



ACCORDING TO CoinMarketCap

Q1 2023



Table of Contents

Section 1: Crypto Market Overview

- ◆ SVB Banking Crisis
- ◆ Growing Sectors
- ◆ New Projects

Section 2: Unwrap CMC Data – Market Sentiment

- ◆ Most Viewed Sectors on CMC in Q1 2023
- ◆ Top Coins in Most Viewed Sectors
- ◆ Most Added to Watchlist in Q1 2023
- ◆ Sectors With Highest Engagement on CMC Community
- ◆ Top Gainers in Q1 2023

Section 3: CMC Listing Team Insight – Frontier Trends

- ◆ NFT Market Shifts
- ◆ Layer 2s & Ethereum Shanghai Upgrade
- ◆ Stablecoin Crackdown
- ◆ Artificial Intelligence
- ◆ Chinese Coin Narrative

Section 4: Crypto Users Around the World



CoinMarketCap Research is CoinMarketCap's newly-formed research arm. It aims to leverage our data analysis and bring unique insights into the crypto market. We look to collaborate with other industry-leading voices and create a platform for people to learn and share their passion for crypto.

Section 1: Crypto Market Overview

SVB Banking Crisis

The current global crypto market cap stands at \$1.185 trillion (+50% YTD), with a 24-hour trading volume of \$48 billion (+137% YTD). The market has seen largely sideways actions in Q1 2023.

The month of March has been particularly volatile. The dip in the total market cap around March 9 to 11 represents the impact of the Silicon Valley Bank banking crisis and its knock-on effect, where the crypto market cap plummeted by a significant \$87 billion (-8.6%) within a mere two-day period.

This banking crisis had largely impacted crypto in two ways:

Total Cryptocurrency Market Cap Source: CoinMarketCap (<https://coinmarketcap.com/charts/>)



USD Coin to USD Chart

Source: CoinMarketCap (<https://coinmarketcap.com/currencies/usd-coin/>)



#1 It triggered the depegging of the USDC stablecoin from the dollar (to \$0.88), leading to a massive [chain reaction within DeFi](#). That's why within the 2-day crisis period, the following sectors saw the most severe drop in market capitalization: Gambling(-74%); Yield Aggregator (-15%); Lending & Borrowing (-8%).

#2 The banking crisis had a significant impact on asset flow as investors fled to safer assets. Fear and uncertainty caused people to withdraw from smaller cap altcoins and move towards larger, safer assets such as BTC and ETH. Normally, investors would have the option of parking their funds in stablecoins, but the depegging prompted a further rush to flee to safety. As a result, [BTC](#) prices quickly bounced back and rose by 42% and [ETH](#) prices rose by 27% in the 10 days following the event, driving the uptick in the total market cap during the second half of the month.

Bitcoin to USD Chart

Source: CoinMarketCap (<https://coinmarketcap.com/currencies/bitcoin/>)



Growing Sectors

Despite the current turbulent state of the market, these are the sectors that have been experiencing significant growth:

ETH2.0 Staking (+79%) has seen a remarkable market cap increase, which is primarily driven by the Ethereum Shanghai upgrade and the Lido V2 release.

Rollups (+67%) fueled by various factors including the Arbitrum airdrop, Coinbase's announcement of Base - an open source Ethereum L2 designed to convert more users to web3, and Matter Labs' announcement of the zkSync mainnet launch.

Storage (+9%) was largely driven by the filecoin price pump as part of the Chinese Coin Narrative, driven by the potential regulatory easement in Hong Kong and liquidity injection in the Chinese economy. China related projects experienced a wave of price growth in the last week of February.

Market Cap with Most % Increase			
Sector Name	Market Cap (24hr) 29th March	Market Cap (24hr) 1st March	Market Cap % change
ETH 2.0 Staking	10,337,039,681	5,769,079,778	79.18%
Rollups	3,367,307,794	2,015,175,264	67.10%
Storage	5,824,334,144	5,342,417,222	9.02%
VR/AR	274,591,081	263,257,502	4.31%
Smart Contracts	310,982,903,923	298,647,654,952	4.13%

New Projects

In terms of the frontier of the crypto market, the newest projects that are getting created, built, whose tokens are newly launched & listed, these sectors truly marked the listing/growth trend in March:

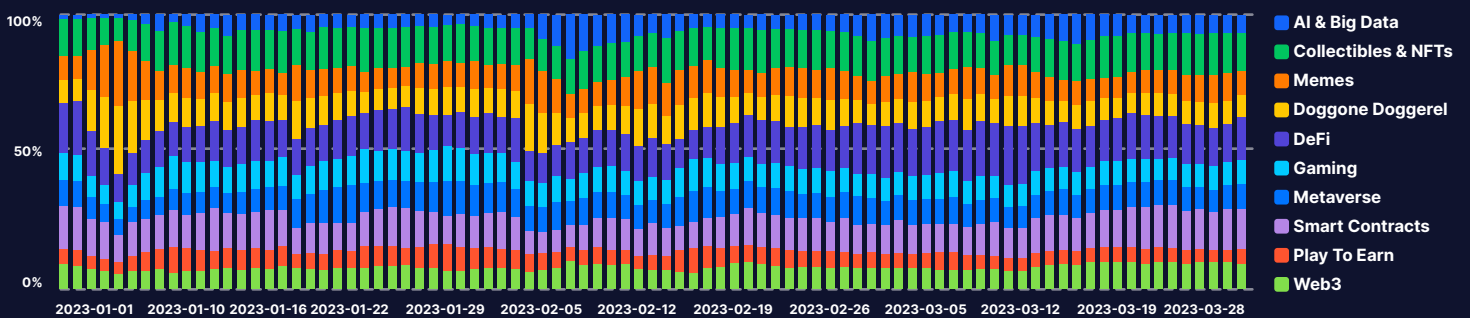
Token Listing with the Most % Increase			
Sector Name	Number of Crypto Tokens March End	Number of Crypto Tokens 1st March	No. Listing Change
Collectibles & NFTs	271	245	26
Gaming	200	174	26
DeFi	274	251	23

Section 2: Unwrap CMC Data - Market Sentiment

With over 100 million visits per month, CMC is able to collect the data on what coins the market is looking at, how active people are at commenting, liking, following certain projects/sectors, this proprietary data paints a bigger picture on the crypto market sentiment.

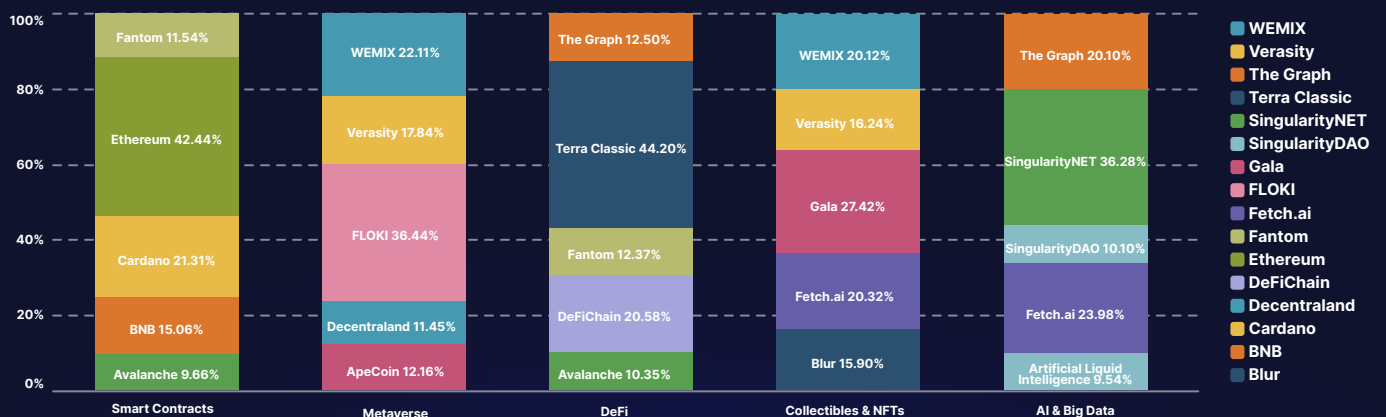
Within this turbulent market, we still saw some sectors attracting strong interests – this chart shows which sectors were most viewed on CMC this month.

Most Viewed Sectors on CMC in Q1 2023



- Q1 2023 saw a huge increase in interest in Collectibles & NFTs; Compared with Q3/Q4 2022, where DeFi and Smart Contract dominated.
- New sector: **AI tokens** — interest surged following price rally and AI narrative from OpenAI's ChatGPT launch. Notable tokens: **GRT** (YTD +171%); **AGIX** (YTD +857%); **FET** (YTD +313%); **OCEAN** (YTD +125%); **NMR** (YTD +54%)

Top Coins in Most Viewed Sectors



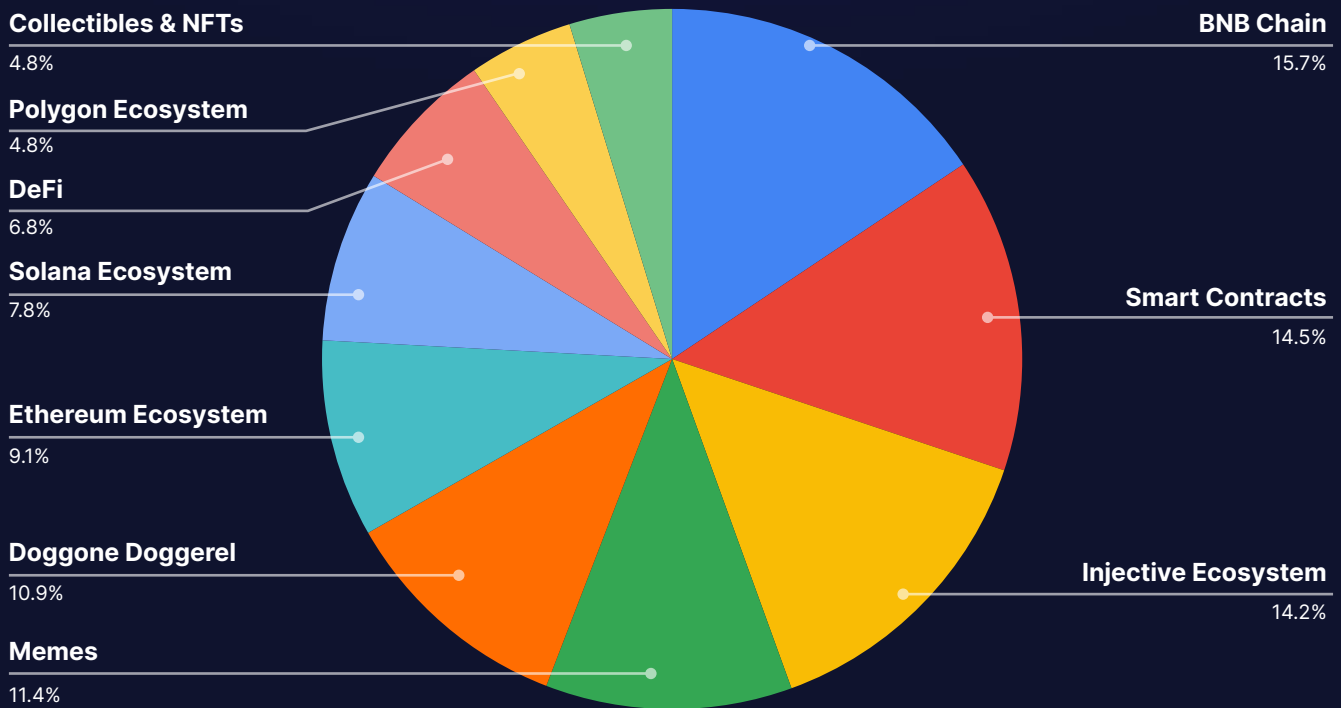
- [DeFi](#) interest mainly due to Terra Classic, 48.5 billion LUNC tokens burned out of a total supply of 5.9 trillion, 50% by [Binance](#). News of founder Do Kwon detained in Montenegro
- [Smart Contracts](#) interest mainly in Ethereum, due to upcoming Shanghai Upgrade slated for sometime in April 2023
- [Collectibles & NFTs](#) also a sector of high interest, partly due to Blur's highly anticipated airdrop, which saw it overtake OpenSea in various metrics, including: weekly trade volume, weekly trade count and royalties fee.
- Under [Collectibles & NFTs](#), most viewed is [GALA](#) (YTD +147%), despite relatively less hype compared to NFT marketplaces. Gala is [building](#) out Gala Games, Music, Film, Metaverse and its own L1 blockchain — GYRI.

Most Added to Watchlist in Q1 2023

Crypto	Rank	Added to Watchlist
DeFiChain	218	842,151
Bitcoin	1	239,796
BNB	4	181,415
XRP	6	158,754
Bitcicoin	396	95,181
Ethereum	2	95,100
Edgecoin	225	76,170
Polygon	8	70,458
Syscoin	199	68,380
SingularityNET	80	64,769

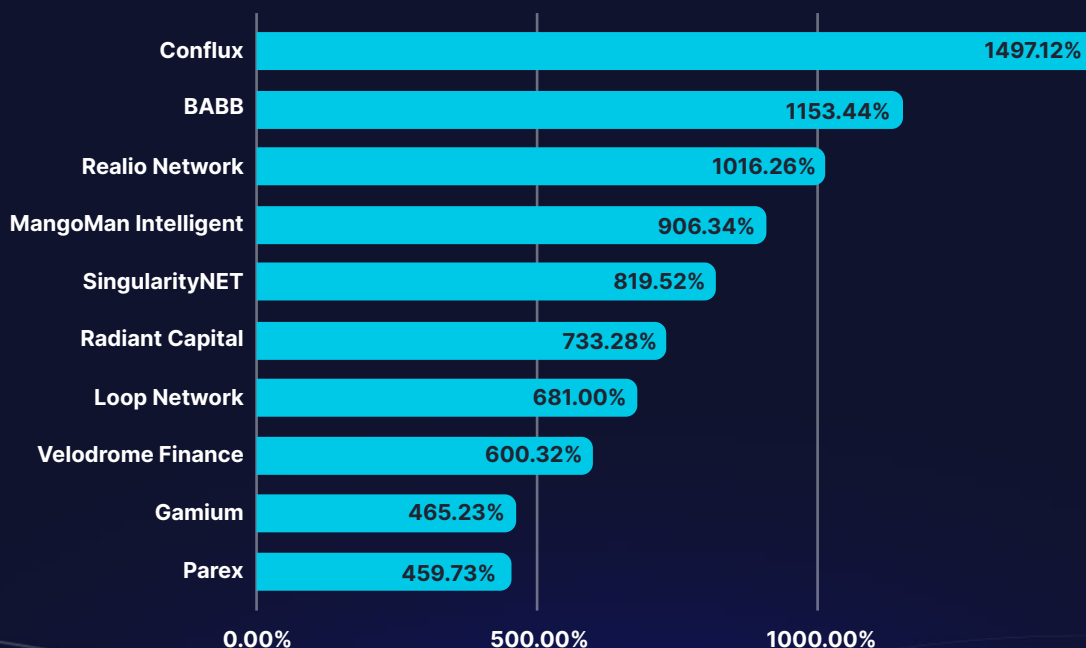
- Most added to the Watchlist this quarter is DeFiChain ([DFI](#)), which is a DeFi on BTC focused project. This could be driven by DFI launching the Learn & Earn campaign with CMC. In addition, AI related SingularityNET, as well as Polygon have both seen material increase in Watchlist user amount.

Sectors With Highest Engagement on CMC Community



- Engagement takes into account likes, posts, comments; Most popular sectors on [CMC Community](#) are BNB Chain, Smart Contracts and Injective Ecosystem

Top Gainers in Q1 2023



- Filtering for tokens with significant trading volume, the highest gainer is Conflux (CFX) — the only compliant, public blockchain in China. This rally was largely driven by the China narrative, and partnerships with China Telecom, Xiaohongshu and XCMG
- AI narrative tokens include: SingularityNET (AGIX)
- Other tokens aim to disrupt traditional sectors: BABB (BAX) to banks; Realio Network (RIO) to Private Equity;
- Radiant Capital (RDNT) launched as a lending market on Arbitrum, with plans to expand cross-chain using LayerZero. It has recently launched V2 and expanded to BNB Chain.
- Velodrome Finance (VELO) is a Optimism-native decentralized exchange that is based on the Solidly model developed by Andre Cronje. It has the highest total value locked in the Optimism ecosystem.

Section 3: CMC Listing Team Insight - Frontier Trends

NFT Market Shifts

The NFT market has seen a surge in popularity in Q1 2023 due to a few factors. In October 2022, Blur launched and hoped to tempt NFT traders away from competing platforms with improved incentives — including a point-based reward system for the \$BLUR token airdrop. The airdrop happened in late February which has driven significant growth in NFT marketplace activities, with current Blur 30-day volume surpassing \$1.35 billion, nearly three times that of OpenSea.

In late January, the launch of Ordinal Inscriptions enabled the “Bitcoin NFTs” trend. Since then, several prominent projects have announced their plans to launch NFTs on BTC. Yuga Labs, known for their successful Bored Ape Yacht Club NFT collection, recently released their Twelve-Fold NFT collection on Bitcoin in March. The collection sold 288 pieces at auction and raised 735.7 BTC.

The corporate adoption of NFTs is also on the rise, with Amazon announcing its plans to launch an NFT marketplace in April on an EVM-compatible blockchain. Lastly, the successful launch of the new batch of Starbucks NFTs has driven confidence in the market.

All these factors combined have led to the increased popularity of the NFT market in Q1 2023.

Layer 2s & Ethereum Shanghai Upgrade

The Layer 2 landscape saw a plethora of major developments in Q1 2023. These include Coinbase's announcement of its own Layer 2 platform, Coinbase Base, the popular Layer 2 project Arbitrum launching its governance token ARB through an airdrop, and the continued development of ZKRollup technology.

Launched on February 23, Coinbase Base is designed to supplement Ethereum and provide developers with a simplified on-chain development environment. Built in collaboration with Optimism, Coinbase plans to use Base to bring more users into web3 by reducing barriers to entry and providing a simple on-ramp from Coinbase and other interoperable chains.

On March 24, ZkSync announced the launch of their zkEVM mainnet alpha — zkSync Era. The platform is the first zero-knowledge layer 2s to deploy its mainnet and is a direct competitor to optimistic rollup-based L2s like Arbitrum, Optimism and Base. Polygon zkEVM mainnet beta launched a few days later on March 30.

The Ethereum Shanghai upgrade remains one of the most anticipated developments of the year. Scheduled to go live on April 12, the new upgrade will allow users to withdraw their staked ETH and claim their staking rewards. According to current estimates, approximately 15.5% of the supply is currently staked, of which only a fraction can be unstaked each day due to rate limiting.

Stablecoin Crackdown

Following the SEC crackdown on stablecoins in January, Binance started to roll back its operations relating to BUSD.

Moreover, USDC experienced a black swan event in mid-March, after it was revealed that parent company Circle had \$3.3 billion of its cash reserves held at the now-liquidated Silicon Valley Bank. At peak fear, the stablecoin fell to under 88 cents — depegging by more than 13%. Its market capitalization shrunk by more than 25% in Q1, while USDT's grew by 20% over the same period.

Artificial Intelligence

Following the release of ChatGPT in November 2022, many AI-based blockchain projects experienced significant growth in both price and trading volume — fueled by renewed interest in AI and its potential.

Early market entrants including SingularityNet (\$AGIX) and Render (\$RNDR) recorded over 800% and 190% growth respectively in Q1 2023. Meanwhile, a host of prominent new blockchain/AI projects launched — including Bittensor (\$TAO) and CryptoGPT (\$GPT).

Meanwhile, TRON committed \$100 million in grants to help nurture AI projects building on the blockchain.

Chinese Coin Narrative

The last quarter saw the explosive growth of various so-called “Chinese coins”, including Conflux Network, a hybrid permissionless blockchain that claims to be approved by the Chinese government; and Nervos Network — a multi-layer blockchain for decentralized applications.

The rise of this narrative may be at least partly owed to Hong Kong’s plans to form a crypto hub — presumably bringing with it a favorable regulatory environment.

Section 4: Crypto Users Around the World

Top Viewed Coins by Region



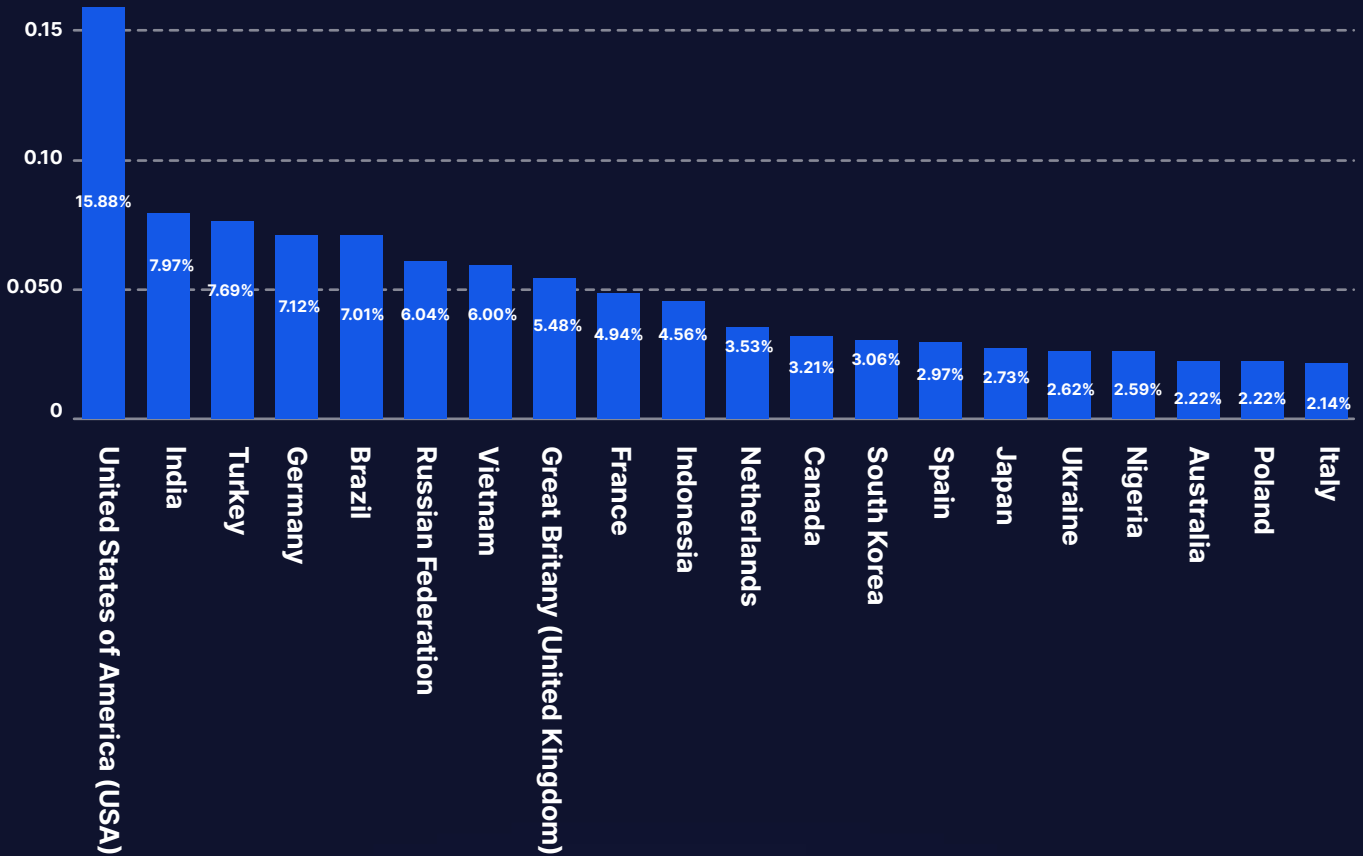
Interest surrounding the different cryptocurrency niches and sectors showed only minor regional variation in Q1, 2023.

Bitcoin (BTC) dominated the ranking as the most viewed coin across all regions. Meme coins like Shiba Inu (SHIB) and Baby Doge Coin (BABYDOGE) were popular across all regions — but least so in Europe. SingularityNet (AGIX) also saw a great deal of interest in South America alongside general increased attention toward AI coins.

Africa and Asia deviated from the standard pattern seen in other regions. With Pi Network (PI) gaining 15.76% and Terra Classic (LUNC) netting 11.4% of views in Asia, whereas Core DAO secured 13.69% of views among African users.

Polygon and Solana gained a great deal of attention as Ethereum alternatives in Q1 2023, whereas XRP saw renewed interest in Oceania and North America.

Top Countries by Users on CMC





coinmarketcap.com

[@coinmarketcap](https://twitter.com/coinmarketcap)