

CoinMarketCap x TokenInsight

Crypto Market Report

2022 Q3

Table of Contents

Market Overview	3
Ethereum Merge	5
Tornado Cash Sanction	8
Stablecoins	11
DeFi Market	13
NFT Market	20
New Layer1 Platforms	25

About



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.

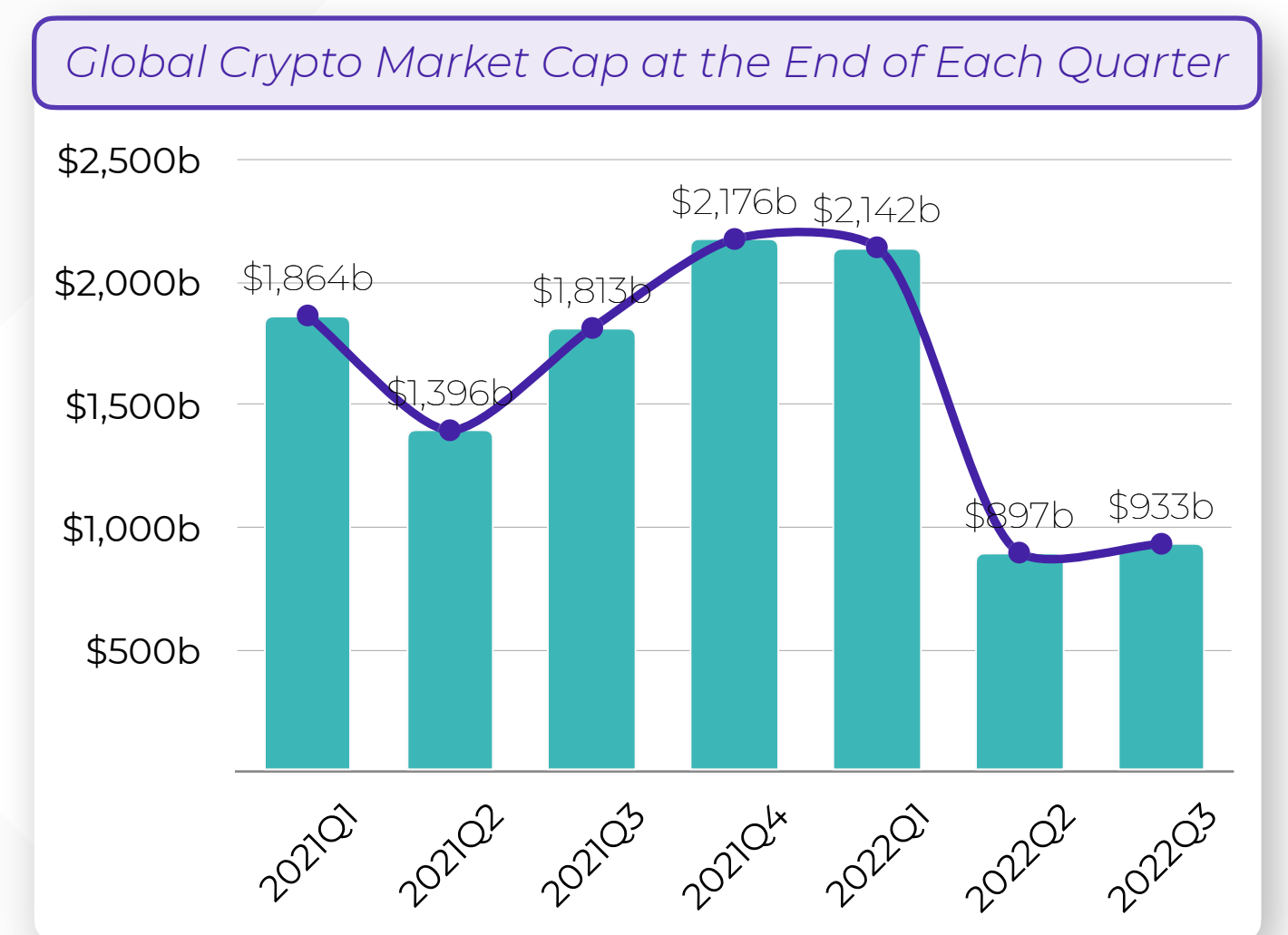
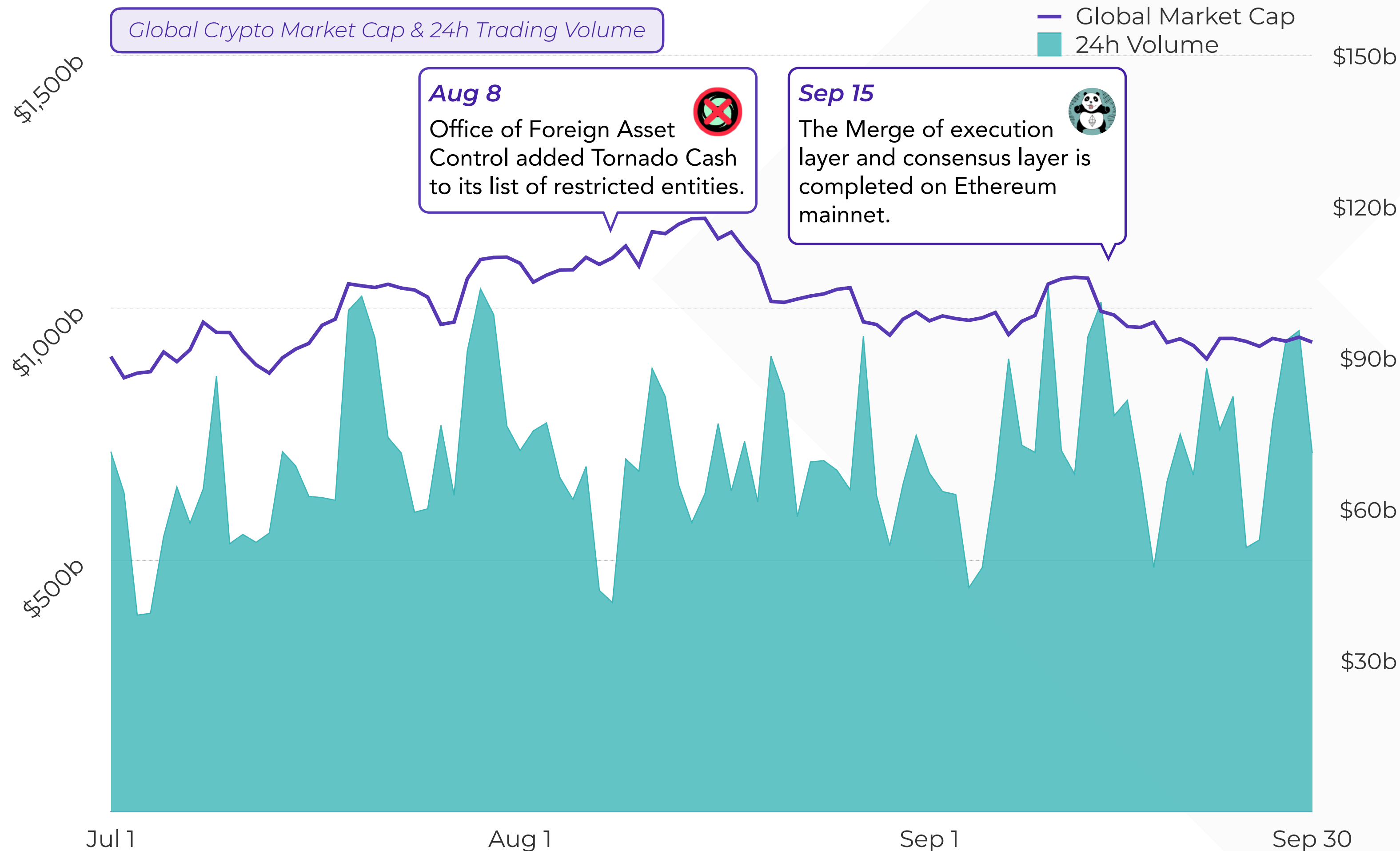


TokenInsight is a data-driven blockchain institution, we're committed to providing market intelligence: ratings, industry research, and data.

Through our comprehensive blockchain industry classification system and proprietary rating research mechanisms, TokenInsight continuously helps investors find value in blockchain and navigate uncertainties in the digital assets market.

Market Overview

Tornado Cash sanction and ETH merge had little impact on global crypto Market Cap.

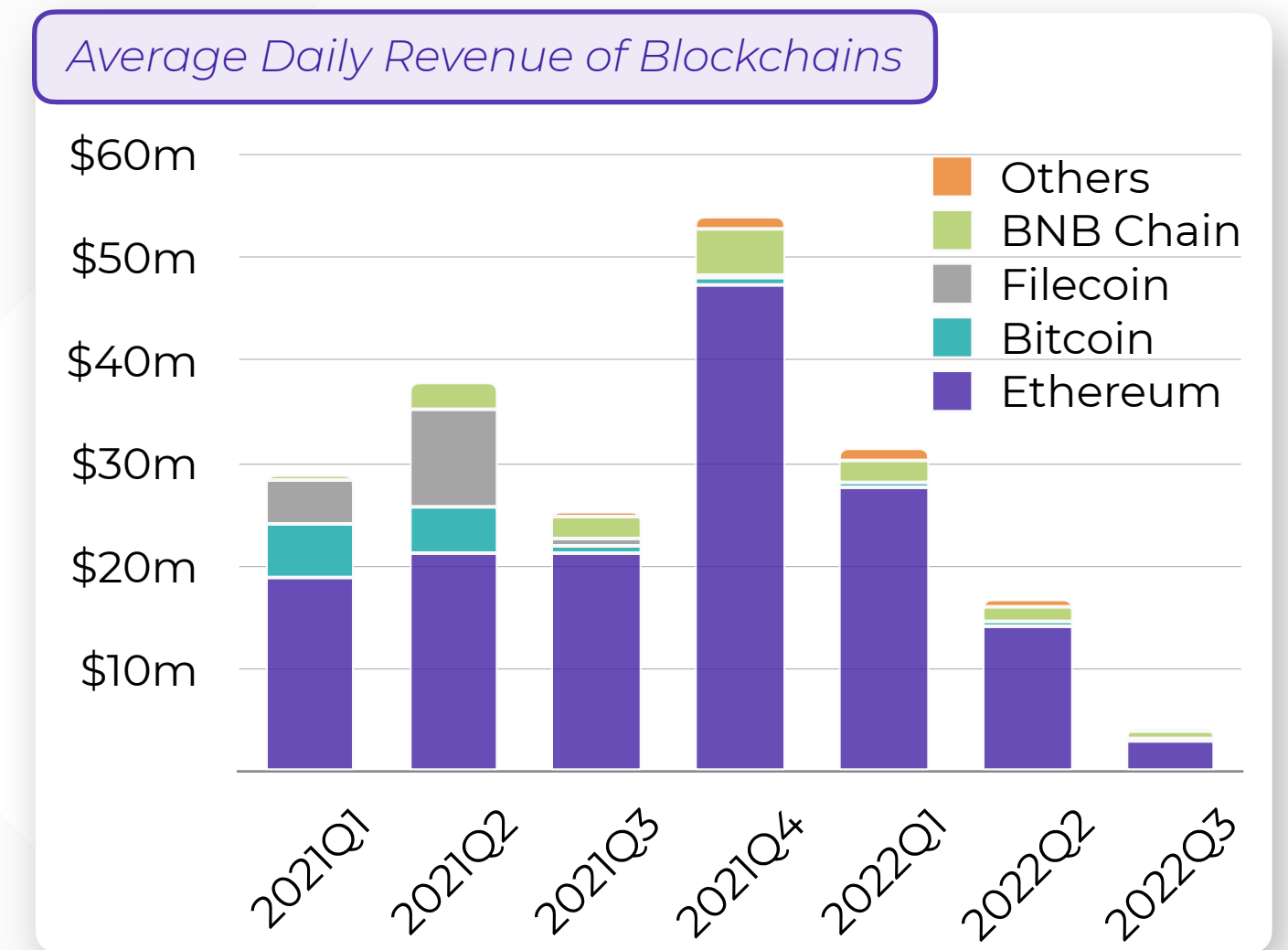
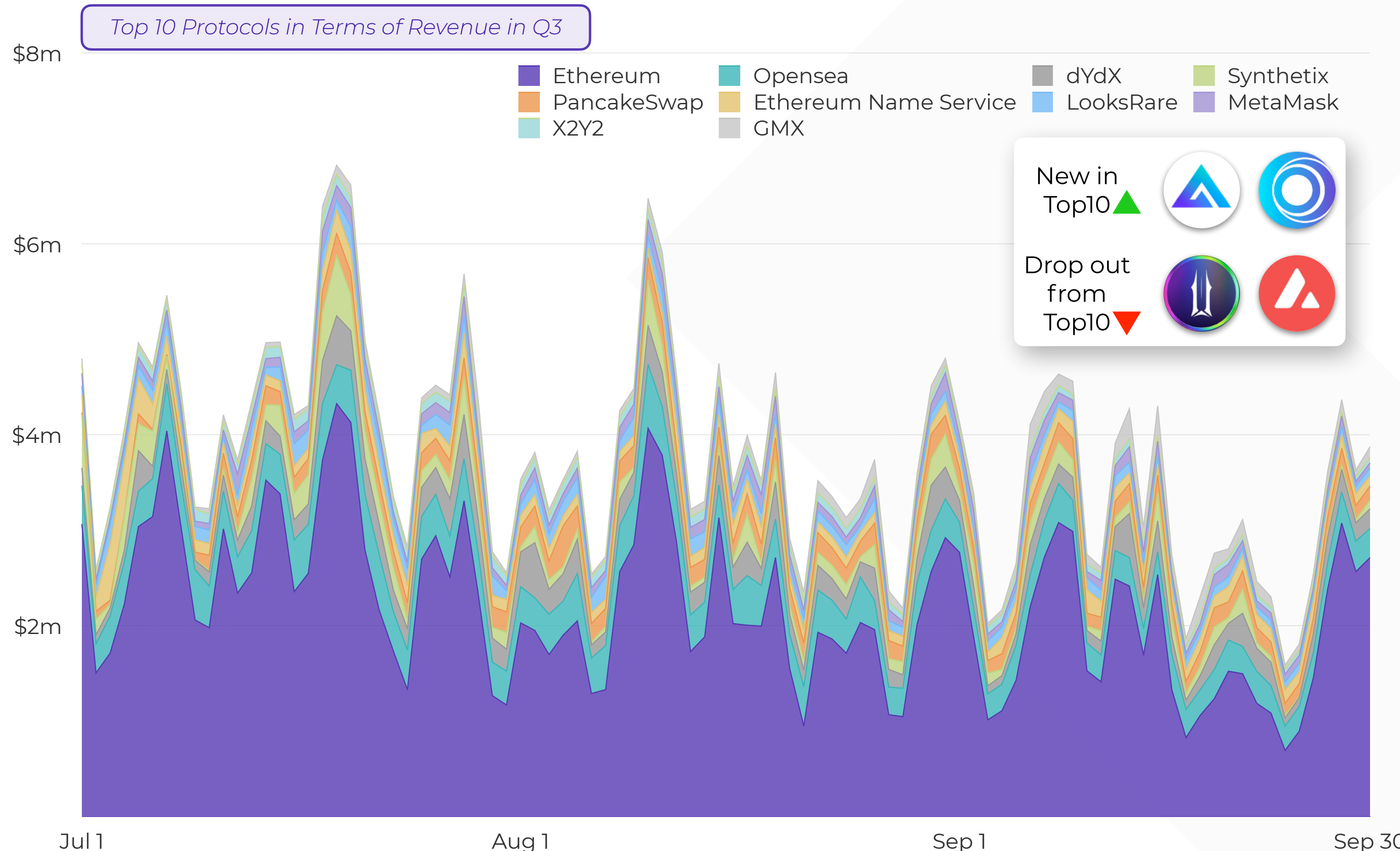


The Global Crypto Market Cap was approximately **\$934.85 billion** at the end of Q3 2022. It's an **increase of 4%** compared to the end of Q2, while representing **only 43.56%** of the Market Cap at the end of Q1.

Though the market cap grew, volume remained low throughout Q3. But volume did see a transient spike throughout September partially fueled by Ethereum's merge event.

Market Overview

Across the Top 10, most DApps and blockchains' revenue fell, while dYdX and GMX joined the ranks.



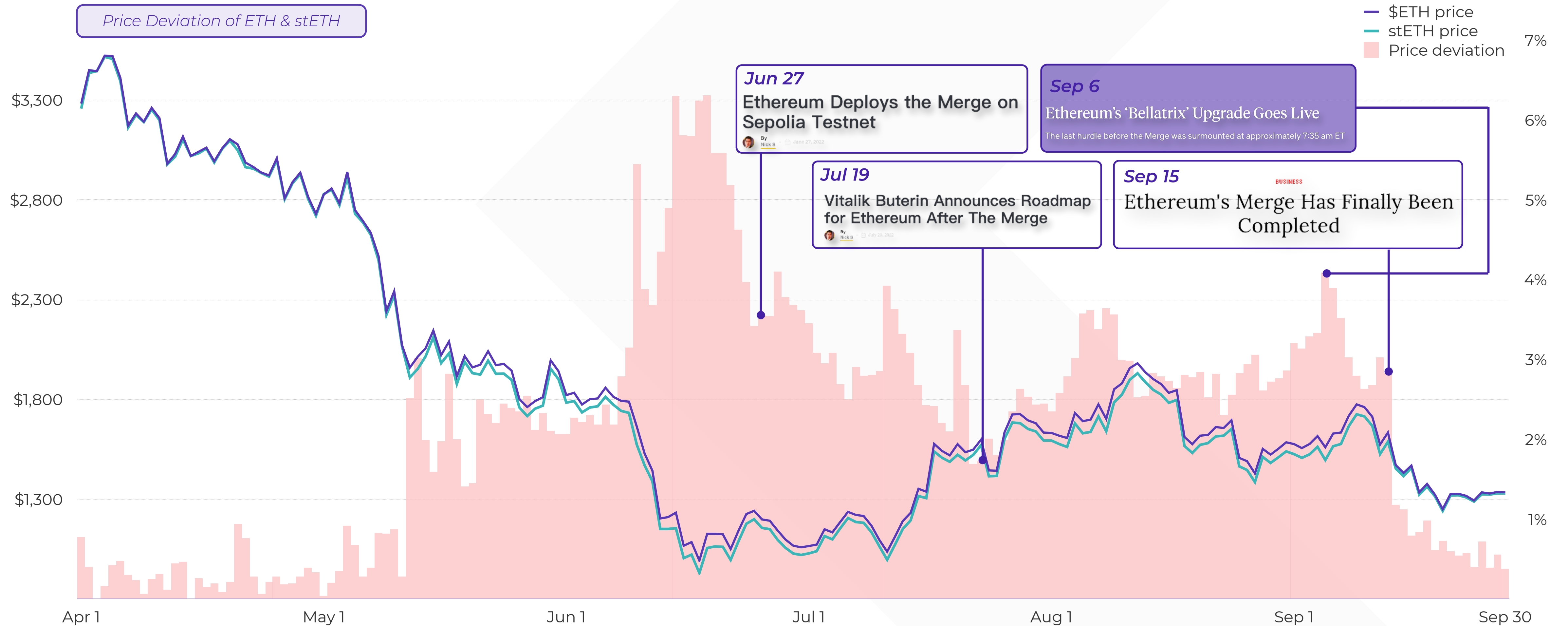
Ethereum generated **only \$2.98 million in average daily revenue in Q3**. This is a **decline of about 79% compared to Q2**.

Derivative exchange dYdX improved its ranking by 2 compared to Q2, while GMX also entered the Top 10 for the first time.

NFT marketplace OpenSea maintained its #2 position. LooksRare fell 4 places, while X2Y2 entered the Top 10 for the first time.

Ethereum Merge

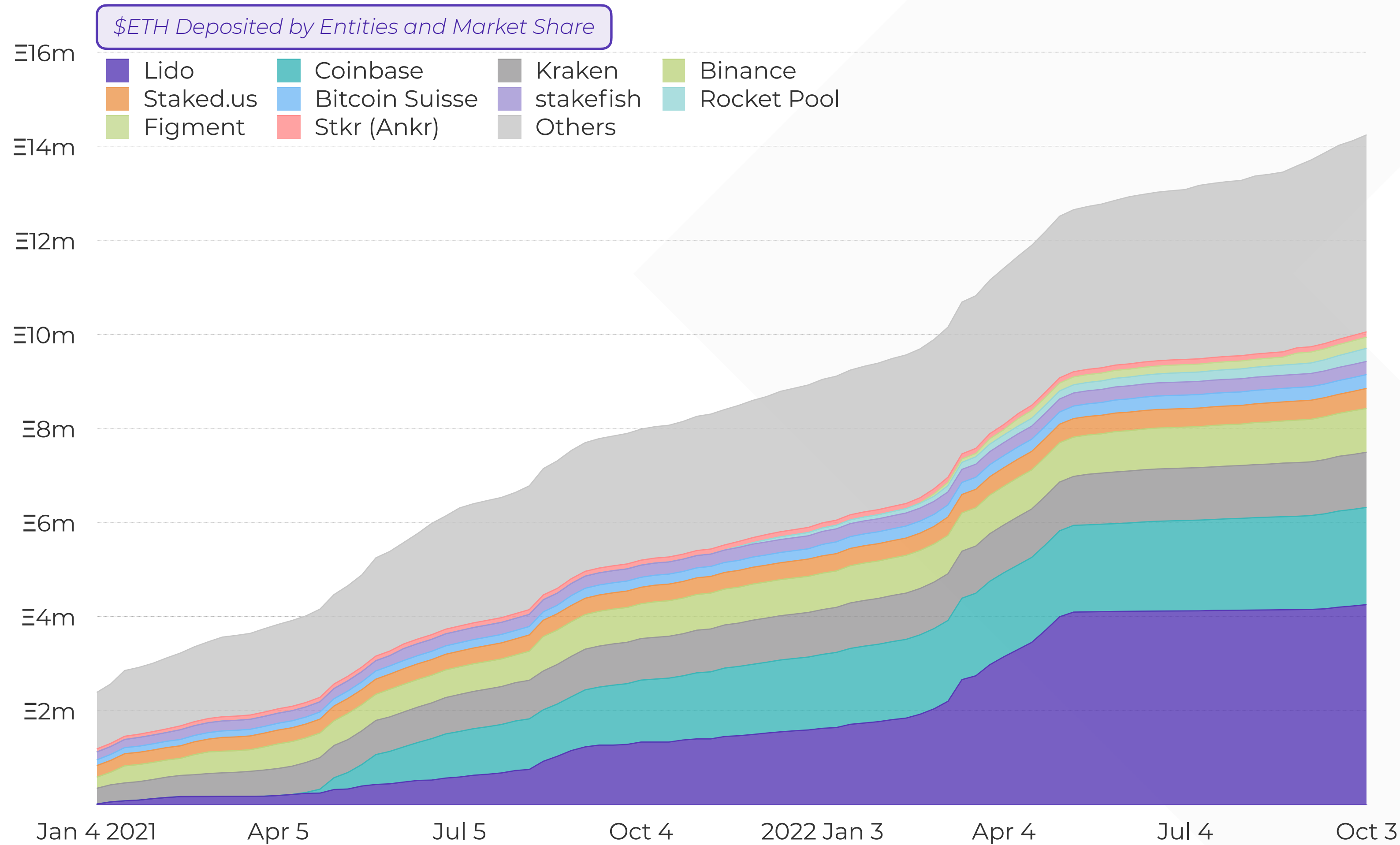
Post-Merge, the spread between ETH and stETH, which once exceeded 6%, is gradually converging.



Ethereum Merge



Total \$ETH deposited to Beacon Chain reached 14.06 million at the end of Q3, of which Lido Finance accounted for 29.9%



<p>Total \$ETH Deposited to Beacon Chain</p> <p>Ξ14.06 million</p>	<p>Staked \$ETH Share of Total Supply</p> <p>~11.65%</p>
<p>\$ETH Deposited Through Lido Finance</p> <p>Ξ4.24 million</p>	<p>Market Share of Lido Finance</p> <p>~29.90%</p>

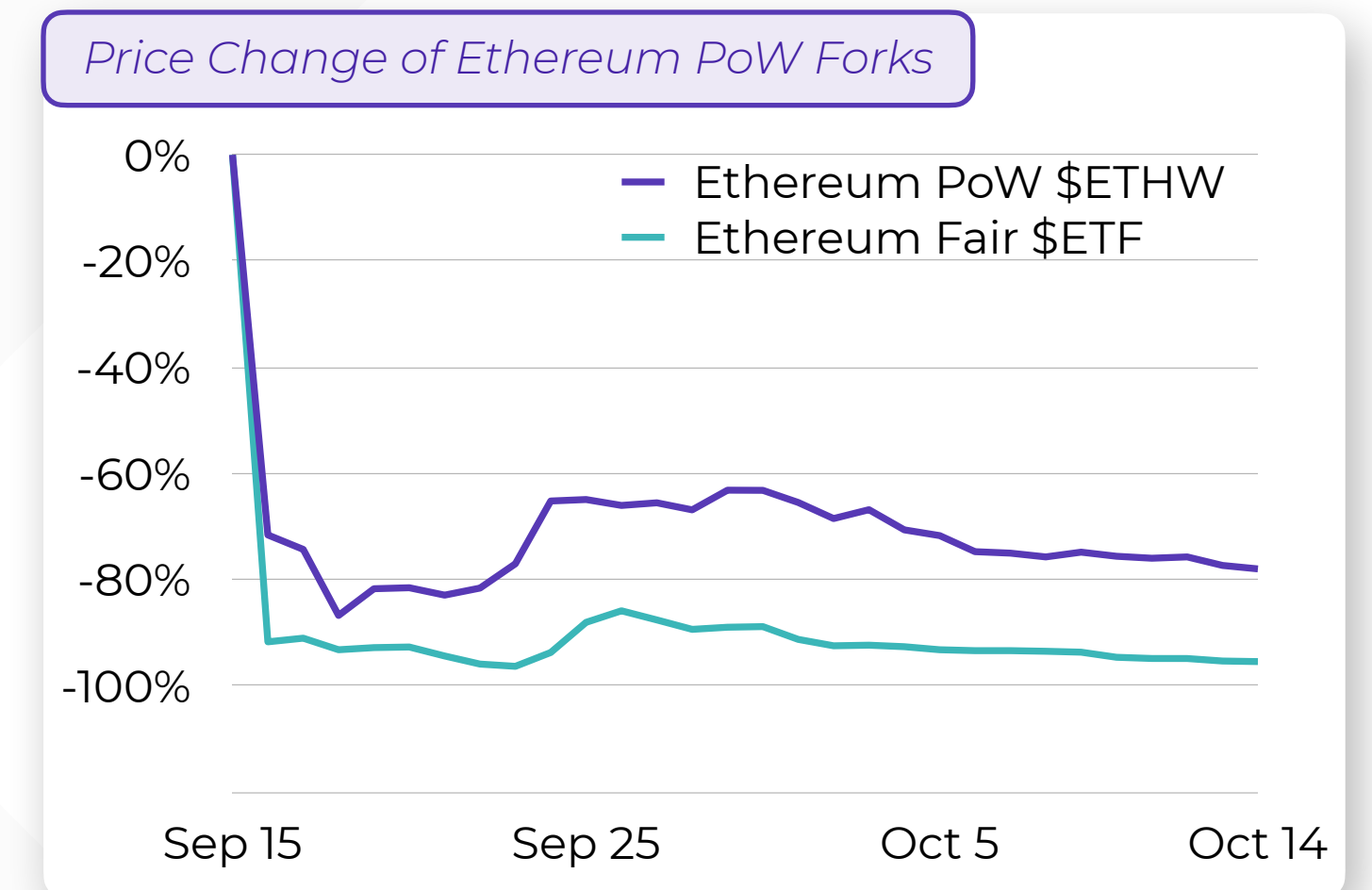
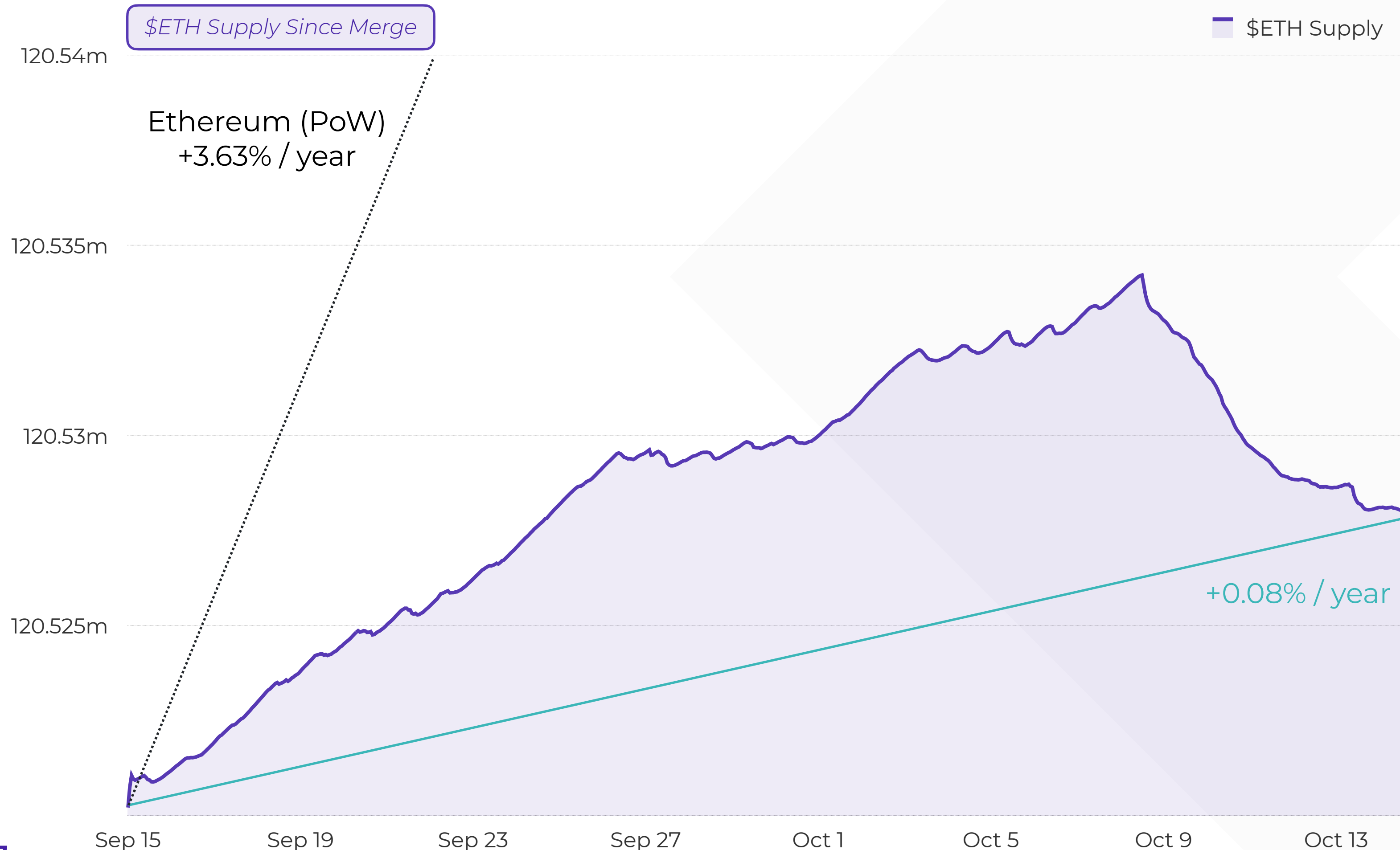
Liquid staking remains the most popular staking option post-merge, with **more than 60% of staked ETH held by liquid staking providers**.

Almost **60% of staked ETH is held by just four staking entities** — Lido, Coinbase, Kraken, and Binance, further centralizing the network.

Ethereum Merge



ETH issuance dropped significantly after the Merge, and PoW forks fell silent after a short burst of activity.



A number of Proof-of-Work forks arose post-merge, including Ethereum POW (ETHW) and EthereumFair (ETF). Both of which have seen their price collapse post launch.

Post merge, ETH issuance has shrunk from 13,000 ETH distributed to miners daily to 1,600 ETH shared among validators — **equivalent to a ~90% issuance reduction.**

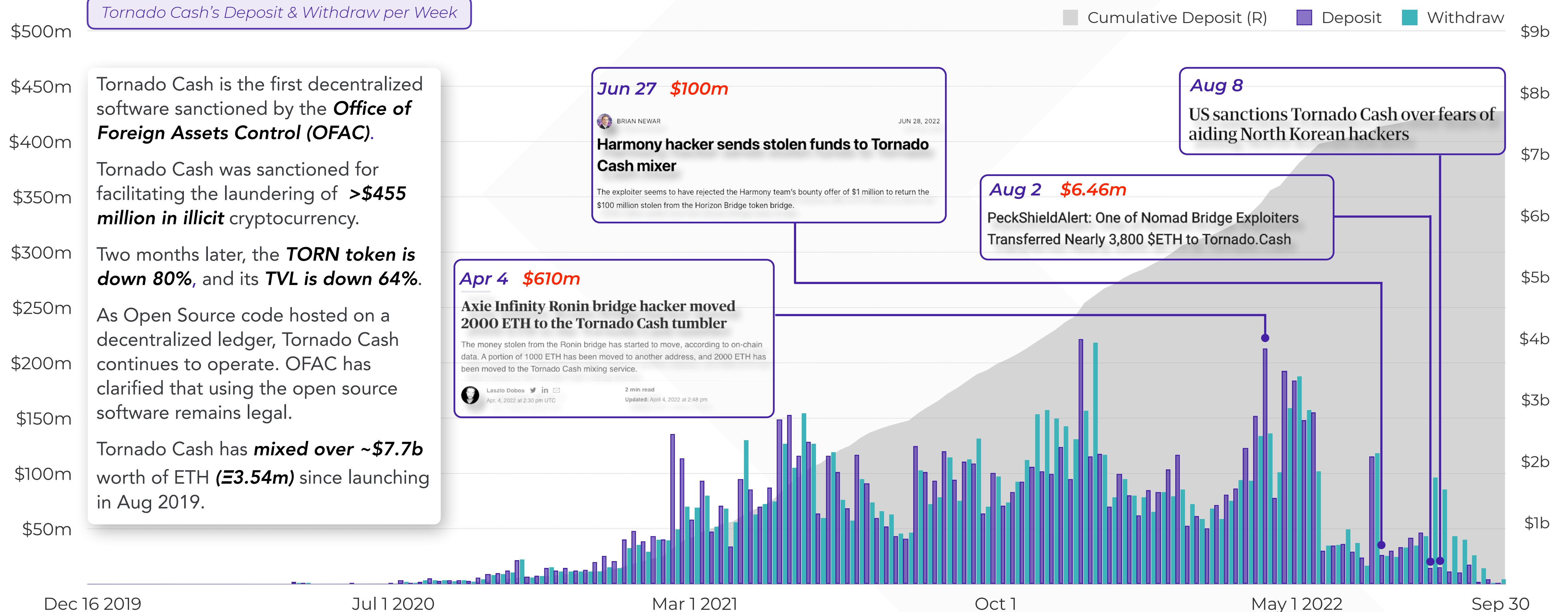
Ethereum is now likely to remain deflationary for the foreseeable future.

Tornado Cash Sanctioned



Tornado Cash played a key role in 4 crypto laundering incidents since June 2022.

Tornado Cash's Deposit & Withdraw per Week



Tornado Cash is the first decentralized software sanctioned by the **Office of Foreign Assets Control (OFAC)**. Tornado Cash was sanctioned for facilitating the laundering of **>\$455 million in illicit** cryptocurrency. Two months later, the **TORN token is down 80%**, and its **TVL is down 64%**. As Open Source code hosted on a decentralized ledger, Tornado Cash continues to operate. OFAC has clarified that using the open source software remains legal. Tornado Cash has **mixed over ~\$7.7b** worth of ETH (**€3.54m**) since launching in Aug 2019.

Tornado Cash Sanctioned

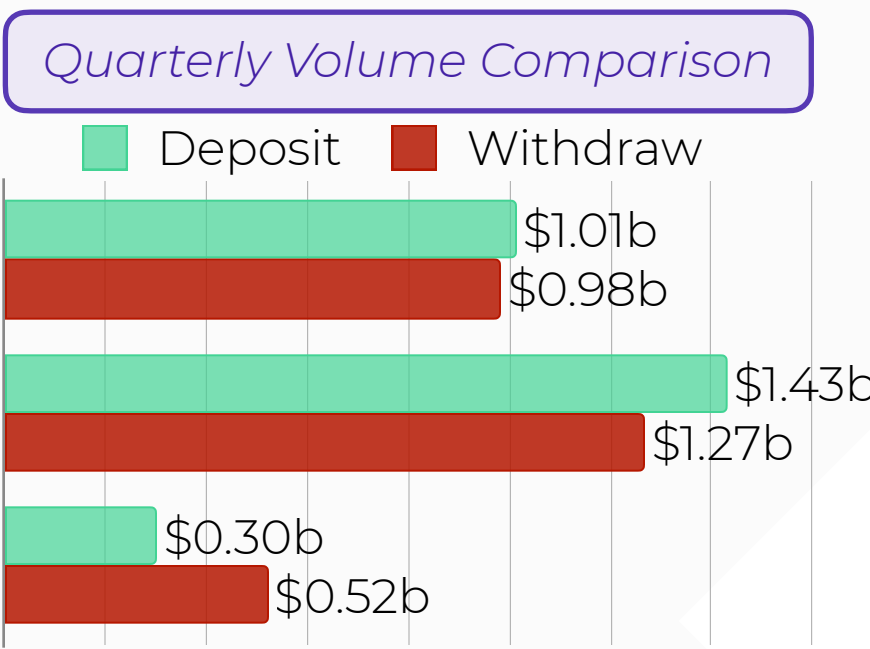


After the sanctions, Tornado Cash's withdrawal volume surged to \$315M, accounting for 60.2% of total withdrawal volume in Q3.

Total ETH withdrawn since sanctions
 ~\$315.5m
 60.2% in Q3
 Recipients from Tornado (ETH) wENS in USD

Deposit Volume in Q3
 ~\$302m
 Drops -78% than Q2

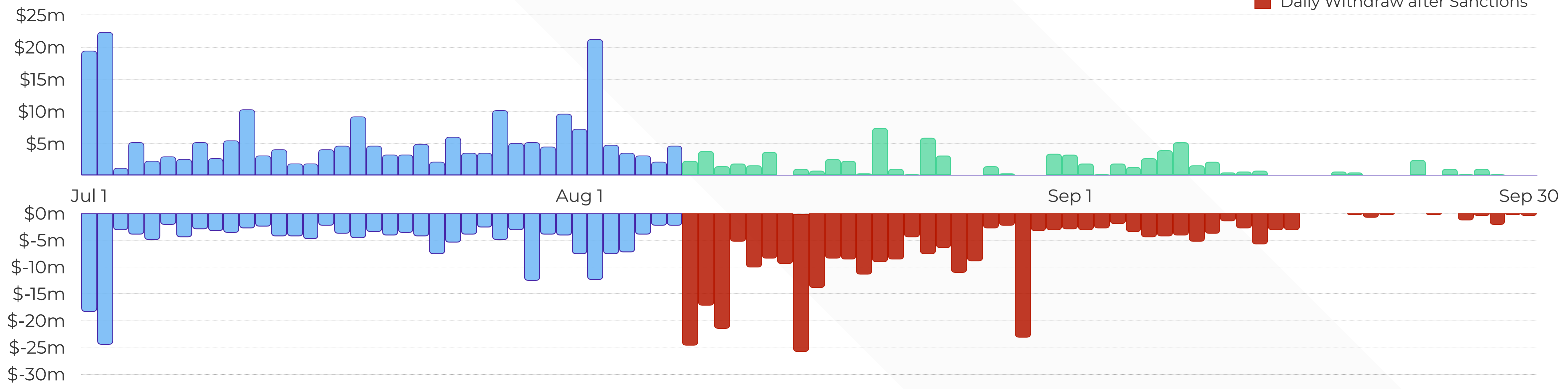
Withdraw Volume in Q3
 ~\$523m
 Drops -59% than Q2



After sanctions on Aug 8, there was a massive decrease in the volume of deposits to Tornado Cash. **Daily deposit decreased by \$4.39m.**

The withdrawal volume surged after the sanctions, reaching \$315m by the end of Q3, accounting for **more than 60% of the total withdrawal volume of Q3.**

Tornado Cash's Deposit & Withdraw Change in Q3

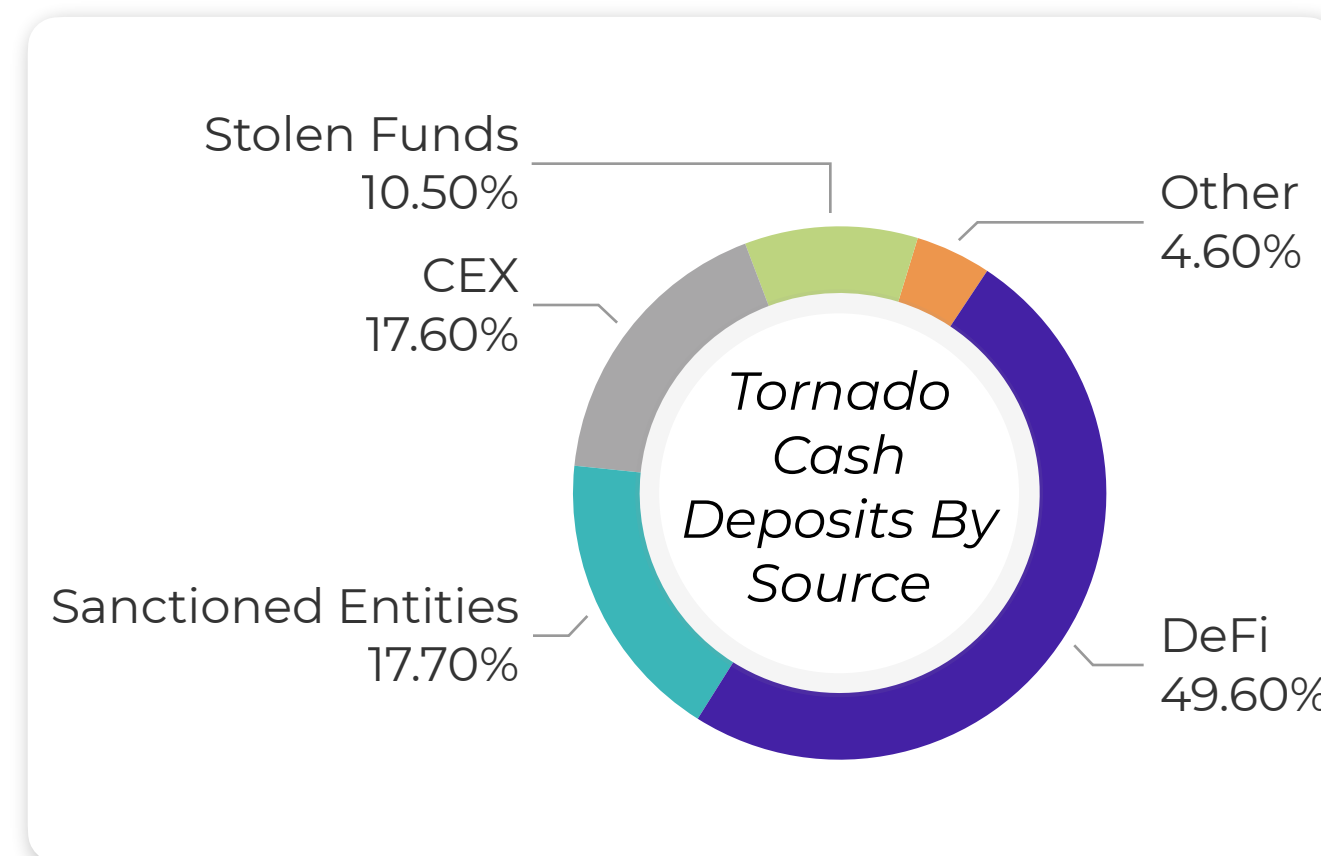


- Daily Deposit after Sanctions
- Tornado Cash Daily Deposit
- Daily Withdraw after Sanctions

Tornado Cash Sanctioned



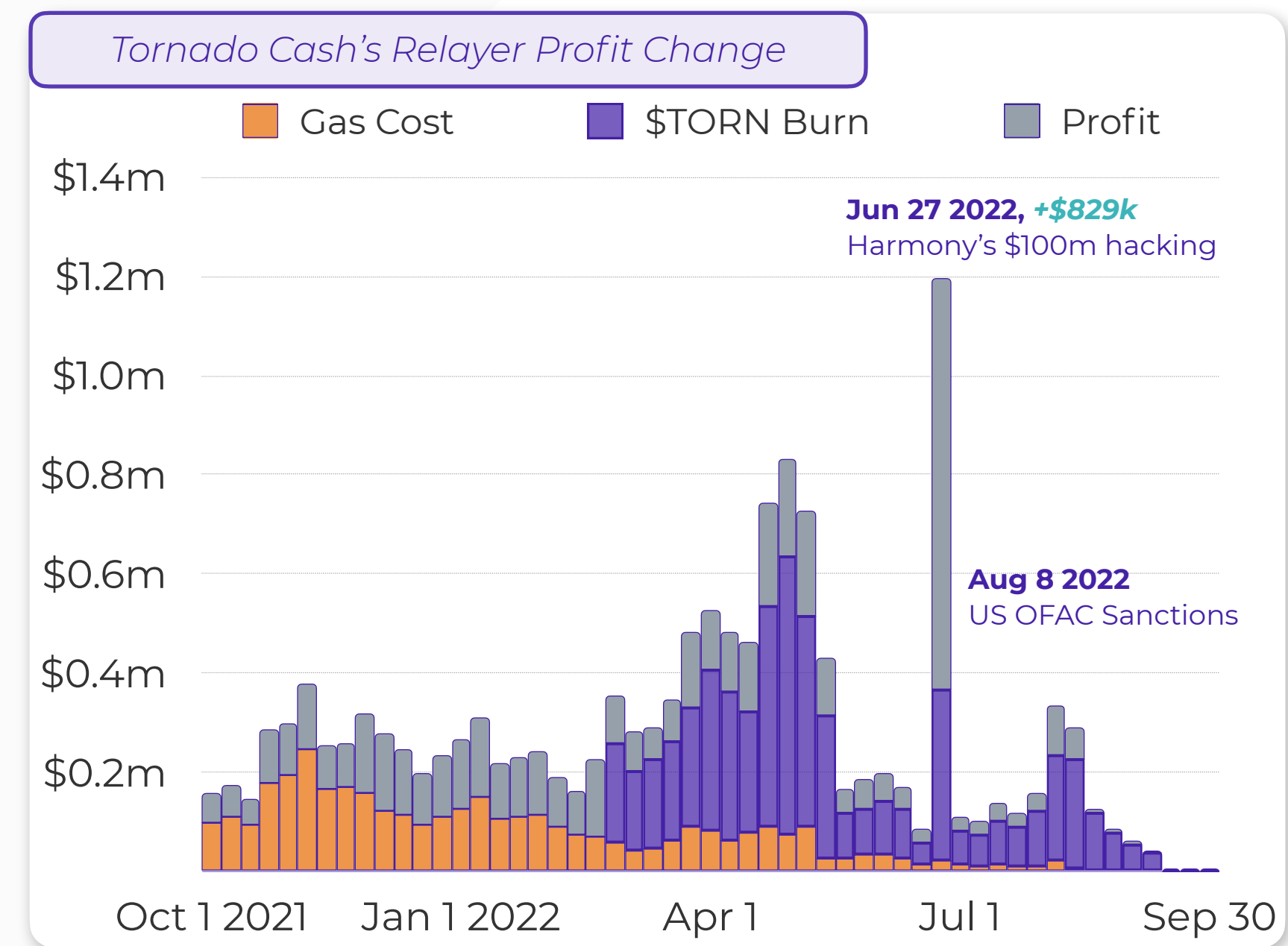
Half of the funds came from DeFi protocols. Relayers' weekly fees and profits boost when significant incidents happen.



Since 2019, Tornado Cash mixers have received **more than \$7.7 billion worth of Ethereum**, and **almost 30% have been tied to illicit actors**.

50% of the funds came from DeFi protocols, 18% came from sanctioned entities, and 11% were stolen funds.

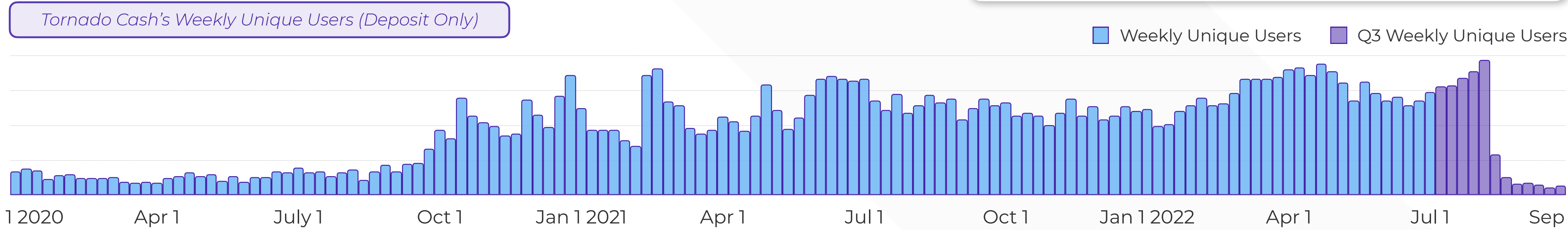
On June 27, 2022, when Harmony's stolen funds were sent to Tornado, both the relayers' weekly fees and profits increased to \$1.2M and \$830K, respectively.



Unique Deposit Users
~12,244
since Launch

Unique Deposit Users
~4,145
In Q3 2022; **-48.6%** than Q2

Total Fees
~\$19.06m
Since lunched 2019

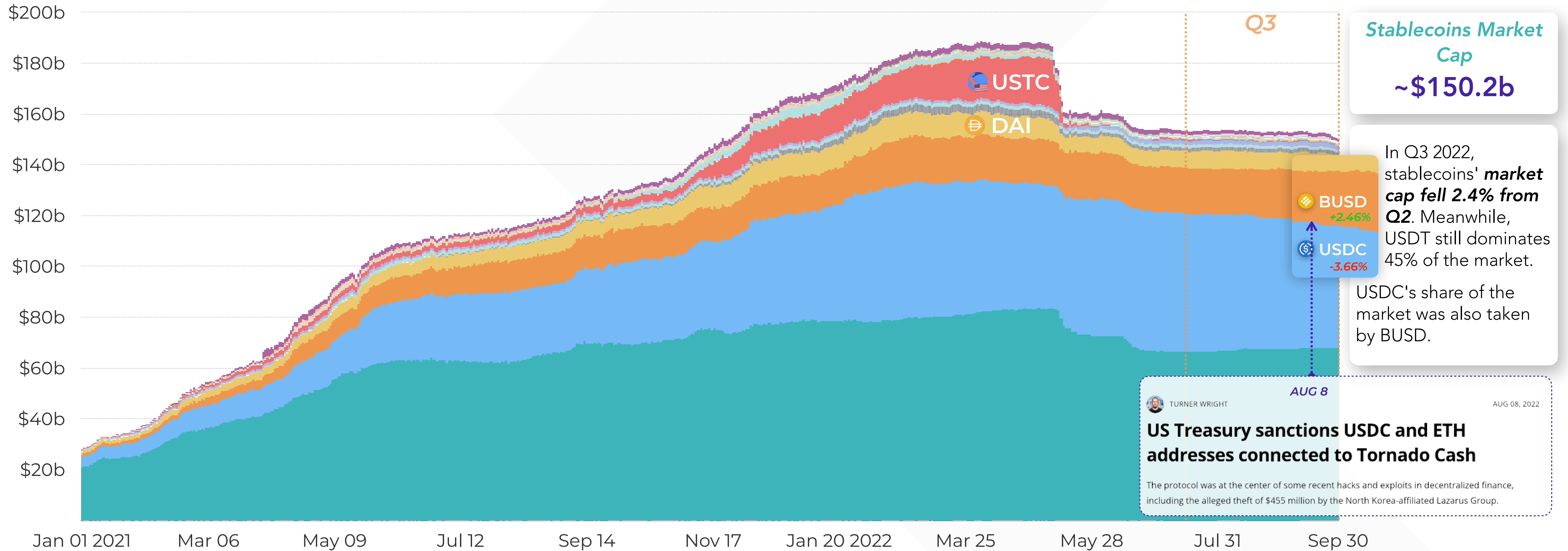


Stablecoins

Stablecoins' market cap shrunk 2.5% from Q2 2022, 10.2% from end of 2021, and 20.4% from all-time highs in 2021

Stablecoins Market Cap since 2021

- USDT
- USDC
- BUSD
- DAI
- FRAX
- TUSD
- USDP
- USDD
- USTC
- GUSD
- MIM
- ALUSD
- LUSD
- HUSD
- SUSD
- USDN
- USN
- USDJ
- EURT
- Others

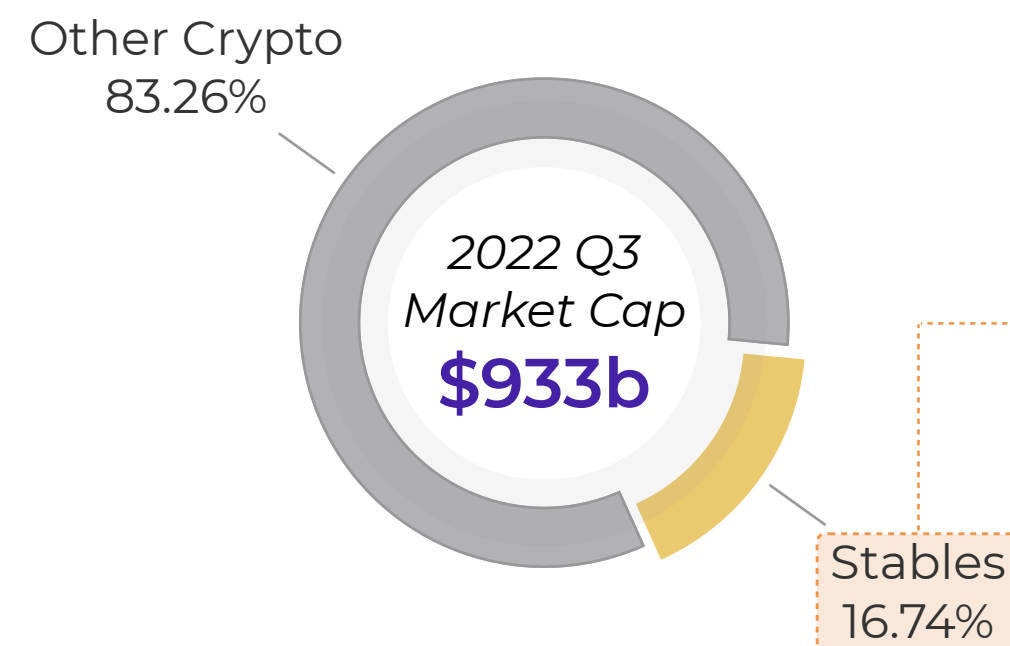


Stablecoins

In Q3, stablecoins' market shares decreased by 12.86% from Q2. Amongst stablecoins, USDT dominates, and amongst chains, Ethereum leads.

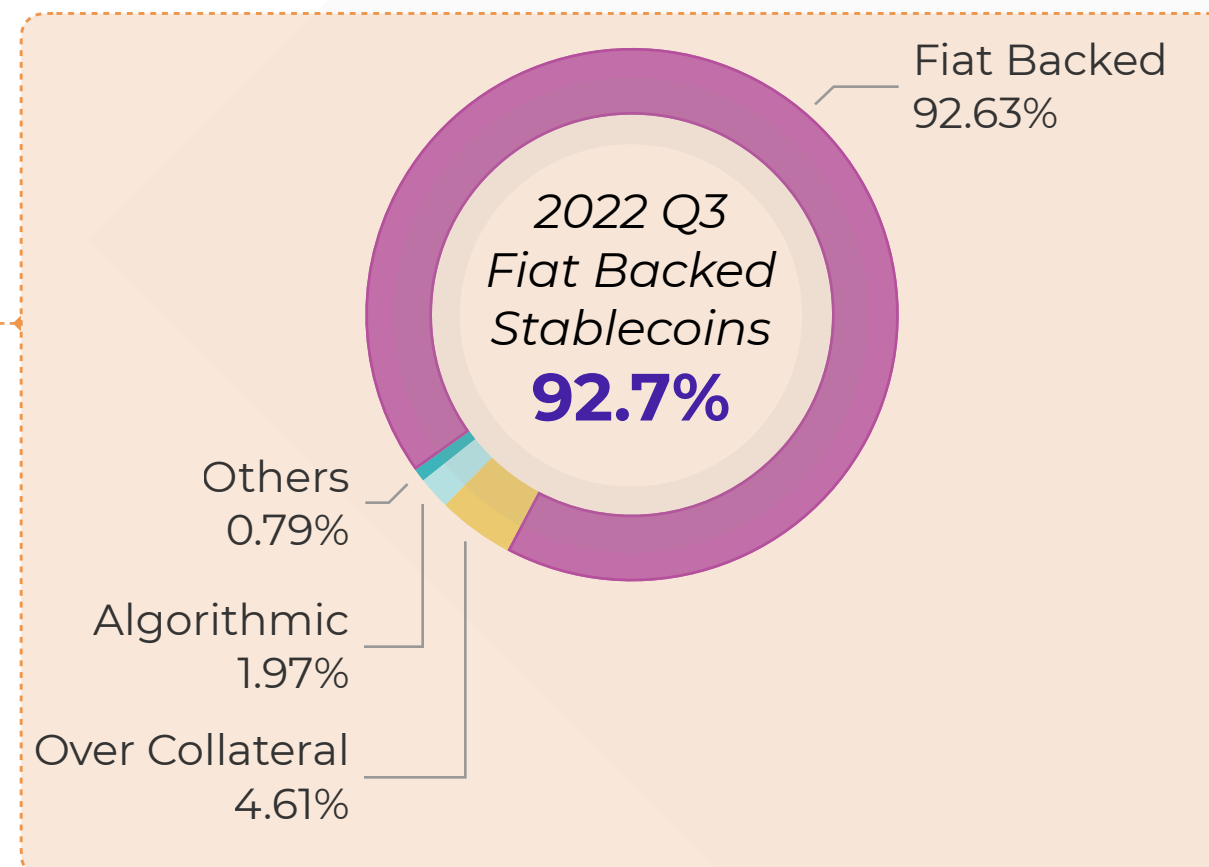
Stablecoins Market Share
~16.74%

-12.86% than Q2 2022; +9.35% than Q4 2021



Stablecoins Market Cap
~\$150.2b

-2.4% than Q2 2022; -10.17% than Q4 2021



By the end of Q3 2022, the pure stablecoin market cap is **\$150b**, decreasing 2.4% from Q2.

Compared with the global crypto market, the stablecoins **market share dropped 12.86% in Q2**, accounting for 16.74% of the total \$933 billion worth crypto market. However, this figure shows a 9.35% increase at the beginning of 2021.

Stablecoins can be generally divided into three categories: **fiat-backed stables** like USDT& USDC, **over-collateral stables** like DAI & MIM, and **algorithmic stables** like FRAX & aUSD.

The **fiat-backed stables still take 93%** of the stablecoins market. Meanwhile, algorithmic and crypto over-collateral stablecoins accounts for less than 7%.

Among all the stablecoins, Tether USDT's market cap is \$67.95 billion, dominating 45.39%, increasing 2.41% than Q2 and decreasing 1.35% compared with the end of 2021.

Circle's USDC, with 32.35% shares, is ranked second, and Binance USD (BUSD), with 14.07% shares, is ranked third.

In Q3, **USDC's market share dropped 3.66%**, and it is the first time that its market cap has dropped **below \$50 billion** (\$47.9 billion specifically, which fell \$10 billion in Q2) since Terra's collapse.

On the contrary, **BUSD's market share** increased by 2.46%, and its market cap **broke \$21 billion** (an all-time high) by the end of Q3.

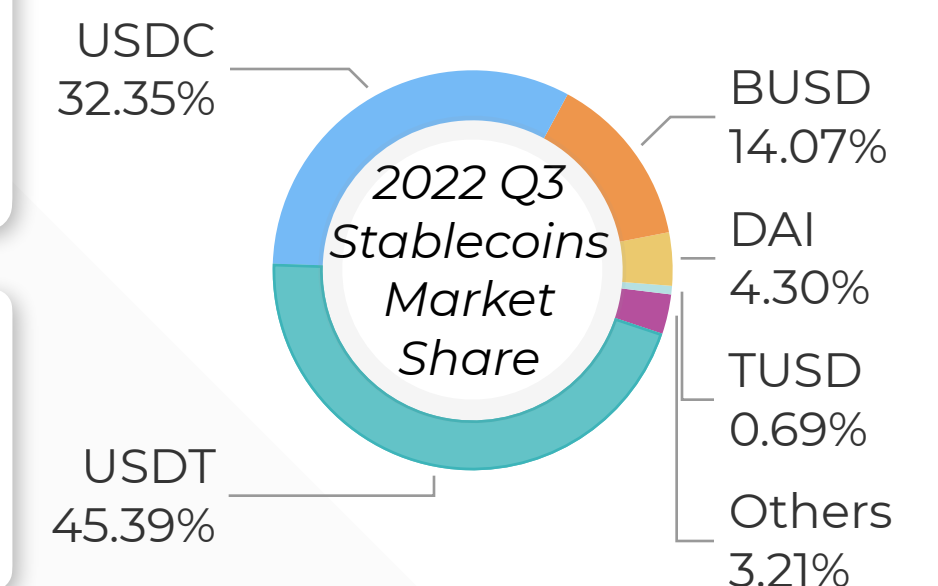
According to Coindesk's journalist Omkar Codbole's view, several factors, including **stability in USDT**, **Tornado Cash sanctions**, and **Binance's recent decision to consolidate order books**, are responsible for USDC's dwindling market capitalization.

MCap Dominance Change

BUSD +2.46%
 USDC -3.66%

\$USDT Dominance
~45.62% (\$67.9b)

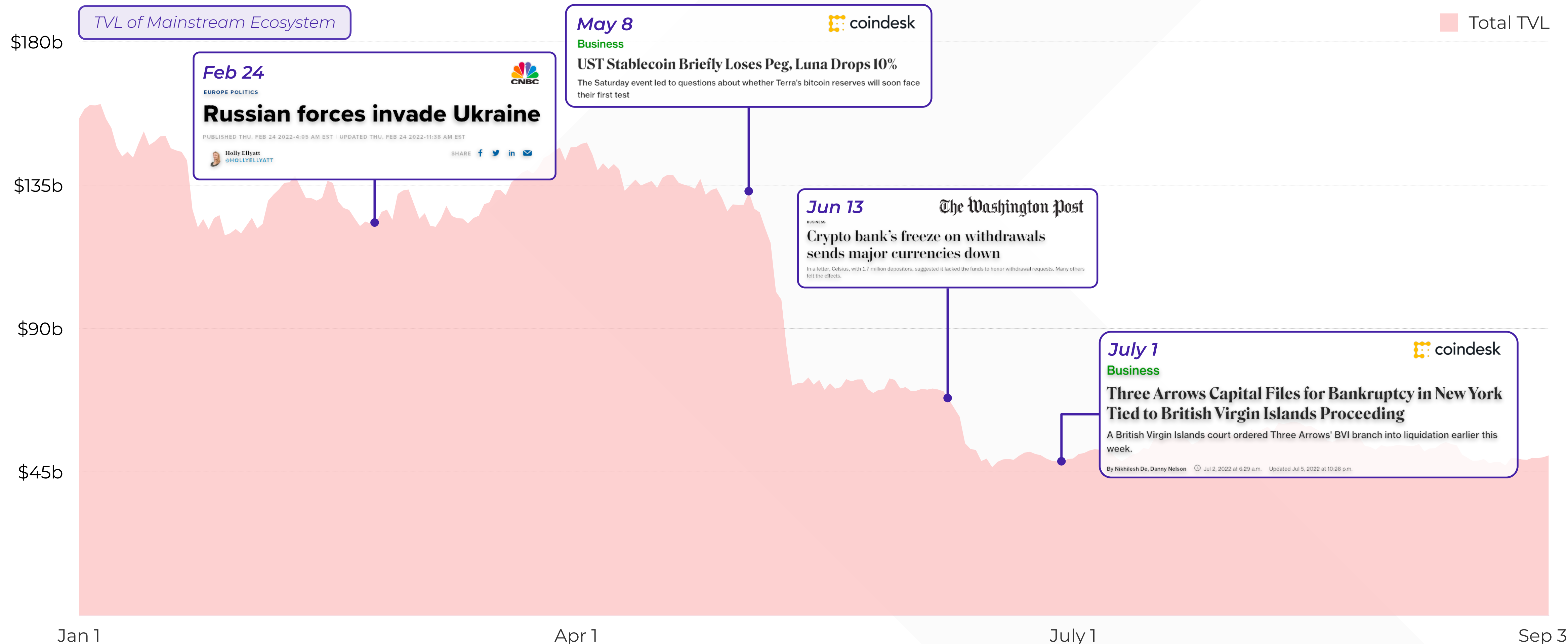
+2.41% than Q2, -1.35% than Q4 2021



DeFi Market Overview



The TVL of leading chains* decreased by 67.76% by 2022 Q3, but the overall on-chain transactions remained the same.

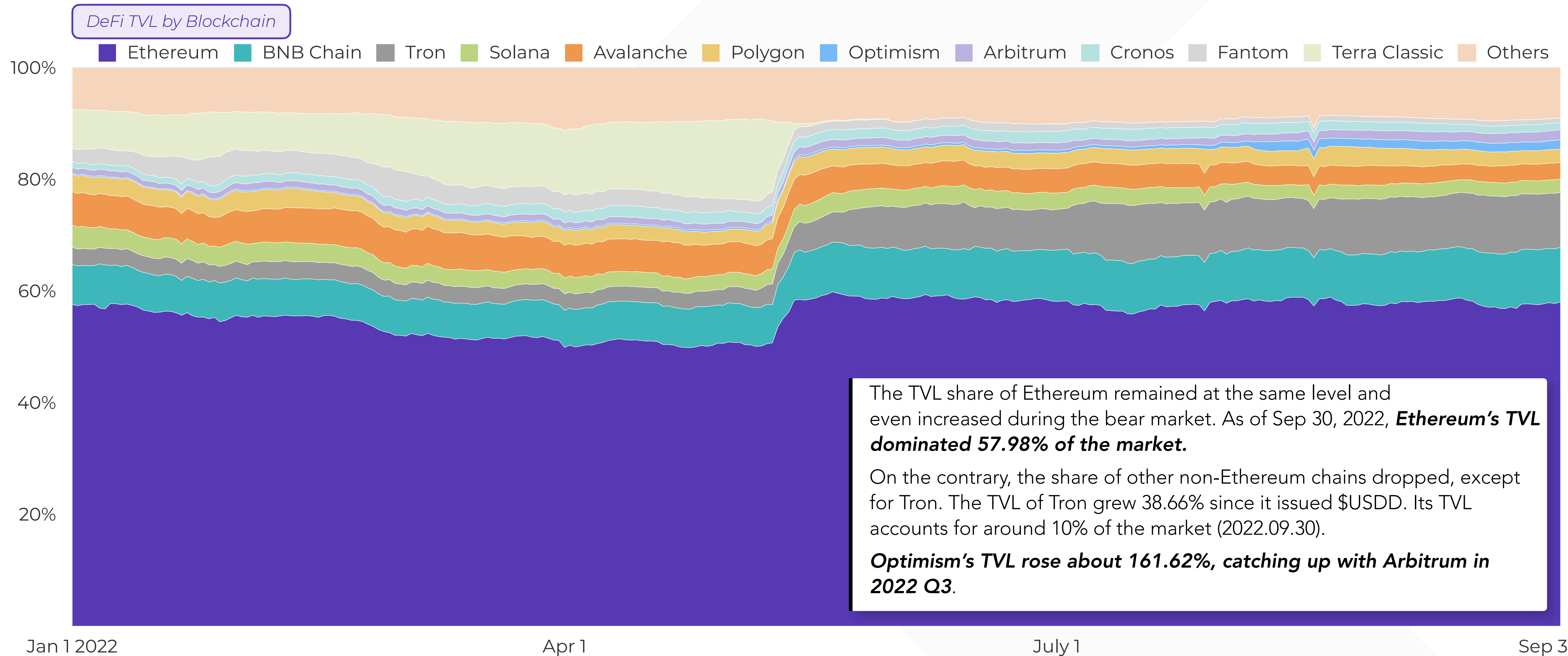


*Leading Chains include Ethereum, BNB Chain, Tron, Solana, Avalanche, Polygon, Optimism, Arbitrum, Cronos, Fantom, and Terra Classic.

DeFi TVL by Blockchain



Ethereum performed the best during the bear market. Tron gained market share from the Terra collapse.



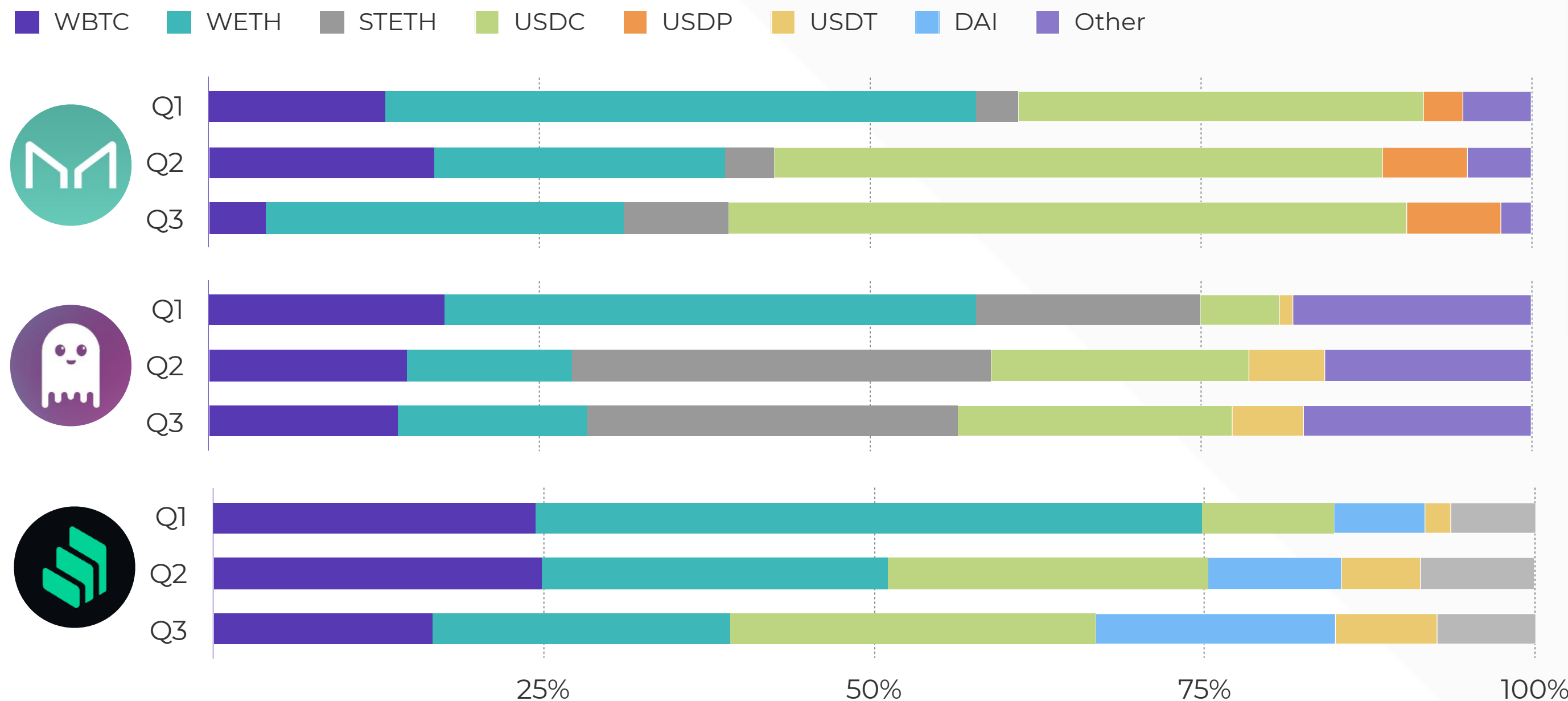
Lending

Stablecoins replaced BTC & ETH as the primary source of collateral on major lending protocols.

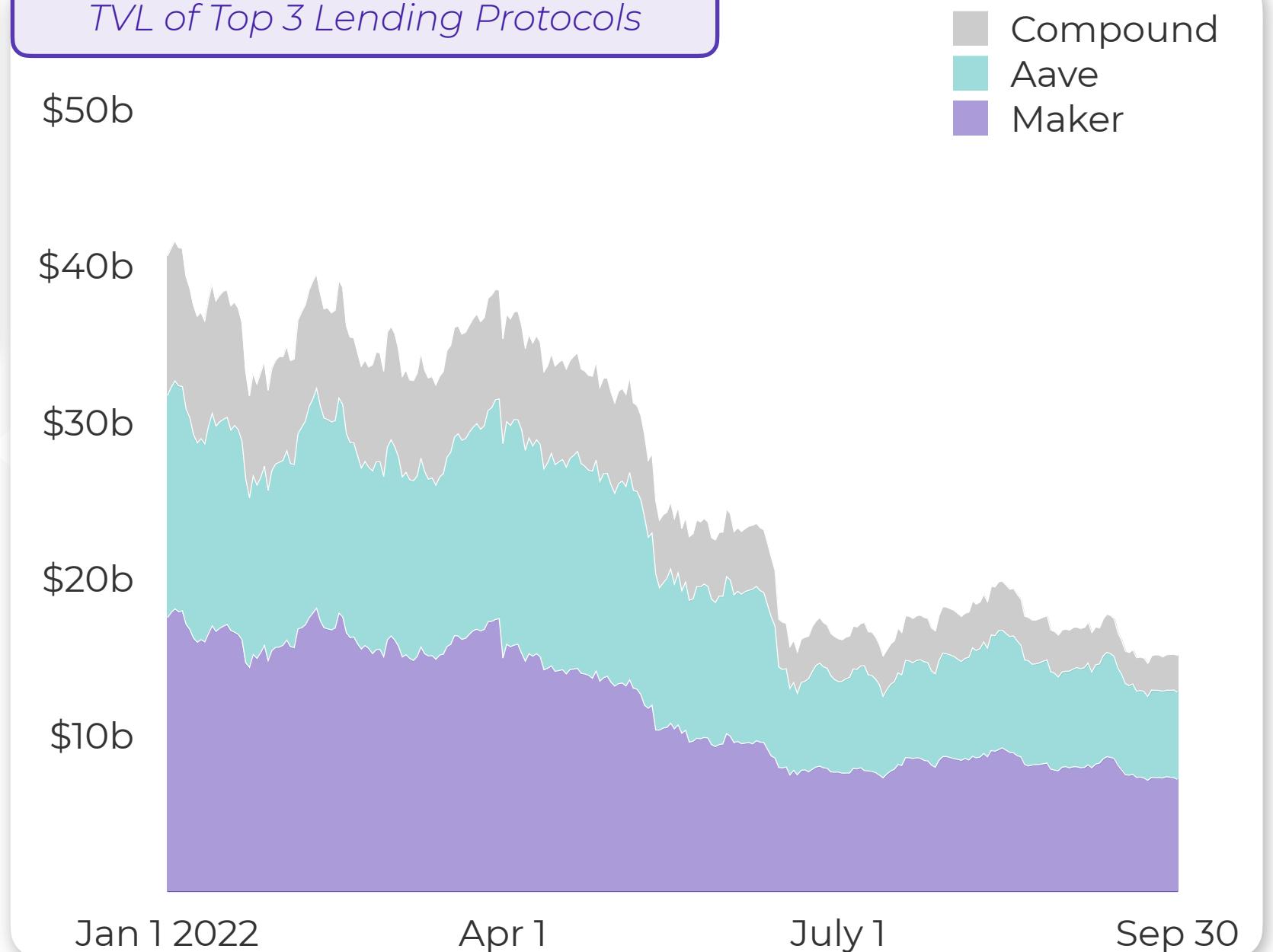
The share of stablecoins as the primary source of collateral increased across protocols in 2022 Q3, replacing cryptocurrencies like BTC & ETH. USDC, USDT & DAI collectively represent **58% of collateral on MakerDAO** and **52% on Compound**, increasing from 50% and 40% in Q2, respectively.

Staked ETH became mainstream collateral on MakerDAO and Aave, representing 8% and 28% of collateral, respectively.

TVL Composition of Maker, Aave, and Compound



TVL of Top 3 Lending Protocols



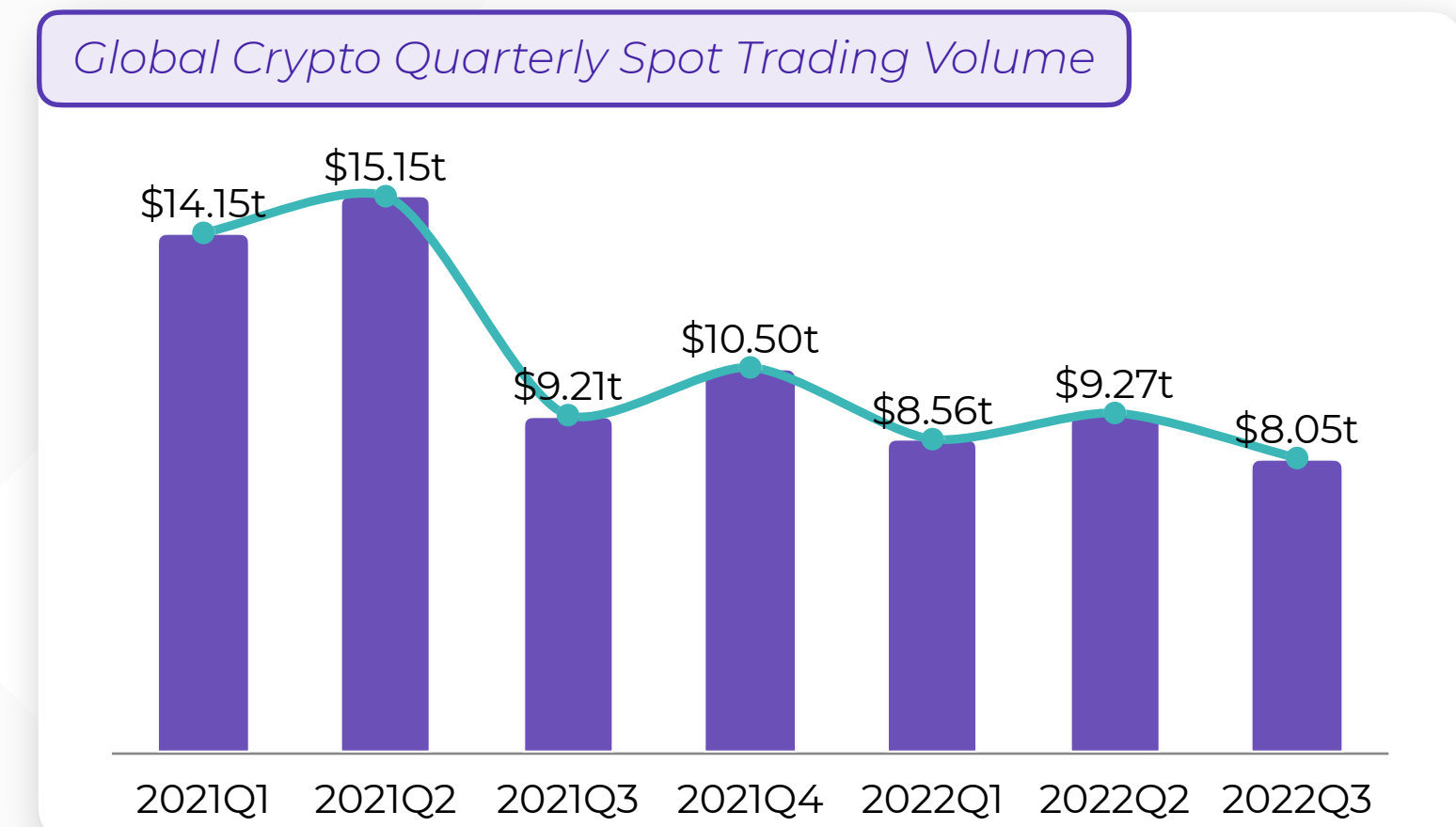
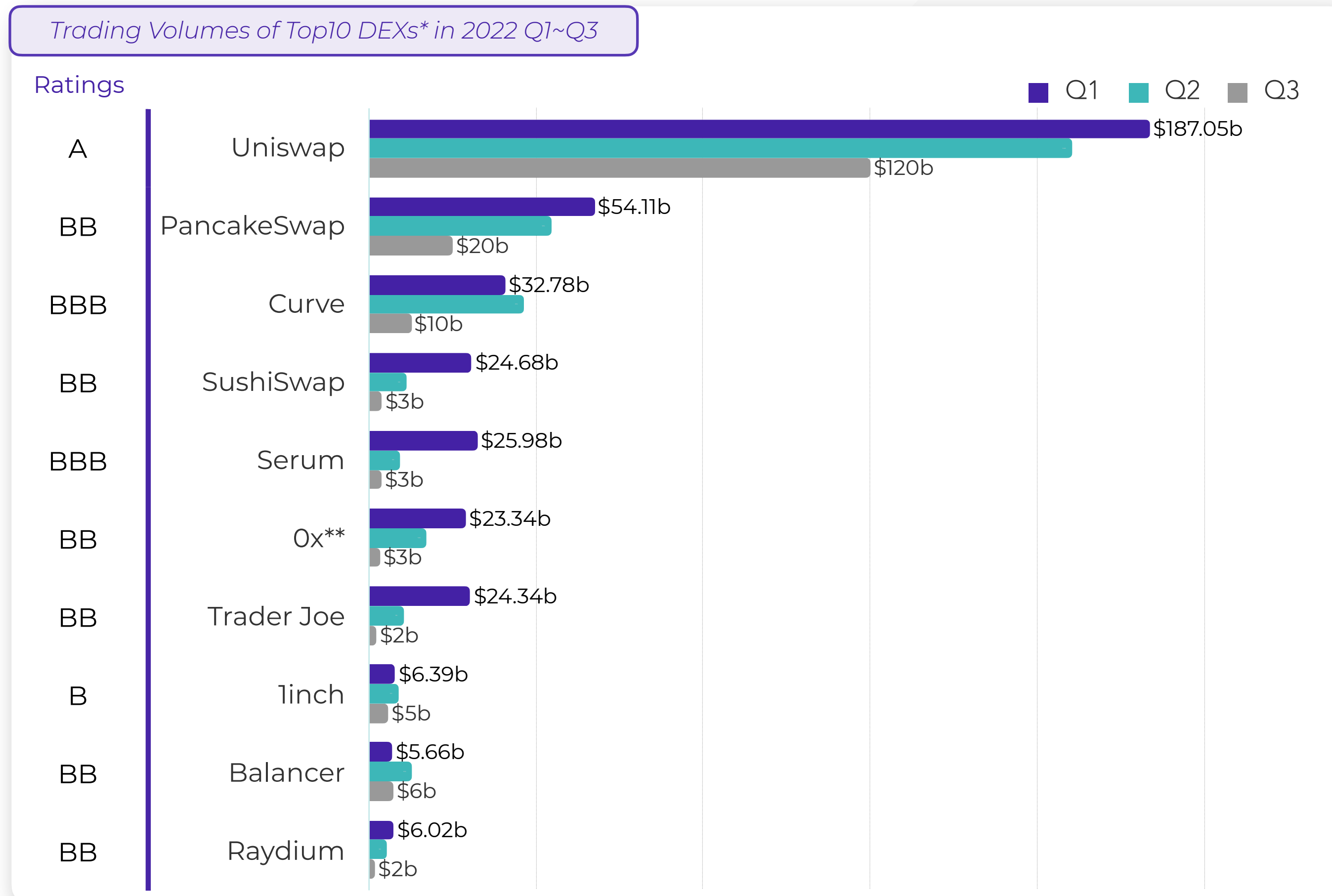
The TVL of MakerDAO, Aave, and Compound remained flat in 2022 Q3. However, they **decreased by 59.01%, 60.73%, and 73.75%, respectively**, when compared to the beginning of the year.

Compound's TVL share dropped from 22% to 16% in 2022 Q3.

Decentralized Exchanges



DEX spot trading volume trended downwards.



The total spot trading volume in 2022 Q3 was **\$8.05 trillion, a fall of 46.87%** from the peak volume in 2021.

The performance of non-Ethereum-based DEXs was generally weaker than Ethereum-based ones. From 2022 Q1 to Q3, the **volume of Serum, Raydium, and Trader Joe dropped by 88.19%, 74.25%, 92.45%** respectively.

Meanwhile, the **volume of Uniswap reduced by 35.84%**, while **Balancer even saw an increase of 3.97%**.

Curve's volume took a 72.61% hit in 2022 Q3 due to the UST and stETH de-peg.

*Screening criteria: first sort the spot exchanges according to TokenInsight's exchange ratings from high to low, and then rank the exchanges again according to the trading volume.

**Part of the transaction data for 0x Exchange in 2022 Q3 are missed due to exchange's data-tracking issue.

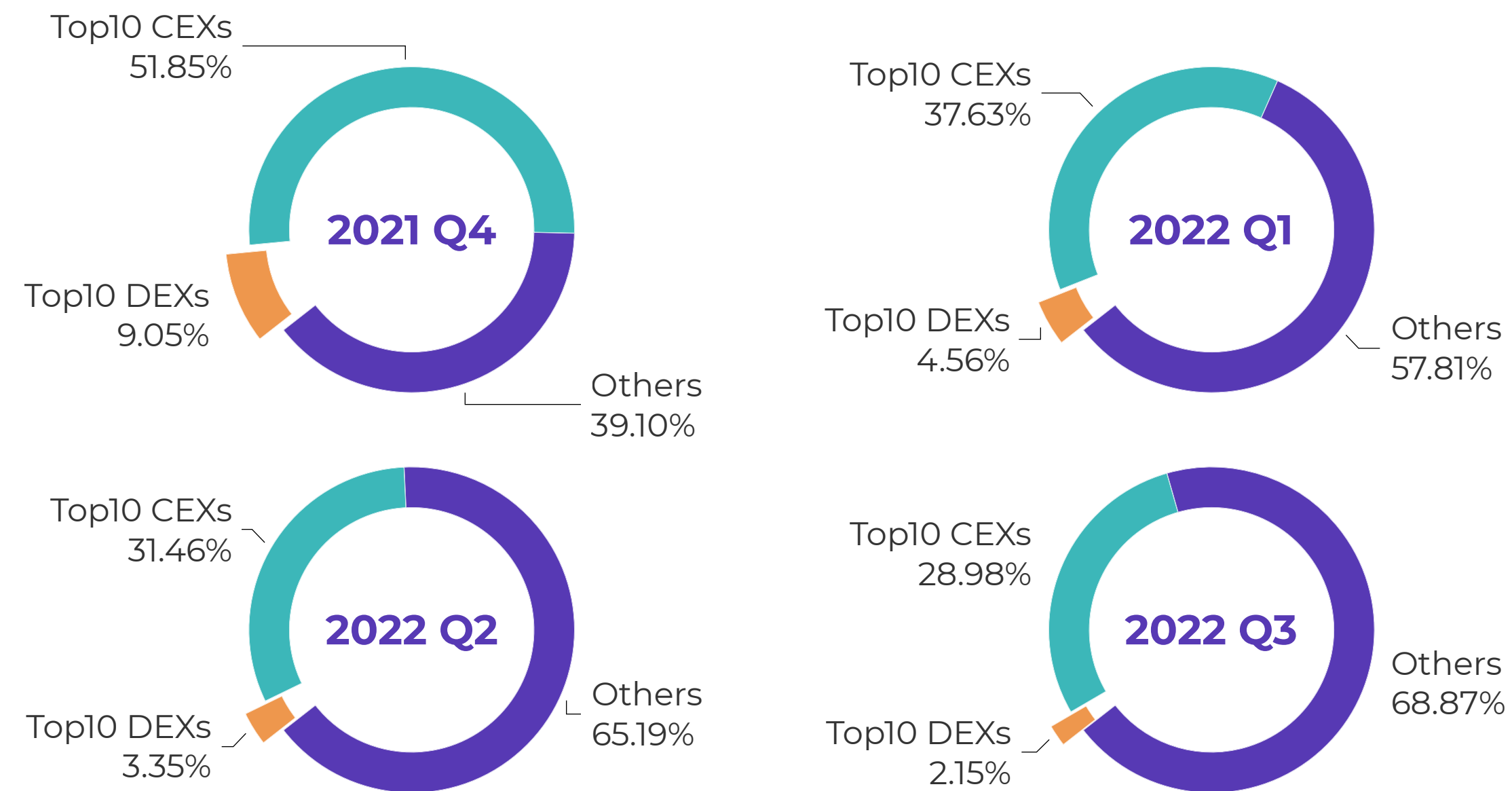
Source: TokenInsight, CoinMarketCap, Token Terminal, Solscan. Date: 2022.09.30

Decentralized Exchanges



The proportion of top10 DEXs shrunk to 2.15% in 2022 Q3.

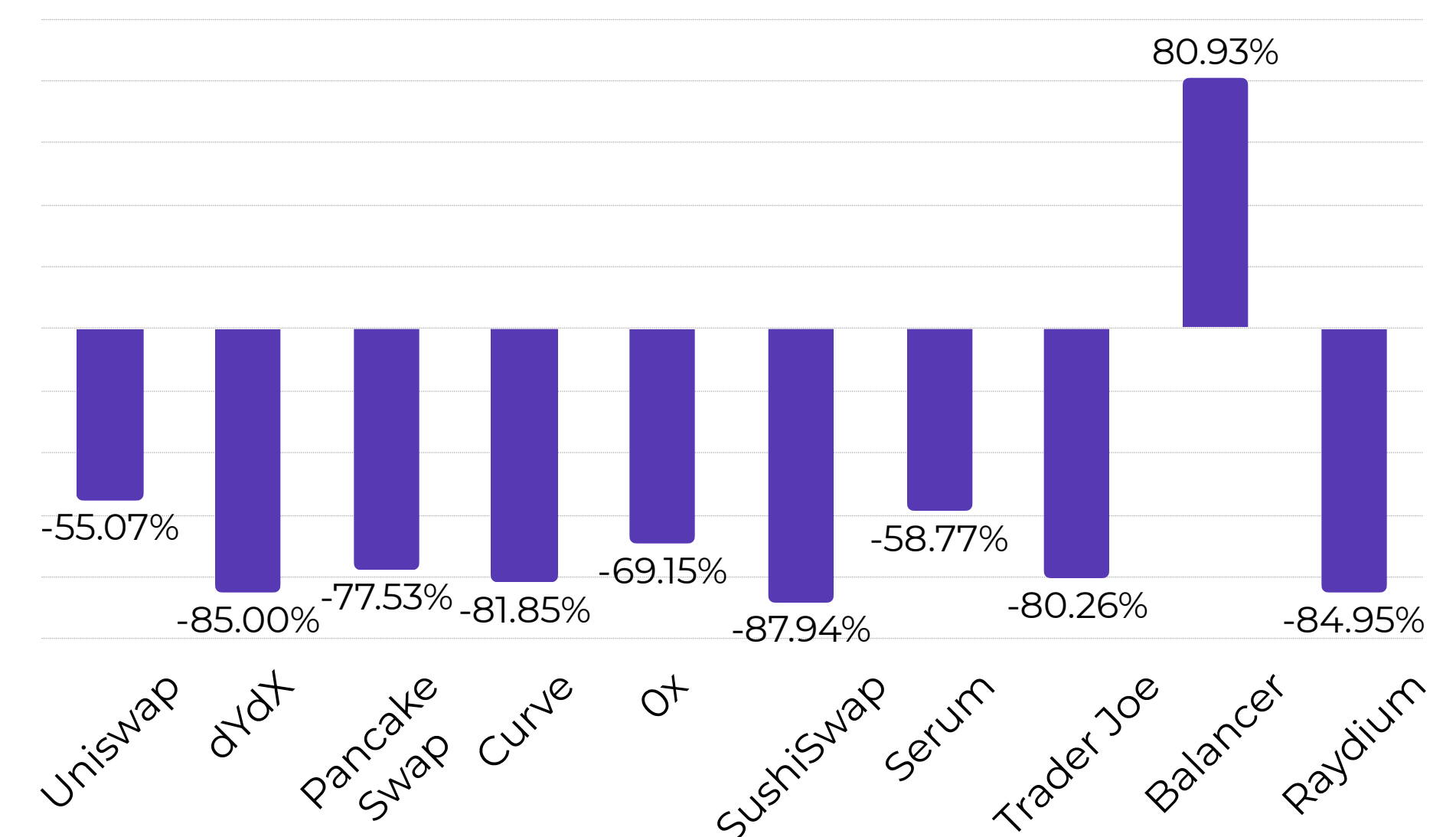
Trading Volume Distribution in Each Quarter



Despite gaining ground on CEXs in 2021, DEXs struggled to keep pace in Q3 2022. The trading volume of the top 10 DEXs accounts for only 2.15% of the total spot trading volume, which **decreased 76.24% from 2021 Q4**.

Meanwhile, the **share of the top 10 CEXs' trading volume went down 44.11%**. The spot trading volume of CEXs shrunk by more than 23% between Q1 and Q3.

Market Cap Changes of Top 10 DEXs in 2022 Q1~Q3



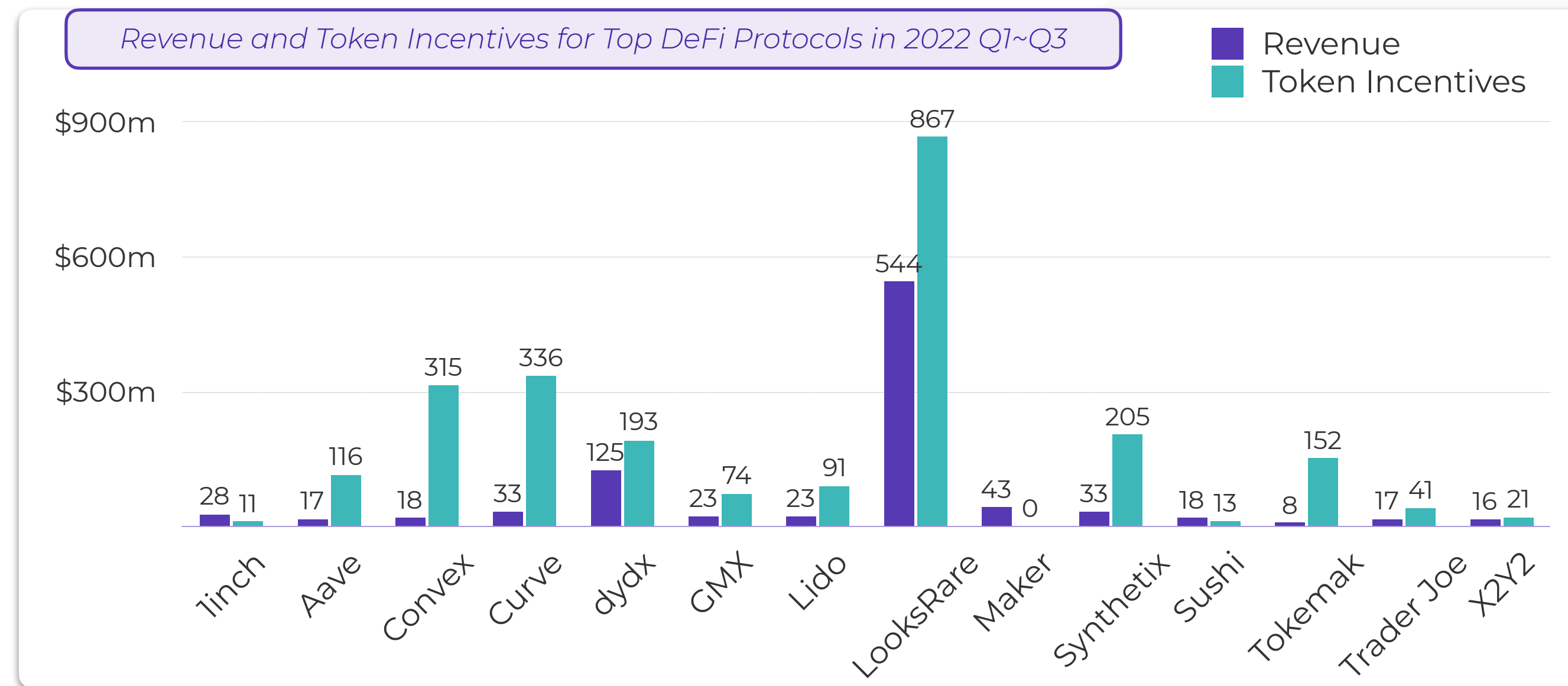
9 out of the top 10 DEXs had lost more than 50% in market cap from 2022 Q1 to Q3. However, **the market cap of Balancer rose by 80.93%**.

Balancer's MCAP growth can be attributed to its expansion into the Optimism ecosystem, changes to how its fee revenues are split, and a \$1 million treasury swap with Aave — all of which were well received by investors.

Despite this growth, its TVL shrunk from \$3.3 billion to \$1.55 billion over the same period, while trading volume for the BAL token collapsed by 80%.

Real Yield

DeFi users are becoming increasingly sophisticated, preferring real yields and sustainable tokenomics over high APYs.



Liquidity mining is quite commonly used for DeFi protocols as a monetary incentive to attract liquidity. However, this is deemed unsustainable as some projects distribute incentives via token emission, and high APY can even cause negative profitability of the protocol.

In addition, most protocols use their native token as rewards, which could be meaningless during a bear market.

Recently, a new narrative called "Real Yield" caught people's eyes. It refers to a share of the protocol's revenue distributed to users in a mainstream asset such as ETH or stablecoins.

Here, we evaluate the top protocols with the highest revenues to see if these protocols provide "real yields."

Project Name	1inch	Aave	Convex	Curve	dYdX	GMX	Lido	LooksRare	Maker	Synthetix	SushiSwap	Tokemak	Trader Joe	X2Y2
Incentives paid in ETH/ BTC/Stables?	X	X	X	O	X	O	X	O	X	O	X	X	X	O
Incentives come from revenue?	O	O	O	O	X	O	O	O	X	O	O	X	O	O
Is the protocol profitable?*	O	X	X	X	X	X	X	X	O	X	O	X	X	X

Real Yield



Real yield projects are becoming a new "meta" in DeFi.



GMX

Token Incentives: ETH, AVAX

GMX is a decentralized exchange built on Avalanche and Arbitrum, specializing in perpetual future trading with a liquidity pool.

The protocol has two tokens: \$GMX and \$GLP. \$GMX is the native governance and utility token. \$GLP is an index token used for swaps and leverage trading. \$GLP holders can profit when leverage traders make a loss and vice versa.

30% of fees generated from swaps and leverage trading are converted to \$ETH/\$AVAX and distributed to \$GMX stakers. 70% of the fees will be distributed to \$GLP holders in \$ETH/\$AVAX. Meanwhile, the protocol utilizes other boost strategies, such as Escrowed GMX and multiplier points, to attract users to hold the tokens in the long run.



Synthetix

Token Incentives: sUSD

Synthetix is a DeFi protocol to create synthetic assets ("synths") such as \$sUSD, \$sETH by over-collateralizing its protocol token \$SNX. It features "infinite liquidity" and zero slippage for the trading of synth.

Users who stake \$SNX can earn a yield of 62.6%, partly from inflationary staking rewards in \$SNX (59.8%) and partly from exchange trading fees in \$sUSD (2.8%).



Gains Network

Token Incentives: DAI

Gains Network is a decentralized perpetual and leveraged trading platform on Polygon, which supports crypto assets and synthetic assets like stocks and foreign exchange currencies.

Users stake the protocol's native token, \$GNS, or supplied single-side liquidity can earn yields generated from the trading platform fees in \$DAI.



Umami

Token Incentives: ETH

Umami is a yield protocol for both individuals and institutional investors on Arbitrum. It generates yield through on-chain strategies such as providing liquidity to GMX, liquid staking, etc.

The native token, \$UMAMI, has no emission. Thus, all the rewards, even protocol expenses, will be generated through strategies' revenue and fees. Once v2 is launched, 50% of the fee will be distributed to \$UMAMI stakers in \$ETH.



Redacted Cartel

Token Incentives: ETH

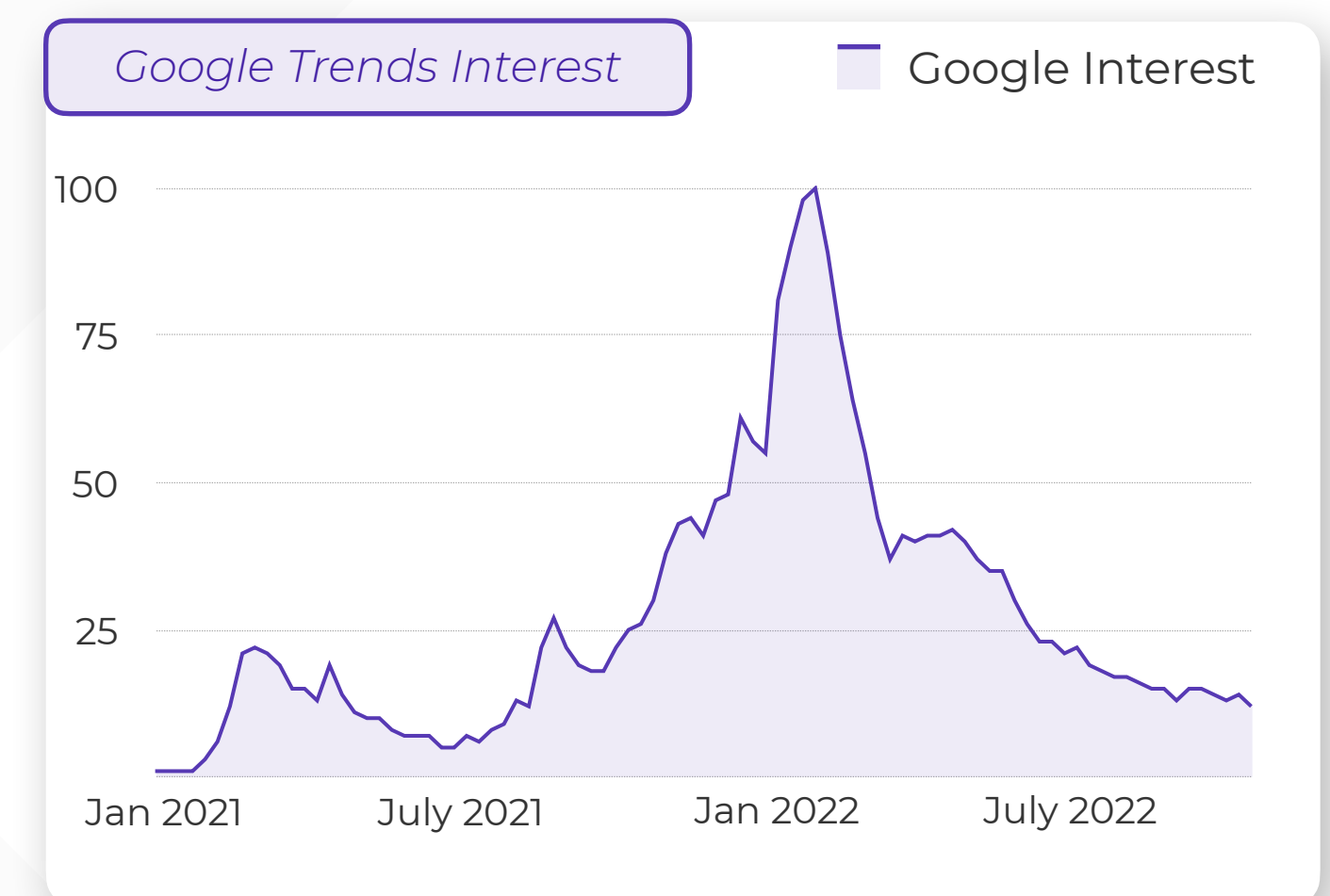
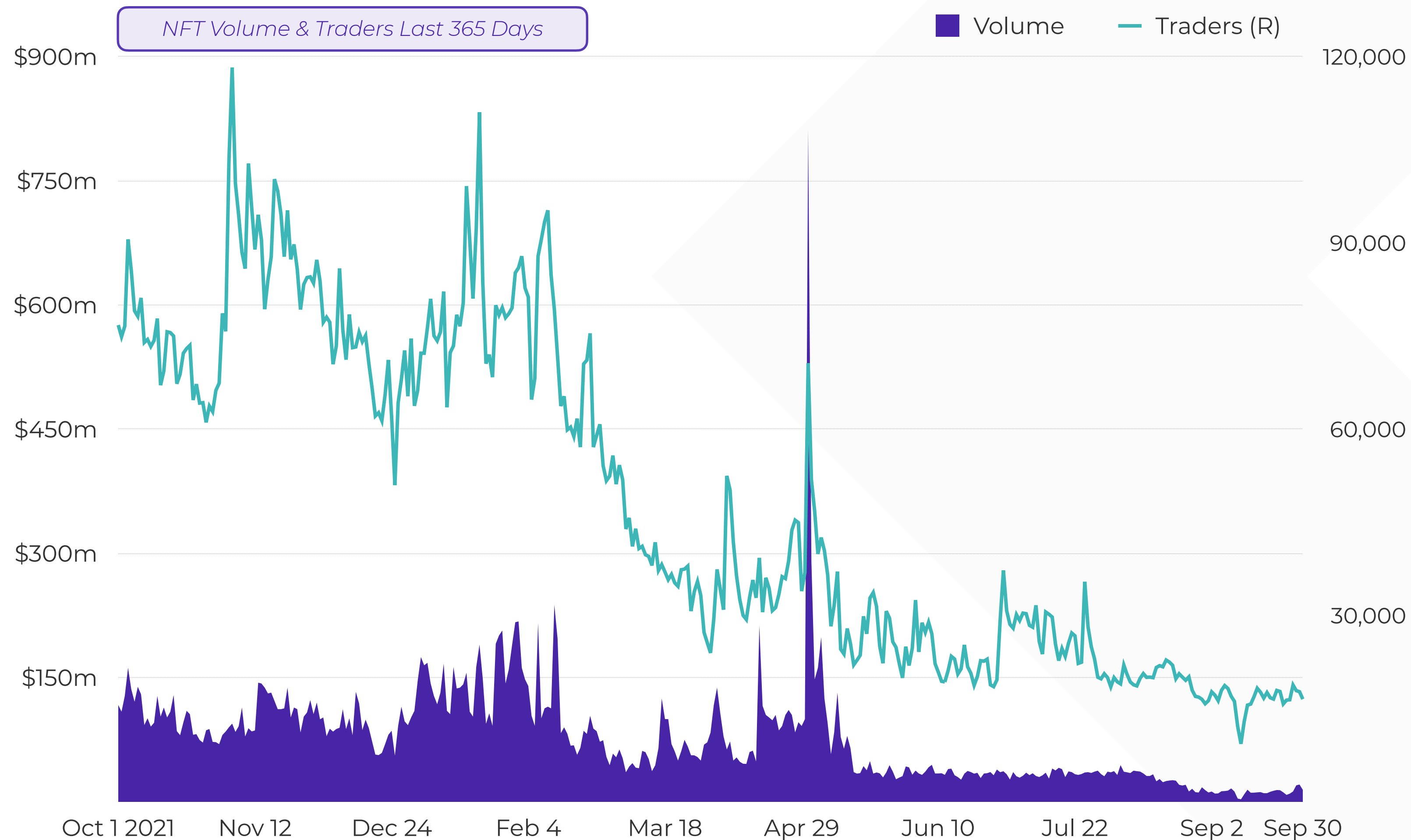
Redacted Cartel is a voting aggregator for other DeFi protocols. It helps users determine where to vote and which pool has the highest return and simplifies the voting and rewards-claiming processes.

Users who lock their \$BTRLFLY token can earn a portion of Redacted Cartel's revenue (50% of Hidden Hands' revenue, 40% of Priex's, and more than 15% of treasury's).

NFT Volume & Traders



Overall NFT market keeps going down with no signs of recovery.



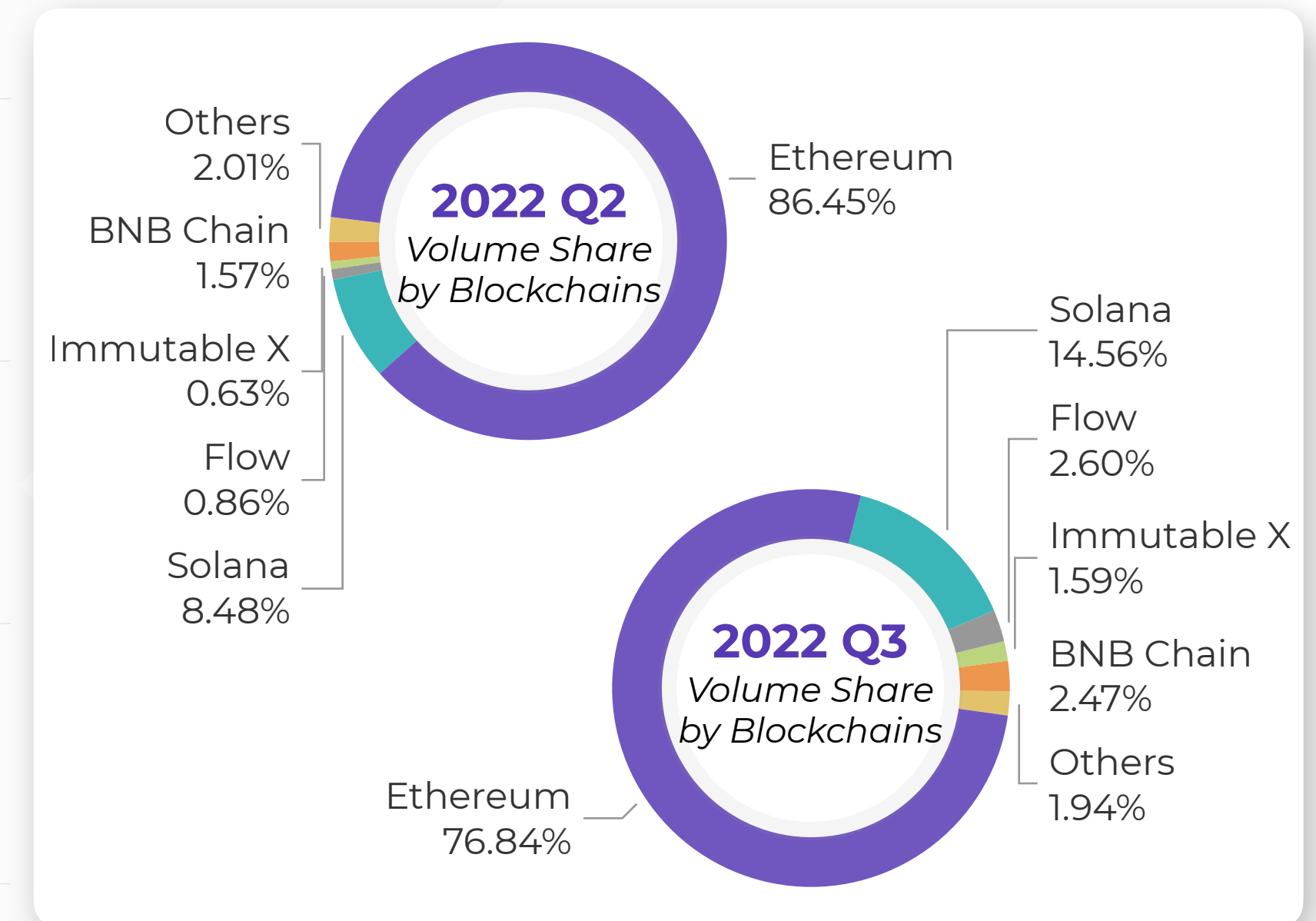
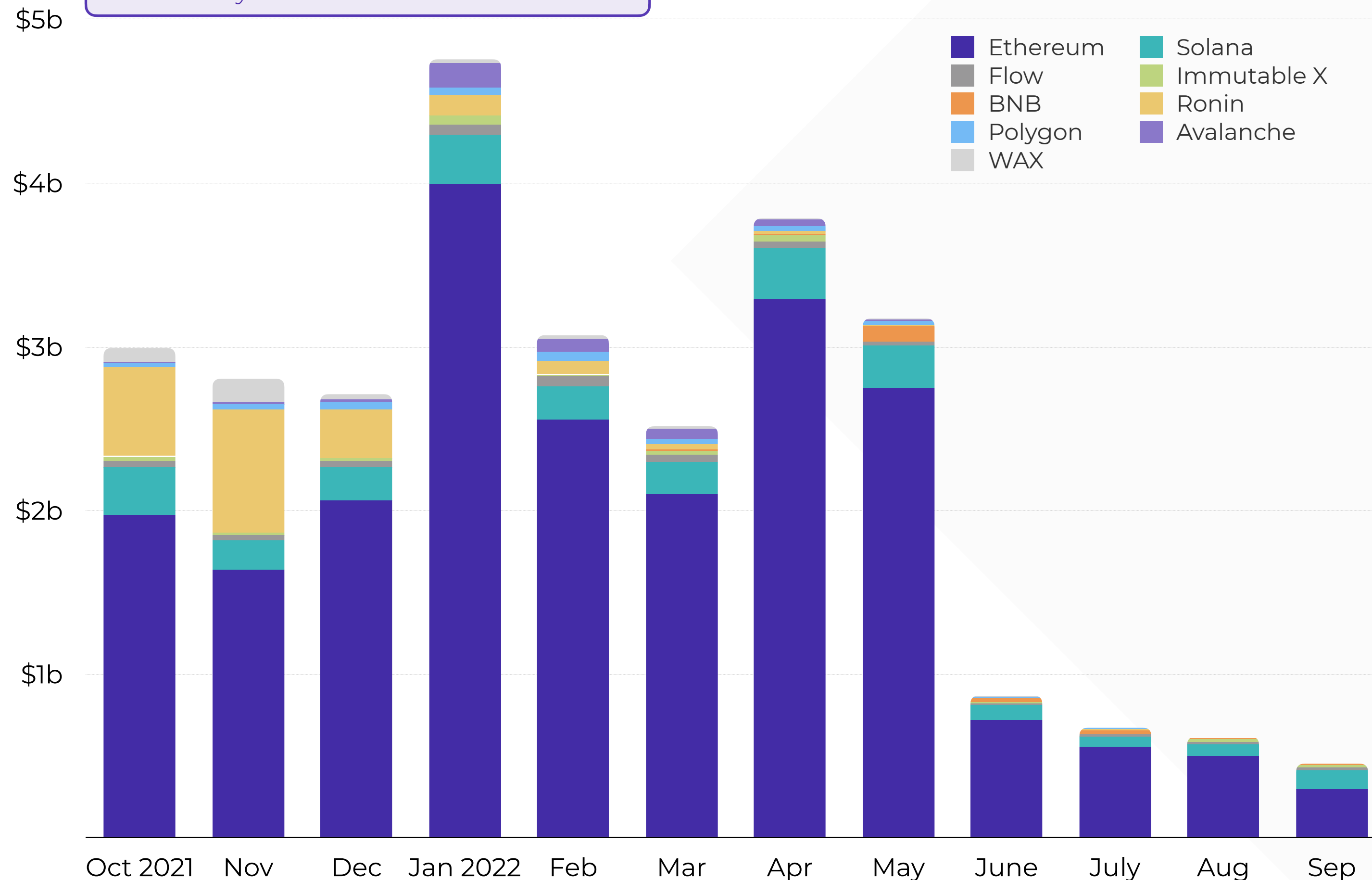
NFT volume decreased 66.5% Q-o-Q, while active traders decreased 30.4% Q-o-Q. The state of the market has fallen back to pre-July 2021 levels and will probably experience further decline.

Google trends interest also dropped to a very low level. However, NFT is a significant technological upgrade enabled by blockchain technology. It is unlikely to just fade away. Maybe right now is a good time to accumulate some blue-chip NFTs.

Different Blockchains

Ethereum NFTs retain the top spot but Solana, Flow, and Immutable X are closing the gap.

NFT Monthly Volume on Different Blockchains



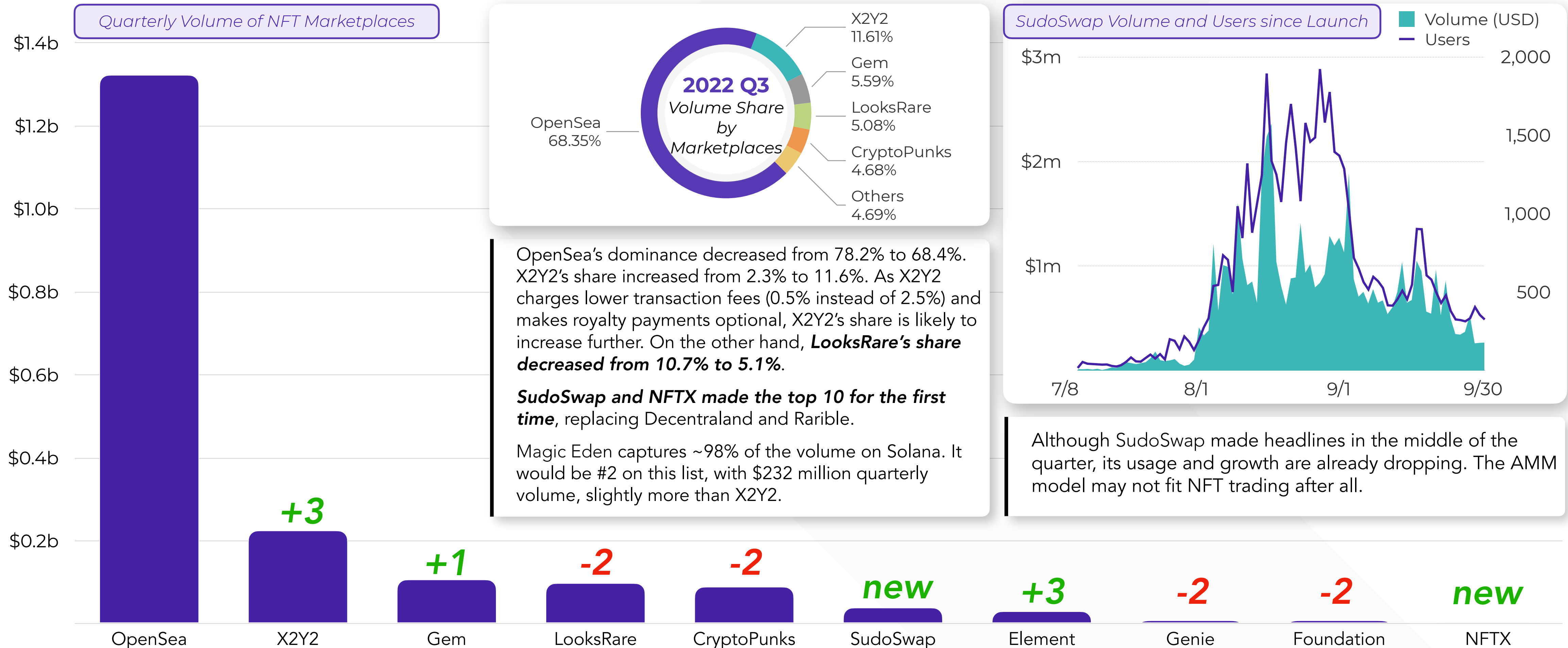
The single-month volume failed to exceed \$1 billion in 2022 Q3, even **dropping to just \$460 million in September**.

Ethereum's dominance in NFT trading volume declined significantly this quarter, **dropping to 86.45% to 76.84%**.

#2 **Solana increased from 8.48% to 14.56%**. #3 Flow increased from 0.86% to 2.60%.

NFT Marketplace

OpenSea's dominance declines while X2Y2 emerges as the leading challenger.



OpenSea's dominance decreased from 78.2% to 68.4%. X2Y2's share increased from 2.3% to 11.6%. As X2Y2 charges lower transaction fees (0.5% instead of 2.5%) and makes royalty payments optional, X2Y2's share is likely to increase further. On the other hand, **LooksRare's share decreased from 10.7% to 5.1%**.

SudoSwap and NFTX made the top 10 for the first time, replacing Decentraland and Rarible.

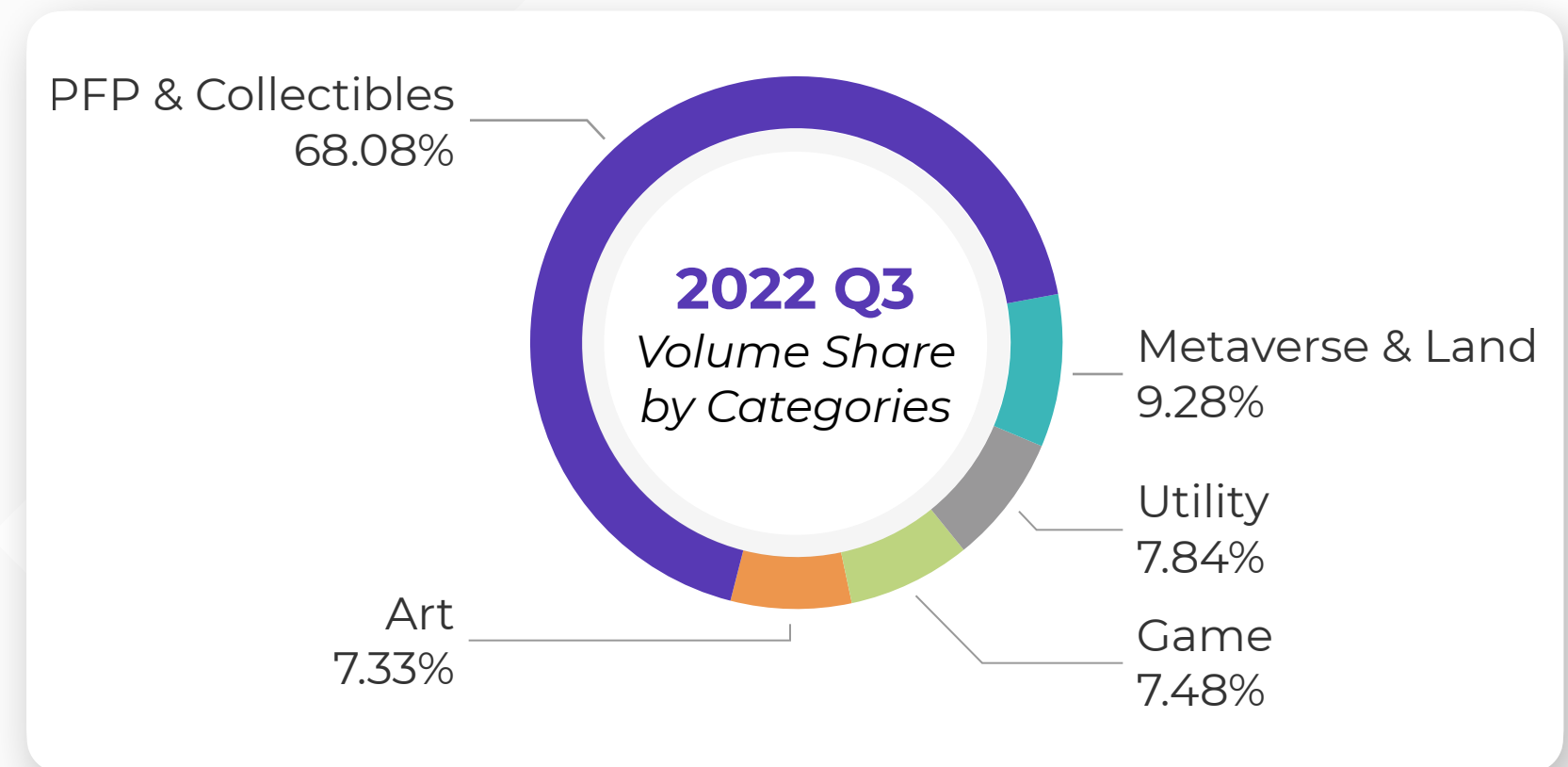
Magic Eden captures ~98% of the volume on Solana. It would be #2 on this list, with \$232 million quarterly volume, slightly more than X2Y2.

Although SudoSwap made headlines in the middle of the quarter, its usage and growth are already dropping. The AMM model may not fit NFT trading after all.

The Best PFPs

The ranks remained almost the same as last quarter. Half of the list belongs to Yuga Labs.

Rank	Project Name	Creator/Owner	Launch Date	TokenInsight Score	Rank Change
1	Bored Ape Yacht Club	Yuga Labs	4/22/2021	77.62	0
2	Mutant Ape Yacht Club	Yuga Labs	8/29/2021	58.08	0
3	CryptoPunks	Yuga Labs	6/23/2017	51.14	0
4	Clone X	RTFKT	12/12/2021	40.93	+1
5	Azuki	Chiru Labs	1/12/2022	36.76	+1
6	Moonbirds	Proof	4/15/2022	32.99	-2
7	Doodles	Doodles	10/17/2021	32.20	+2
8	Bored Ape Kennel Club	Yuga Labs	6/18/2021	31.59	0
9	VeeFriends	Gary Vaynerchuk	5/11/2011	26.48	new
10	Meebits	Yuga Labs	5/3/2021	26.08	0



PFP & Collectibles is the largest NFT category by market cap. Its share **increased a little from 67%** of last quarter.

Despite small movements, the **top 10 PFP remained almost the same as last quarter**. These are your best bets if you want to acquire NFT exposure.

The gap between BAYC/MAYC and CryptoPunks widens partially because of the upcoming \$APE staking.

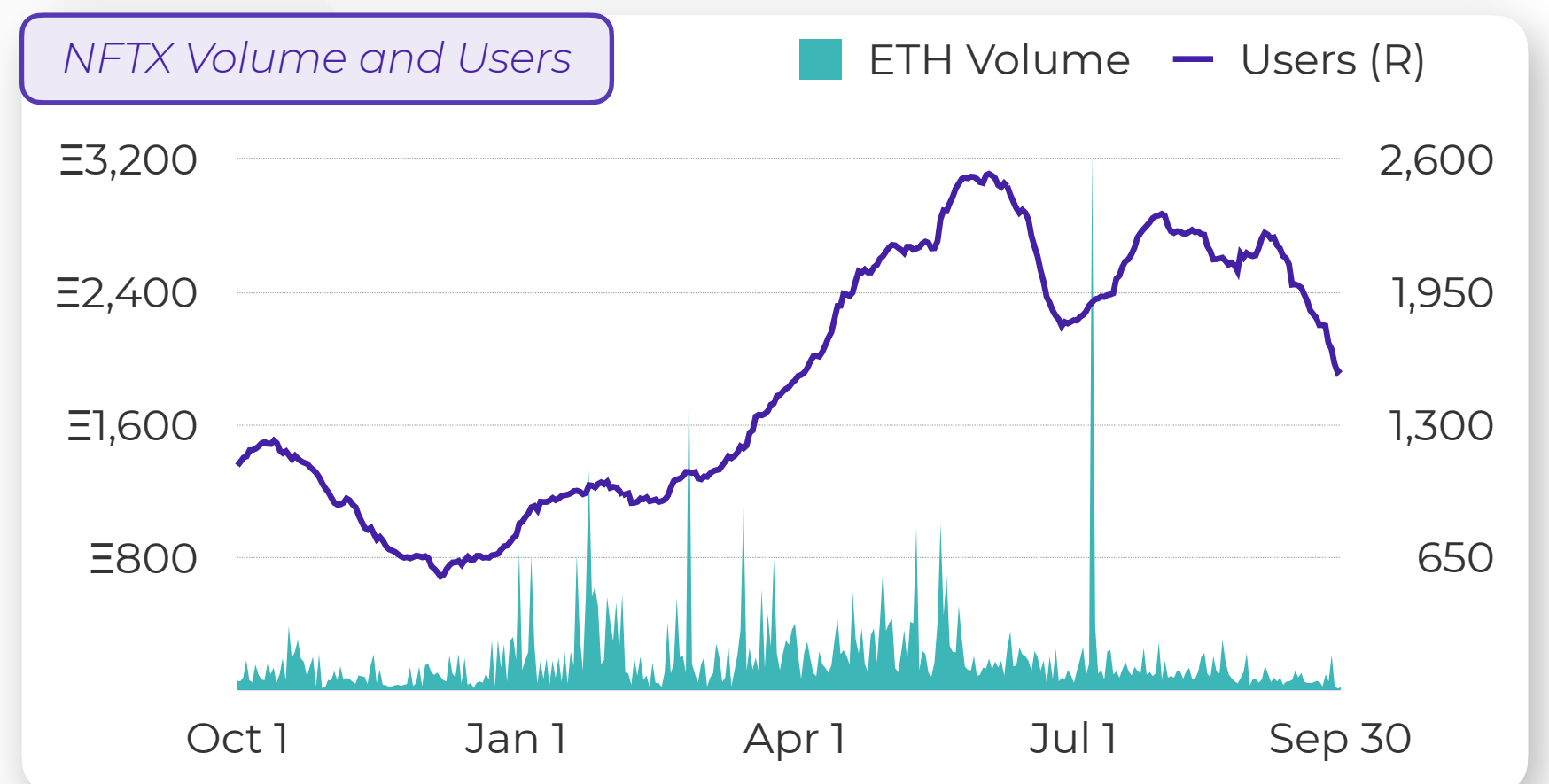
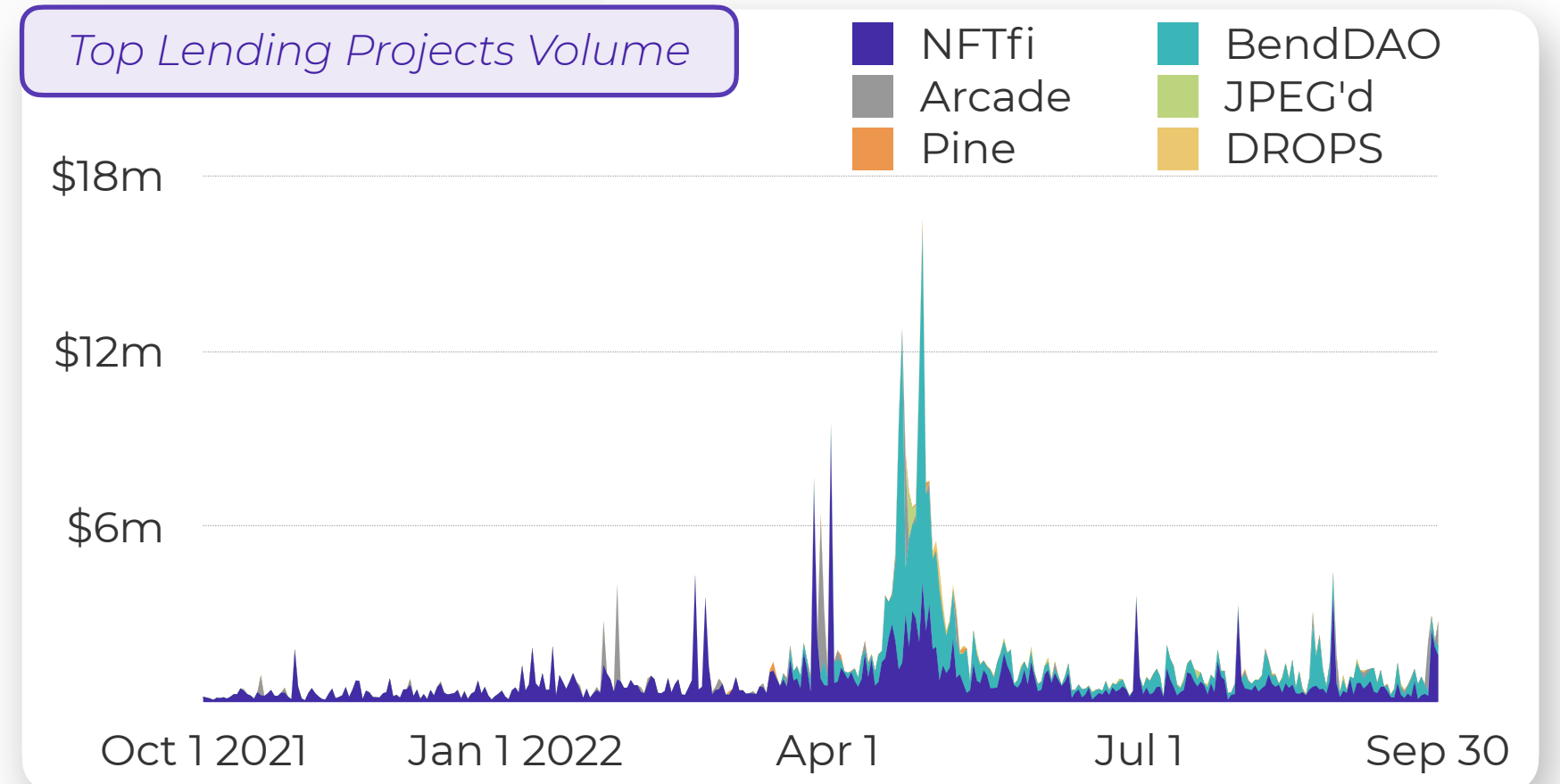
VeeFriends made the top 10 for the first time after lurking in the top 15 for a while. Cool Cats and Pudgy Penguins are #11 and #12, narrowly missing the list.

NFT Emerging Players



The innovation landscape is full of projects, and their adoption is increasing despite the overall bear market.






Lending	NFTfi	BendDAO	Drops	JPEG'd
	Arcade	Yawww	Flowty	LendingPond
	Kyoko	Strip	Taker	Gradient
	Pine	DeFragDAO	Themis	MetaStreet
	Nama	OpenSky		
AMM	NFTX	SudoSwap	Ruby	Lifinity
OTC	NFT Trader	Swapkiwi		
Pricing	Abacus	Banksea	Upshot	NFTbank.ai
Derivatives	NiftyOptions	NFTperp	NFTures	Putty
Infrastructure	Charged Particles	Solv	UnUnifi	
Fractionalization	Tessera	Unicly	FloorDAO	Bridgesplit



New Layer-1 Platforms



New solutions, such as Aptos and Sui, emerged to challenge incumbents and raised considerable amounts.

Project	Type	Consensus	TPS	VM	Status	Funding	Investors
 Aptos	Monolithic	DiemBFTv4	160,000	MoveVM	Testnet Launched	Seed: \$200m Series A: \$150m	a16z, FTX Ventures, Jump Crypto, Binance Labs, ParaFi Capital, Multicoin Capital, Three Arrows Capital, FTX Ventures, Coinbase Ventures, and others
 Sui	Monolithic	Narwhal & Bullshark	120,000	MoveVM	Devnet Launched	Series A: \$36m Series B: \$300m	a16z, FTX Ventures, Binance Labs, Jump Crypto, Coinbase Ventures, Circle Ventures, Samsung NEXT, and others
 Linera	Monolithic	N/A	N/A	N/A	Project Launched	Seed Round: \$6m	a16z, Cygni Capital, Kima Ventures and Tribe Capital
 Sei	App Chain	Tendermint	18,000	CosmWasm	Testnet Launched	Seed Round: \$5m	Multicoin Capital, Coinbase Ventures, Delphi Digital, Hypersphere, the founders of Anchorage, Frax, and others
 Fuel	Roll-up	N/A	N/A	FuelVM	Testnet Launched	Venture Round: \$80m Unknown Round: \$1.5m	Blockchain Capital, Stratos Technologies, CoinFund, Alameda Research, Maven 11 Capital, and others

Thank You

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