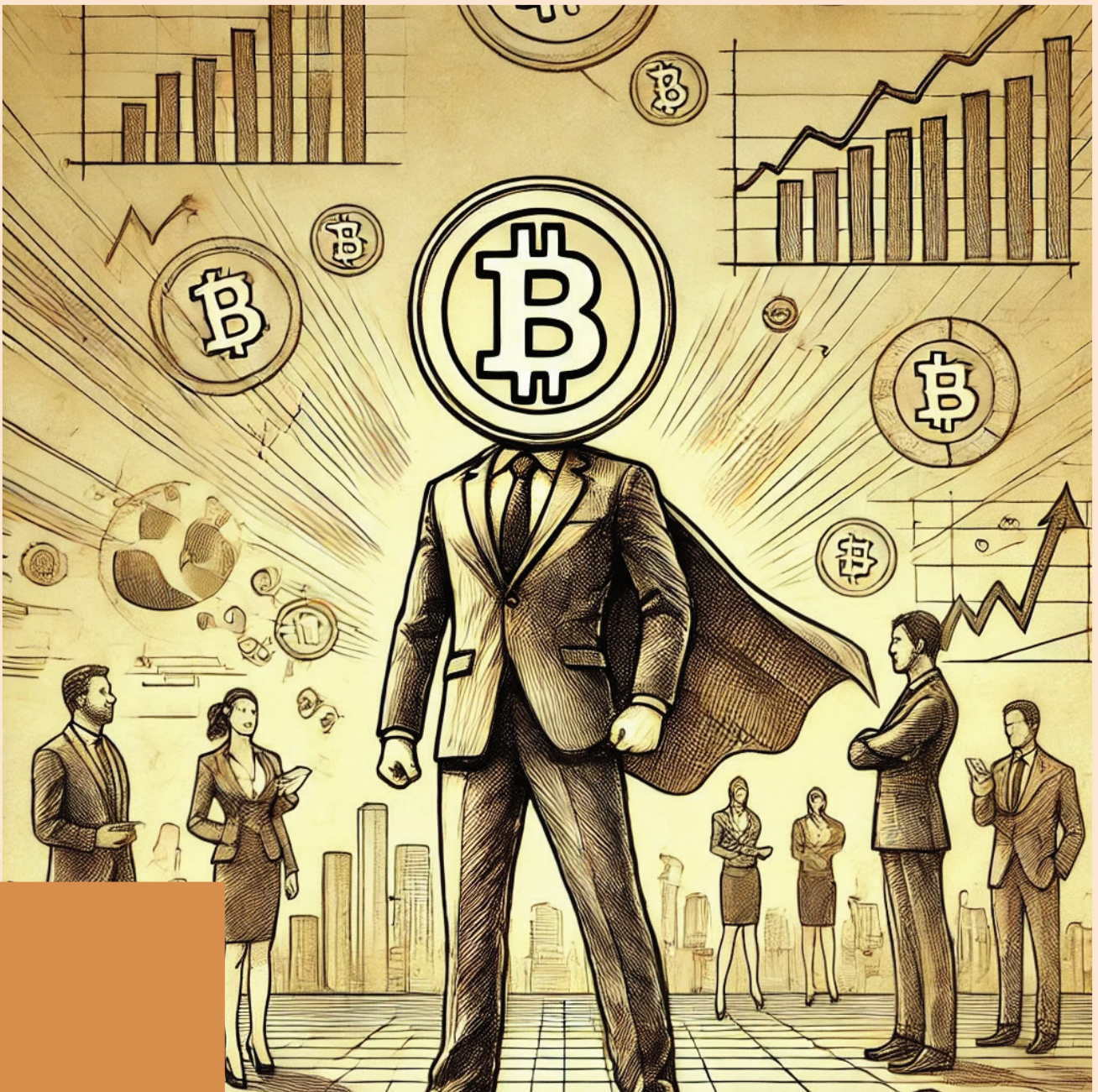


# CRYPTO MARKET MOVERS:

AUGUST 2024





# Contents

TOPICS	PAGE NO.
Key Takeaways	3
The Layer-1 Space	5
Ethereum Market's Overview	13
Solana Ecosystem's Update	16
Prediction Market Boom	17
Stablecoin Industry Taking Off	18
Growing Crypto Security Threats	20
NFT Market Study	22
NFT Market Experts' Opinions	23
References	24
About AMBCrypto	25



# Key Takeaways

## INVESTORS BELIEVE BINANCE AND COINBASE ARE THE SAFEST EXCHANGES

- AMBCrypto's survey found that while nearly **78% of respondents consider Binance and Coinbase the safest exchanges**, over 43% prioritize hardware wallets for safeguarding their digital assets.
- Surprisingly, a significant number of crypto investors are putting their **funds at risk by failing to regularly update their wallet passwords**. This negligence makes them prime targets for phishing and ransomware attacks.

## BITCOIN WHALES ARE ACCUMULATING AMIDST MARKET UNCERTAINTY

- **Whales have been steadily accumulating the coin**, suggesting a strong belief in Bitcoin's long-term value.
- On the contrary, short-term holders have been under pressure, with their **overall holdings experiencing significant unrealized losses**. This divergence in investors' behavior is creating a complex market dynamic.

## MORE ETHEREUM COINS ARE BEING CREATED THROUGH STAKING

- Ethereum's **circulating supply hit a significant milestone of 120.29 million** on 18 August. This surge can be primarily attributed to the growing popularity of staking and restaking.
- With over 33.9 million ETH locked in staking contracts, worth more than half a trillion dollars, **validators are generating major rewards**. These rewards are often reinvested, further accelerating the creation of new ETH.



### **POLYMARKET SEES SURGE IN CRYPTO PREDICTIONS, BITCOIN'S OUTLOOK DIMS**

- Polymarket has seen a **significant uptick in crypto-related predictions** over the past two months. Interestingly, one of its recent polls on Bitcoin's price trajectory highlighted the market's confusion.
- While optimism was high on 9 August, with 73% of respondents **predicting Bitcoin would reach \$65,000 by September**, sentiment took a dramatic turn just ten days later, with only 27% holding that view.

### **STABLECOIN MARKET MAKES A COMEBACK, LED BY TETHER AND USDC**

- The stablecoin market has noted a significant resurgence in 2024, **with total supply climbing 29% from January to reach \$168 billion** by 19 August. This rapid growth is nearing its previous peak of \$188 billion from May 2022.
- While USDe gained prominence earlier in the year, **the market is now consolidated around centralized stablecoins, Tether (USDT) and Circle (USDC)**, which together command approximately 90% of the market share.

### **MEMECOIN FRENZY FUELS TRADING SURGE ON SOLANA'S DEX**

- Solana's decentralized exchange (DEX) activity has recorded a **significant surge in the past six months**, fueled by the popularity of memecoins.
- Experts believe Pump.fun, a platform specifically designed for memecoin creation and trading, is **partially contributing to Solana's success**.



# The Layer-1 Space

## Bitcoin's Macroeconomic Drivers

- August proved to be a month of mixed signals for Bitcoin, despite a generally positive macroeconomic backdrop. **Key economic indicators painted a rosy picture.** The S&P Final U.S Services PMI surged, suggesting robust economic growth.
- The U.S. trade deficit contracted, and unemployment claims plummeted, bolstering confidence in the labor market. While **consumer prices ticked up in July, the overall trend indicated easing inflation**, raising expectations of a Federal Reserve interest rate cut.
- However, Bitcoin investors adopted a cautious stance. Despite the encouraging economic data, the cryptocurrency remained confined to a narrow **trading range between \$57,000 and \$62,000** for most of the trading period.
- Meanwhile, **Bitcoin's dominance declined from 58.24% on 7 July to 55.87% on 15 August**, suggesting investors took profits and reallocated their funds to altcoins.

Figure 1: Bitcoin's market dominance fell considerably



Source: coindocex



# Spot Bitcoin ETF Landscape

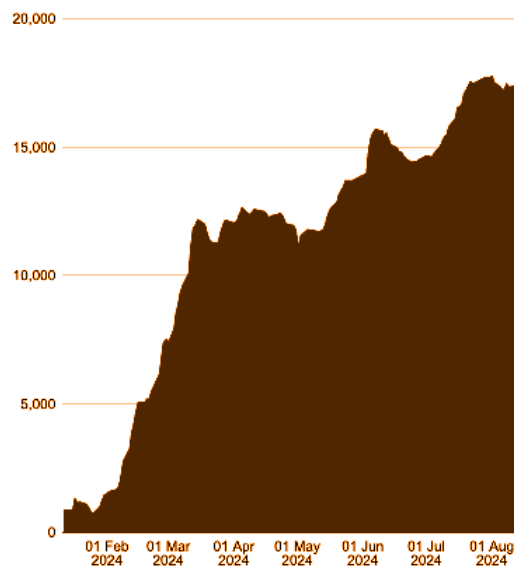
- Investors' appetite for **Spot Bitcoin ETFs** remained strong in Q2 2024, resulting in **net inflows** even as Bitcoin's value declined by 14.5%. August was marked by fluctuating flows, with a high of \$237 million outflows on 2 August and a low of \$11.1 million inflows on 15 August.

- 66% of institutional investors increased their Bitcoin holdings in Q2 through U.S.-based spot ETFs. **This represents a 30% increase in holders compared to Q1, reaching 1,924.** Notably, 44% of asset managers expanded their Bitcoin ETF positions, while 22% held steady.

- BTC Spot ETF Total Cumulative Flow stood at \$17,334 million on 15 August, suggesting **more money has been invested in the ETFs than withdrawn** since their inception.

Figure 2: BTC Spot ETF Total Cumulative Flow increasing gradually

Bitcoin Spot ETF Total Cumulative Flow (US\$m)



Source: Farside Investors



- In an exclusive conversation with AMBCrypto, 21Shares' **Head of U.S Business Federico Brokate** revealed, "The players that will be the longest or the largest buyers long-term actually haven't even started participating in BTC spot ETFs."

- Brokate believes the Bitcoin ETF market is in its infancy. While large institutional investors like **pension funds and asset managers are starting to explore the asset class**, their allocations remain relatively small.

- He anticipates a **surge in institutional investment** as these players conduct due diligence and become more comfortable with Bitcoin's volatility.

- The next wave of investors, **financial advisors, is still in the early stages of adoption**. Due to their fiduciary responsibilities, these advisors have rigorous investment processes. However, Brokate expects this group to become the largest buyers of Bitcoin ETFs over the long term.

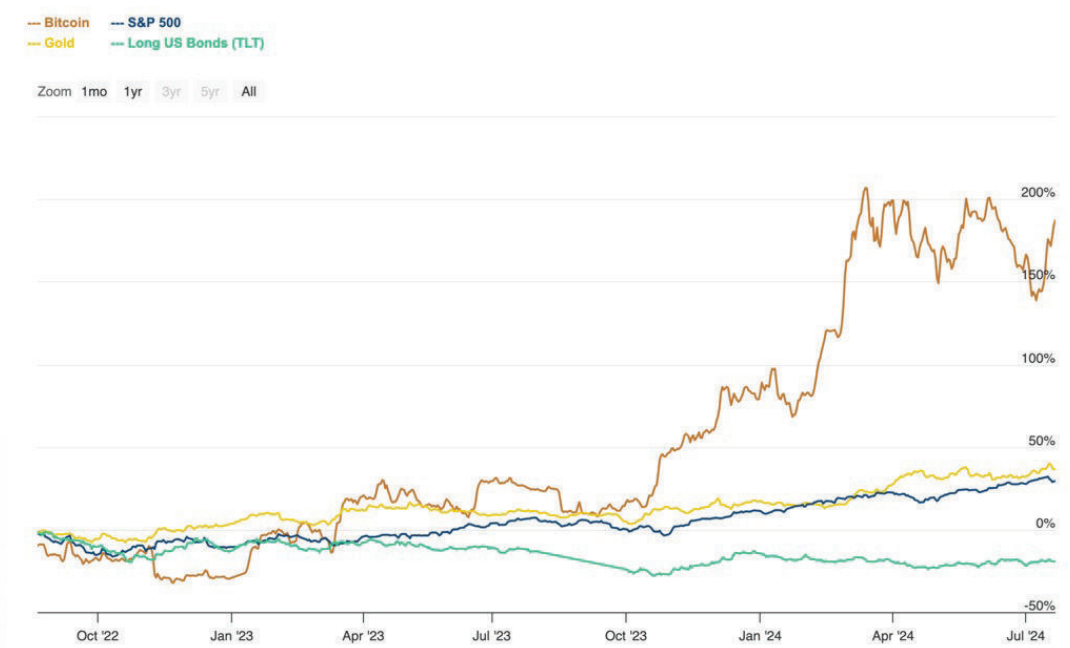
- He believes that the upcoming weeks and the U.S elections will bring significant clarity to the market. Post-election, **the focus will shift to Bitcoin potentially surpassing \$100,000**, with a possibility of this happening either by the end of this year or early next year.

- The goal to \$100,000 doesn't look far-fetched though, especially given the kind of **political support the crypto industry has received from the Republican party of late**.

- Bitcoin has continued to outperform Gold, S&P 500, and Long U.S Bonds. Surprisingly, in a span of two years, **BTC has risen by 148%, whereas the S&P 500 went up by 30% and Gold by roughly 40%**. So, a journey to \$100k is quite likely.



Figure 3: Bitcoin outperformed key TradiFi investments over the past two years



Source: CASE BITCOIN

## On-Chain Assessment

- Despite market uncertainty following the recent downturn, large Bitcoin holders are accumulating. The Accumulation Trend Score has remained at its highest level (at a value of 1.0) since 16 July, **indicating a growing preference for HODLing**. Over the past three months, 374,000 BTC have moved into long-term holder status.

Figure 4: Trend Accumulation Score shows whales' return to HODLing



Source: Glassnode





- However, short-term holders contributed more to the selling pressure. Consider this - **The STH-MVRV metric, for the majority of August, has been below 1, even falling to 0.8 on 8 August.** This also means Short-Term Holders are currently holding the largest unrealized losses since FTX's implosion.

Figure 5: STH-MVRV at its lowest point since FTX implosion

BTC: Short Term Holder MVRV



© 2024 Glassnode. All Rights Reserved.

glassnode

Source: Glassnode

- On the good side, Network Growth accelerated significantly, as evidenced by a spike in new user activity. The percentage of **first-time transactions soared to 46.88%**, a level unseen since 1 July 2020 - A sign of strong influx of new users.
- Even so, a worrying signal emerged from the derivatives market which registered bearish bets. The OI-Weighted Funding Rate dipped into negative territory on 7, 14, and 16 August. This revealed that a **significant number of traders have been betting on Bitcoin's price to decline.**



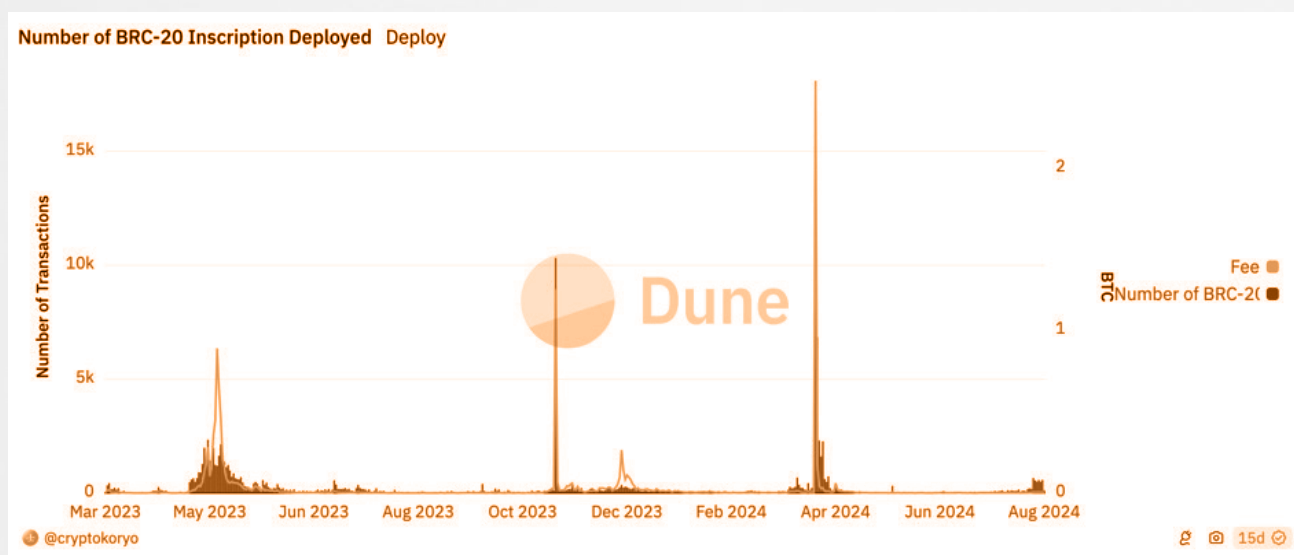
## BitVM: The New Buzz In Bitcoin

- The concept of BitVM (Bitcoin Virtual Machine) emerged in October 2023. **However, it gained traction only recently in August 2024** after BitVM creator Robin Linus introduced the second iteration dubbed “BitVM2.”
- Basically, BitVM is a system **intended to bring smart contract capabilities to the Bitcoin blockchain**. Its newest version aims to offer “major improvements” to the original system.
- BitVM development has accelerated significantly since June, as proved by a substantial hike in GitHub commits. **More developers are contributing to the project**, and Linus’ team is diligently addressing reported issues to improve the project’s stability.

## Bitcoin Inscription

- BRC-20 inscription activity has declined from its April peak of 18,085. **While August saw an increase in new inscriptions compared to June and July**, with a total of 552, the overall volume remains significantly lower. BRC-20 transactions also fell in August, though the average transaction count surpassed that of May and June.

Figure 6: Number of BRC-20 Inscriptions Deployed increased marginally in August



Source: Dune Analytics





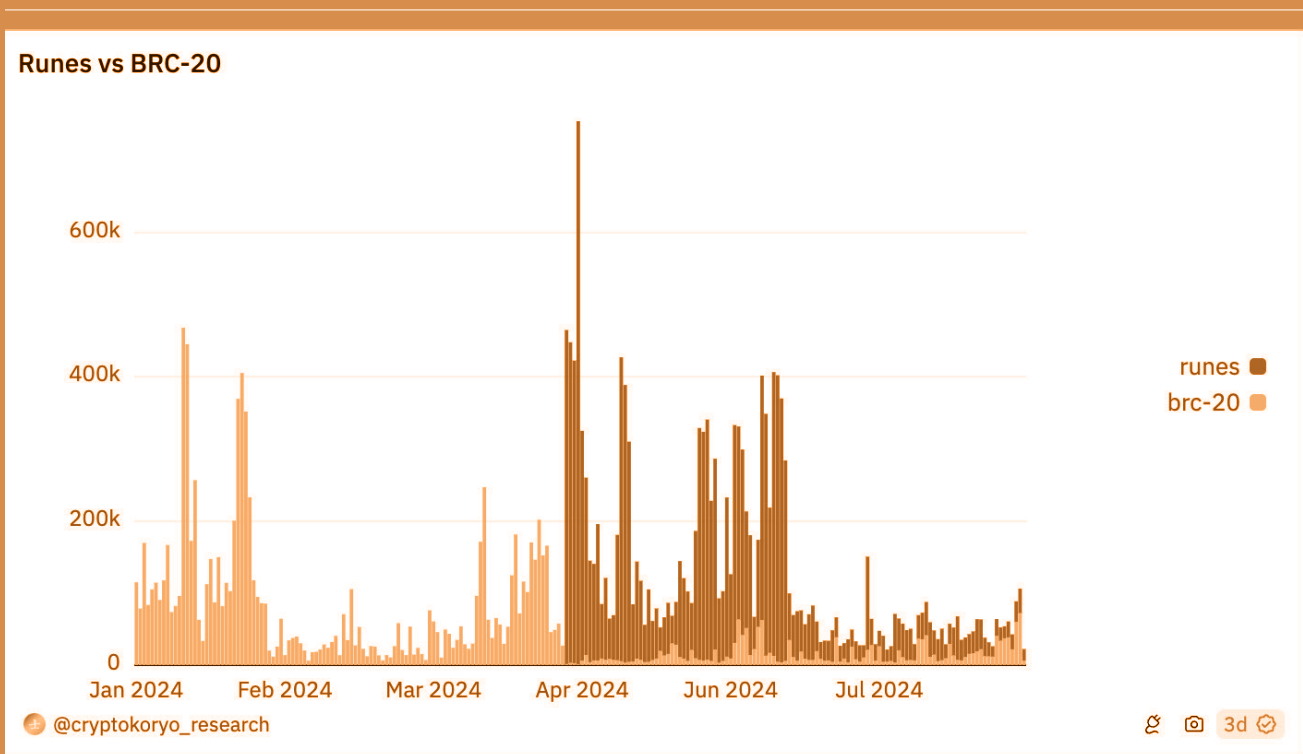
- BRC-20 tokens have seen a significant downturn over the past month. **Market capitalization has fallen by 24.34%, with 70% of tokens underperforming.** ORDI, the dominant token, accounts for a staggering 92% of the market, highlighting the

concentrated nature of the BRC-20 ecosystem. Trading volume also contracted by 22% during this period.

- Runes has historically generated more transaction fees on the Bitcoin blockchain compared to

BRC-20. **However, this dominance is waning, with fees declining to 8.37%.** While still surpassing BRC-20 in fee generation, Runes is approaching its historical low of 2.16%.

Figure 7: Rune transaction fee nearing its all-time-low level



Source: Dune Analytics

- To date, approximately 68 million Ordinals inscriptions have been created, generating total fees of 6,891 Bitcoin. Notably, **these fees have plummeted from a peak of 45 Bitcoin in May to a mere 0.48 Bitcoin on**

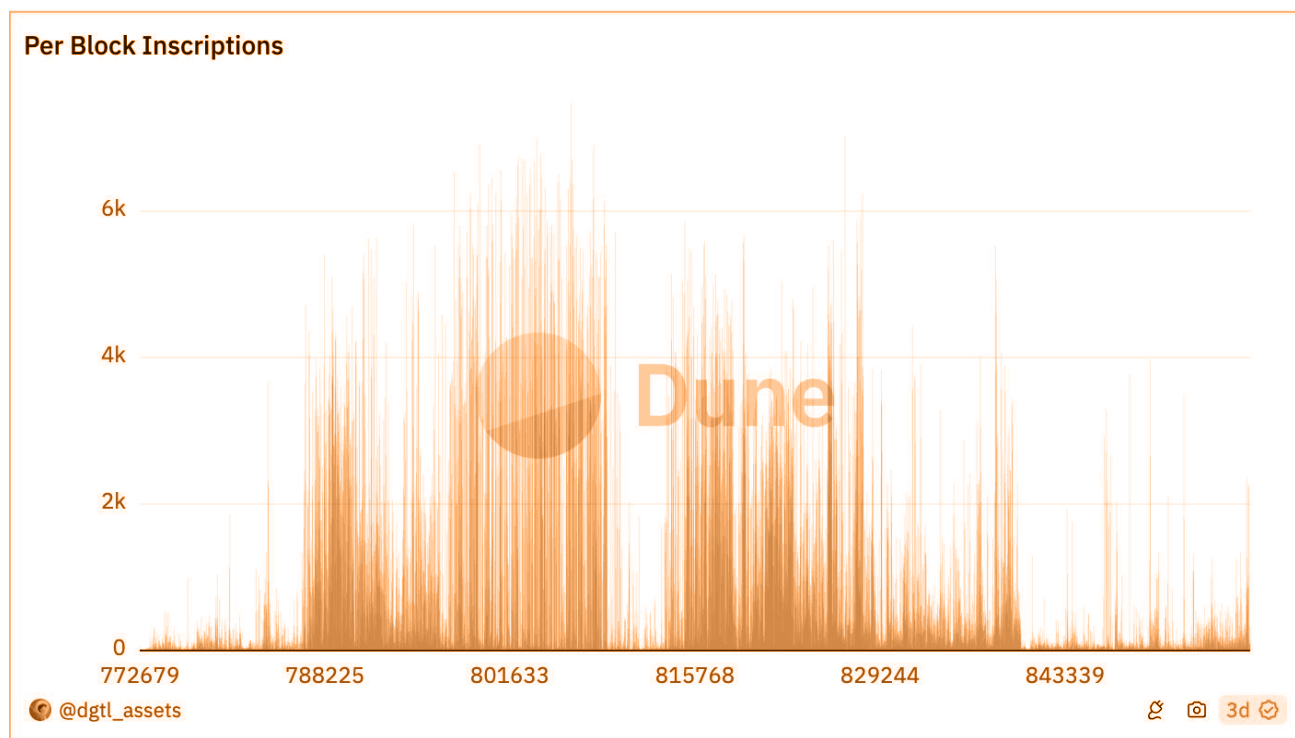
13 August. On the contrary, daily inscriptions rose in August, compared to June and July.

- Interestingly, **Ordinals inscriptions are rapidly gaining traction, with**

**a recent peak of 1023 inscriptions in a single block.** This surge indicates heightened user interest and activity within the Ordinals ecosystem, driving increased demand for Bitcoin block space.



Figure 8: Ordinals inscriptions per block have been on a gradual incline



Source: DefiLlama

## What To Expect Next Month?

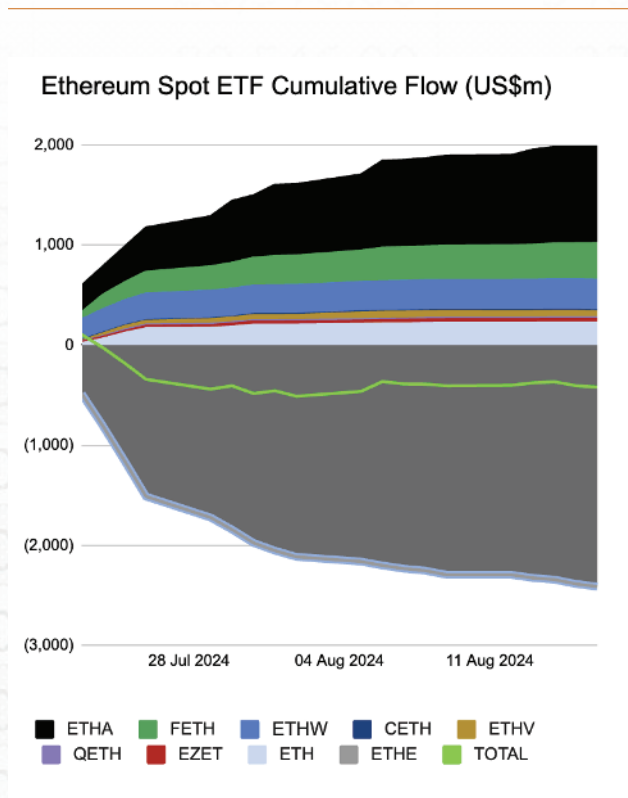
- The \$57,000 to \$55,000 price range has proven to be a robust support level for Bitcoin, characterized by ample liquidity. Coupled with strong on-chain indicators and recent whale accumulation, a **breakdown below this zone in the next month appears unlikely.**
- On the upside, \$70,000 represents a significant psychological hurdle for Bitcoin bulls. Despite a slight predominance of long positions in August, the overall market mood remains cautious, reflected in the persistent “fear” sentiment. As a result, **Bitcoin can be expected to trade sideways in the coming month.**



# Ethereum Market's Overview

- Ethereum's DeFi sector saw a significant downturn. Total value locked (TVL) **plummeted from a peak of \$66 billion in June to a low of \$50 billion by 18 August**. Transaction volume also declined sharply, dropping from 35.49 million in July to 18.76 million in August.
- The bearish sentiment was further exacerbated by the decline in the number of new addresses on the network. This goes to show that **Ethereum spot ETFs failed to produce the kind of effect that the market was initially expecting**.
- Ethereum spot ETFs had total net flows of **-\$39.2 million** as of 15 August. **Outflows have exceeded inflows** wherein Grayscale's ETHE led the way with no inflows recorded so far.

Figure 9: ETH outflows exceeded inflows by a significant amount



Source: Farside Investors

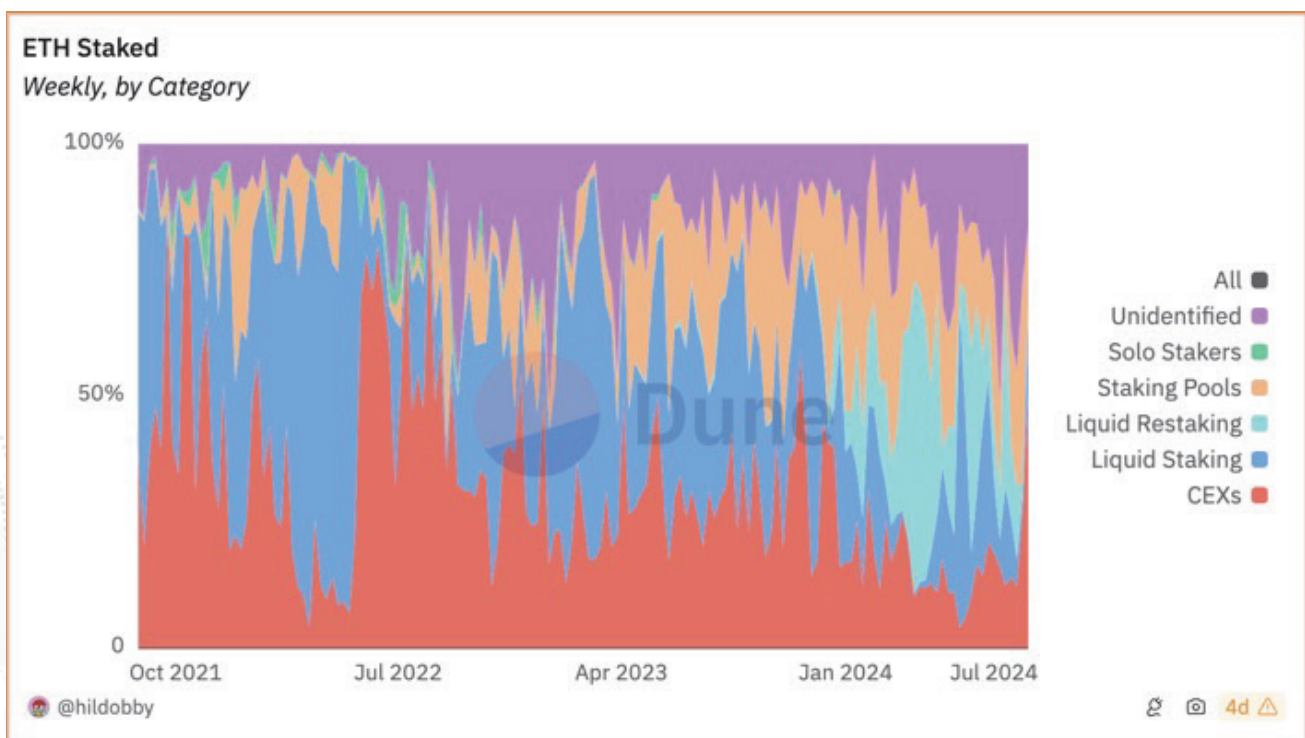
- Owing to these reasons, Ethereum's price struggled to surpass the \$2,900 mark in August, **coinciding with a dramatic plunge in gas fees to a five-year low**. While this steep decline in fees has historically been a bullish indicator, it remains to be seen if this pattern will repeat itself.



## Major Trends In August

- Ethereum achieved a major milestone on 18 August as its supply hit 120.29 million. **Its circulation has grown by 77,091 in the last 30 days**, driven in part by the increasing popularity of staking and restaking.
- The surge in staking and restaking on Ethereum is accelerating the issuance of new ETH. **With over 33.9 million ETH staked, worth over half a trillion dollars**, the network is generating substantial rewards for validators, which are then often reinvested, fueling further ETH creation.
- The Ethereum staking landscape is currently dominated by liquid restaking, staking pools, and centralized exchanges. Solo staking has seen a significant decline, **with almost no participation from individual stakers in 2024.**

Figure 10: Liquid staking, staking pools, and CEXs commanded major share



Source: Dune Analytics

- As a leading innovator in the staking sector, **EigenLayer has captured a majority of the market share, with a commanding TVL of \$16 billion.** This represents over 85% of the entire staking market.
- For those unfamiliar, **EigenLayer enables Ethereum stakers to reuse their staked ETH to secure other blockchain applications.** By doing so, stakers can earn additional rewards beyond standard staking returns.





# Solana Ecosystem's Update

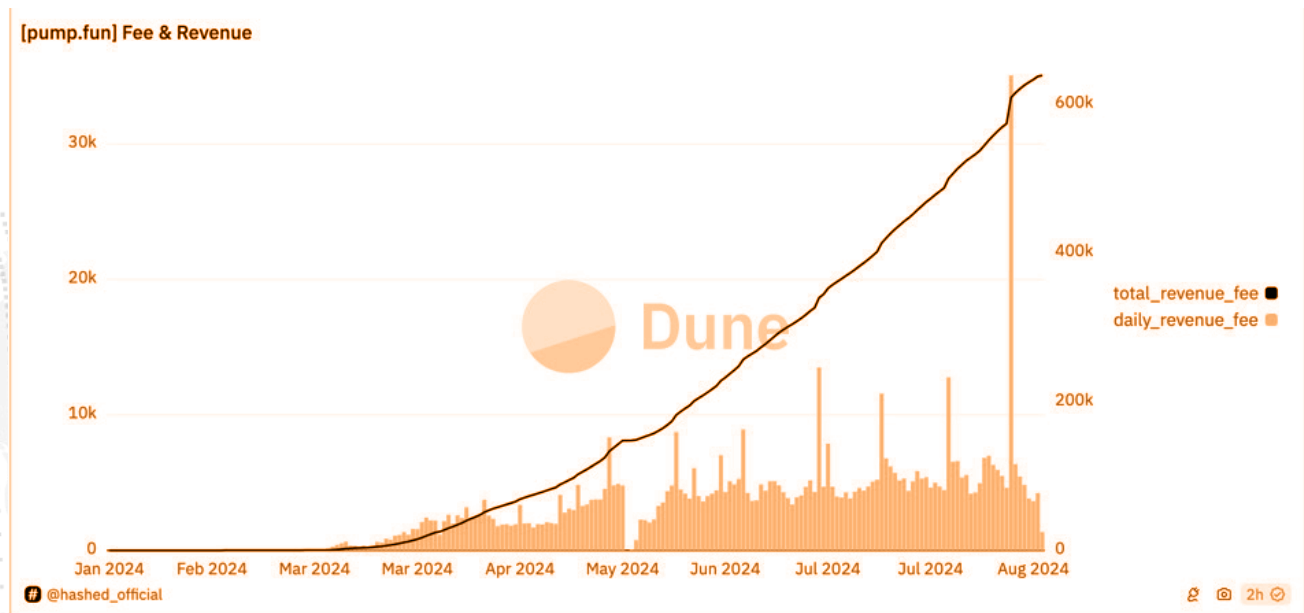
- Solana's DEX activity has surged over the past six months, **primarily driven by the memecoin frenzy**. Low fees and a streamlined ecosystem have attracted traders to the platform.

- The **launch and success of Pump.fun**, a platform specifically designed for memecoin creation and trading, has been another key contributor to Solana's memecoin narrative.

- The platform's cumulative revenue is poised to **breach the \$100 million mark within days, having already surged from \$50 million** at the end of June. Launched in January 2024, Pump.fun has facilitated the creation of over 1.8 million memecoins so far.

- On the price front, **Solana has been range-bound between \$136 and \$163**. Market experts believe that the approval of a SOL spot ETF could catalyze a price rally, potentially pushing the token to \$190.

Figure 12: Pump.fun's revenue and fees have been increasing



Source: Dune Analytics





# Predictions Market Boom

- While prediction markets have existed for years, only recently they have seen unprecedented growth. Fueled by intense speculation surrounding the US Presidential elections, the market has hit new heights, **with TVL soaring by 212% to exceed \$108 million.**

- **Polymarket dominated the predictions market with a 75% market share.** Its monthly volume skyrocketed from \$54.2 million in January to \$373 million in July, representing a 500% hike.

- Polymarket has seen a near 100% increase in crypto predictions over the past two months. **A recent poll asking if Bitcoin would reach \$65,000 before September** revealed a dramatic shift in sentiment. While 73% of respondents believed it was likely on 9 August, that figure fell to 27% just ten days later.

Figure 13: One of the crypto polls on Polymarket based on BTC's Sept. move

## Will Bitcoin reach \$65,000 before September?



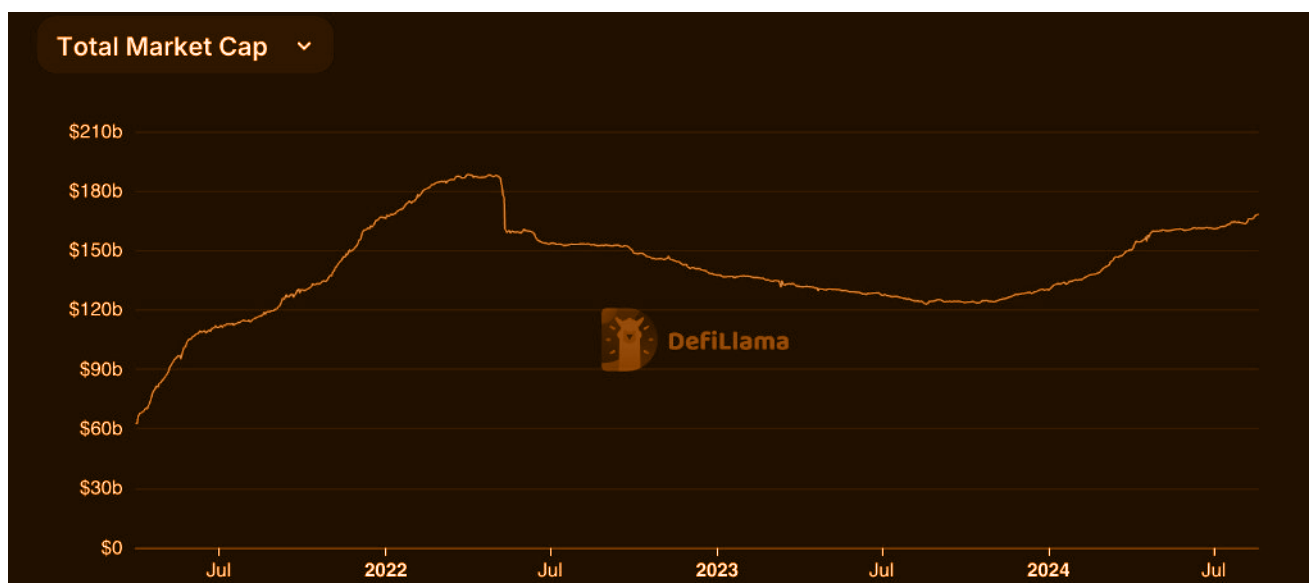
Source: Polymarket



# Stablecoin Industry Taking Off

- Stablecoin supply has surged by 29% this year, **climbing from \$130 billion in January to \$168 billion on 19 August**. This rapid growth is nearing its May 2022 peak of \$188 billion.
- Stablecoin supply is essentially a barometer of liquidity within the cryptocurrency ecosystem. **Its growth means increased investor participation and capital ready for deployment in crypto assets.**

Figure 14: Stablecoin market cap is nearing its all-time-high figure



Source: DeFiLlama

- The stablecoin landscape has undergone significant changes in 2024. While **USDe gained traction in the first half**, the market is now dominated by centralized players Tether (USDT) and Circle (USDC), collectively holding around 90% of the market share.
- Their dominance is attributed to **early market entry and strong integration** within the broader financial ecosystem.



- Tether has significantly benefited from the rising interest rate environment and greater USDT adoption. **The company reported a record-breaking \$4.52 billion net profit in Q1 2024**, with a substantial portion stemming from its US Treasury holdings.
- USDC faced headwinds in 2023, including a temporary de-peg, which led to a decline in circulating supply. However, the stablecoin has shown resilience, rebounding in the first half of 2024. **Its market capitalization grew from \$24 billion in the start of the year to \$34.34 billion on 19 August**, thanks to broader market trends.
- On the other hand, MakerDAO's DAI saw a challenging period due to increased competition, particularly from USDe. However, since March, **the stablecoin has rebounded, growing by 16.6% to \$5.1 billion by 19 August**. Despite this recovery, DAI's overall market capitalization remains flat year-to-date.
- Meanwhile, PayPal's PYUSD has struggled to gain significant traction since its launch, with a market capitalization of only \$843.92 million at the time of writing.





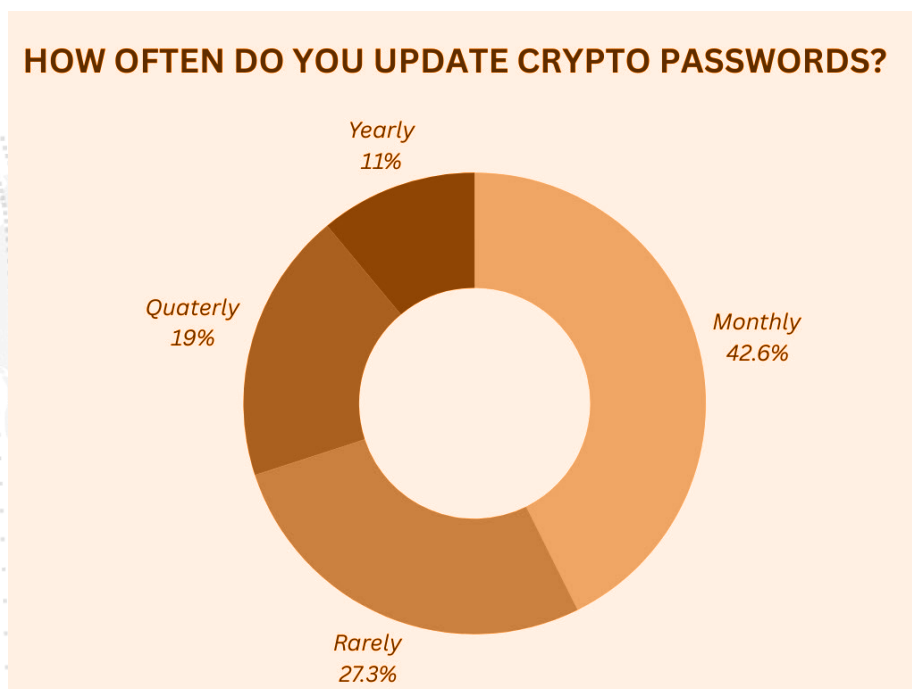
# Growing Crypto Security Threats

- Cryptocurrency hacking made a dramatic return in 2024. After a significant drop in 2023, **hackers stole over \$1.58 billion in digital assets through July, an 84% increase year-over-year**. While the number of attacks has remained relatively stable, the average amount stolen per hacking incident surged by nearly 80%, from \$5.9 million to \$10.6 million.

- Centralized Exchanges are being targeted more than ever. To understand users' sentiment around crypto hacks, **AMBCrypto conducted an exclusive survey with the participation of 5,733 respondents**.

- We found that **66% of crypto investors consider decentralized exchanges to be significantly more secure than centralized ones**. And, 73.7% of respondents expressed confidence in the overall security of the cryptocurrency ecosystem.

Figure 15: Respondents answer how often they update their passwords



Source: AMBCrypto's survey



- Despite the common knowledge that frequent password updates are crucial for crypto security, we found that **only 43% of investors change their passwords monthly**. This indicates a potential gap in security practices among a significant portion of the crypto community.

- Investors' sentiment towards crypto wallet security is complex. While nearly half of investors prioritize hardware wallets for their perceived security, a significant majority (77.5%) believe **Binance and Coinbase offer the safest exchange wallet options**.

- Despite efforts to combat crypto crime, phishing attacks remain a persistent threat. AMBCrypto's survey found out that a significant portion of **investors (30%) encountered phishing attacks occasionally**, while 27.6% face them frequently.

- However, Chainalysis data revealed a reduction in cryptocurrency-related crime in 2024. Taking a note of that, Federico Brokate, Head of U.S Business 21Shares, **warned against complacency**.

- He said that while the industry is increasingly aware of the issue, **the focus should shift from the overall decline in crypto crime to the need for continuous improvement** and adaptation to evolving threats.





# NFT Market Study

- The NFT market saw a significant downturn over the past 30 days. **Sales volume plunged by 37.87%, accompanied by a 31% fall in transactions.**
- 

- However, the data revealed a shift in investor sentiment. **The number of NFT buyers grew by 9.93%, while sellers declined by 12.84%**, suggesting growing preference for holding in the near-term.
- 

- Ethereum maintained its top position in NFT sales volume, with its buyer base expanding by 43.85% over the past month. However, sales on the platform dropped by 38.62%. In contrast, **Immutable X outperformed both Ethereum and Polygon**, recording a 23.39% increase in sales within the same period.
- 

- On the other hand, Arbitrum saw a **staggering 12392.45% hike in its buyers' count** over the past month, leaving the industry in awe.
- 

- The NFT landscape is experiencing a shift. D Market NFT, built on the Chain blockchain, **claimed the top spot in NFT collection rankings by sales volume**, demonstrating a 13.19% increase in sales over the past month.
- 

- In contrast, Pudgy Penguins, once a dominant force in the market, noted a significant decline, **with only 152 buyers recorded over the same period.**
- 

- **Blur maintained its dominance as the top NFT marketplace** for the third consecutive month. It had higher trading volumes and lower gas fees of 1,709, compared to OpenSea's approximately 3 million volume and \$3,246 gas fees.



# NFT Market Experts' Opinions

AMBCrypto delved into the challenges facing the NFT market through exclusive interviews with industry experts.

---

- **Bristol Jones, a top NFT branding expert, said,** “NFTs are facing a triple threat: a brand crisis, poor communication strategies, and a name that no longer resonates with mainstream audiences. Recent data shows that NFT trading volumes have plunged by over 90% since their peak, underscoring the urgent need for projects to refocus on utility and market fit to regain consumer trust.”

---

- **Chris Hermida, Founder and CEO of Switchboard,** a leading oracle network that provides price feeds to power NFT markets claimed, “The primary motivation for purchasing NFTs remains speculative investing. As a result, we’re seeing NFT sales volume decline as investors shift their focus to other speculative assets, such as memecoins and political prediction markets, which are quickly gaining popularity.”

---

- **Pranav Maheshwari, Senior Solutions Architect at Edge & Node,** believes the NFT market’s resurgence depends on creators and innovators developing novel use cases and fostering strong community engagement.

He predicts that once these foundations are established, investor interest will be reignited, driving market growth.

---

The NFT market went crazy in 2021. Tons of new, low-quality NFTs flooded the market, making people lose interest. Some experts say things have changed since then. **NFT projects are now focusing more on practical uses and building strong communities.** There are fewer, but better NFTs being sold, and the market is more stable.



# References

- |                   |                 |                  |
|-------------------|-----------------|------------------|
| 1. Santiment      | 5. Messari      | 9. CoinMarketCap |
| 2. Glassnode      | 6. DeFiLlama    | 10. TradingView  |
| 3. Dune Analytics | 7. IntoTheBlock |                  |
| 4. Coinglass      | 8. Crypto Slam  |                  |

---

## PLEASE NOTE -

This report analyzes data till 20 August. 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.

[LinkedIn](#) | [X](#)





# 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.

**Follow us:** Website | LinkedIn | X

