

BITCOIN AND POLITICS:

JULY 2024 CRYPTO MARKET REPORT





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Key Takeaways

9,375 INVESTORS REVEAL THEIR POLITICAL+CRYPTO PREFERENCE TO AMBCRYPTO

- According to AMBCrypto's quantitative analysis, **Bitcoin could rise to \$80,000** and surpass its previous high of \$73,780 if Donald Trump is elected President again.
- Our survey found the same - **80% of investors think the market will rise** if Donald Trump wins again, while only 20% believe his presidency will hurt the crypto industry.

SOLANA IS ON THE VERGE OF A MASSIVE PRICE SURGE

- Solana's **staking system is attracting figures as high as \$61 billion**, beating Ethereum in the process. While Ethereum has a lot of staked tokens easily traded, Solana has very few.
- This could unlock a **surge in Solana's DeFi ecosystem**, potentially fueling a major price hike for SOL.

POLITIFI TOKENS GET UNPRECEDENTED TRACTION

- Crypto traders are betting on the U.S presidential race using PolitiFi tokens, with **tokens linked to Donald Trump showing big price changes**.
- The MAGA token soared 51% in just two hours after news broke out about Trump's attempted assassination. As of 19 July, it was trading at \$6.19, up 5% for the week. In fact, the weekly trading volume for MAGA tokens **jumped from \$10-15 million in February to \$120 million in June**.

GAMING TOKENS OVERSHADOW MEMECOIN MANIA

- The GameFi market has become quite competitive now. Daily trading volume has skyrocketed to \$2.5 billion since 5 July. **Immutable (IMX), the top gaming token, led the pack after bouncing back from a dip to a surge of nearly 20% in mid-July**. With over 300 games on its platform, IMX's strong performance highlights the hidden potential of the layer 2 GameFi market.
- Gods Unchained (GODS) took many investors by surprise on 17 July. The token's value skyrocketed a whopping 73.3% in just 24 hours. This surge was fueled by a **massive 798.61% hike in daily trading volume**.

DEPIN SECTOR LOSES ITS CHARM

- DePIN projects like Helium (HNT) and Hivemapper (HONEY) are **facing hurdles in balancing supply and demand**.
- Akash Network (AKT), a well-regarded DePIN project, is facing a downturn too. After a stellar first quarter of 2024 with impressive price gains, **AKT has plunged by 44% in the last two months**.

NFT MARKET'S DOWNTURN CONTINUES IN JULY

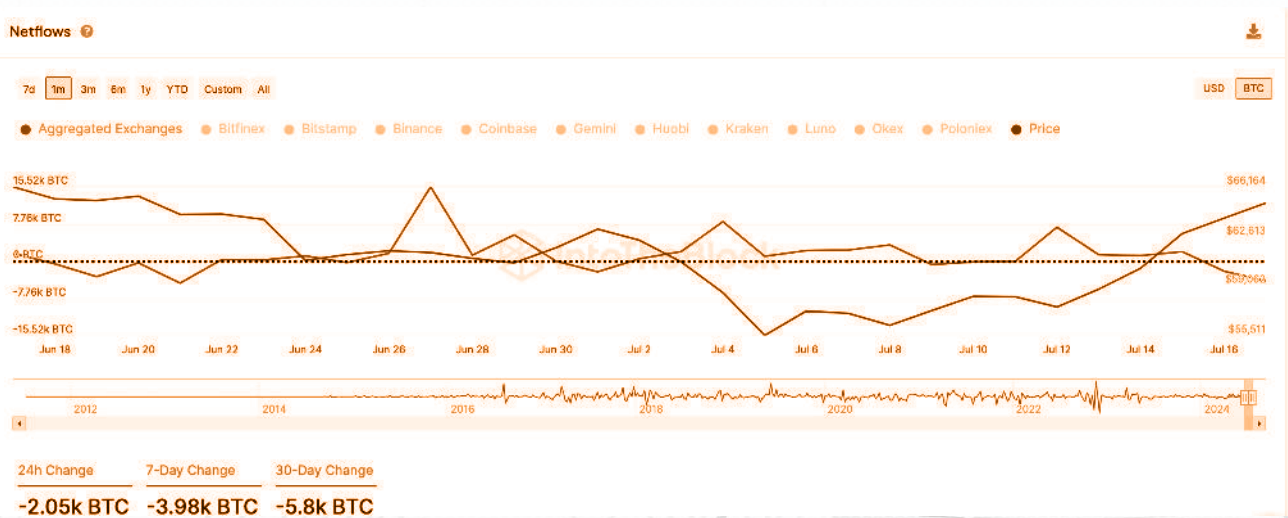
- The NFT market is undergoing a huge correction. **Sales volume has plunged by a significant 42.54% over the past month**. This slowdown can be further reflected in the sharp decline in the number of buyers (30%) and transactions (20.53%).
- The **conversation around Music NFTs re-emerged in July**, with industry leaders like Coop Records' Cooper Turley reigniting the debate by questioning their very viability.



Bitcoin's Political Connection

- For the first time in U.S history, **cryptocurrencies are grabbing significant attention from presidential candidates**. In recent weeks, particularly following the assassination attempt on Donald Trump, discussions about crypto+politics have surged.
- Currently, **25% of all posts on crypto X** are, in some way or the other, discussing the impact of U.S elections on the crypto sector, especially Bitcoin.
- July saw Bitcoin hitting its six month-long support at \$53,485, thanks to the sell-side pressure from the German government and Mt. Gox creditors. Interestingly, miners, **who often contribute to sell-offs, weren't a significant factor this time around**.
- As the king coin recovered to the \$66,000 level on 17 July, **86% of investors stood profitable while 10% were at a loss**. In the last 30 days, over 5.8k Bitcoin left exchanges and went into cold wallets. Thus, strengthening the case for the bulls.

Figure 1: Exchange netflow stands in the negative territory



Source: IntoTheBlock



Trump's Victory and Bitcoin \$80k Hypothesis

- Long-term investors are primarily focusing on how the U.S election might affect the crypto market. Before the shooting, **Trump had a 58.2% chance of winning back the White House**, according to electionbettingodds.com.

- Now, **his chances have risen to 67.9%**. President Joe Biden has a 17.7% chance of being re-elected, and Vice President Kamala Harris has a 6.7% chance of winning the election.

- Many across the globe are rooting for Trump's victory because he and JD Vance, the vice presidential candidate, are pro-crypto. In fact, **Vance holds a massive amount of BTC** in his portfolio and even opposes Gary Gensler's stance on crypto regulations.

- Trump wasn't supportive of crypto initially, but his viewpoints have dramatically shifted. So much so that **he now wants all Bitcoin to be mined in the U.S itself**. However, his support for crypto was recently questioned when Vitalik Buterin asked American voters to not be fooled by politicians' promises.

- As per AMBCrypto's market observation, **Bitcoin will cross its \$73,780 all-time-high (ATH) figure to reach \$80,000** if Donald Trump returns to the White House.

- Even though there have been some short-term drops, **the long-term outlook for Bitcoin is improving**. This could be seen in the derivatives market, which often predicts future trends.

- Since 3 May 2024, the funding rate has been positive, indicating that **more traders are buying Bitcoin futures than selling them**. This shows that traders are optimistic and expecting prices to rise significantly.



Bitcoin's Quantitative Analysis

To test our hypothesis of BTC hitting \$80k after Donald Trump's victory, we conducted a **global survey where 9,375 crypto investors participated**. The insights were quite intriguing.

WHO WILL HELP CRYPTO GROW?

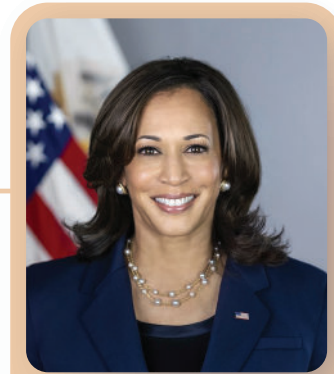


DONALD TRUMP

76.6% of investors think Donald Trump is more likely to support crypto-friendly policies

while

only 23.4% believe Joe Biden will do the same



JOE BIDEN

- Crypto-friendly policies could be a game-changer for Bitcoin. With many more institutions flocking to the market, either directly or via Bitcoin ETFs, analysts expect a tidal wave of inflows into BTC spot ETF funds.
- This surge in demand could propel Bitcoin's price to uncharted territory. The recent six-week high of \$422.5 million in Bitcoin

- ETF inflows on 16 July hinted at this potential.
- 46% of investors think the Republican Party is better for regulating crypto, while 37.4% prefer the Democratic Party. However, 16.6% are unsure about both parties and doubt their support for crypto regulations.
- Among the 46% of investors who support the

Republican Party, many are long-term investors who are anticipating market's growth.

- Since January, on-chain data has revealed a steady increase in Bitcoin whales, suggesting many smaller investors capitalized on memecoin and altcoin gains during the market's peak and strategically converted those profits into Bitcoin.



Figure 2: Number of whales are gradually increasing

BTC: Number of Entities With Balance \geq 1k



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glassnode

Source: Glassnode

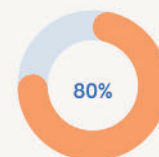
- Over the next few months, most investors will focus on adjusting their crypto portfolios. We asked if the election results would affect their crypto investments, and **70% said yes.**
- Among them, **35.8% plan to trade more cautiously until after the elections.** Another 35.2% said they'll keep their current strategy and just wait to see what happens. Meanwhile, 29% want to trade more aggressively.
- AMBCrypto's analysis also found that **strategically adjusting cryptocurrency holdings based on election**

outcomes could be profitable. Interestingly, half of the survey's participants shared the same view.

- However, it's important to consider additional factors. The **Long Term Holder MVRV (LTH-MVRV) is projected to hit 3.9**, with a value of 3 indicating that on average, long-term holders could potentially generate a threefold profit if they all sell at the current price.
- The projection of LTH-MVRV hitting a value of **3.9 was ascertained after evaluating investors' sentiment.**

- Our survey also found that a majority of crypto investors believe that **crypto prices will go up significantly** after Trump comes to power.

HOW U.S. ELECTION WILL IMPACT CRYPTO?



80% of investors believe that the market will go up



The rest 20% opine, crypto market will go down



- Media coverage may be a more **significant driver of crypto market volatility** than previously thought.
- **Over 31% of respondents believe media plays a larger role than factors** like speculation, policy announcements, or regulation, particularly in the lead-up to elections.
- Interestingly, this same group also believes **media has been a major force** behind Bitcoin's past price surges.
- We found that it's not just news/media that affects crypto prices, but also government rules. In our

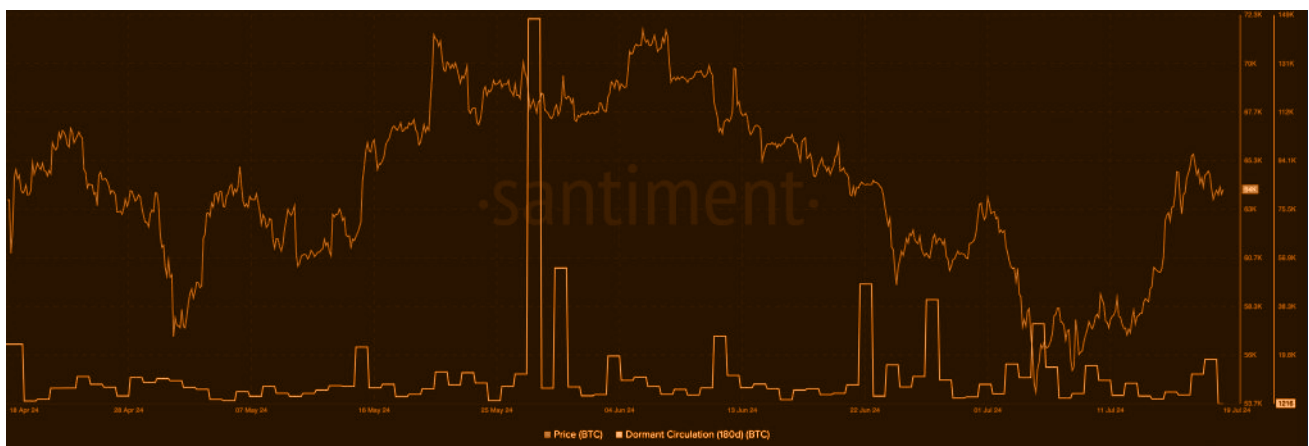
survey, **more than half of Bitcoin investors said the SEC has the biggest influence**, more than the Federal Reserve or the CFTC.

- This suggested that investors are quite worried about how **governments might regulate crypto**.
- The bullish sentiment was also echoed by Julien Bittel, a cryptocurrency analyst at Global Macro Investor. He said that we are about to **witness an unprecedented surge in Bitcoin's price**.
- He pointed to historical data and the current "extremely compressed"

Bollinger Bands indicator as **suggesting a possible rise to \$190,000**.

- Bittel highlighted that similar Bollinger Band readings preceded significant **price hikes in April 2016 and July 2023**.
- There's been a **recent spike in the number of older coins** (not moved in over 80 days) being traded.
- This could indicate that investors who were previously inactive are **starting to buy and sell again**, perhaps due to a change in their outlook on the market.

Figure 3: Rise in the number of older coins



Source: Santiment



BTC's Bullish Macro Factors

INTEREST RATE CUT ANTICIPATION

- Beyond on-chain indicators, several economic signs are fueling optimism for Bitcoin. The **Consumer Price Index (CPI) coming in lower than expected** has increased hopes of a Federal Reserve interest rate cut.
- Polymarket, a prediction platform, is projecting an 87% chance of a rate cut by September. Jerome Powell's recent Congressional testimony suggesting the **economy isn't overheating further strengthens the case for lower rates**. This could potentially lead to more investments flowing into crypto and boosting the market.

SPOT ETH ETF APPROVAL

- Crypto investors are keeping a close eye on spot ETH ETFs. If these funds attract a lot of investment, it **could be a major catalyst for the entire market**.
- Many essential crypto applications rely on ETH. So, when ETH goes up, these apps flourish, potentially attracting more users and investment. Also, **with higher ETH prices, people can borrow more money using their ETH as collateral**, adding more liquidity to the market.
- Historically, other cryptocurrencies tend to move with Bitcoin. So, a strong ETH, driven by strong fundamentals, **could theoretically pull Bitcoin's price up as well**, creating a positive feedback loop.

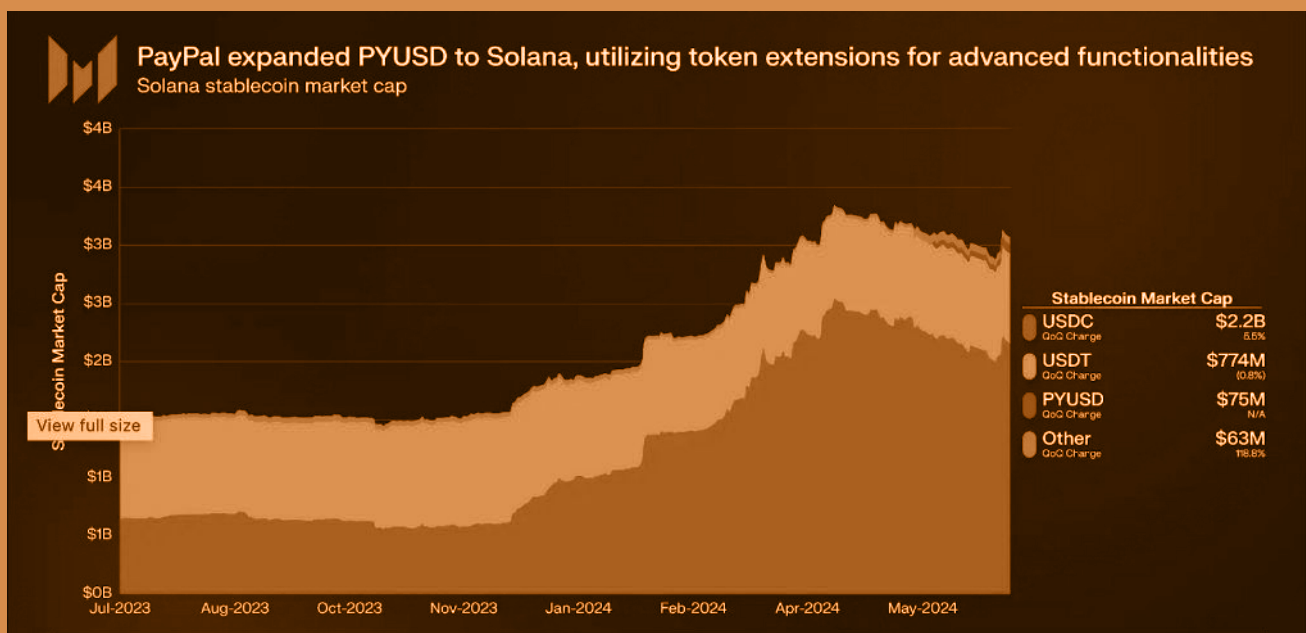




Altcoin Of The Month - Solana

- Solana's Total Value Locked (TVL) has seen some interesting movements recently. While it did climb slightly from **\$4.54 billion on 1 July to \$4.93 billion on 19 July**, a thorough analysis revealed a 9% quarter-over-quarter decline in DeFi TVL (dollar value locked), placing it fourth among competing networks.
- However, there's a positive twist. **When measured in Solana's native token (SOL), the DeFi TVL actually grew by 26%** compared to the previous quarter.
- This means that the **drop in USD terms might be higher due to the price of SOL fluctuating**, rather than investors pulling their money out of Solana's DeFi ecosystem.
- **Solana's stablecoin market grew by 8% in the last quarter**, reaching \$3.1 billion. This places it as the sixth-largest network for stablecoins. The growth gained momentum in late May when **PayPal launched its stablecoin, PYUSD**, on Solana.

Figure 4: Stablecoin market has seen significant growth



Source: Messari





- Staking on Solana is booming too. **One of the network’s biggest strengths is its user-friendly staking system.** Unlike Ethereum, where running your own node can be complex, Solana allows anyone to participate through “delegated Proof-of-Stake.”
- This ease of use might explain why **Solana boasts a whopping \$61 billion**

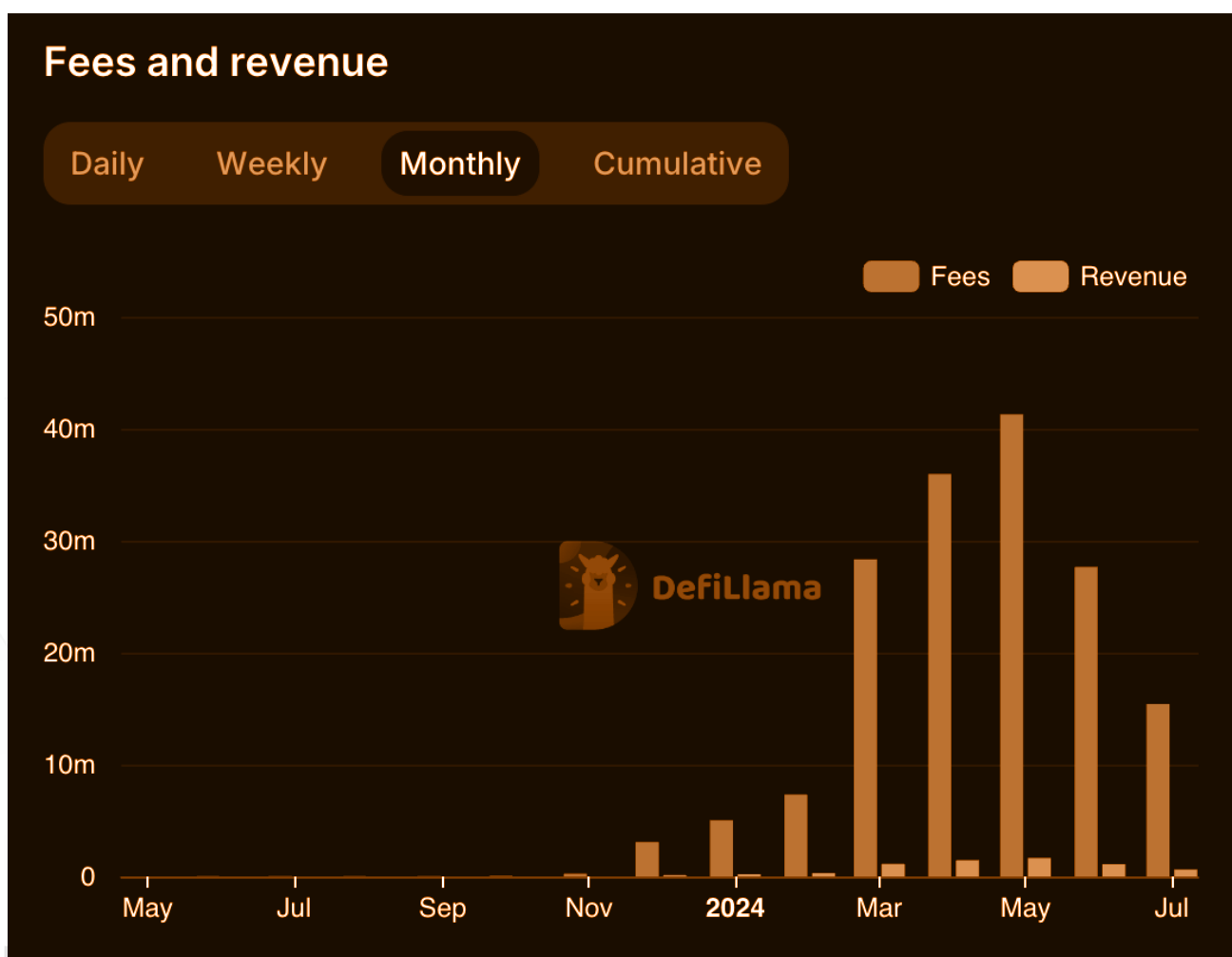
in staked capital, even surpassing Ethereum. However, there’s a key difference - Liquid staking.

- While Ethereum has over 65% of its staked ETH in liquid form (easily tradable tokens), only 6.5% of Solana’s staked SOL exists as liquid staking tokens (LSTs). **This represents a significant growth opportunity for Solana’s**

DeFi ecosystem.

- In July, Jito, Marinade Finance, and Jupiter dominated **Solana liquid staking, holding 80% of all SOL in LSTs.** Not only was JitoSOL the largest LST – holding 48% of liquid staked SOL, valued at \$1.7B – but Jito was also the largest protocol on Solana. Its fee has fallen in the recent past too.

Figure 5: Fees on Jito protocol went down considerably



Source: DefiLlama



An Overview Of Key Crypto Sectors

POLITIFI

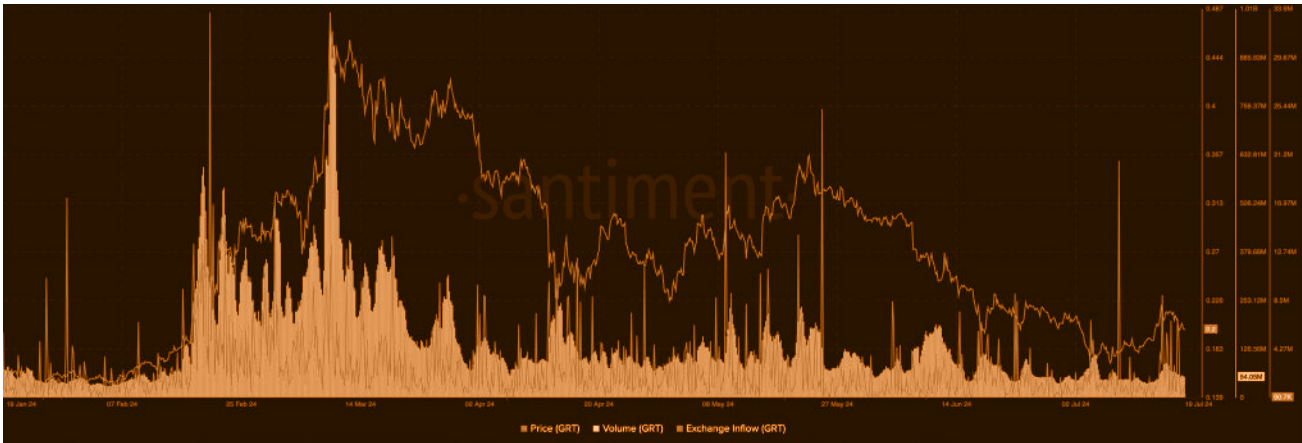
- Crypto traders are now using PolitiFi tokens to bet on the U.S presidential campaign. **Tokens related to former president Donald Trump** are showing big price changes too.
- A recent Kaiko report found that the **MAGA token jumped 51% in just two hours after news of Trump's shooting**. As of 19 July, it was trading at \$6.19, up 5% over the week.
- Its weekly trading volume **jumped from \$10-15 million in February to \$120 million in June**, showing increased interest. Andrew Kang, the founder of Mechanism Capital, was one of the first well-known figures to support PolitiFi tokens. He suggested that Trump-related memecoins could compete with popular tokens like Dogecoin and Shiba Inu soon.

AI TOKENS

- AI tokens dominated the crypto market in July, with a **whopping 85% of them registering gains**. PAAL AI (PAAL) stood out with a near 68% hike in price over the past week, the highest among AI tokens. Injective (INJ) followed closely with 40% gains.
- While PAAL and INJ impressed with their price gains, **Near Protocol remained superior in terms of trading activity**. It boasted the highest trading volume, compared to all other AI tokens.
- Meanwhile, the Graph's (GRT) popularity has fallen in recent weeks. **Trading activity has slowed down significantly**, and there's been a noticeable increase in tokens moving to exchanges. This may be a sign that investors might be selling their GRT holdings.



Figure 6: GRT's trading volume fell while exchange inflows rose



Source: Santiment

GAMING TOKENS

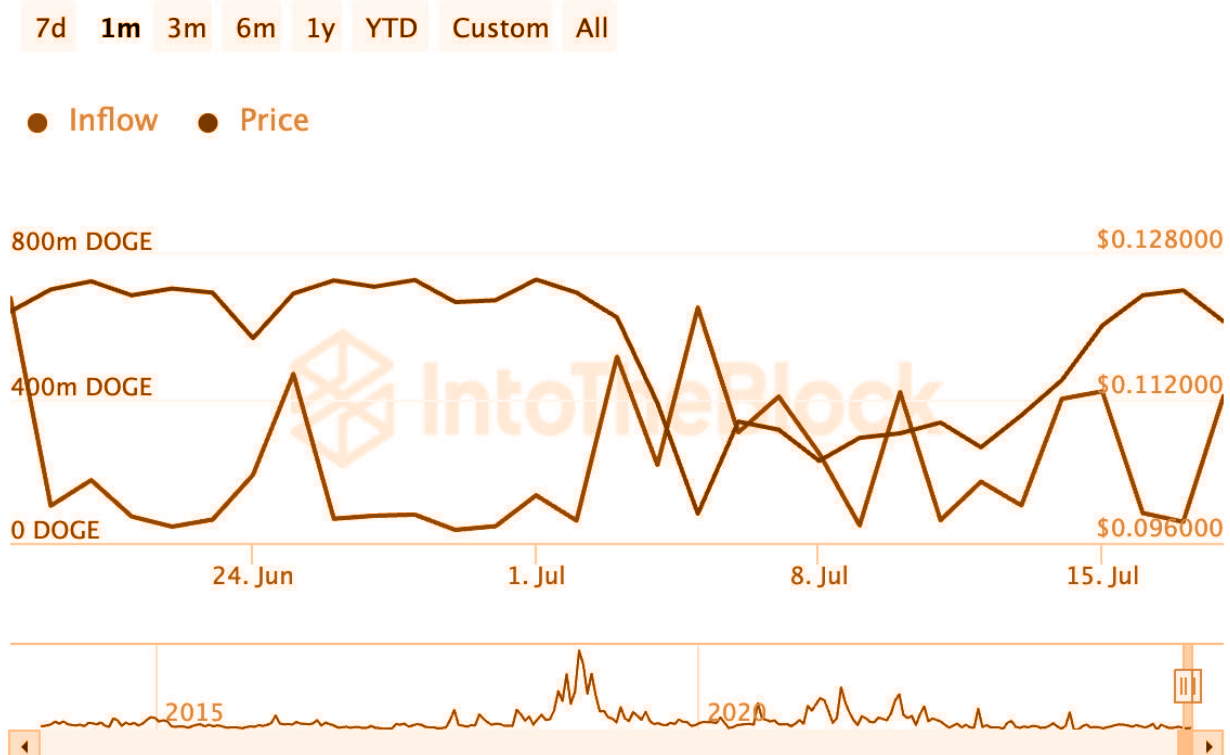
- The GameFi market is experiencing a surge in investor interest, fueled by a steady upward trend that began on 5 July. This enthusiasm was **reflected in the daily trading volume, which skyrocketed to \$2.5 billion.**
- Leading the charge was Immutable (IMX), the top gaming token by market cap. Despite a brief dip to \$1.13, **IMX roared back with nearly 20% gains in mid-July.** This resilience highlights its strong position as a layer 2 GameFi leader with over 300 games on its platform.
- Further fueling the fire was the success of Immutable's zkEVM, one of the fastest-growing blockchain networks. It gained **an impressive 2.2 million users in just three months**, showcasing the immense potential of the GameFi space.
- Gods Unchained (GODS), from the creators of IMX, saw a meteoric rise on 17 July. The token's value surged by a **staggering 73.3% within 24 hours, fueled by a massive 798.61% hike in daily trading volume.** This may be an indication of a revitalized player base being excited by new card releases.



MEMECOINS

- Mid-July brought a surprise to the memecoin market. Dogwifhat (WIF) defied expectations and **skyrocketed by a staggering 57% over the past week (as of 19 July)**, leaving many long-term holders celebrating. This unexpected surge overshadowed established players like Dogecoin and Shiba Inu, whose performances fell short of expectations.
- Dogecoin's large holders have been noticeably active lately. **Inflows to exchanges rose by 295.58% over the past month**, reaching a significant volume of 407.31 million DOGE on 18 July. Whales have been taking profits and repositioning their portfolios too. This move could bring more downside pressure for DOGE.

Figure 7: Large holders' inflow increased over the past month



Source: IntoTheBlock



DEPIN SECTOR

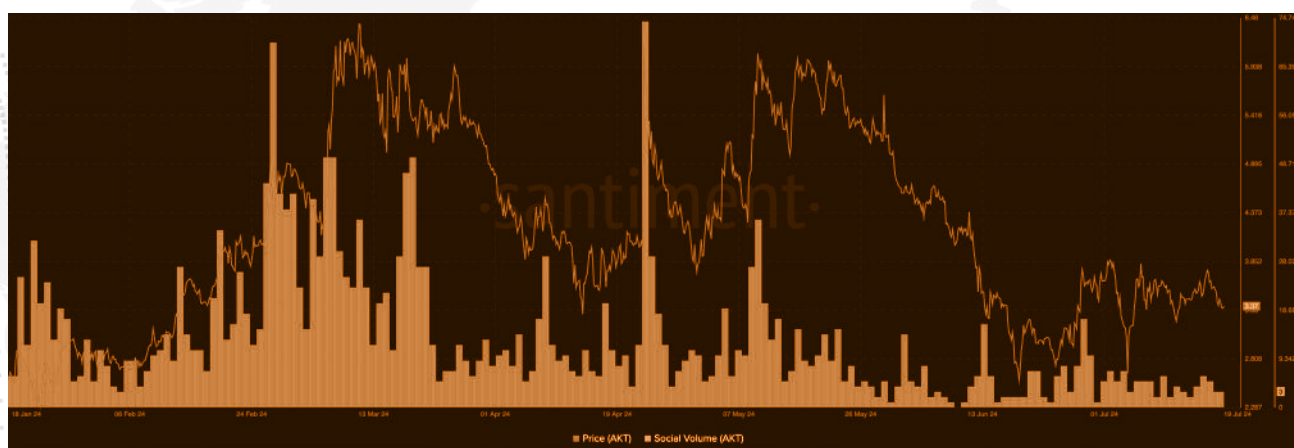
- DePIN developers have been busy this past month, working on a key initiative - **Making DePIN technology more accessible**. Their solution? Integration with familiar Web2 interfaces.

- This means users won't have to navigate the complexities of directly interacting with blockchain tech. Instead, they'll be able to access **DePIN services through user-friendly Web2 front-ends**, just like the ones they already use.

- A recent analysis by Franklin Templeton highlighted a potential roadblock for **DePIN projects like Helium (HNT) and Hivemapper (HONEY)**. These projects are facing hurdles in balancing supply and demand. In simpler terms, not enough people are interested in using these tokens, which raises concerns about their long-term sustainability.

- Akash Network (AKT), a popular DePIN project, hit a rough patch too. After a strong first quarter in 2024 that saw its value rise significantly, **AKT shed 44% of its value in the last 65 days**. This decline in price coincided with a significant drop in its social volume metric, which peaked in February and March.

Figure 8: Social volume on the Akash Network fell significantly



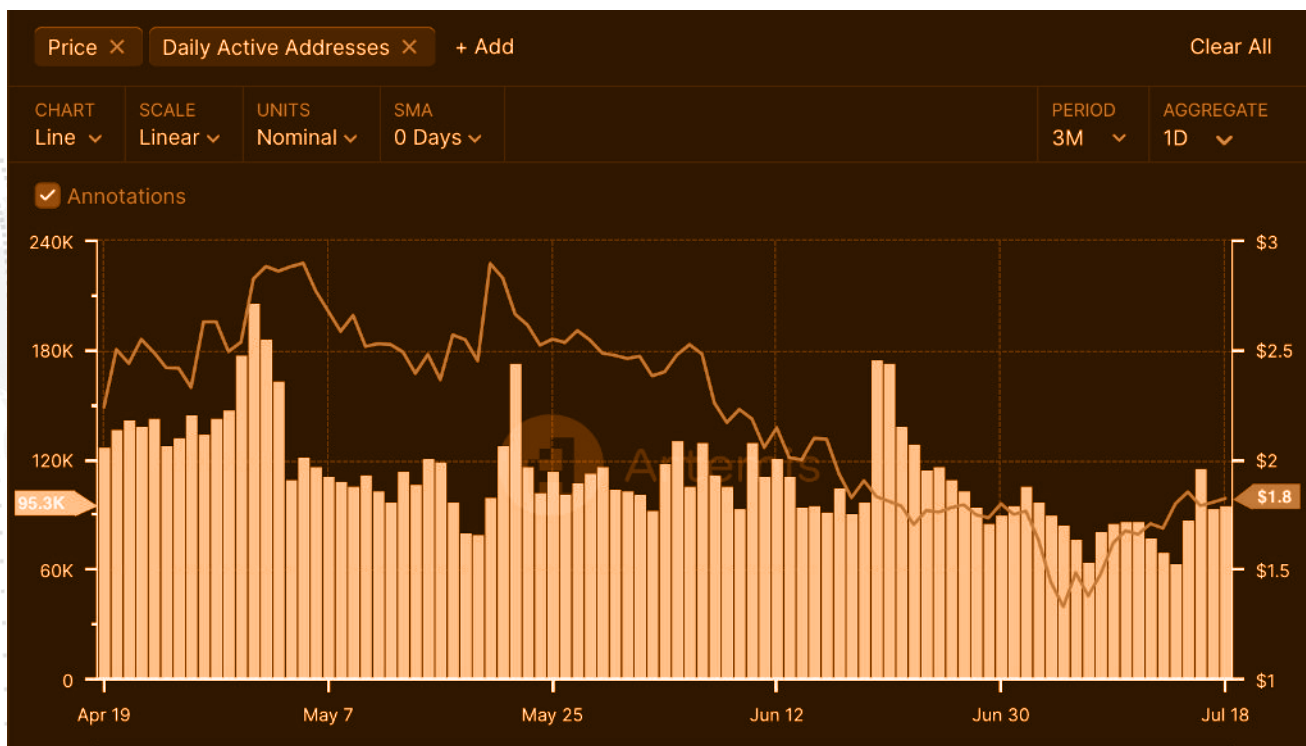
Source: Santiment



DEFI SECTOR

- Ethereum dominated the total value locked (TVL) across all blockchains, **boasting a significant figure of \$59.69 billion**. Lido, a liquid staking platform, was the clear leader among its 1129 protocols, holding a massive \$34.09 billion in TVL.
- Despite ranking second in TVL, **Tron has a significantly larger user base than Ethereum**. On 19 July, Tron saw a massive 1.77 million more active addresses, compared to Ethereum (2.12 million vs 342,533).
- Meanwhile, a troubling trend has emerged for Optimism (OP), a leading Layer 2 (L2) network. **User engagement has been on a downward slope for weeks**, leading to a decline in daily active addresses from its 21 June high and a subsequent drop in network fees and revenue.

Figure 9: Optimism's daily active addresses fell after 21 June



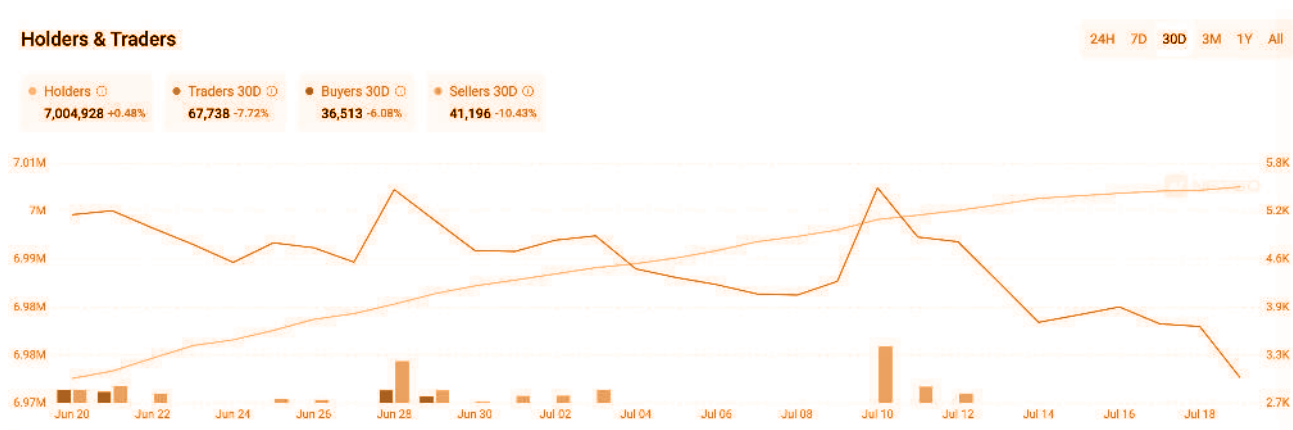
Source: Artemis Terminal



A Look At The NFT Landscape

- The NFT market continues to record a major correction. **Over the past month, sales volume has decreased by 42.54%**, with the number of buyers and transactions falling by 30% and 20.53%, respectively. While NFT holders rose by 0.48%, NFT traders fell by 7.72%.

Figure 10: NFT traders' count fell considerably



Source: NFTGO

- Even though Ethereum has had a tough time recently, it still leads in NFT sales volume. **Its sales dropped by 42.76%**, and there were about **9% fewer buyers**. On the other hand, BNB Chain saw a huge 111% hike in the number of NFT buyers.
- Meanwhile, Immutable chain defied the trend entirely with a **50% sales volume jump** and a 14.59% hike in buyers. However, there were only a handful of new buyers on its network.
- Bored Ape Yacht Club (BAYC) made a comeback. The last 30 days saw a **50% surge in buyers**, and the average hold period climbed to **84 days** - A 2% increase in commitment from holders.





- CryptoPunks remained the **top collection by market capitalization**, while Pudgy Penguins came in at second place.
- **Blur led the NFT marketplace** with the largest trading volume. OpenSea, which used to be the top platform, is now fourth.

Figure 11: Blur dominates the NFT marketplace

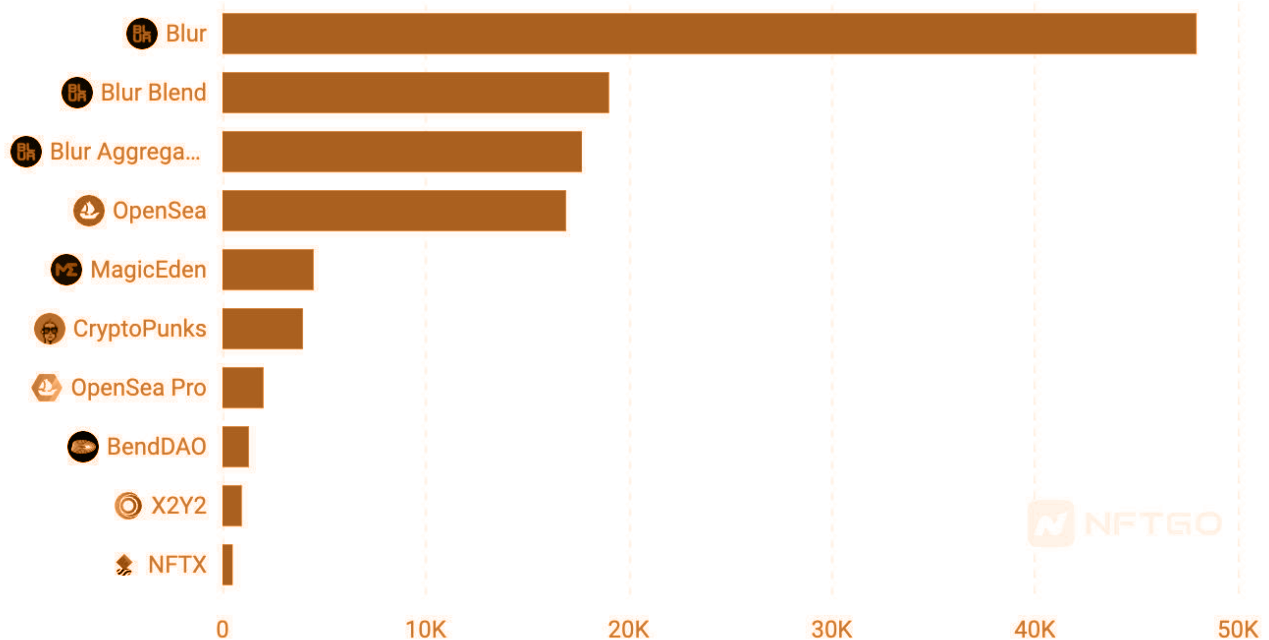
Trading Size ⓘ



Volume

Sales

30D ▾



Source: NFTGO

- The **conversation around Music NFTs re-emerged in July**, with industry leaders like Coop Records' Cooper Turley reigniting the debate by questioning their very viability.
- Despite finding NFTs technologically intriguing, Christie's Dirk Boll believes **high-end art collectors remain indifferent to blockchain-based receipts**. Christie's latest NFT receipt initiative failed to gain traction, highlighting a preference for Christie's traditional documentation.



References

- | | | |
|--------------|-----------------|------------------|
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| 2. Glassnode | 6. NFTGO | 10. TradingView |
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| 4. Coinglass | 8. Crypto Slam | |

PLEASE NOTE -

This report analyzes data till 20 July. It aims to provide comprehensive insights into market developments. All data presented is intended for informational and educational purposes. It's crucial to note that no investment decisions should be made solely based on the information contained within this report. Ultimately, individuals are responsible for their own investment decisions and should conduct thorough research and analysis before making any financial commitments.



ABOUT THE AUTHOR -

Manisha Mishra is working as the Head of Research at AMBCrypto. Armed with a Master's in Mass Communication and a keen eye for detail, her expertise lies in analyzing blockchain technologies and their tokenomics. She has been involved in the crypto space since 2019.

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About AMBCrypto

Established in 2018, AMBCrypto cuts through crypto noise. Their passionate journalist and blockchain enthusiast team delivers breaking news, in-depth analysis, and expert breakdowns on the ever-evolving crypto world. They simplify complex technical happenings, empowering users with clear insights.

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