).

- The 40% BTC crash and wider crypto sell-off was caused by a sum-of-parts — a bear market filled with turbulent events both within and outside the crypto ecosystem. Uncertain macroeconomic conditions and rising inflation, accelerated by the ongoing Russia-Ukraine war, saw the Federal Reserve resorting to rate hikes.

- Within crypto, the May 2022 \$60 billion Terra implosion — starting off from its algorithmic stablecoin UST depeg from the U.S. dollar, and ending with a death spiral and bank run — set off a ripple effect, affecting major crypto lenders and even a leading hedge fund.
- Therefore, June's crash can be attributed to a few factors, amongst them: May's CPI print of 8.6%, the highest since 1981, caused global markets to tank; lending and staking provider Celsius froze over \$11 billion of customers' assets.
- Weekly pageviews in the mid-June to early July were 81.8% higher than the average. However, compared to August's weekly average, pageviews are 48.4% lower than the year-to-date average — suggesting that retail interest correlates to drastic price drawdown, at least for this year.

Which Crypto Sectors Were Most Viewed on CMC?

Most Viewed Crypto Sectors on CMC



Top Coins in Most Viewed Sector



Looking at the most viewed sectors on CMC to determine which crypto sectors have high mindshare amongst users, we can see that:

DeFi is the most viewed sector in August:

- Pageview grew 34% from Aug. 1 to Aug. 31. While DeFi performed poorly year-to-date — DeFi market cap plunged by 64% and total value locked fell by 60% — interest remains high within the sector. According to a Dune Analytics [dashboard](#), despite a bearish DeFi space, total unique users grew 14% year-to-date.
- DeFi users spiked during periods of extreme volatility and uncertainty, such as the Terra crash, when certain exchanges halted trading while permissionless DeFi protocols continue to operate. In fact, within DeFi, the highest viewed crypto token is [Terra Classic](#) — which recently rallied over 180% due to an array of governance proposals, upgrades, burning and staking by the community.

Smart contract platforms is the second highest viewed sector:

- This includes the pioneering smart contract blockchain — [Ethereum](#), and other layer-ones, such as [BNB](#), [Avalanche](#), [Solana](#), which are often referred to as alternative layer-ones (L1s), or “Ethereum killers.” While this narrative peaked in November 2021, with many L1 coins experiencing double-digit gains, many suffered a greater drawdown during the current bear market. Year-to-date compared to ETH, AVAX fell 57% and SOL fell 55%. BNB remained an outlier, gaining 33%.
- Unsurprisingly, with the Ethereum Merge expected to ship on Sept. 15, ETH is the most viewed coin within the smart contracts vertical.

The NFT and collectibles sector rounds up the top three spots:

- After a breakthrough year in 2021, [monthly NFT volume on marketplaces](#) hit an all-time-high in January 2022 at \$5.63 billion. However, trading volume declined drastically throughout the year, hitting \$613.46 million in August — a 89% drop. Despite this, the NFT and collectibles sector managed to maintain substantial community engagement, likely due to one or more of following trends playing out in the NFT space: the introduction of NFT finance protocols offering loans using NFTs as collateral, airdrops to incentivize NFT communities and the idea of soulbound tokens, the implosion of free mints projects, and the consolidation of NFT collections, as seen by Yuga Labs acquisition of the CryptoPunks IP.

Which Tokens Were Most Viewed on CMC?

July 2022

Most Viewed Tokens on CMC (July 2022)

Cryptocurrency	Crypto Symbol	Crypto Price	Trading Volume (24H)
Bitcoin	BTC	21,516.8647799840	29,723,076,366.29
Ethereum	ETH	1,356.7702527318	17,613,125,306.19
Shiba Inu	SHIB	0.0000110668	439,606,237.86
Tether	USDT	0.9996913467	50,822,674,986.92
Solana	SOL	38.3002110708	1,411,902,145.59
Polygon	MATIC	0.7324642864	1,020,221,347.23
STEPN	GMT	0.9386930968	365,652,678.15
Optimism	OP	1.5961742092	578,755,764.43
Cardano	ADA	0.4755162613	892,678,056.44
XRP	XRP	0.3443116058	1,275,291,667.87

coinmarketcap.com

Most Viewed Tokens on CMC (August 2022)

Cryptocurrency	Crypto Symbol	Crypto Price	Trading Volume (24H)
Solana	SOL	37.9375347074	1,135,170,582.91
Bitcoin	BTC	22,232.1496060338	29,385,206,749.23
Ethereum	ETH	1,694.2753627495	18,184,445,886.00
Shiba Inu	SHIB	0.0000131039	774,810,430.61
BNB	BNB	301.3832237493	1,227,409,343.03
Polygon	MATIC	0.8712157986	468,022,466.85
Tether	USDT	1.0001065557	49,307,015,668.04
Optimism	OP	1.4639791101	287,438,560.80
Polkadot	DOT	8.0520935009	436,372,883.76
Cronos	CRO	0.1380211203	30,711,395.55

coinmarketcap.com

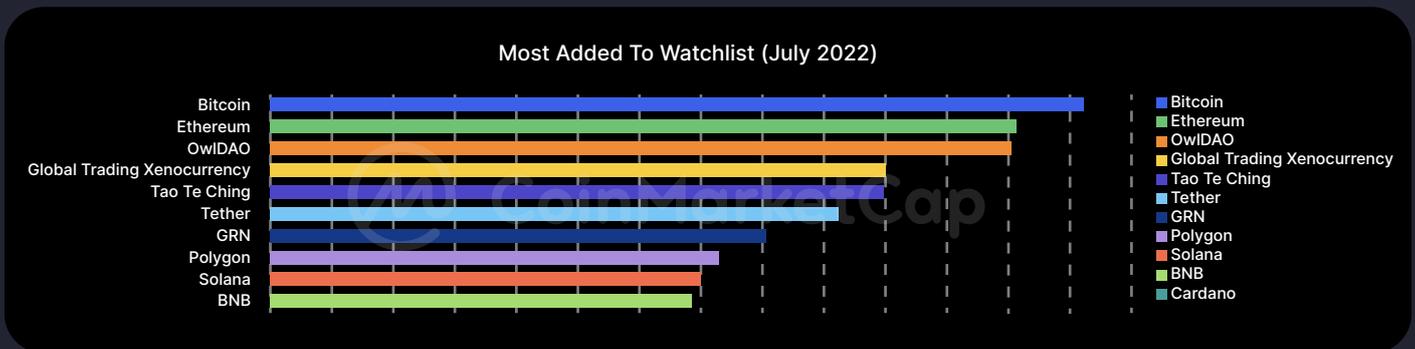
Zooming into the top 200 ranked cryptocurrencies, [Solana](#), [Bitcoin](#) and [Ethereum](#) take the top three spots for most viewed cryptocurrencies in August.

Solana saw a jump in mindshare from the fifth spot in July to the first in August. This is largely due to the following:

- The Solana hack that occurred on Aug. 2, where almost 8,000 wallets were drained of over \$5.8 million in SOL, Solana-based tokens and NFTs, according to [Elliptic](#). The hack originated from four wallets and targeted private keys of Solana browser wallets like Phantom, Slope, Solfare and TrustWallet. It was reported that there was no compromise of the Solana blockchain during the hack.
- However, not all was bad news — Solana’s “Validator Health Report” was released in August, which assessed the resilience and decentralization of the network. The report highlighted three key metrics: validator count, the Nakamoto Coefficient and distribution.
- There are over 3,400 validators across six continents of which 1,900 are consensus nodes that produce blocks and 1,500 are RPC nodes. More importantly, an average of 194 nodes were added monthly since June 2021.
- The Nakamoto Coefficient is a metric used to assess how decentralized a network is. Put simply, it is a measure of the minimum number of nodes needed to stop consensus. Solana scored 31, one of the highest amongst other proof-of-stake networks.
- Lastly, Solana’s distribution across geographies, data servers and entities that control nodes (88.14% of consensus nodes are independent parties) are reported to be generally widely distributed.

Leading crypto assets [Bitcoin](#) and [Ethereum](#) remained within the top three most viewed tokens. August saw an over 38% bounce of BTC from lows of \$18,000 in June to \$24,880, leading the rest of the crypto market relief rally. However, Ethereum clearly outperformed Bitcoin, as ETH to BTC gained over 50% from the start of July, and has seen a consistent uptrend since June lows. This is largely due to the anticipation and speculation leading up to the Ethereum Merge.

Which Tokens Were Most Added to the Watchlist?



Looking at the most added crypto tokens to the watchlist on CMC, we aim to break down which tokens users are most interested in or keeping an eye out for.

August saw [RichQUACK](#) taking top spot from Bitcoin, with over 229,000 users adding RichQUACK to the watchlist, more than double of the second-in-place, [Senso](#). RichQUACK is a BNB Chain-based memecoin which ranked first amongst BNB Chain projects by social activity. The strength of the community is one vital factor in memecoin success — RichQUACK has over 268,000 Twitter followers, 50,800 Telegram members and 19,400 Discord members and 2.17M added to watchlists on CMC. Note that these are just some of many metrics used to show the strength of the community.

Besides Bitcoin, other tokens that are consistently the most added to watchlist in July and August include: [Ethereum](#) (ETH), [Tao Te Ching](#) (TTC), [Solana](#) (SOL) and [BNB](#). While the presence of a strong community is clear for ETH, SOL and BNB, it is unclear for TTC, a BNB Chain-based token swap platform, with half of its 100,000 watchlist users added in the month of August alone.

Which Crypto Sectors Received the Highest Engagement?

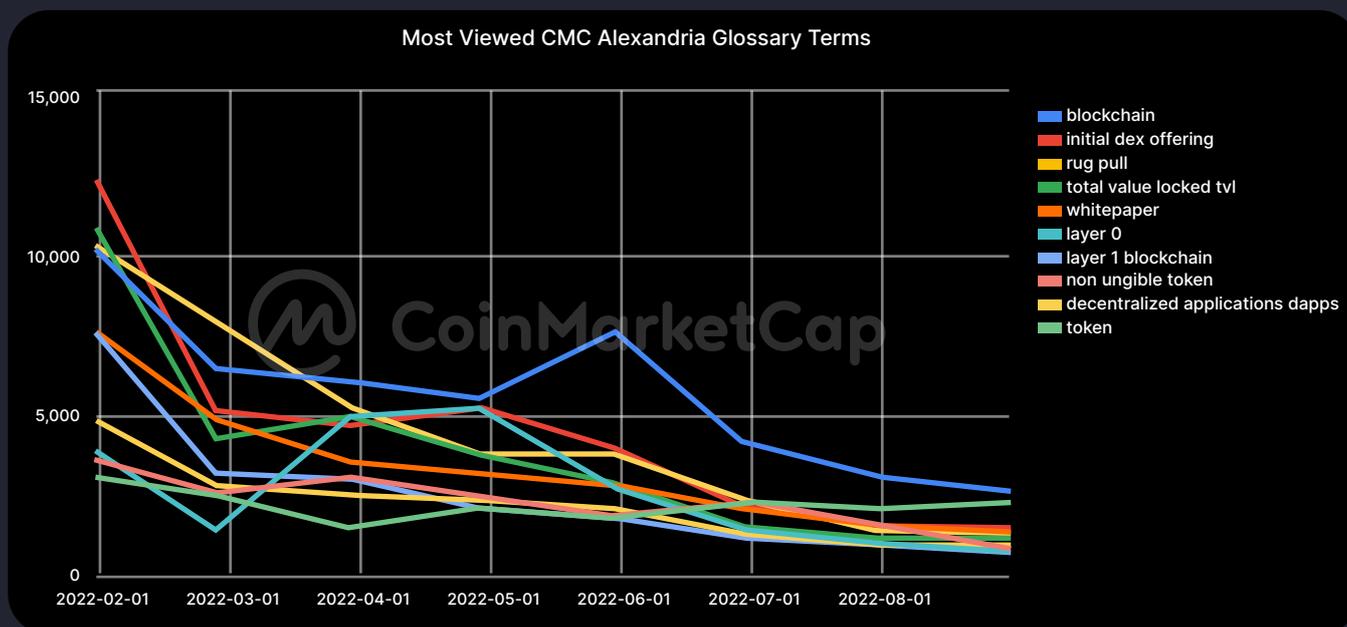
Crypto Sectors Engagement

JULY	AUGUST
Sector Name	Sector Name
Smart Contracts	DeFi
DeFi	Smart Contracts
Collectibles & NFTs	Collectibles & NFTs
Gaming	Memes
Memes	Doggone Doggerel
Doggone Doggerel	Centralized Exchange
Metaverse	Metaverse
Decentralized Exchange	Yield Farming
Play To Earn	Gaming
Yield Farming	Web3

Another proxy for retail interest, we look at the CoinMarketCap Community's engagement, defined as the combination of likes, posts and comments, for each crypto sector.

- Highly correlated to the most viewed sectors, **DeFi again took the top spot**. It must be noted that the freezing of crypto users' assets on centralized crypto platforms and these platforms' subsequent liquidations, like with Celsius and Voyager Digital, also highlighted the importance of the open and decentralized nature of DeFi to crypto participants.
- **Smart contract platforms fell from the top spot**, coming second. Likewise, with the ETH merge upcoming, numerous speculators and investors are involved with Ethereum, either to profit or speculate on a potential ETH proof-of-work hard fork.
- **The NFT and collectibles sector remains unchanged at third**. While already covered above, one thing to note is the importance of community for NFT projects. This is a crucial factor in differentiating between blue-chips and run-of-the-mill NFT collections or projects.

Which Crypto Terms Are Users Most Interested In?



Looking at the most popular glossary terms to peek into what users are learning and searching — we saw that even with an almost 99% drop in NFT trading volume on OpenSea from May 2022 to August 2022, CMC users still had an interest in looking up the definition of NFTs.

And as the Ethereum Merge date has been set for mid-September, several key terms surrounding blockchain scalability and consensus layers have seemingly become more important to understand.

However, as the onset of the bear market continues and prices drop, the search terms in general saw a downward trend in interest.

Highest Gainers for August

Top Gainers

#	Name	Price	30d	Volume(24h)
137	ABBC Coin ABBC	\$0.1896	▲278.11%	\$17,323,771
329	Santos FC Fan Token SANTOS	\$13.39	▲185.71%	\$46,298,328
208	Terra Classic LUNC	\$0.0002423	▲142.61%	\$504,315,033
320	S.S. Lazio Fan Token LAZIO	\$7.44	▲130.97%	\$23,835,821
217	Bitgert BRISE	\$0.0000008909	▲116.29%	\$3,724,361
236	Ergo ERG	\$4.36	▲108.75%	\$10,870,569
360	FC Porto Fan Token PORTO	\$6.93	▲101.34%	\$32,079,960
472	RAI Finance SOFI	\$0.1612	▲83.58%	\$17,112,029
111	Flux FLUX	\$1.09	▲80.97%	\$16,253,655
167	Tribe TRIBE	\$0.2788	▲74.22%	\$4,532,351

coinmarketcap.com/gainers-losers/

[ABBC Coin](#), a blockchain payment and digital wallet provider, takes the top spot in August, with a 278% monthly gain and a peak gain of 459%. Various reasons could be attributed to the rally, including the launch of its crypto-only “online shopping mall” Buyaladdin on Aug. 19. Interestingly, CEO Jason Daniel announced that 1 ABBC will equal \$100 when shopping at Buyaladdin. ABBC is currently trading at around \$0.1976 apiece. ABBC also launched DOMINO DEX, the native decentralized exchange in its ecosystem, in August.

Three of the ten top gainers are fan tokens, specifically, fan tokens from the Binance Fan Token platform — Santos FC, S.S. Lazio and FC Porto. In 2021, Binance Fan Token launched with the three football clubs mentioned above, and claims to “redefine the fan experience” through special benefits and privileges, enabled by blockchain technology.

Since launching in 2021, all three fan tokens have plummeted in value, with a maximum drawdown ranging from 90% to 95% — however, the start of August saw massive gain in price by fan tokens, [outperforming](#) most of the market.

Various reasons were cited for the rally, including the start of the football season, performance of the football club, the perceived undervalued sector with potential to serve billions of sports fans worldwide, the launch of Binance [NFT ticketing for Lazio](#), or possibly a speculative pump.

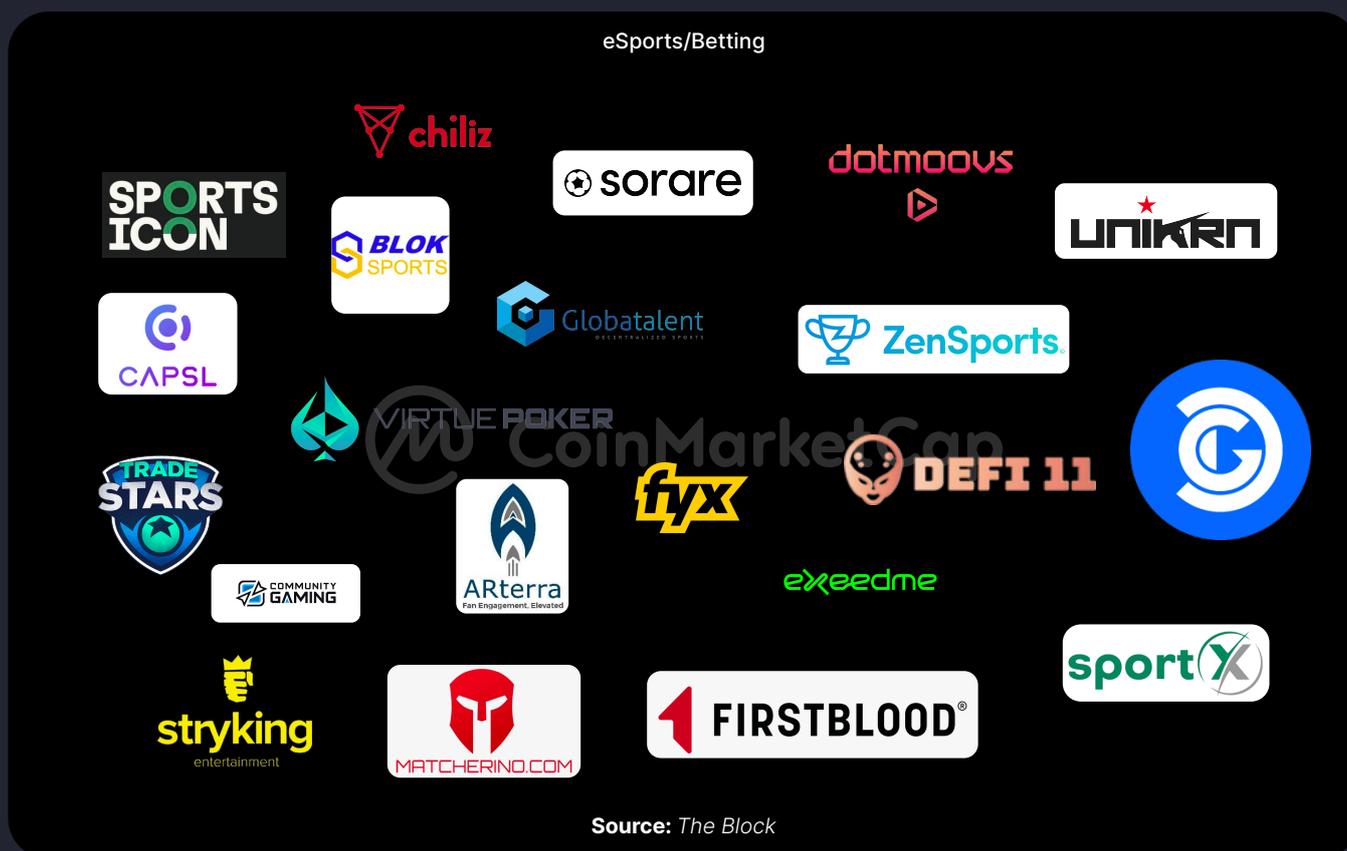
Fan token sector is currently [valued](#) at \$428M, mainly dominated by two platforms — Binance Fan Token and Chiliz (socios.com). While Binance Fan Token only has four out of the 59 fan tokens listed (the three football clubs and Alpine F1 Team), it makes up 54.5% of the total valuation of the sector. Investors are placing a premium on teams listed on Binance Fan Tokens, likely due to the greater reach of Binance and more features on offer.

The global sports industry is [valued](#) at \$354.96 billion in 2021, and expected to reach \$707.84 billion in 2026, with a CAGR of 9%. While not a direct comparison, the fan token sector is a mere 0.12% of the global sports industry, with massive potential and room for growth, should fan tokens find a product-market fit and scale.

Further, the intersection of the sports industry and crypto continue to grow. Socios.com lists over 150 sports teams and counting, with globally renowned sports teams across football, motorsport, MLS and more. World famous athletes like Cristiano Ronaldo, Kylian Mbappé and Lionel Messi have teamed up with Binance, Sorare (a NFT fantasy football platform) and socios.com respectively.

According to [Nielsen Sports](#), 84 crypto-sports marketing deals were signed in the first three quarters of 2021 alone, up 664% from 2019. Just to name a few: FTX and crypto.com reportedly paid \$135 million and \$700 million respectively to the naming rights of pro U.S. basketball stadiums, VeChain forked out \$100 million to have its logo in the UFC (Ultimate Fighting Championship) arena, while Bybit and crypto.com respectively signed a \$150 million and \$100 million deal to have their logos plastered on Formula One (F1) racing cars — out of 10 F1 teams, eight have crypto sponsors.

Whether these multi-million dollar deals were signed for the main purpose of raising brand awareness amongst billions of global sports enthusiasts, or the crypto and sports industry see synergies to create killer crypto super-apps, remains to be seen. However, it has spurred sectors like fan tokens, and gambling or esports platforms



As mentioned earlier in the report, gambling is another sector which saw a substantial increase in market cap. In 2021, the global casino and online betting industry was worth \$231 billion, while the sports betting industry was worth \$76.75 billion. In contrast, the crypto gambling category market cap is \$133.1 million, a mere 0.04% of the two aforementioned industries combined. However, it must be noted that the CMC's gambling sector market cap only includes projects with tokens, while The Block's categorization also includes platforms and companies without tokens.

Another factor not included within the calculation of the crypto gambling market cap are "non-crypto native" online gambling platforms, i.e. platforms that started out without focusing on cryptocurrencies. These applications tend to offer, on top of other forms of payments, Bitcoin as the leading cryptocurrency. Other crypto options like Ethereum, Ripple, Litecoin and more may also be included.

Regulatory concerns notwithstanding, cryptocurrencies and online gambling industry have numerous synergies — including being a secure, private, near-instantaneous form of transaction ideal for online transactions. It is no surprise that one of the early Bitcoin use cases include being used in online poker tournaments.

FUNToken, CoinPoker and Atari Token, the top three tokens in this vertical making up almost 80% of the total category market cap, saw a spike in price in August, likely due to the uptrend in Bitcoin and the general crypto market. FUNToken offers online casino games, while CoinPoker is poker-focused, and Atari offers a wider range of classic video games and online betting, and a native Atari blockchain.

Finally, Terra Classic also saw a rally since mid-August, reaching 215% at the peak. This is due to the community burning over 3.5 billion LUNC tokens and staking over 528.8 billion LUNC, alongside introduction of governance proposals. The 1.2% burn tax proposal is also due to be released on Sept. 12.

Chapter 3: Frontier of the Crypto Market

The CoinMarketCap listing team shares...

Key Themes for August 2022

Layer 2 Solutions

Based on CoinMarketCap listing data and sentiment, the CMC team sees a **discernible uptick in interest in layer 2 solutions**.

As the Ethereum Merge is approaching — an upgrade that aims to solve some of Ethereum’s scalability problems — the CMC team expects to see a tandem interest towards the end of the year in these layer 2 solutions that will continue to compete with each other and build on the Ethereum network.

One network to note is Arbitrum, a layer 2 Ethereum scaling solution that has not yet put out its own token. The launch of its Nitro upgrade in August sets up developers to work on the network more easily, and has attracted interest from the DeFi community that brought its TVL to the largest among L2s.

Another layer 2 solution attracting interest is BNB Chain’s zkBNB, a zero-knowledge-proof-based scaling solution that aims to solve issues in the GameFi and social DApp space. The zkBNB testnet was launched in early September, with plans to launch the mainnet by the end of 2022.

If this overall interest in layer 2 continues to rise, we anticipate a rise in the number of layer 2-related coins and tokens listed on CoinMarketCap.

Blockchain Optimizations (Besides Layer 2, ZKRollups)

Beyond Ethereum, the CMC team has seen a general trend of interest in **layer 1 blockchains with optimization solutions that aim to solve the ongoing issues of transaction speed, high fees and more**.

Three layer 1 blockchains have stood out in their goals to optimize and scale.

Aptos, a blockchain built with its native language Move, plans to launch its mainnet in winter 2022. Aptos Labs claims to solve problems of scalability with hybrid custodial options, a modular approach for transaction processing and embedded on-chain management protocols.

Quai Network aims to solve the scalability problem by running 13 blockchains in unison, using both sharding and what they refer to as proof-of-stake 2.0. However, Quai actually runs on proof-of-work, a consensus mechanism that they claim gives them significantly more transaction throughput due to their decentralized network validator sets and tangible value creation.

Sei Network, a DeFi layer 1 blockchain, aims to be a use-specific blockchain (when comparing general-purpose chains like Ethereum and specific chains like Osmosis). Sei aims to optimize their layer 1 blockchain’s scalability by using a built-in order matching engine and frontrunning protection.

Real Yield

The CMC team also predicts a rising interest in the “real yield” narrative. Real yield refers to the share of a protocol’s revenue as denoted in a “traditional” cryptocurrency like ETH or stablecoin USDC, while yield is a share of a protocol’s revenue in a project’s native token.

Regular “yield” in this case could have liquidity issues down the line for the receiver, as native tokens are often distributed at sky-high APYs that can’t be long maintained. Projects that offer real yields in ETH or stablecoins may be seen as a positive shift away from the days of unsustainable yield farming and into a DeFi space that would give actual revenue back to users.

Olympus DAO and the associated Olympus forks — a DeFi 2.0 trend that offered token holders large APYs for staking native own hyper-inflationary currencies within these protocols— also may be on their way out as the real yield narrative takes more prominence in the DeFi space.

What’s Being Built?

Decentralized Apps

Based on their market and listings interactions, the **CMC team is also seeing a rise in the creation of decentralized social apps**, specifically cloned versions of existing apps and websites that make the claim to decentralization. Two examples are Lens, a protocol from Aave Companies that offers an open-source tech stack to build infrastructure for social apps, and Radicle, which bills itself as a decentralized alternative to Github.

Other decentralized protocols that support the narrative of a rising interest in building social DApps are projects that aim to decentralize both the know-your-customer process, like Humanode, and every human’s social identity, like Worldcoin.

Binance Labs also recently led a funding round for a Web3 digital citizenship project called Lifeform. Lifeform plans on implementing decentralized visual digital identity (DID) solutions to foster interoperability between the digital and the physical.

Domain Names

An **increase in interest in personalizing domain names through projects like Ethereum Name Service**, which allows users to generate .eth nicknames for their long, complex cryptographic addresses, has also been noted by the CMC team. Binance Smart Chain also offers a naming service known as BNS, allowing users to pick a native suffix like .bsc or .bnb. It is also possible to use BNS with DNS names that you already own, even if they end in more traditional domains like .com or .org, or crypto ones like .xyz. Solana is another blockchain that offers its own native domain naming service, allowing users to create .sol domain names.

The belief in the Web3 space is currently that personalized, decentralized domain names could eventually overtake centralized, traditional domains like .com.

What's Being Funded and How?

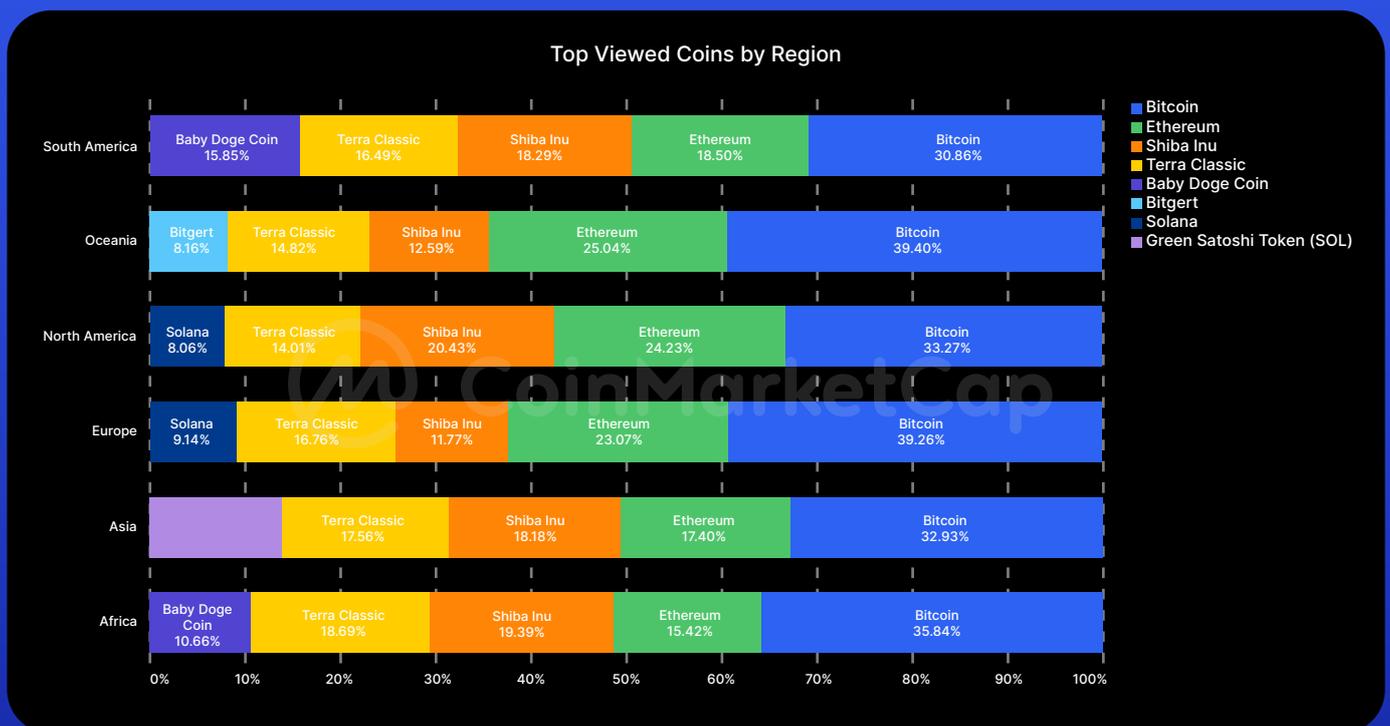
Financing

After the rise and fall of the GameFi wave this year, the CMC team believes that financing might now be funneled instead towards more sustainable play-to-earn games. However, the CMC notes that funding for NFTs and metaverse-related projects is still quite high and shows no signs of slowing down.

DeFi protocols will continue to fundraise through the use of their own tokens, like Aave and Curve as example, according to the CMC team.

Chapter 4: Crypto Users Around the World

Top Coins From Regions



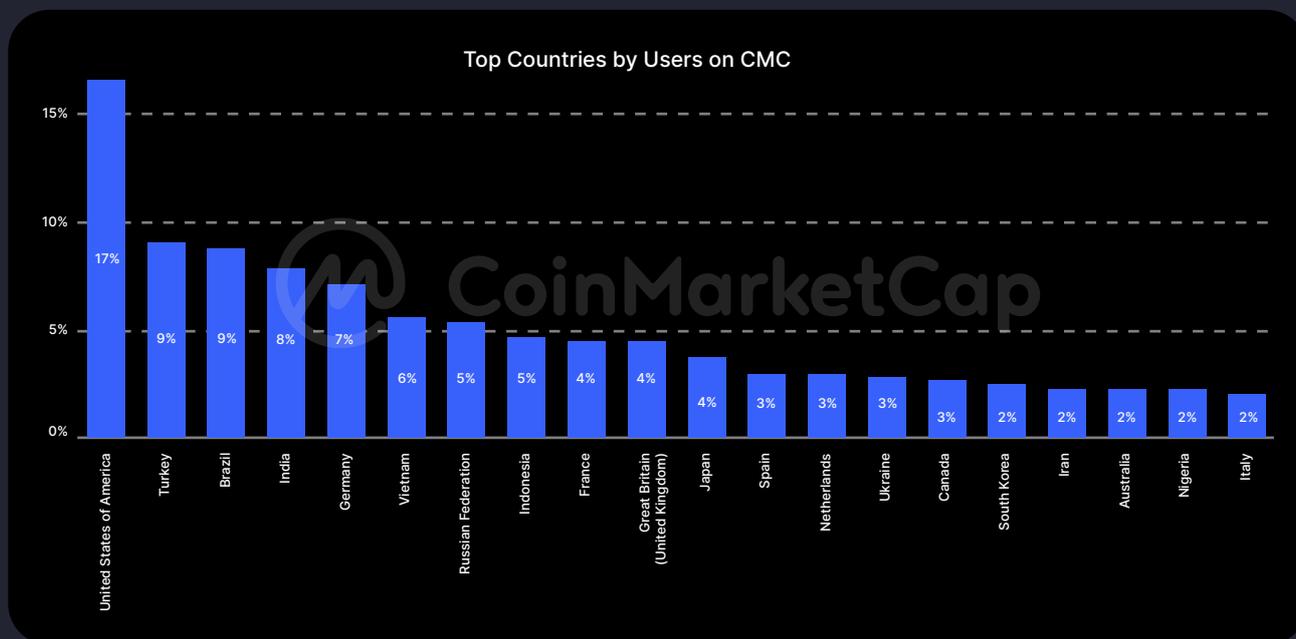
South America has long been in the spotlight as a crypto hotspot, especially with the rise in play-to-earn gaming over the past few quarters. However, the top coins in the LATAM region are not P2E or Web3 tokens, but crypto classics like Bitcoin and Ethereum. The inclusion of a high interest in Terra Classic across South American CMC users is not unique to the region — the crash of the entire Terra stablecoin system in May 2022 meant that the coin's page on CMC attracts interest from anyone, anywhere in the world who read about the collapse.

Notably, **only South American and African users had an interest in memecoins beyond Shiba Inu**, potentially pointing towards a stronger trend in memecoins for developing regions.

Europe and North America were also the only two regions to show an interest in visiting the Solana coin page on CMC, which is the only coin across all top regional interests that is not Bitcoin, Ethereum, a memecoin or a collapsed project. European and American interest in a coin outside the boundaries of BTC/ETH and memecoins could show a more serious investor interest in those regions in blockchain scalability solutions.

Play-to-earn games are top of mind for CMC users in Asia, which was the only region to have a leading interest in a P2E token: STEPN's Green Satoshi Token. The coin is used as part of the move-to-earn STEPN ecosystem, and was a wildly popular way to exercise in Asia until China-based STEPN users were blocked in July 2022 over regulatory concerns.

Top Countries on CMC



Considering that CMC is the top of the funnel for many people searching for more information about cryptocurrency, we can extrapolate that an influx of visitors from a certain country means that there is a certain amount of crypto interest in that area.

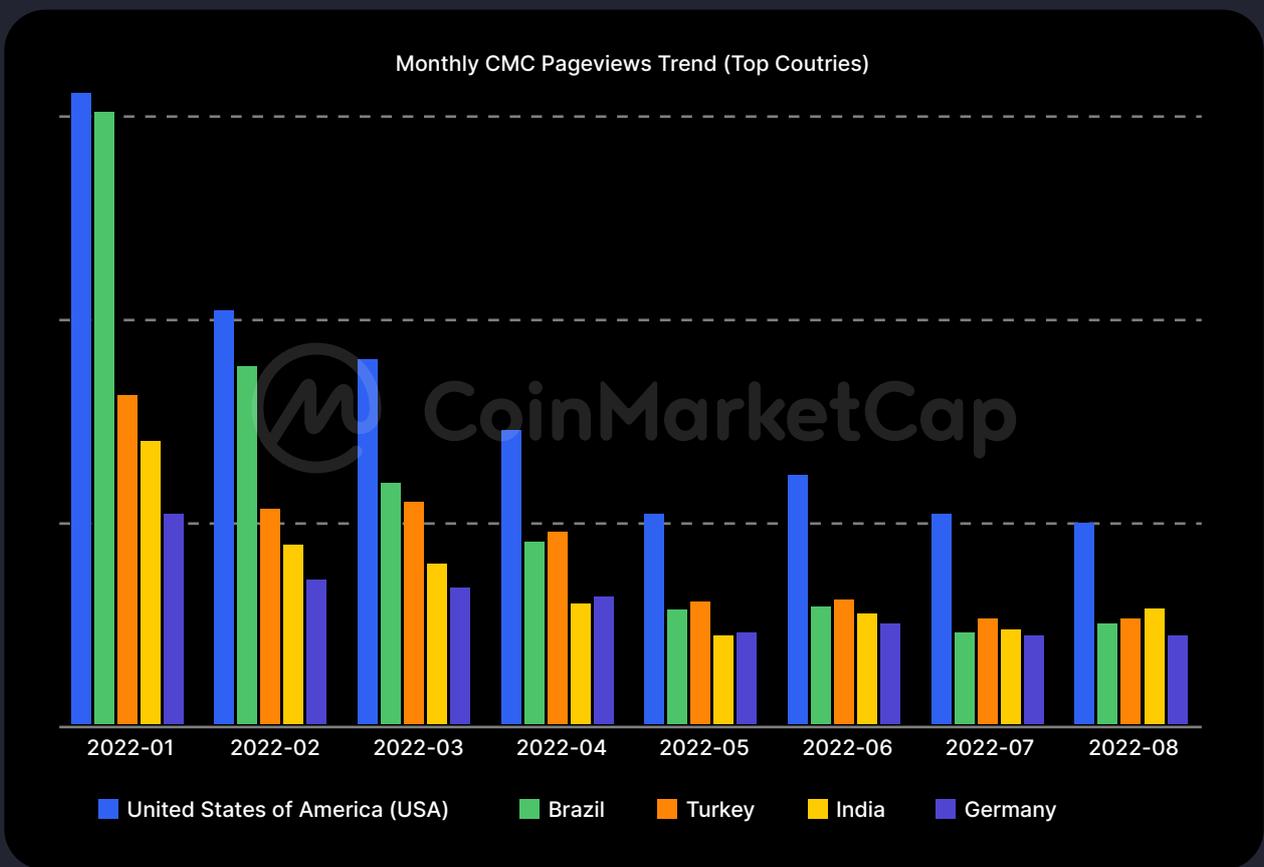
At the top of the list, the majority of CMC users are coming from America. Even though cryptocurrency is a global phenomenon, U.S. users visiting CMC almost triple the amount of users from the next largest country on the list. Over the past year, there has certainly been enough crypto developments in the U.S. to pique its citizens' interests. The year began with a U.S. Department of Justice arrest in the case of the 2016 Bitfinex hack, with \$3.6 billion in stolen Bitcoin seized, and continued in the spring with a roadmap from President Biden setting out the future of digital asset regulation.

The next largest countries coming to CMC all share a similar story of high inflation, an economic phenomenon that often leads to a surge in crypto interest.

Turkey has a reported nearly 80% inflation rate as of August 2022. The country's government has tried to introduce a bill that would restrict the use of crypto for over a year, but the legislation has not made its way through parliament yet.

Brazil not only saw an inflation rate of over 11.39% in July 2022, but two new crypto brokerages also launched in the country over the summer. The largest investment bank in Brazil, BTG Pactual, launched a crypto platform in July 2022, shortly followed by Brazilian brokerage XP.

Somewhat surprisingly, Ukraine does not make the top ten in the list, despite relatively heavy news coverage of the country's use of cryptocurrencies to get financial support in the Russian war. However, we cannot rule out that Ukrainians may be using a local crypto data tracker as opposed to using CMC.



US Users



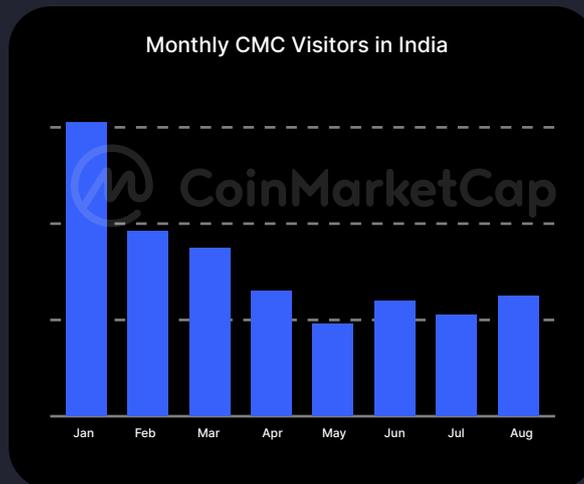
GB Users



The charts in this section show the trend in CMC traffic in various countries, filtered with the criteria of high engagement users, thereby alluding to a higher-quality assessment of trend.

American and British CMC users had a similar visitation pattern — both groups tended to visit CMC in correlation with the rise and fall of the overall crypto market cap. When the market was down, they came to CMC less, when the market was up, they came more.

India Users



On July 1, 2022, the government in India introduced a new cryptocurrency tax that imposed a 1% levy on all cryptocurrency transactions. However, CMC has only seen a slight uptick in Indian users in the month after the bill, which could point to the fact that Indian users won't be deterred from their interest in crypto over this tax.

Japanese Users



Japanese users visited CMC more consistently, regardless of the overall market movement. This can be attributed to the region's interest in move-to-earn games like StepN, whose GST token price movement was uncorrelated with that of Bitcoin's.

Thank you.

