



CoinGecko

2023 Q1

Crypto Industry Report

FULL REPORT

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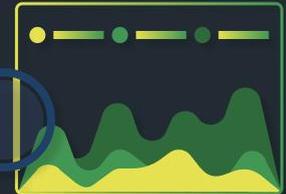
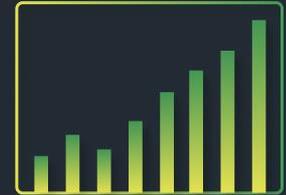
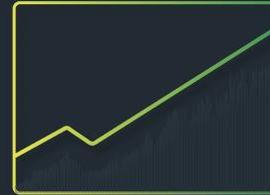
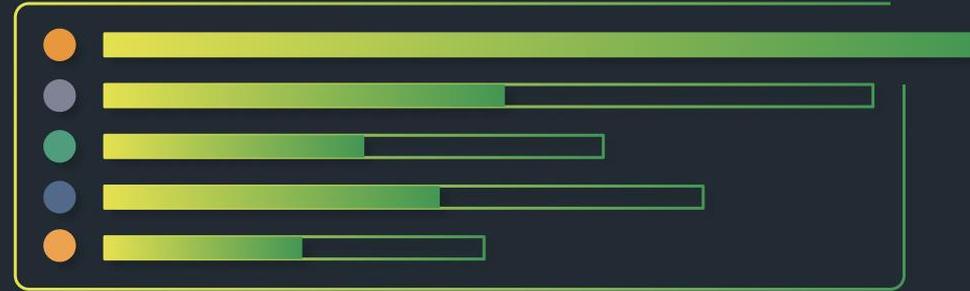


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Haziq Darwisy



Zhong

Founders' Note

A new year brings new beginnings, as the crypto market woke from its end-2022 hibernation to shake off the bears, going from a total market cap of \$831.8B on 1 Jan 2023 to \$1.238T on 31 March 2023. While it was not smooth sailing all the way, this run reversed losses stemming from FTX's collapse, returning the market to heights before the Ethereum Merge. Prices of BTC and ETH are now hovering around \$28,000 and \$1,800 respectively, with BTC performing particularly well, gaining just over 70% this quarter.

The early half of Q1 was relatively quiet as traders speculated about a Fed pivot. Liquidity was relatively thin, giving rise to short-lived narrative runs such as Chinese coins, Canto season, AI coins, etc. However, the biggest news was Bitcoin Ordinals, which through a novel Taproot implementation, enabled NFTs on the oldest chain of them all. While the release of Ordinals triggered brief arguments around the clogging of Bitcoin blockspace and how NFTs were not the intended use case of Bitcoin, it seems the pro-Ordinals crowd have won for now and are here to stay. Certain NFT projects on altchains have begun migrating to Bitcoin, while Magic Eden has also launched an Ordinals marketplace.

Mid-February saw things kicked up a notch when the SEC served a Wells Notice to Paxos over the issuance of BUSD, who ultimately took the decision to wind down the stablecoin. This was the precursor to a succession of high-profile regulatory actions in the US, with Kraken settling charges with the SEC and winding down its staking product, Coinbase being served a Wells Notice by the SEC for its staking service, and finally the CFTC suing Binance for operating an illegal digital asset derivatives exchange. The US regulators' aggressive enforcement actions underscores the challenges of operating in an opaque regulatory environment and will only cue louder calls for regulatory clarity.

However, crypto's regulatory challenges couldn't overshadow larger turmoil in the traditional banking sector. FUD surrounding Silvergate Bank led to it entering voluntary liquidation on March 8, triggering contagion effects across the US banking industry. Within the same week Silicon Valley Bank and Signature Bank were put under FDIC receivership, which subsequently led to Credit Suisse being acquired by UBS in a government-brokered takeover a week later. Events like these lay bare the fragility of trust and confidence in traditional finance. While we may often decry the lack of innovation on the network, bitcoin's reputation as a safe haven asset, and in general crypto's role in offering an alternative financial infrastructure will only continue to grow as it remains resilient, and more people turn to it during financial crises.

So where does all this leave us? In truth, more cautiously optimistic about the decentralized future as we have been for some time. Going a quarter without a major project blowing up feels like a minor achievement, and the industry seems to have weathered the worst of this cycle's bear market. Volumes are also steadily returning to both coins and NFTs. That doesn't mean there aren't still headwinds ahead - regulatory challenges and sustained geopolitical and macroeconomic instability will continue to weigh heavily on the industry. Nonetheless, green shoots are emerging - the recent deployments of zk-Rollups are a clear sign that technical innovation is still healthy, while interesting dApps are still being built in areas beyond DeFi such as user wallets, decentralized social networks and decentralized identities. Adoption of Web3 technologies amongst traditional brands and companies also continues to expand. All this points to an industry on the mend, and still excited to grow and innovate.

At CoinGecko, we continue to build and ship regardless of bull or bear. It's been a promising start to the year, and we look forward to seeing what 2023 has in store for us. Onwards and upwards!



Bobby Ong
COO

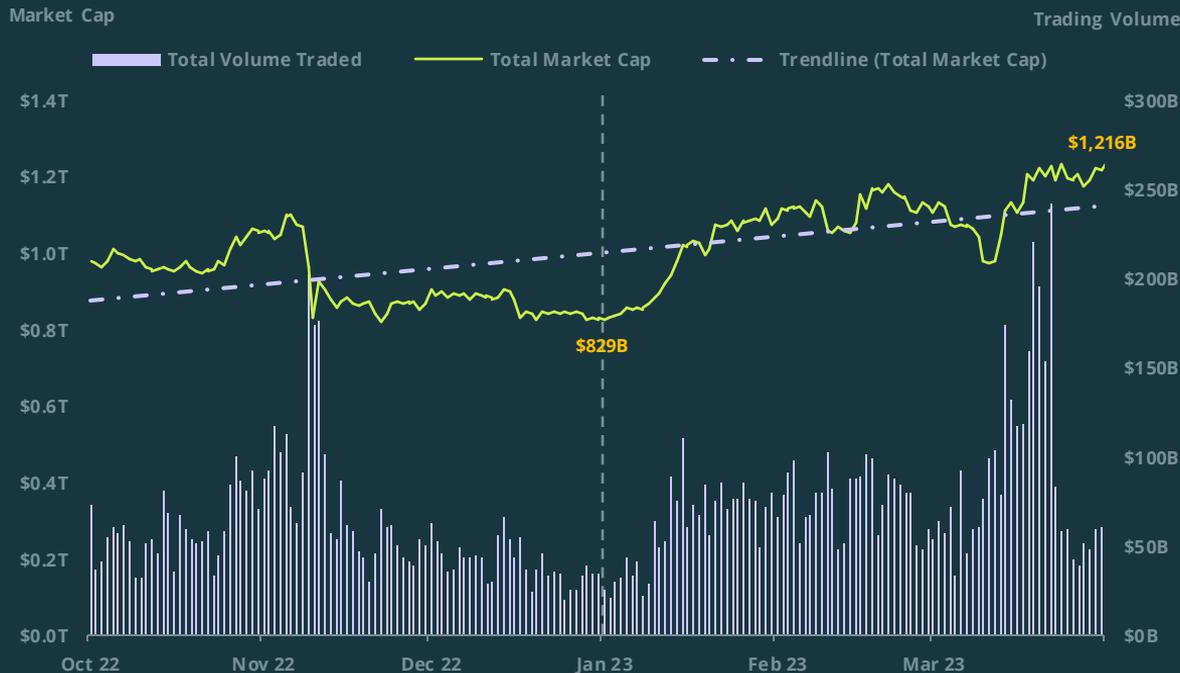
TM Lee
CEO

MARKET LANDSCAPE

2023 Q1 Overall Crypto Market Overview

Market rallied strongly in 2023 Q1, gaining close to 50% despite a mid-March dip, with overall spot trading volume also increasing by 30%

Total Market Cap & Spot Trading Volume (Oct 2022 - Mar 2023)



+48.9%

Total Market Cap Change in 2022

In contrast to 2022, 2023 is off to a strong start with **total crypto market cap ending Q1 at \$1.2T**. This is close to a **50% increase, or +\$406B in absolute terms**.

Average daily **trading volume has increased 30% QoQ** and sits at ~\$77B.

Volume picked up in early January when the market started rallying. There was also a **notable spike around mid-March** which coincided with the second leg of the rally.

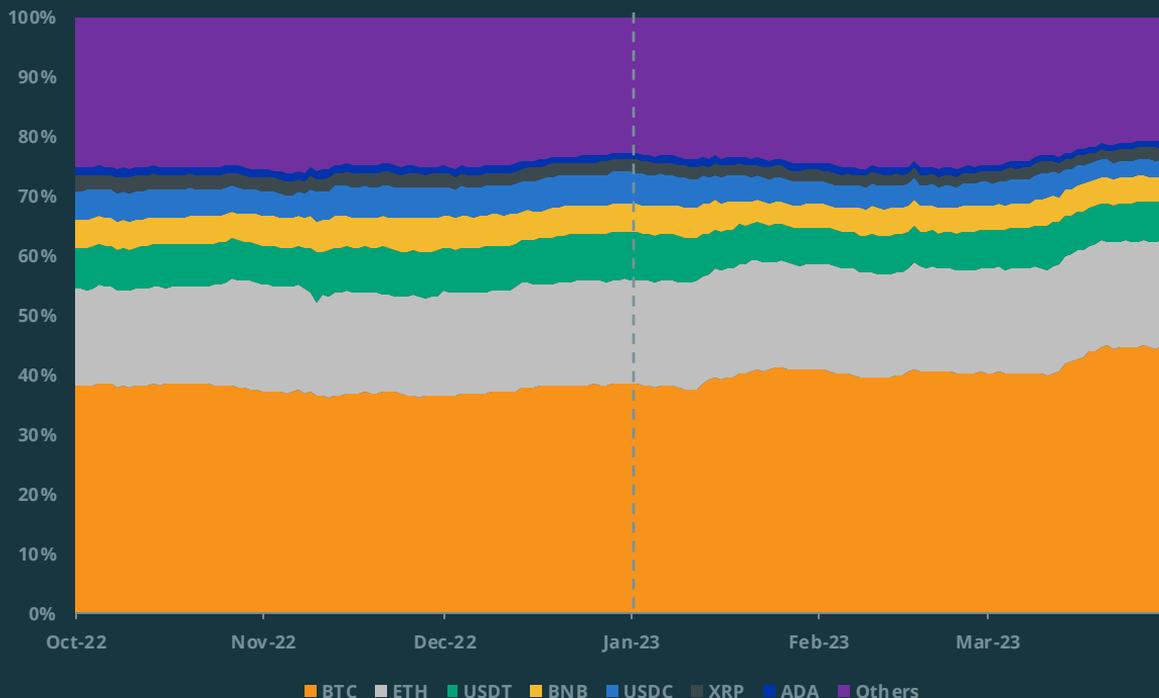
However, **volumes have fallen off in the later part of March** as Binance removed their zero-fee trading incentives for BTC.

A notable change in the Top 30 is **SOL which climbed from #18 to #10** after recovering from a major sell-off following the FTX meltdown in 2022 Q4. Meanwhile, **QNT, CRO and APE fell out of the Top 30, replaced by FIL, HBAR, and LDO**.

2023 Q1 Crypto Dominance

Bitcoin saw substantial gains in market share this quarter as traders fled even stablecoins for safety after regulatory challenges and banking turmoil

Crypto Dominance (Oct 2022 – Mar 2023)



 44.7% ▲ 6.1%	 17.8% ▲ 0.4%
 6.5% ▼ 1.5%	 4.1% ▼ 0.8%
 2.6% ▼ 2.7%	 2.3% ▲ 0.2%
 1.1% ▼ 0.1%	 21.9% ▼ 1.7%

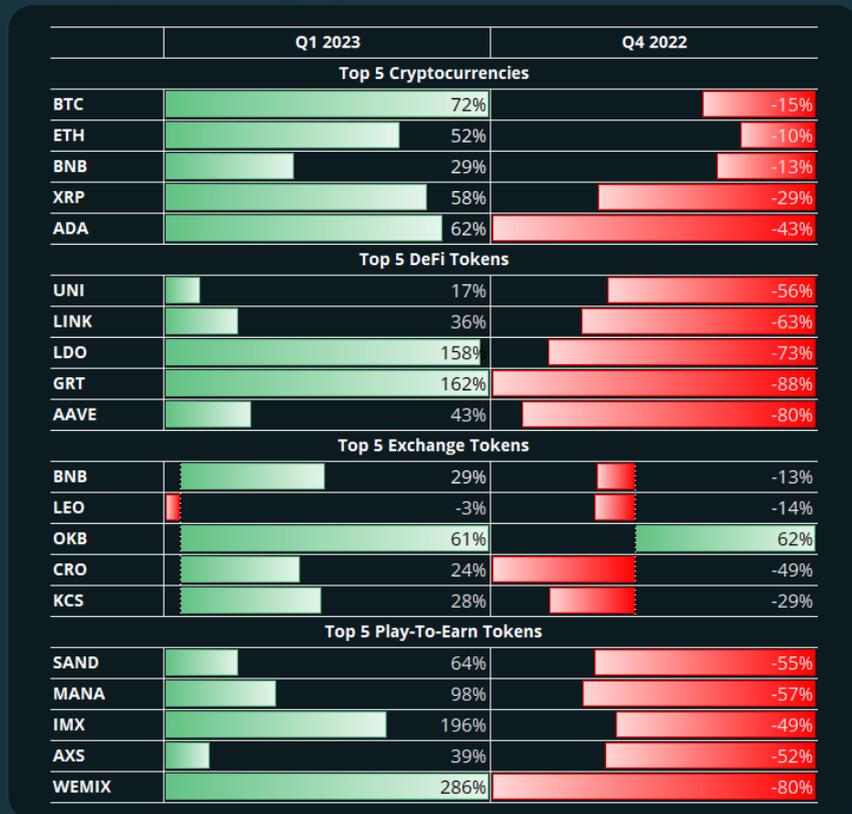
Bitcoin took the spotlight in 2023 Q1, with a **6.1% increase in dominance** at the expense of other major coins. Only **ETH and XRP** have held on to their share of market, while the **rest have recorded slight declines in dominance**.

USDC recorded the largest decline in dominance (-2.7%), likely due to holders being spooked with the stablecoin depegging during the banking crisis. Subsequently, **BNB has now overtook USDC at the #4 position**.

BUSD fell significantly from #7 to #12 following Paxos' decision to wind-down the stablecoin.

2023 Q1 Cryptocurrency Price Returns

Token prices largely rallied across all sectors, but BTC outperformed most of them



All top 5 cryptocurrencies recorded double digit gains. BTC outperformed everyone else with a **72% increase**, followed by **ADA (+62%), XRP (+58%), ETH (+52%) and BNB (+29%)**.

DeFi tokens saw some recovery in 2023 Q1 as the entire market trended higher.

GRT (+162%) re-enters the Top 5 DeFi tokens and **saw the most significant returns** while **LDO (+158%)** comes in at second place, having benefited from the Ethereum LSD (liquid staking derivatives) hype. However, the **rest of the top 5 DeFi tokens underperformed compared to BTC**.

Meanwhile, CAKE which was #5 in 2022 Q4 has now dropped to #11, while MKR which was once #4 back in Q2 2022 has now dropped to #13.

Similarly, **exchange tokens have also recovered in 2023 Q1** but **also underperformed BTC**. **LEO was the only token which saw a small decline (-3%)** in 2023 Q1.

KCS (+28%) overtook HT at #5, likely due to the Huobi Token -93% flash crash in March and associated FUD following FTX's insolvency.

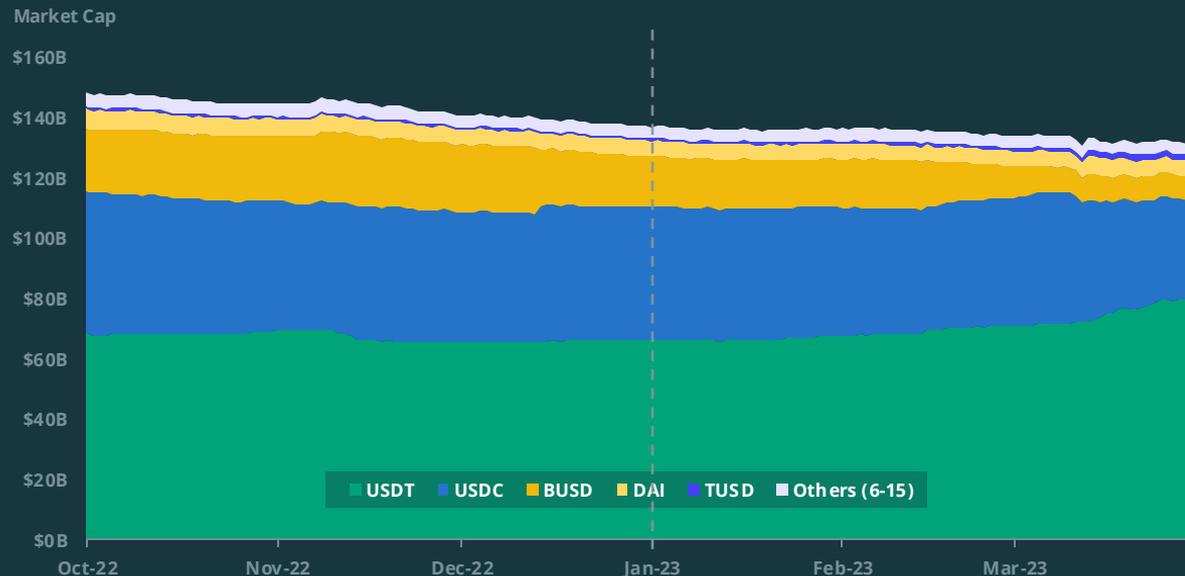
The **Play-To-Earn (P2E) sector also saw a rather strong recovery**, with 3 out of the Top 5 tokens – **WEMIX (+286%), IMX (+196%), and MANA (+98%) outperforming BTC** in 2023 Q1.

GMT (+71%) which had been in the Top 5 P2E tokens throughout 2022 was also unseated by WEMIX.

2023 Q1 Top 15 Stablecoins Overview

USDC and BUSD saw significant outflows due to depeg and regulatory concerns, with USDT and TUSD being the largest beneficiaries

Top 15 Stablecoins Market Cap Breakdown (Oct 2022 – Mar 2023)



-4.5%

Top 15 Stablecoins Market Cap Change in 2023 Q1

Top 15 Stablecoins **shed ~4.5% or \$6.2B** in market cap in 2023 Q1.

This is due to **stablecoin FUD** following **SEC's probe into BUSD** and **USDC depeg**.

The largest stablecoin **USDT (+20.5% or \$13.6B)** gained the most in absolute terms, while **USDC and BUSD** each saw losses of 26.9% and 54.5% respectively.

DAI (+0.8%) essentially remained flat in 2023 Q1, while **TUSD (+169.3%)** overtook **FRAX at #5** despite the latter also seeing gains (+2.6%) this quarter.

A large part of TUSD's gains can be attributed to minting by Binance (~\$130m) and on Tron (~\$750m).

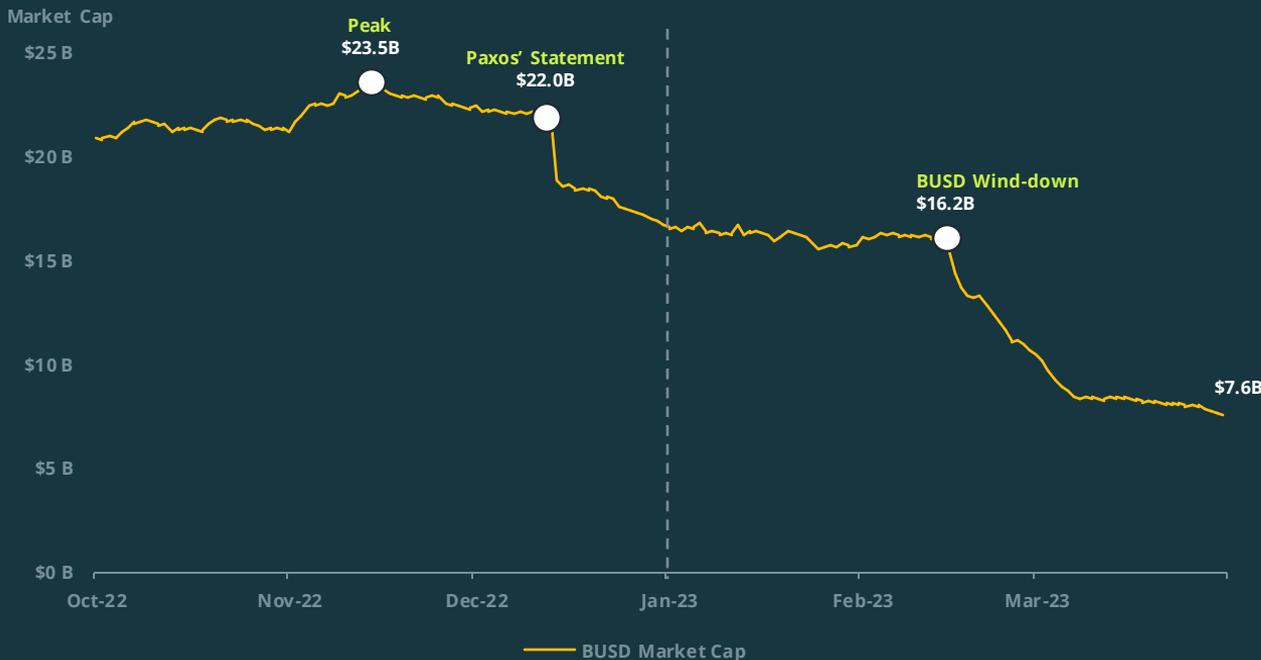
Outside the Top 5, **GUSD (-32.0%)** and **USDP (-12.3%)** were the biggest losers while **LUSD (+47.7%)** was the biggest gainer.



BUSD Winding Down

While it was on an upward trajectory in 2022, BUSD is now in the process of being wound-down. Since the February announcement the market cap has quickly decreased as users swap out

BUSD Market Capitalization (Oct 2022 – Mar 2023)



-47.3%

BUSD Market Cap Change in 2023 Q1

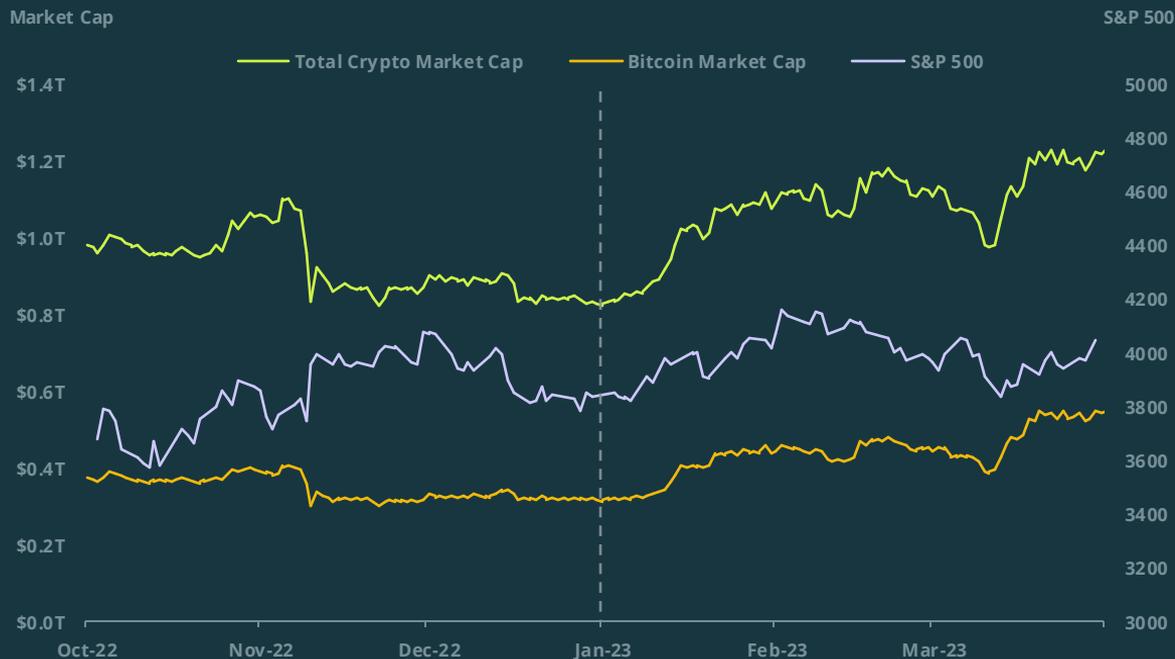
BUSD sheds 47.3% or \$6.8b in market cap over the quarter, down 67.6% from its peak in November 2022. As of end Q1, there was still \$7.6b worth of BUSD in circulation.

- 13 Dec** Paxos clarifies it only supports BUSD on Ethereum, BUSD on other chains are wrapped versions managed by Binance
- 13 Feb** Paxos winds down BUSD in direction of its regulator NYDFS
- 28 Feb** TUSD becomes 5th largest stablecoin, after Binance mints \$130M worth in a week
- 13 Mar** Binance converts \$1B of BUSD to BTC, ETH, BNB and other tokens
- 28 Mar** BUSD suffers further \$500M in outflows after CFTC files a suit against Binance

2023 Q1 Total Crypto Market Cap & Bitcoin vs. S&P 500

Crypto had a low positive correlation to the S&P500 in 2023 Q1, after being moderately negative in 2022 Q4; it achieved 10x higher returns, but was also 3x more volatile compared to the S&P

Total Crypto Market Cap & Bitcoin vs. S&P 500 (Oct 2022– Mar 2023)



Bitcoin-S&P500 correlation flipped from moderately negative in 2022 Q4 (-0.64) to **low positive in 2023 Q1 (0.31)**. However this is still much lower compared to the overall 2022 correlation of 0.86.

In contrast to Bitcoin, the **S&P had a yo-yo Q1** but did close out the quarter +7%. While it rose in January when traders were speculating about a Fed pivot, subsequent unfavorable macro data pushed the index downwards, and this was exacerbated in March due to the banking turmoil. Swift action from regulators helped stabilize the situation and the market.

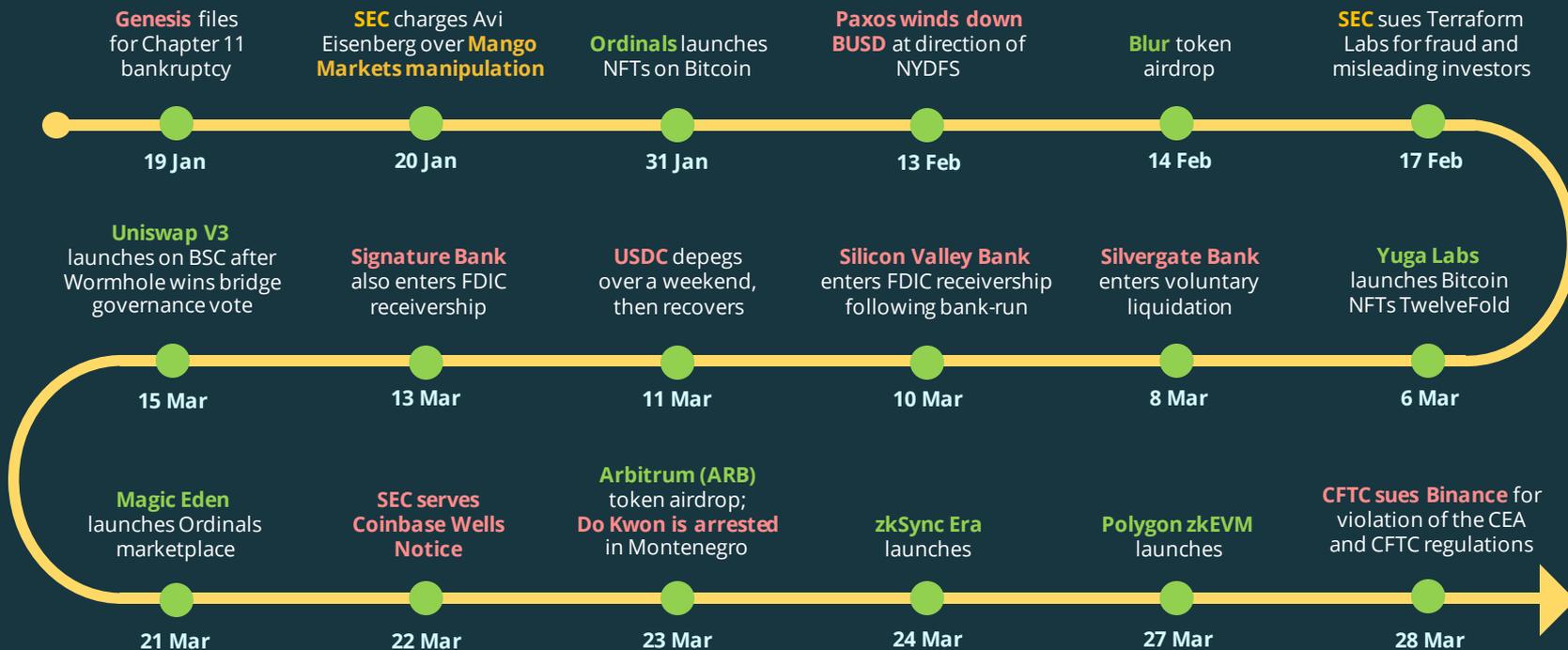
As usual, 2023 Q1 **correlation between total crypto market cap and bitcoin was almost 1 at 0.97**.

Total crypto market cap (+49%) performed almost 10x better than the S&P 500 (+5%).

However, **crypto was also 3x more volatile**, with an annualized volatility of 24.1% compared to the S&P 500's 8.3%.

2023 Q1 Notable Events Timeline

Q1 saw a banking crisis in March which drove up the prices of crypto, but also had several notable highlights - Ordinals, zk-Rollups, BLUR & ARB airdrops



Mid-March 2023 Banking Turmoil

Silvergate's troubles caused a domino effect which resulted in SVB, Signature Bank, and Credit Suisse being bailed out, amidst broader banking sector instability

● End-2022 — 6 Jan 2023 — 3 Feb 2023 — 8 Mar 2023 — 9 Mar 2023 — 10 Mar 2023 — 12 Mar 2023 — 14 Mar 2023 — 15 Mar 2023 — 16 Mar 2023 — 17 Mar 2023 →

Post-FTX collapse, Silvergate clarified that as of 30 Sep, it had \$11.9B deposits from crypto clients, of which **FTX was <10%**.

Silvergate reports outflow of \$8.4B of crypto-related deposits in 2022 Q4. Shares tank 46%.

Bloomberg reported that **US Justice Dept was looking into Silvergate's** dealings with FTX & Alameda Research.

Silvergate announced that it will **wind down operations and voluntarily liquidate** the bank.

SVB share price tanked 60%. Reuters reported that the CEO had to call clients to **assure them that their money was safe**.

SVB is shut down by regulators. It later emerges that depositors requested another \$100B in withdrawals on Friday.

The Treasury Dept, Fed and FDIC issues a joint statement to **guarantee all deposits at SVB**, and new **Bank Term Funding Program (BTFP)**.

SVB's UK arm is acquired by HSBC. To date no buyer has been found for its main US business.



A group of major banks led by JP Morgan **injected \$30B in liquidity** to First Republic Bank to shore up confidence in the banking system.

19 Mar 2023

Elizabeth Warren and other members of Senate writes to Silvergate **asking questions about its ties to FTX**.



SVB launched a **\$1.75B share sale** to shore up its balance sheet after disclosing it **took a \$1.8B hit** on its bond portfolio.

Depositors tried to **withdraw \$42B from the bank**. At the end of the day SVB was left with a **-\$958M cash balance**.

Due to contagion fears from SVB, **Signature Bank suddenly faced billions in withdrawals** in the final hours of the day.

In the same joint statement, it was announced that **Signature Bank will also be shut down**, but all deposits will be guaranteed



Flagstar Bank acquires almost all deposits and loans of Signature Bank, except those which are crypto-related.

CS announces a delay in publishing its 2022 annual report after a late call from the US SEC.



CS publishes its annual report which disclosed **massive losses** and "material weaknesses" in its financial reporting processes for 2021 and 2022.

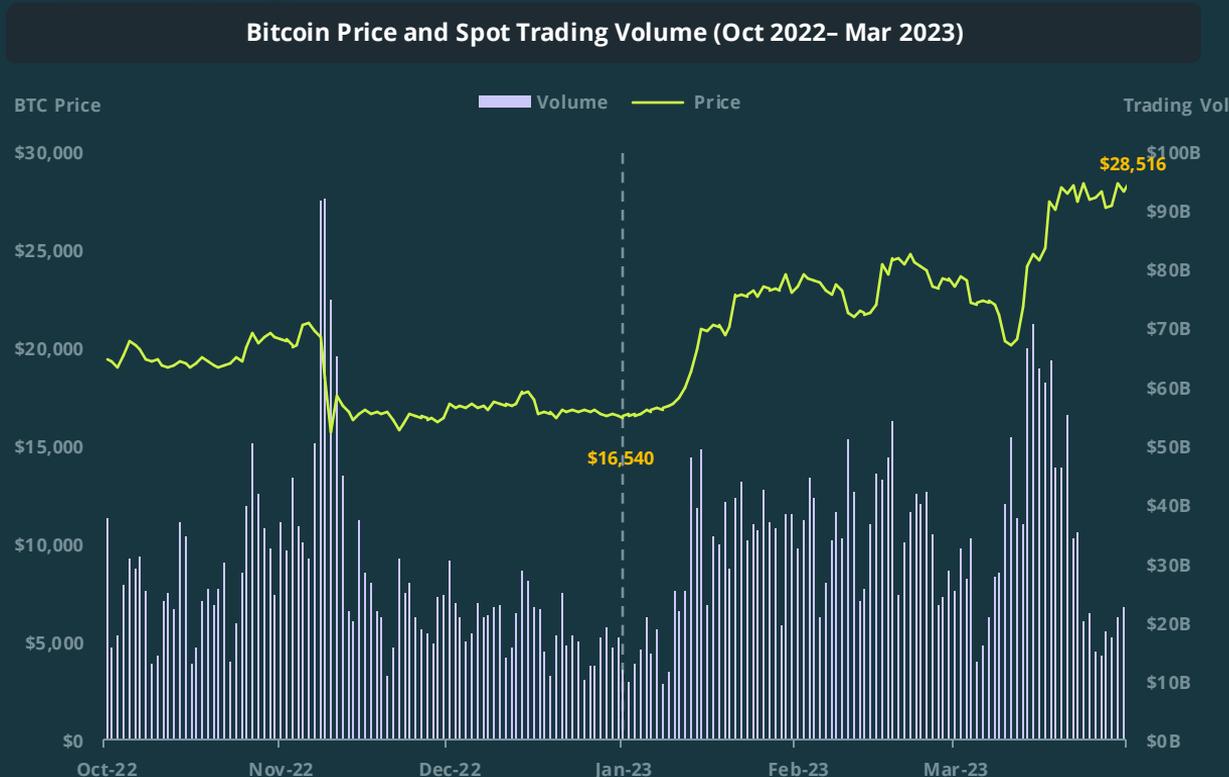
CS announces plans to **borrow up to CHF 50B** from the Swiss National Bank, after its largest shareholder, SNB was unable to supply more cash.

After a weekend of intense negotiations, **UBS announces government-brokered deal to acquire CS**.

BITCOIN ANALYSIS

2023 Q1 Bitcoin Price vs. Trading Volume

2023 Q1 was close to up only for BTC, starting Q1 at its quarterly low of \$16,540 and ending Q1 at its quarterly high of \$28,516



+72.4%
Bitcoin price return in 2023 Q1

BTC is off to a strong start in 2023 Q1, gaining 72.4%. This is the highest quarterly gain since Q1 2021. This could in part be attributed to the bank crisis of March 2023, which presented the narrative of Bitcoin as a trustless, alternative money.

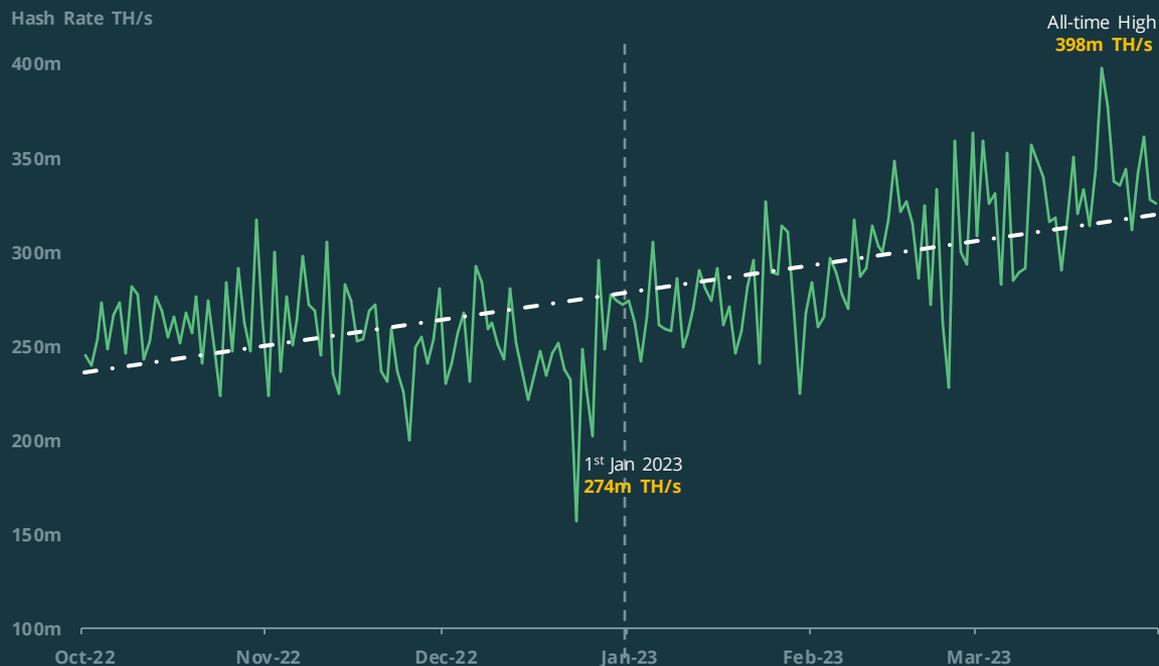
In 2023 Q1, BTC started the quarter at its lowest and ended at its quarterly high, at **\$16,540** and **\$28,516**, respectively. This is a level not seen since 12 June 2022, around the time the market started plummeting after the Terra meltdown.

Arguably the most noteworthy Bitcoin development in 2023 Q1 was the **launch of the Ordinals Protocol**, which **enabled NFTs on the Bitcoin network** (more on Ordinals in Slide 33).

2023 Q1 Bitcoin Mining Hash Rate

Bitcoin mining hashrate continues to climb through bearish and bullish times, with shares of publicly traded miners seeing a strong recovery as the price of BTC recovered

Bitcoin's Total Hash Rate (Oct 2022 – Mar 2023)



+24.1%

Bitcoin's hash rate increase
in 2023 Q1

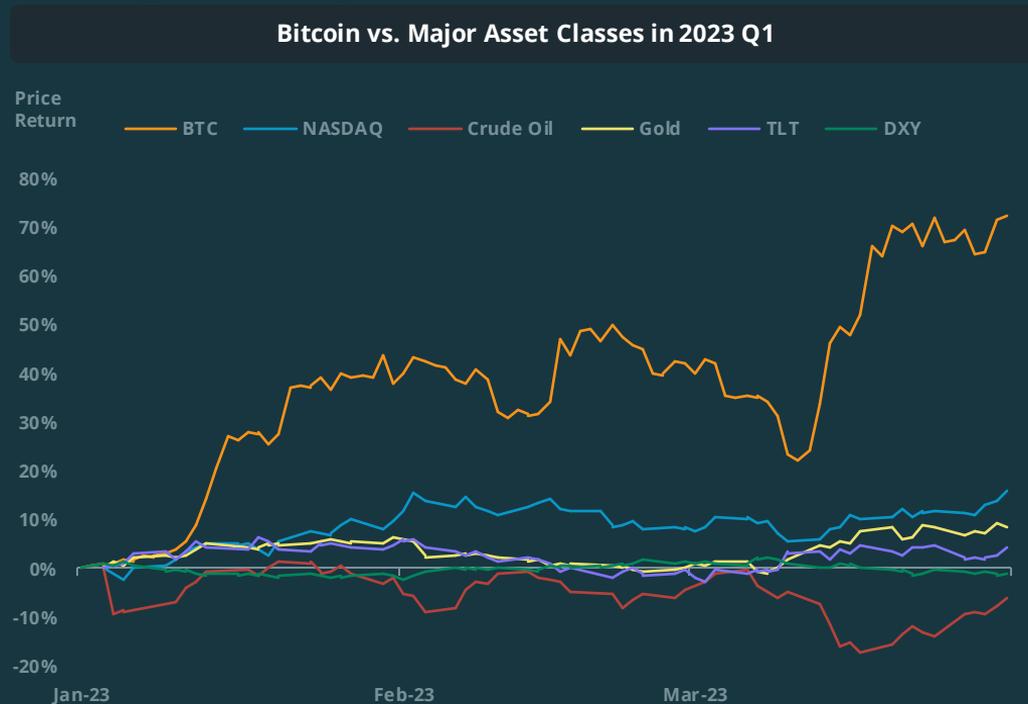
Mining hash rate continues to climb, having increased by 24% QoQ and hitting another ATH of 398 TH/s on 22 March.

2023 Q1 saw several notable developments for the mining industry:

- **Blockstream raises \$125m** to fund expansion
- **Cleantech continues expanding** with purchase of 20,000 ASIC miners
- **Shares of public mining companies have rallied alongside BTC**, with Iris Energy (+157%) leading, followed by Bitfarms (+126%), Hut 8 (+126%), and HIVE (+115%)
- Protracted **fatal protests in Kazakhstan** over energy prices, coupled with **increasing regulatory restrictions** on bitcoin mining has **resulted in a bitcoin miner exodus from the country**, which once held the #2 spot for hashrate

2023 Q1 Bitcoin vs. Major Asset Classes Price Returns

Bitcoin was by far the best performing asset in 2023 Q1 with a 72% gain; all major asset classes in green except for crude oil



	Q1 2023 Return	Q4 2022 Return
BTC	72%	-13%
S&P 500	5%	6%
NASDAQ	16%	-2%
CRUDE OIL	-6%	-3%
GOLD	8%	7%
TLT (Treasury Bonds)	4%	-4%
DXY (US Dollar Index)	-1%	-7%
GBP	2%	6%
YEN	1%	9%
EUR	1%	8%
CNY	2%	2%
SGD	1%	7%

Bitcoin (+72%) was by far the best performing asset in 2023 Q1, followed by **NASDAQ (+16%)** and **gold (+8%)**.

Most assets ended in the green in 2023 Q1 except crude oil (-6%), which saw a small decline but was only one of the two assets which ended 2022 in green.

Crude oil dipped as low as 17% during the quarter following a US inflation report and a series of US bank failures which could reduce oil demand, but recovered to end the quarter at -6%.

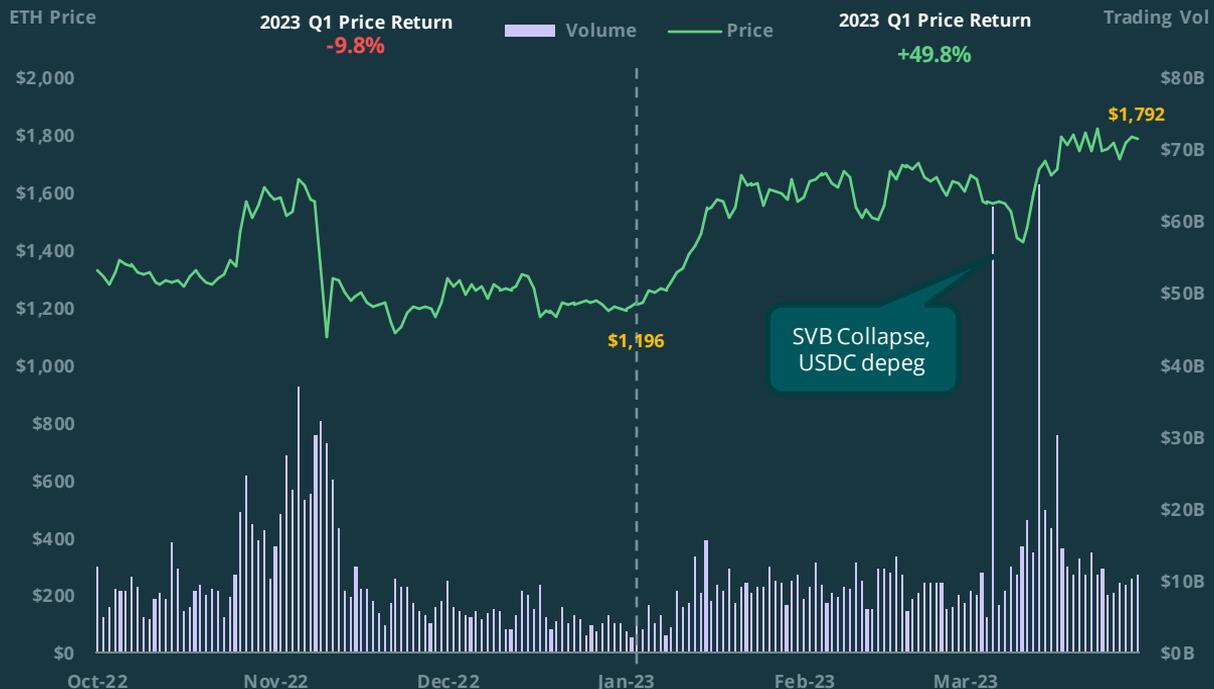
Meanwhile, the **US Dollar Index (DXY) and other currencies remained relatively flat**.

ETHEREUM ANALYSIS

2023 Q1 Ethereum Price vs. Trading Volume

ETH had a strong Q1, staying above the 200 weekly moving average (WMA) since mid-January, despite the upcoming release of millions of staked ETH

Ethereum Price and Spot Trading Volume (Oct 2022 – Mar 2023)



+49.8%

ETH Price Return in 2023 Q1

ETH closed 2023 Q1 at **\$1,792**, representing a **49.8%** increase during the quarter. The upcoming release of millions of staked ETH does not seem to have spooked buyers.

It started the year at the low of **\$1,196**, before hitting a quarterly high of **\$1,825** in late March.

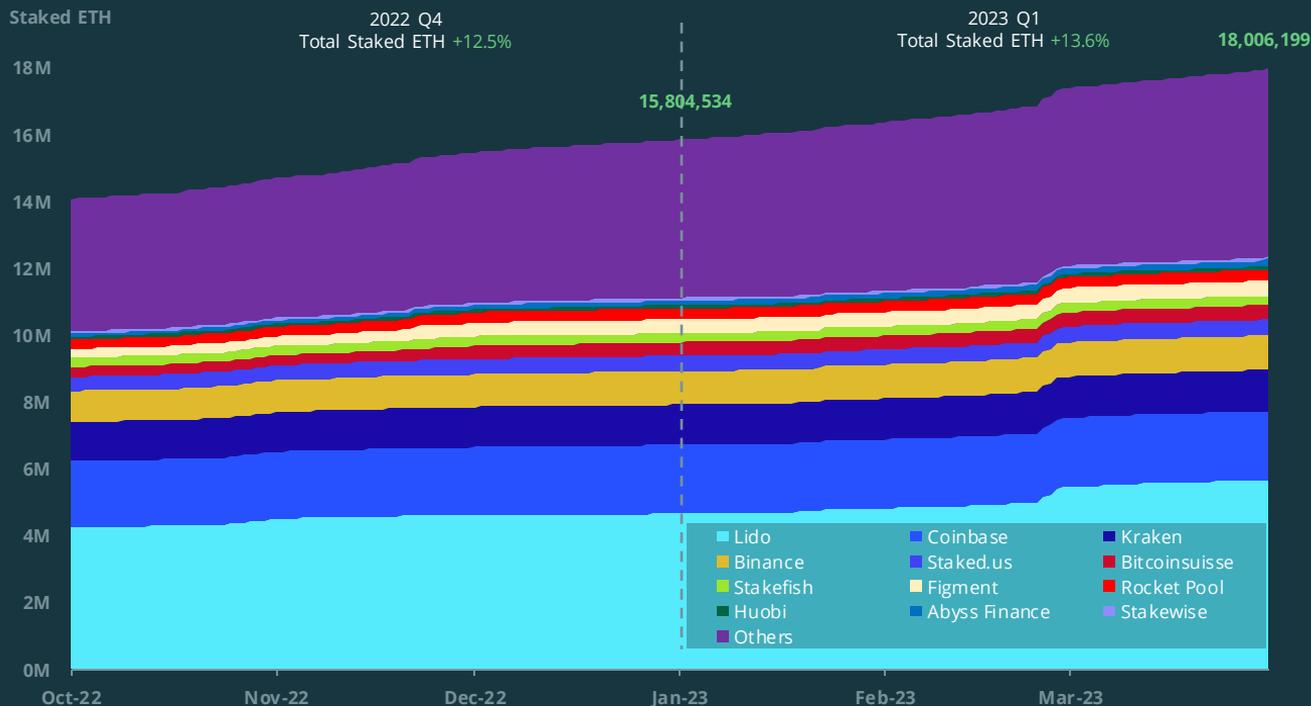
ETH **has hovered** above the 200 WMA since mid-January. However, it did briefly dip below it on 11 March, which coincided with the USDC depeg.

The collapse of Silicon Valley Bank in March caused USDC to depeg. ETH, as the main chain for DeFi tumbled to a low of **\$1,429**. When news of a government bailout emerged, the price of ETH recovered and climbed throughout the rest of March.

2023 Q1 Ethereum Consensus Layer Staking

Ether staking sees strong growth (+13.6%) in 2023 Q1 as it approached the Shapella upgrade on 12 April; Lido is still leading the way in terms of share of staked ETH

Total Staked ETH in Validators (Jan - Dec 2022)



Source: Glassnode



Total staked ETH hit 18.0 mil by the end of 2023 Q1, with a 13.6% jump compared to 12.5% in 2022 Q4.

On 26th Feb, >179k ETH was staked in a single day, the largest single day increase.

Lido continued to pull away from its competitors, with 31.4% of all staked ETH compared to 29.4% in end-Q4. Notably Kraken and Coinbase face US regulatory challenges for their staking product.

ETH's Shapella upgrade occurred on 12 April. However, it will be up to the individual staking providers to determine when to allow withdrawals.

2023 Q1 Ethereum Burn Rate

ETH burns outpaced emissions in 2023 Q1 by 44%. This is the first time in history that Ethereum experienced a quarter of net burn, with 75k ETH taken out of circulation

ETH Burn vs. Emission Rate (Oct 2022 – Mar 2023)



242K

ETH Burned in 2023 Q1

2023 Q1 saw over **242k ETH burned**, while **167k were emitted**. This resulted in 75k ETH being taken out of circulation this quarter.

6 months after the Merge, and ETH burns have started to consistently outpace daily emissions (**2.6k burned vs 1.8k emitted**).

Most of the burn this quarter occurred in March. The largest one-day burn occurred on 11 March, where **9,370 ETH** was burned due to high trading volumes during USDC's depegging event.

Uniswap dethroned OpenSea to become the largest burner of ETH, with 9.8k burned, significantly ahead of others.

Meanwhile, **Blur and Arbitrum managed to edge out USDC and Metamask** to enter the top 6.

Top 6 Burn Leaderboard past 30 days



1 **Uniswap**
9.8k ETH



2 **ETH Transfers**
5.0k ETH



4 **USDT**
3.9k ETH



3 **OpenSea**
3.7k ETH



5 **Blur.io**
3.0k ETH

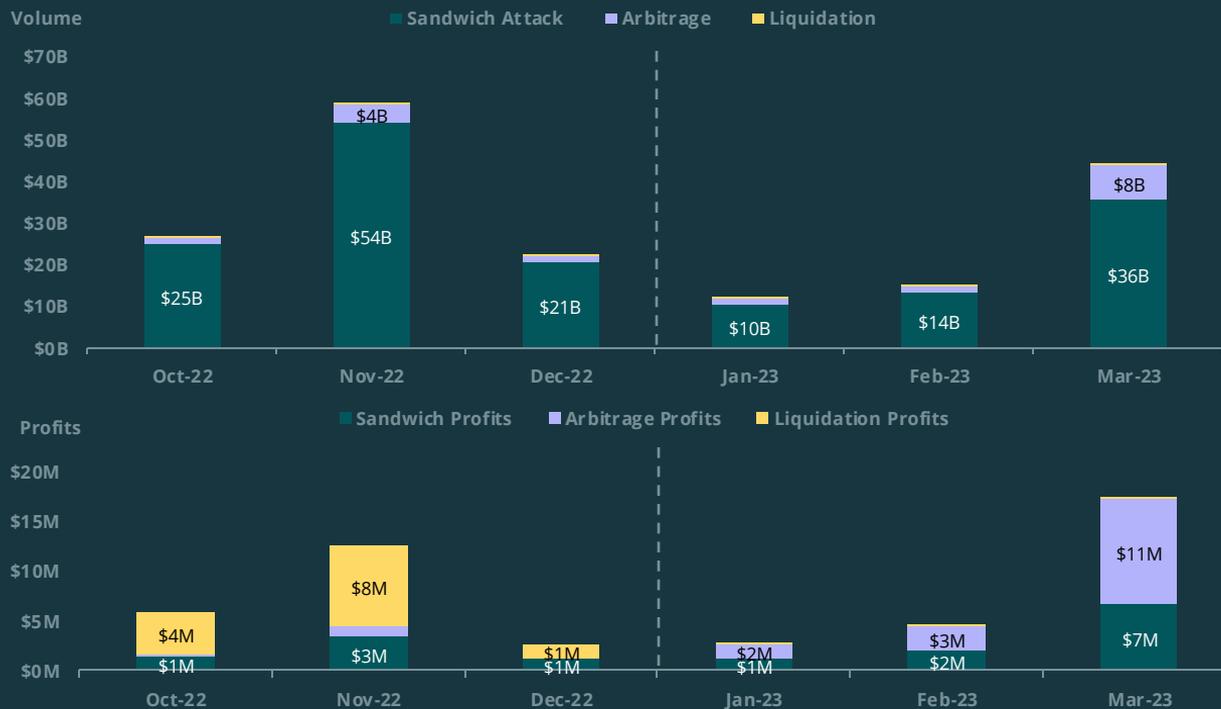


6 **Arbitrum**
2.2k ETH

2023 Q1 Maximal Extractable Value (MEV)

As MEV volume picked up by 97.5% in 2023 Q1, arbitrageurs took the lion's share of the profits (61.7%) due to USDC depeg event in March

MEV Monthly Transaction Volume and Profits (Oct 2022 – Mar 2023)



\$24.5M

Profits Generated by MEV Transactions in 2023 Q1

With Ethereum **enjoying a resurgence in transaction activity** in 2023 Q1, MEV bots also reaped the rewards, with **volumes rising by 97.5% from \$22.2B to \$43.9B**.

Sandwich attacks are still the **most common type of MEV**, though there was a notable increase in arbitrage activity in March. The **USDC depeg**, which reverberated to other stablecoins, was a **boon for arbitrage opportunities, generated \$8.3B in volume**.

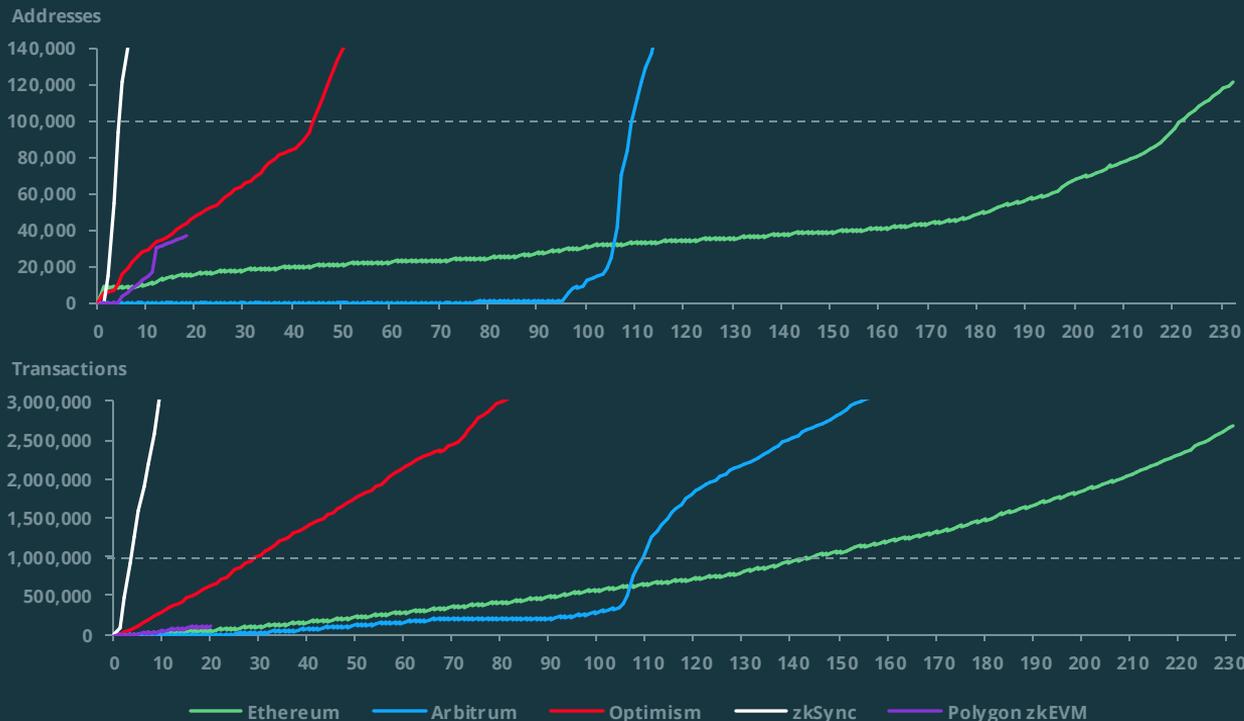
Liquidations may have been the most profitable type of MEV towards the end of 2022, but in 2023 Q1 **arbitrageurs took home most of the profits**. They made up **60.4% of MEV profits for the quarter**, with most of it coming in March.

While MEV bots **can be profitable**, they still need to watch out for **exploits from rogue validators** that may submit their own malicious transactions to drain funds.

Activity on Layer 2 Protocols at Launch

Layer 2 Protocols rising in popularity, as evidenced by zkSync reaching 1 million cumulative transactions in 4 days, significantly faster compared to even Optimism and Arbitrum

Number of Address and Transactions on Layer 2 Protocols Immediately Post-Launch



Source: Etherscan, L2Beat

The time taken for newer L2s to reach the **1 million cumulative transactions** milestone has dropped over time.

Ethereum, when it first launched back in 2015, took around 140 days to hit this milestone. Meanwhile, Arbitrum and Optimism took **110 and 30 days** respectively to hit 1 million cumulative transactions.

zkSync, which launched its Era mainnet on March 24, managed to reach that milestone in a **mere 4 days**. This was partly **driven by airdrop rumors and airdrop farmers rushing in**.

In comparison, Polygon zkEVM has yet to hit that number despite launching within a few days of zkSync Era. As part of the Polygon ecosystem, it is unlikely to have its own token.

The time taken for each chain to reach 100k unique addresses also **followed a similar pattern**. zkSync took 5 days, followed by Optimism (45), Arbitrum (110), and Ethereum (222).

DEFI ANALYSIS

2023 Q1 DeFi Overview

The DeFi sector was on the road to recovery this quarter in-line with the rest of market, but turmoil in the banking sector derailed its momentum as USDC briefly depegged

Total DeFi Market Cap and DeFi Share of Overall Market (Oct 2022 – Mar 2023)



+49.8%

Increase in DeFi Market Cap compared to 1st January 2023

At the turn of the year, the **DeFi sector saw a resurgence in-line with the rest of the crypto market**. However, its **momentum was halted** when banking woes caused **USDC**, the most widely-used stablecoin in DeFi, **depegged** during the event.

At the start of the year DeFi **recovered faster than the overall crypto market**, leading to it increasing its share from 4.1% to 4.6% between January to early-March leading up to the banking crisis.

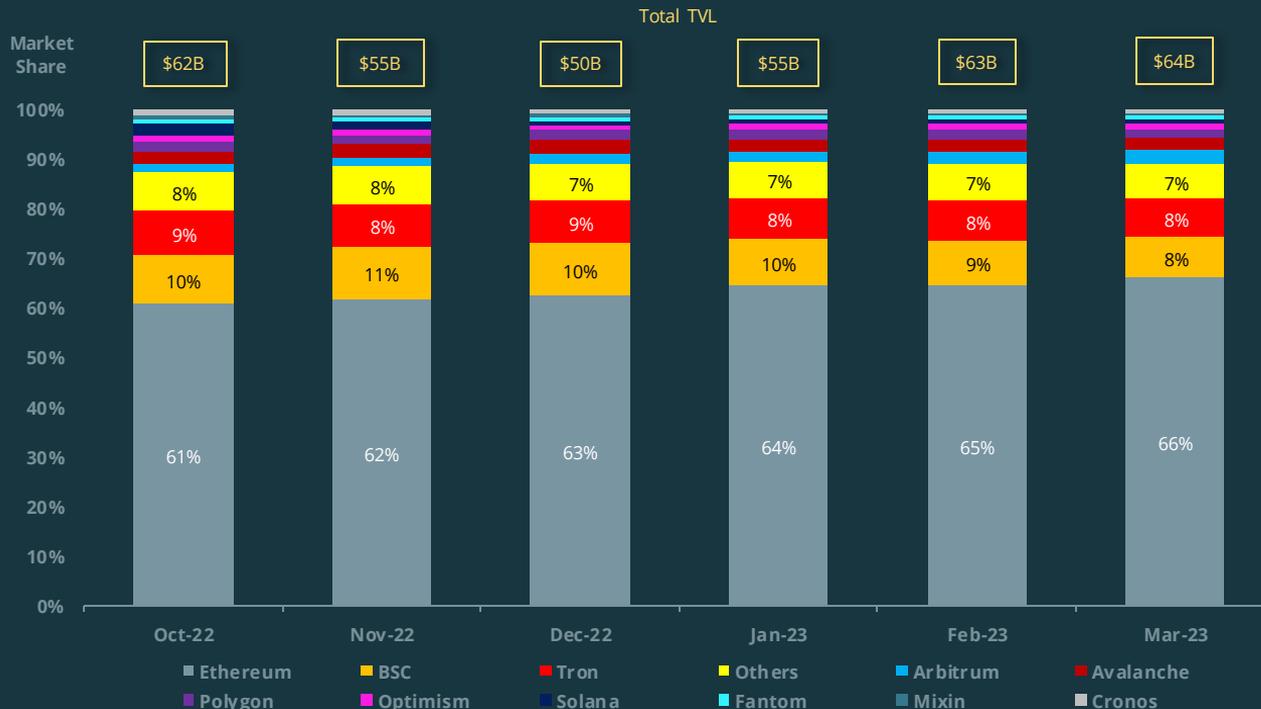
However, after the dust has settled, **DeFi's share of market plummeted back to the same levels** seen at the start of the year, as traders sought refuge in BTC and ETH.

Even with a diminished market share, the market cap of DeFi has **grown by almost 50% from \$34B to \$50B** in 2023 Q1.

2023 Q1 DeFi Multichain Market Share

Ethereum continued to increase its market share, controlling 2/3 of multi-chain TVL, while Arbitrum excels, and Solana finds some reprieve

Multi-chain Total Value Locked (TVL) Breakdown (Oct 2022 – Mar 2023)



+14.8%

Increase in Multi-chain DeFi TVL since 1st January 2023

Although Ethereum's market share merely increased from **63% at the end of 2022 to 66% in March 2023**, more altchain liquidity has found its way back to Ethereum in anticipation of the **Shapella upgrade**, causing **TVL to rise by 33.6% from \$31.5B to \$42.1B** between January to March 2023.

Arbitrum enjoyed a rather successful Q1 as **TVL rose by a whopping 83.4% from \$31.9B to \$58.5B**. The network experienced **large inflows of funds** towards the end of 2022, as speculation ramped up over a **potential airdrop, which materialized in March**.

While the Solana ecosystem may have taken a **massive hit after FTX's collapse** in late 2022, its **TVL recovered slightly by 18.4% from \$388M to \$460M**. However, its share of TVL has **continued to diminish from 0.78% to 0.72%**.

Source: [Defillama](#)

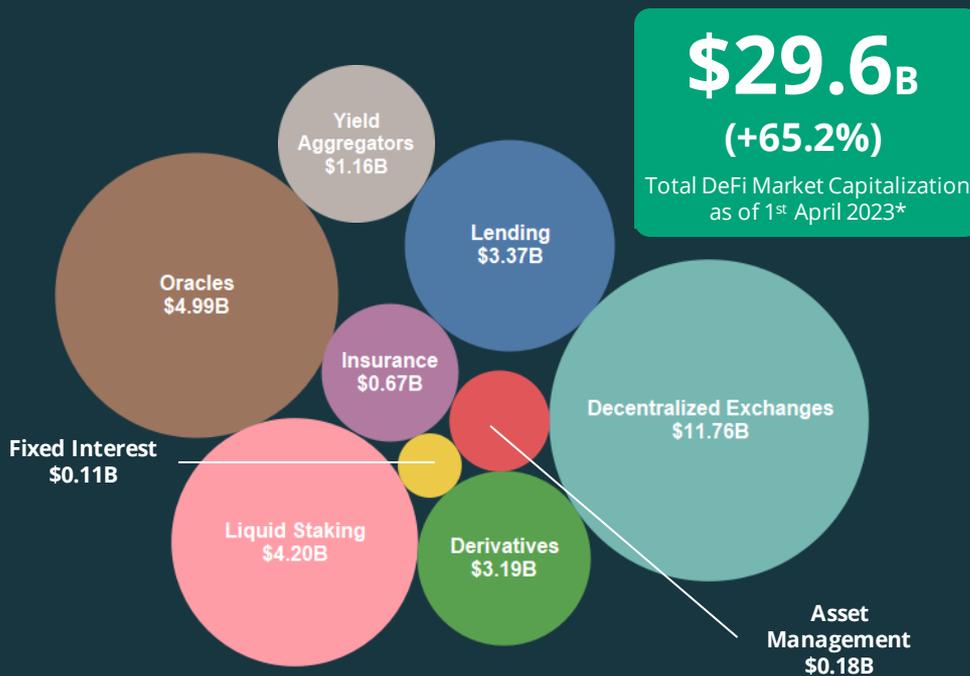
*Monthly TVL is calculated by taking the average TVL on daily basis for each month.

*After the collapse of Terra in May 2022, the original Terra network was renamed as Terra Classic.

2023 Q1 DeFi Ecosystem Overview

Market cap of DeFi tokens rose by 65.2% with liquid staking governance tokens taking center stage (+210.9%), becoming the 3rd largest DeFi category overtaking lending

Market Cap of Each DeFi Category (2023 Q1)



Market Share	Sector	QoQ % Change
	DeFi Tokens Market Cap	65.2%
▼ 39.7%	DEXs	44.3%
▼ 16.9%	Oracles	41.6%
▲ 14.2%	Liquid Staking	210.9%
▼ 11.4%	Lending	50.2%
▲ 10.8%	Derivatives	125.7%
▼ 3.9%	Yield Aggregators	58.6%
▲ 2.3%	Insurance	109.3%
▼ 0.6%	Asset Management	14.1%
▲ 0.4%	Fixed Interest	146.9%

DeFi tokens had a great start to the year, **increasing from \$17.9B to \$29.6B**. With **Ethereum's Shapella upgrade having finally taken place** on 12 April, liquid staking governance tokens (with LDO, FXS and RPL leading the way) saw a **210.9% increase in market cap** in Q1, surpassing lending protocols to become the 3rd largest category in DeFi.

While **fears surrounding CEXs** should have pushed more users to DEXs, their **growth in market cap (+44.3%)** has been outpaced by other DeFi categories, **losing more than 5% market share** since the start of the year.

Notably **derivatives, insurance and fixed interest protocols** have surged in popularity, **doubling their market caps** over the last quarter. During these times of uncertainty, more crypto natives have begun to explore these products for **downside protection / hedge in a volatile environment** which continues to spring unfortunate surprises.

Source: CoinGecko

*Categorical market cap includes only governance and utility tokens (excluding stablecoins and wrapped tokens)

2023 Q1 Cross-chain Bridge Liquidity

With the advent of airdrops and new L2s, the TVL of cross-chain protocols increased by 40.2%

Top 12 Bridges with Highest Liquidity (as of 1st April 2023)

Bridges	2023 Q1	2022 Q4	QoQ % Change
WBTC 	\$4.3B	\$3.0B	▲ 43.3%
JustCryptos 	\$3.4B	\$2.0B	▲ 70.0%
Multichain 	\$1.5B	\$1.3B	▲ 15.4%
Stargate 	\$370M	\$385M	▼ 3.9%
Poly Network 	\$338M	\$289M	▲ 17.0%
Portal 	\$282M	\$242M	▲ 16.5%
hBTC 	\$256M	\$213M	▲ 20.2%
Synapse 	\$189M	\$173M	▲ 9.3%
Orbit Bridge 	\$186M	\$137M	▲ 35.8%
Chainport 	\$176M	\$122M	▲ 44.3%
Celer cBridge 	\$141M	\$94M	▲ 50.0%
Thorchain 	\$119M	\$75M	▲ 58.7%

\$11.26_B
(+40.2%)

Total Cross-chain Bridge Liquidity
as of 1st April 2023

Leading up to the Arbitrum airdrop, cross-chain pr2023 Q1 **increased their TVL by a whopping 40.2%, from \$8.0B to \$11.3B**. However instead of more liquidity being added to bridges, the **price appreciation of locked assets** would be the more likely cause for this increase, as **BTC surged by 70%** since January 2023.

Even with the recent BTC price run-up, the WBTC and hBTC bridges saw a smaller percentage increase in TVL, a sign that they **experienced net outflows in 2023 Q1**. On the other hand, Tron's JustCryptos bridge which takes in more assets than just BTC, saw a **70% increase in TVL**, signaling a **positive inflow of assets into the bridge**.

While most cross-chain bridges saw an increase in liquidity, Stargate was the only exception, **losing \$15M in TVL**. Mostly facilitating stablecoin transfers, the protocol's TVL **plunged by over 40% from \$440M to \$260M** after USDC depegged and has yet to fully recover.

Chainport is the newest entrant in the list, **rising by 44% from \$122M to \$176M** in locked assets. It is one of the few bridges that **connect to Cardano and Milkomeda C1**, an EVM-based rollup built on Cardano.



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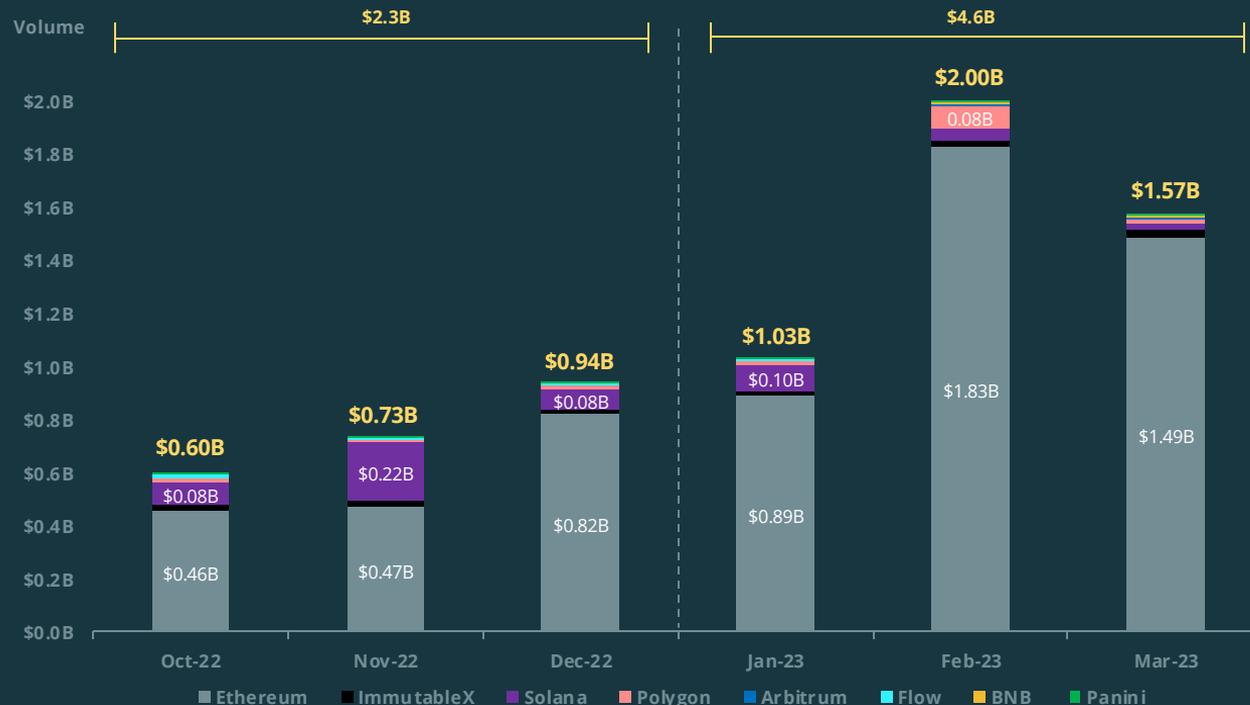


NON-FUNGIBLE TOKENS (NFTs)

2023 Q1 NFT Trading Volume across Top 8 Chains

Amidst the sluggish NFT season, trading volumes rose by 67.2% since the start of the year, while Ethereum NFTs continues to dominate the scene

Top 8 Chains for NFT Trading Volume (Oct 2022 – Mar 2023)



+67.2%

Increase in Trading Volume from 2022 Q4 to 2023 Q1

NFT trading volumes have **been on the rebound since the end of last year, increasing by 67.2%** from \$939M at the start of January 2023 to \$1.57B in March.

Ethereum continues to **retain 90% dominance of the NFT market**, as NFTs on other altchains have failed to make progress in growing market share. Notably, trading volumes on Solana have **plunged significantly by 66% from \$76M in December 2022 to \$25.5M in March 2023**.

Hype surrounding **Reddit NFTs** temporarily picked up again in February after Reddit released a **new collection of NFL Super Bowl avatars**. Volumes on Polygon **rose by >8x from \$10.3M in January to \$84.2M in February**. However, it has **fallen back to \$15.3M in March** after Super Bowl ended.

On **ImmutableX**, Gods Unchained, Cross the Ages, and Illuvium Land remain the most popular collections.

Source: [FootPrint Analytics](#); [Cryptoslam](#)

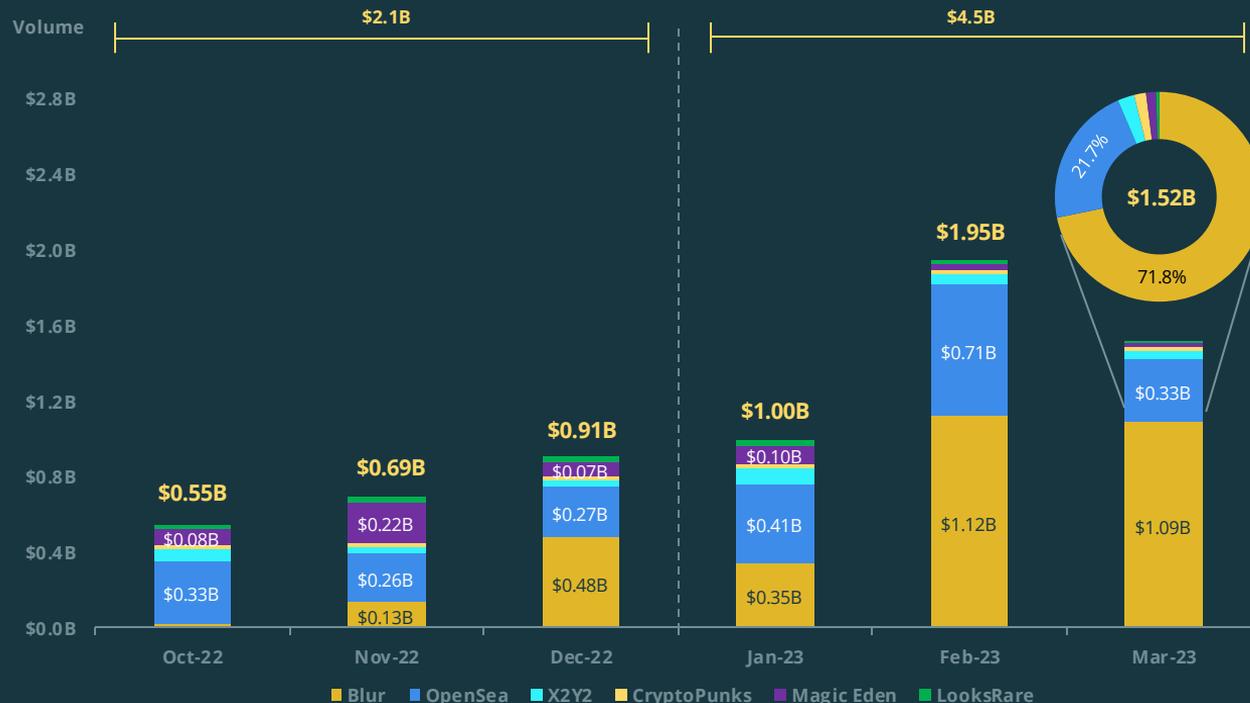
*Wash trades on LooksRare, X2Y2 and Blur are excluded

**Cardano has been excluded due to irregular trading behavior

2023 Q1 NFT Platform Trading Volumes

NFT marketplaces enjoyed a resurgence in trading volume as Blur successfully surpasses OpenSea, controlling 71.8% of trading volume in March 2023

Top 6 NFT Marketplaces (Oct 2022 – Mar 2023)



+68.0%

Increase in Trading Volume from 2022 Q4 to 2023 Q1

Trading volume across top NFT marketplaces saw a **noticeable increase in the past quarter**. Trading volume rose by **68%** from \$0.91B in December last year to \$1.52B in March 2023.

Blur has now dethroned OpenSea in Q1 as the top NFT marketplace. Their **share of trading volume has risen from 52.8% in December 2022 to 71.8% in March 2023**, while **OpenSea's share has shrunk from 29.3% to 21.7%** over the same time period.

After FTX's demise, the **Solana ecosystem has shrunken drastically**, and NFTs were not spared. Magic Eden, the top marketplace on the network, has slowly **lost its share of trading volume by 67.9% from \$73.6M in December 2022 to \$23.6M in March 2023**. Prominent collections y00ts and DeGods have also migrated to other chains, striking a further blow to Solana.

Source: [FootPrint Analytics](#)

*OpenSea volumes include Ethereum, Polygon and Solana

**Wash trades on Blur, LooksRare and X2Y2 are excluded

2023 Q1 Notable NFT Collections

While the NFT space continues to see little sunshine, it was still an eventful quarter for Yuga Labs, Checks, y00ts, and Porsche collections

More in Store for Yuga Labs



- Yuga Labs has certainly been busy in the first quarter of 2023, wrapping up the **launch of its first game, Dookey Dash**. The game could only be accessed by holding Sewer Pass NFTs, which will be tied to the owner's in-game score.
- The firm also hosted a **second trip to the Otherside metaverse** in March, which included an announcement for an upcoming NFT strategy game known as Legends of the Mara.
- Besides that, they have also announced **their partnership with luxury brand Gucci**, so be sure to keep a look out for upcoming phygital NFTs soon.

The Rise of Checks and Open Edition Projects



- Created by visual artist, Jack Butcher, in January this year, the **Checks open-edition NFTs have become one of the most traded collections in 2023**, recording over \$80M in trading volume since its inception.
- The NFT collection's success has undoubtedly given **rise to many similar derivative projects, as well as pushing the narrative of open-edition mints**. Projects that offered an unlimited supply within a short minting window spiked in popularity during the last quarter, but it remains to be seen whether this trend will continue.

y00ts Makes the Jump to Polygon



- The company behind **y00ts has finally begun the migration of their NFT collection over to the Polygon network**. Magic Eden has also implemented 0% trading fees along with USDC listing rewards to incentivize activity.
- Known for attracting lots of hype from NFT enthusiasts before its release during the later part of 2022, y00ts along with its sister collection, DeGods, have become the top collections on Solana, with the latter migrating separately to Ethereum.

Poor Timing from Porsche

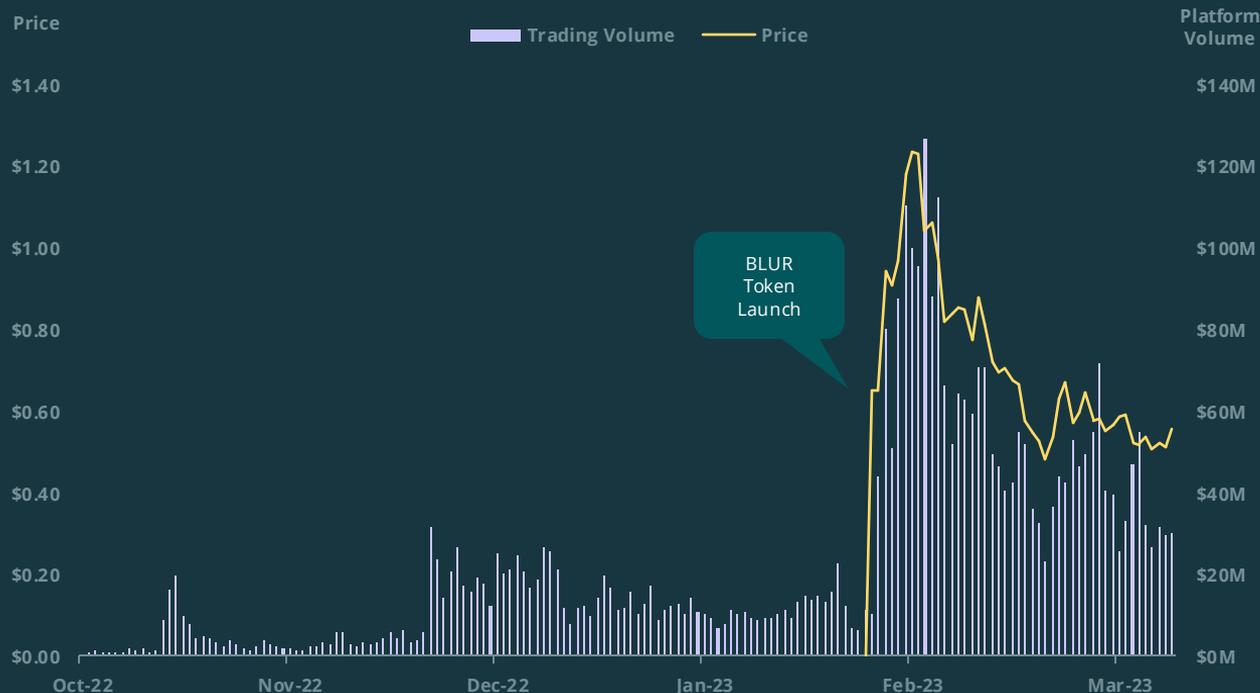


- Porsche chose to release a 7,500 NFT collection featuring its 911 model back in January. The catch? Each NFT cost 0.911 ETH to mint, or approximately \$1,500 at the time.
- Due to the **extremely high mint price** in a fatigued market, the **project received backlash from the NFT community**, prompting them to close the mint after less than 1/3 of the total NFTs were minted. **The sudden scarcity of the NFTs quickly pushed prices on the secondary market up to 2.6 ETH** – almost triple the original mint price.

The Rise of Blur

While BLUR's token price has hovered ~\$0.60, the marketplace managed to attract over \$1 billion in trading volume in February and March this year, surpassing OpenSea

Blur Token Price & Platform Trading Volume (Oct 2022 – Mar 2023)



After multiple rounds of airdropping care packages, **the launch of Blur's native token** in February was highly anticipated.

Blur **first surpassed OpenSea in volume in December 2022**. It was conducting the third round of its airdrop campaign, which came with **a larger share of Season 1's rewards**. This resulted in a **259% jump in volume** from \$135M in November to \$484M in December.

While BLUR started trading at \$5 upon launch, the **price quickly stabilized** around \$0.65. **There was a brief spike to \$1.24** in the following week, before dipping to the **\$0.60 range** throughout March.

Despite this, **Blur's trading volume grew by 46.4x** from just \$23M since its launch in October 2022 to \$1.09B in March 2023. This is due to the launch of **Season 2 of their airdrop campaign**, promising more tokens for active users. In addition to the airdrop, Blur also offers advance features and analytics to cater specifically for traders.

Blur also **operates an NFT market aggregator** that includes listings from OpenSea and Looksrare. It did **over \$202M in volume** in 2023 Q1.

Bitcoin Ordinals

Despite provoking furious debate during its launch in end January, Ordinals have taken Bitcoin by storm — with over 663,000 Bitcoin NFTs minted in 2023 Q1

Ordinals Inscriptions Methodology



Ordinals

Ordinals are a numbering scheme for satoshis in the order of which they're mined. By assigning a sat an ordinal number, it gives them a native "non-fungible" property.



Inscriptions

Through Taproot, anyone can inscribe sats with arbitrary content such as images, music, etc. The content is stored entirely on-chain in transaction witnesses.



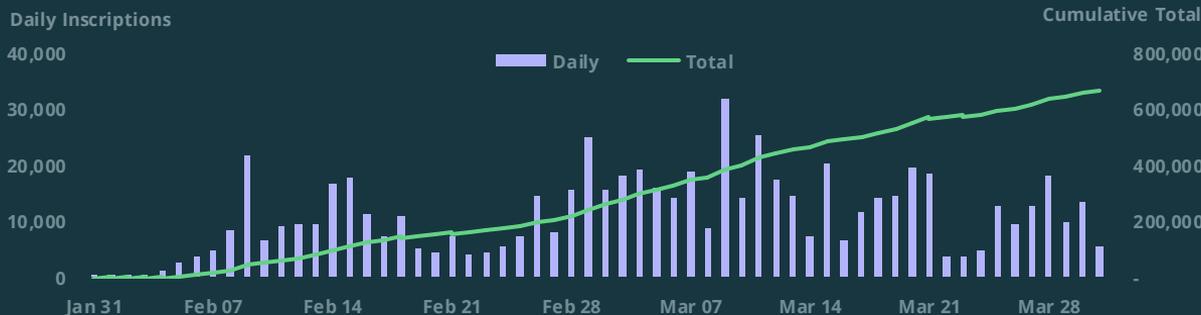
Minting

Users are able to inscribe sats themselves either via (1) operating a Bitcoin node and running the Ord utility, or (2) using a Taproot-compatible wallet with no-code tools like Gamma

Ordinals is the latest project aiming to bring NFTs into the Bitcoin ecosystem. While Bitcoin NFTs aren't new, Ordinals differs from its predecessors which uses **layer-2 networks**. Ordinal NFTs exist natively on Bitcoin, enabled by the **Taproot upgrade** in Nov 2021.

At launch, Ordinals caused a **rift within the Bitcoin community**. One segment argued that **the network should only be utilized for digital cash**, and other use cases will only result in bloat. Proponents argue that expanding into **NFTs will bring in more users** and generate **more gas fees for miners** to secure the network.

Ordinals Inscriptions (Jan - Mar 2023)



Two months in, Ordinals have seen massive uptake recording **663,131 inscriptions** by the end of March. Strong growth momentum was driven by **proliferation of NFT collections** such as CryptoPunks clones and Bitcoin Bandits.

The Bitcoin NFT ecosystem also welcomed other NFT players from other chains; **Yuga Labs** with its TwelveFold collection launched on Mar 6 and **Magic Eden** launched its Ordinals marketplace on Mar 21.



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EXCHANGES

2023 Q1 Top 10 Spot Cryptocurrency Exchanges

Spot trading volume grew 18.1% from 2022 Q4, with DEXs outpacing the growth of CEXs for the first time in awhile

Top 10 Spot Cryptocurrency Exchange (CEX + DEX) Trading Volume (Oct 2022 – Mar 2023)



+18.1%

Top 10 (CEX + DEX) Total Trading Volume Increase from 2022 Q4 to 2023 Q1

Crypto closed out 2023 Q1 with an **18.1% increase** in total spot trading volume from 2022 Q4 to 2023 Q1. Total trading volume stands at \$2.8T for the entire quarter.

Monthly trading volume has **been on an upward trend** since hitting lows of \$0.5T in December 2022. However we are not yet back to an average of \$1T/month last seen in the first half of 2022.

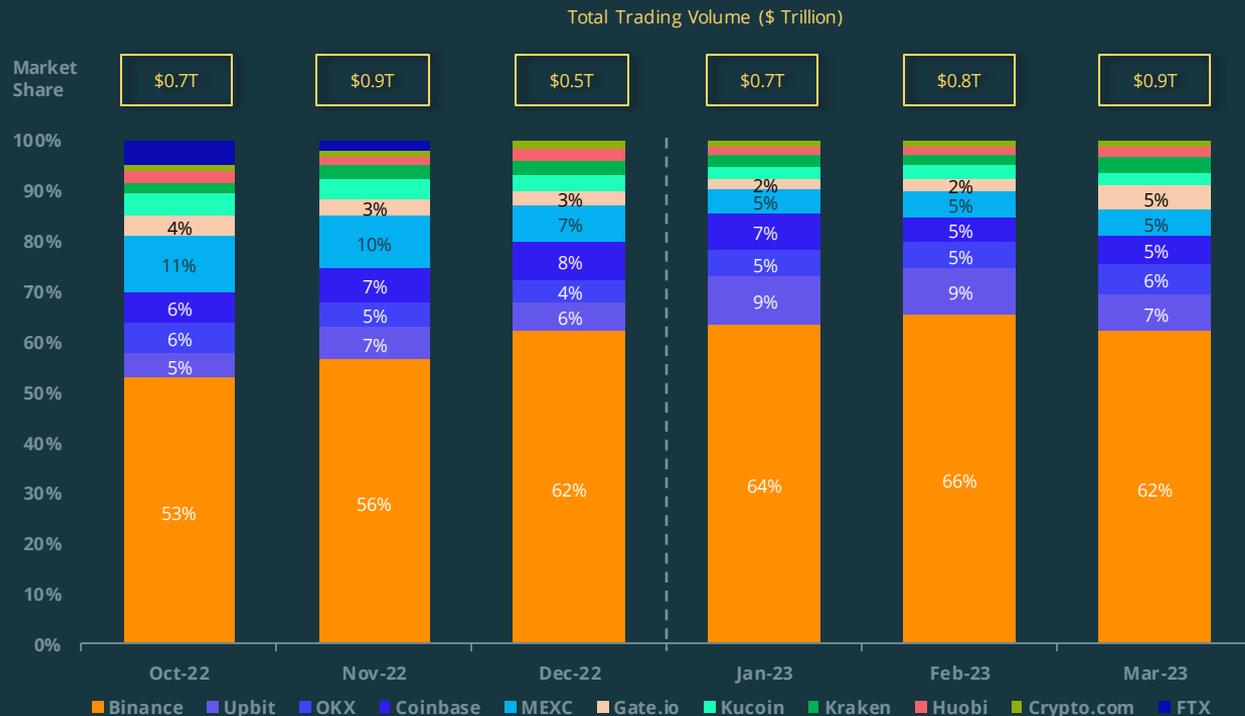
The ratio of CEX : DEX trading volume remained above 90% throughout Q1.

However DEXs also outpaced the growth of CEX's (**33.4% vs 16.9%**) this quarter, and could be a sign of change in preference by traders amid the crackdown on CEX's by regulators.

2023 Q1 Top 10 Spot Centralized Exchanges (CEX)

Binance continued as the dominant spot CEX with 62% market share in March 2023, despite crackdown from the US authorities

Top 10 Spot CEX Trading Volume Breakdown (Oct 2022 – Mar 2023)



+16.9%

Top 10 CEX Total Trading Volume Increase from 2022 Q4 to 2023 Q1

Top-10 CEXs recorded **\$2.46T** in spot trading volume in 2023 Q1, marking the third quarter in a row that the industry has traded below \$3T within a quarter since late 2020. However, trading volume has shown signs of recovery as prices recovered, **growing 16.9% QoQ**.

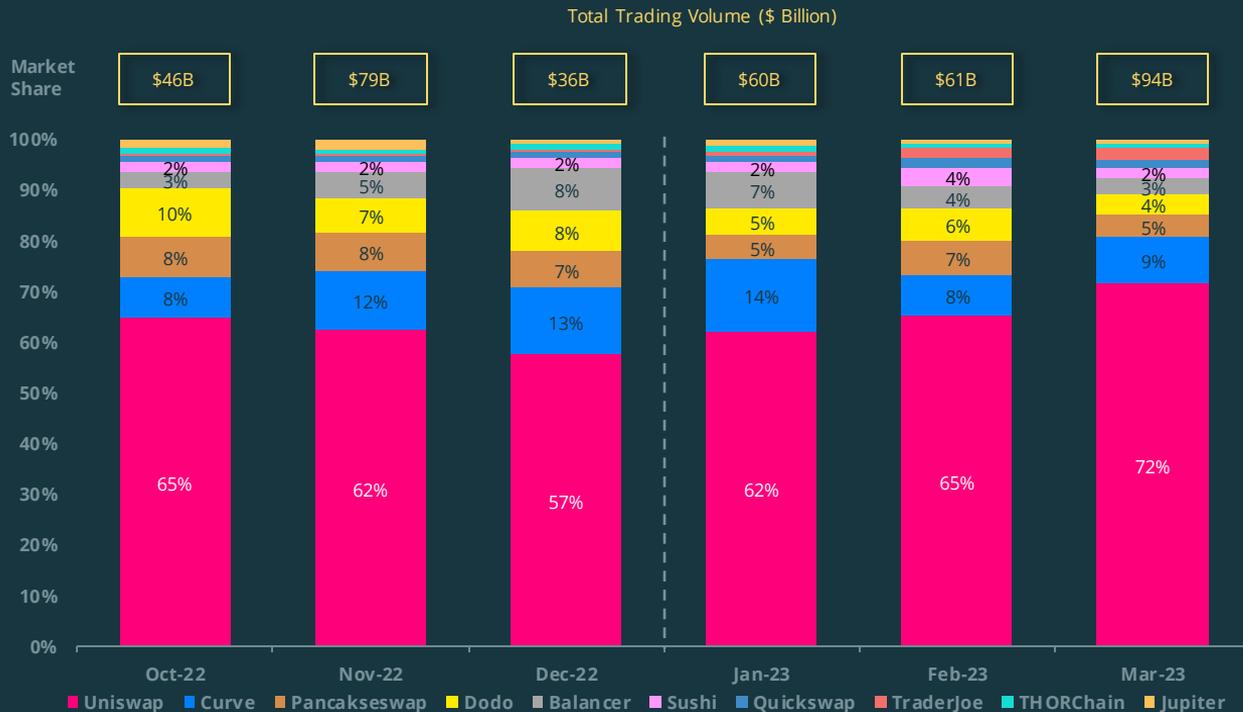
Even with the continuous pursuit by regulators, Binance managed to keep the status quo, **maintaining a 62% market share in March**. This figure may drop in the coming months, with **Binance having removed its BTC trading fee discount** in late March from most pairs.

Despite the demise of FTX and FTX US, US-based exchange **Coinbase** has not managed to capitalize on this. Instead, it has actually seen its volume (in absolute terms) **drop slightly in 2023 Q1 by 0.5%**.

2023 Q1 Top 10 Decentralized Exchanges (DEX)

DEX trading volumes increased by a solid 33.4% in 2023 Q1, with the majority flowing through Uniswap on various chains

Top 10 DEX Trading Volume Breakdown (Oct 2022 - Mar 2023)



+33.4%

Top 10 DEXs Total Trading Volume Increase from 2022 Q4 to 2023 Q1

Top 10 DEXs **recorded a total of \$215 billion in spot trading volume in 2023 Q1**, representing a **33.4% growth** QoQ.

The sharp growth can be attributed to a strong showing from Uniswap, which contributed 67% of trading volume in Q1. It managed to **grow its market share to 72%** by the end of March.

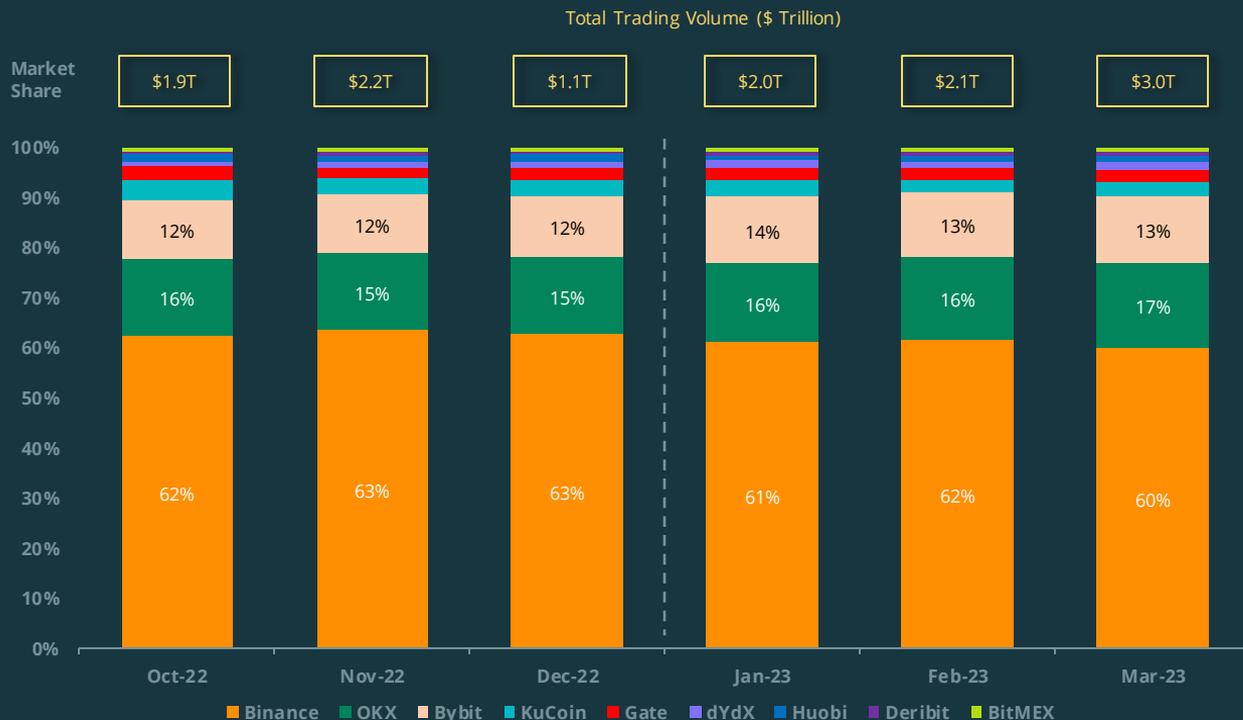
Curve seems to be less attractive when markets are moving upwards, as its volumes remained flat while its competitors saw gains.

Meanwhile, TraderJoe has managed to break into the top 10, at the expense of the original Serum, which is now defunct. The Avalanche-native exchange launched on Arbitrum and has since **captured 2% of the market in March**.

2023 Q1 Derivatives Exchanges – Perpetual Swaps Volume

Compared to spot markets, trading volume on derivatives exchanges saw a larger increase of +36.2% from 2022 Q4 to 2023 Q1, as traders turned to perpetuals to take positions

Top 10 Derivatives Exchange Monthly Perpetual Trading Volume (Oct 2022 – Mar 2023)



+36.2%

Top 10 Perpetual Swap Trading Volume Decline from 2022 Q4 to 2023 Q1

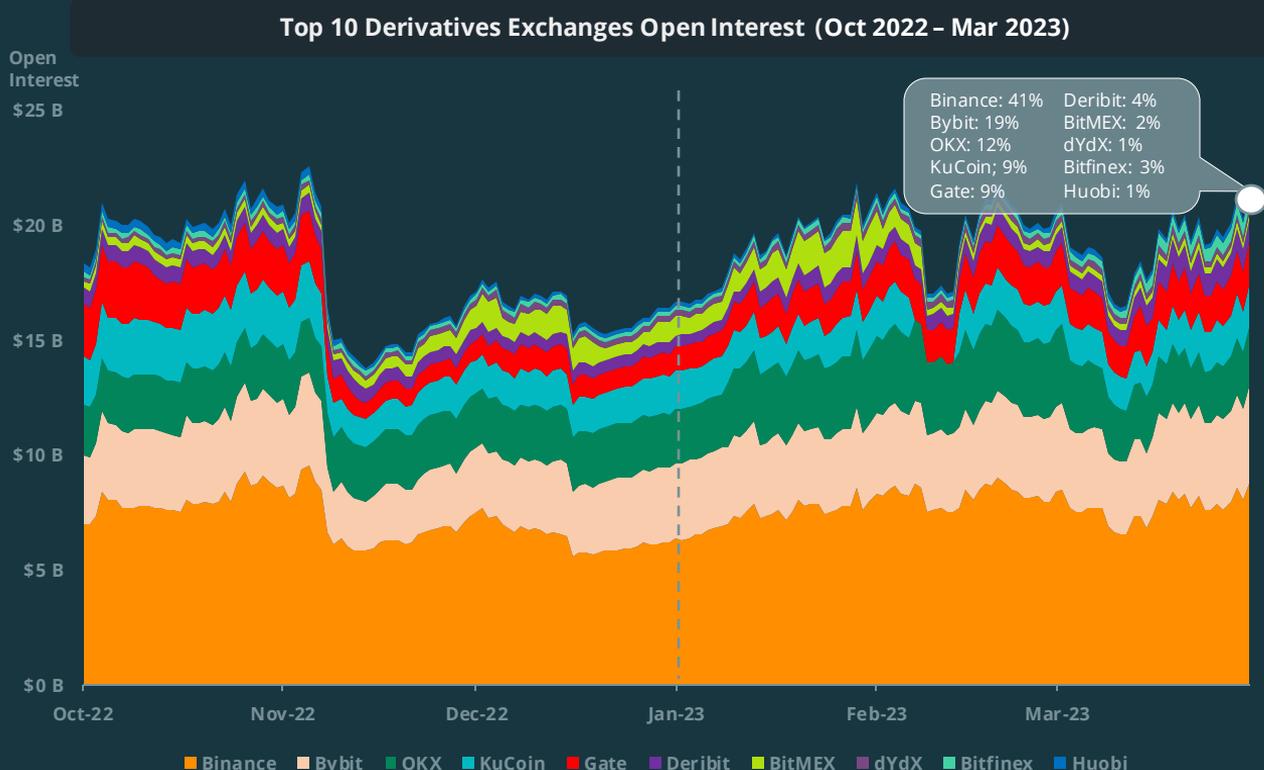
Top 10 derivative exchanges amassed **\$7.1T in trading volume** in 2023 Q1. This is now **2.6x the size of the spot market**, a slight increase from 2022 Q4, indicating growing usage of perpetuals.

Binance still retains the top spot amongst derivatives exchanges with a healthy 60% market share. However, **its market share has seen a small decline** across Q1 as other exchanges gain ground.

In the absence of FTX, **OKX and Bybit have cemented their positions as second and third** largest derivatives exchanges by volume respectively. Collectively the Top 3 derivative exchanges now control 90.2% of the volume as of March 2023.

2023 Q1 Derivatives Exchanges – Aggregate Monthly Open Interest

Open Interest on derivative exchanges also saw a 29.3% increase in Q1 as the market started to pick up momentum, largely in line with increase in trading volumes



+29.3%

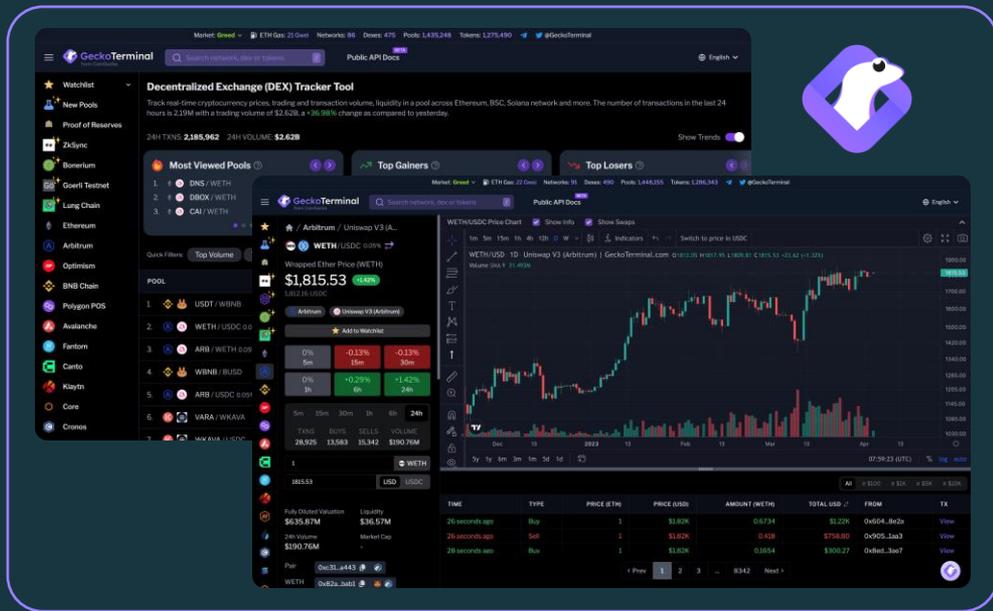
Top 10 Derivatives Exchange Open Interest Increase from 1 Jan 2023 to 31 Mar 2023

Total open interest across Top 10 derivatives exchanges **increased from \$16.7B to \$21.6B** between 1 January 2023 to 31 March 2023 as crypto prices recover and the market gathers some momentum.

Share of open interest between exchanges have remained unchanged throughout 2023 Q1, with **Binance holding the lead with 40% share.**

Of the rest of the Top 10, Bybit has ~20% share of Open Interest, while OKX, KuCoin and Gate hold ~10% each.

Track DEXes and real-time cryptocurrency prices



The screenshot displays the GeckoTerminal interface. At the top, it shows market data for ETH Gas (23.00), Networks (91), Deets (475), Pools (1,628,248), Tokens (1,275,490), and @GeckoTerminal. The main section is titled 'Decentralized Exchange (DEX) Tracker Tool' and includes a search bar, a 'Public API Docs' link, and a 'Watchlist' on the left. The central area features a 'Most Viewed Pools' table with columns for 'POOL', '24h TNS', and '24h VOLUME'. Below this is a 'Top Gainers' and 'Top Losers' section. A large chart displays the 'WETH/USDC' price on the 'Arbitrum' network, showing a price of \$1,815.53 with a 0.12% change. The chart includes a candlestick view and a volume bar at the bottom. A table at the bottom shows transaction details with columns for 'TIME', 'TYPE', 'PRICE (ETH)', 'PRICE (USD)', 'AMOUNT (WETH)', 'TOTAL USD', 'FROM', and 'TX'.



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