

CRYPTO MARKET: BIGGEST MOVERS OF

SEPTEMBER 2024





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Key Takeaways

BTC COULD REACH \$69,000-\$70,000 BY OCTOBER'S END

- Exchange outflows and decreased inflows from large holders hint at a **growing HODLing strategy** among investors.
- A short-term bounce to \$69,000-\$70,000 is anticipated by October 2024, **thanks to positive on-chain metrics and macroeconomic factors**. However, recession fears could temper this bullish momentum.

AMBCRYPTO SURVEY REVEALS INVESTORS ARE DISCONTENT OVER BUTERIN'S ETH SALES

- 56% of investors are highly concerned about Vitalik Buterin's ETH sales, with a majority stating that **his actions significantly impact** their trading decisions.
- Nearly 80% of respondents believe there should be **external limits on the amount** founders can sell at once.

THE CARDANO PARADOX: GROWING ECOSYSTEM, FALLING CONFIDENCE

- Cardano's smart contract ecosystem has seen substantial growth in 2024, with Plutus V2 scripts **increasing from 8,083 to 80,437**.
- In contrast, the number of **new ADA wallets created per day has dropped sharply** to 221 from a peak of 11,745 on 6 September, suggesting a potential loss of confidence among investors.



DEPIN MARKET CAP SURGES 17% IN SEPTEMBER; FETCH.AI STANDS OUT

- The DePIN sector saw a positive surge in September. The combined **market cap of DePIN projects reached \$26.47 billion**, with the average price increasing by 17.44% and total trading volume reaching \$1.10 billion in the past month.
- While Internet Computer secured the top spot, **Fetch.ai (FET) emerged as the star performer with a staggering 63.17% price increase**. However, Arweave lagged behind, experiencing a 15% price decline in the past month.

SHIBA INU'S COMPETITION GROWS WITH NEIRO'S +2,600% RISE

- The Federal Reserve's rate cut ignited a memecoin frenzy, propelling the market capitalization by \$5 billion in just three days. **Neiro (NEIRO) emerged as the undisputed champion**, surging 2,600% and outperforming all top 15 memecoins in the last 30 days.
- While political memecoins like **MAGA (TRUMP) faltered**, PEPE continued its upward trajectory. Dogecoin and Shiba Inu saw modest gains.

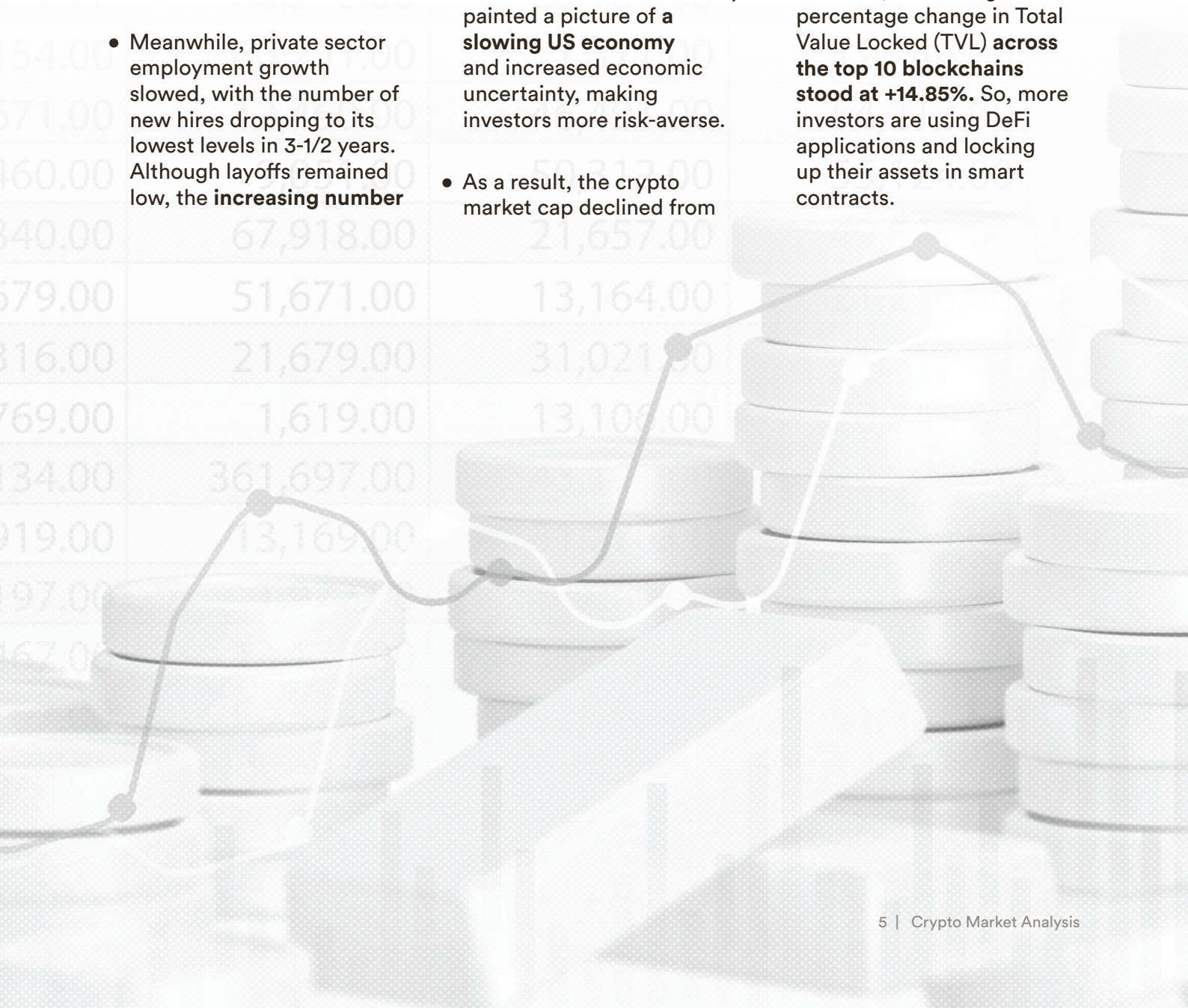
BAYC NFT MAKES AN UNEXPECTED RECOVERY IN SEPTEMBER

- The NFT market continues to struggle, with declining market capitalization and trading volume. While the overall market faces challenges, the iconic **Bored Ape Yacht Club NFTs have shown unexpected resilience**.
- Top NFT collection CryptoPunks continues to defy the market trend, **with a 31.8% increase in sales**. Ethereum, despite remaining the leading blockchain for NFT sales, has experienced a decline in volume and buyer activity.



Crypto Market Briefing

- The crypto market experienced a **significant downturn** in September, largely influenced by a weakening US economy.
- The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index (PMI) dropped to 47.9 in August, indicating a second consecutive month of **manufacturing sector decline**.
- Meanwhile, private sector employment growth slowed, with the number of new hires dropping to its lowest levels in 3-1/2 years. Although layoffs remained low, the **increasing number of unemployment claims** signaled a potential labor market slowdown.
- Producer prices rose more than anticipated in August, **suggesting inflationary pressures**. Additionally, the number of job openings decreased in July, further pointing to a cooling labor market.
- These indicators collectively painted a picture of a **slowing US economy** and increased economic uncertainty, making investors more risk-averse.
- As a result, the crypto market cap declined from its **August peak of \$2.3 trillion to \$2 trillion** by 19 September.
- The ongoing geopolitical tensions between Russia and Ukraine, coupled with the escalating conflict between Iran and Israel, have **significantly increased investors' risk aversion** as well.
- However, the average percentage change in Total Value Locked (TVL) across the **top 10 blockchains stood at +14.85%**. So, more investors are using DeFi applications and locking up their assets in smart contracts.





Bitcoin Market: Key Metrics and Trends

- Despite analysts' strong conviction that the BTC will reach a high of \$100k this year, **the market noted unprecedented losses** thanks to recession fears and uncertainty around the US Presidential election.

Figure 1: Bitcoin's performance on the higher timeframe



Source: TradingView

- In September, Bitcoin's performance displayed notable volatility as it traded **within a symmetrical triangle pattern** on the weekly chart.
- This pattern, characterized by converging trendlines, suggests a **period of indecision in the market**, wherein both buyers and sellers lack dominance, leading to narrower price swings.

Technical indicators:

- **Moving Averages:** The Simple Moving Average (SMA) at around \$59,684 acted as a dynamic resistance, influencing price movements during September. The price hovered near this level, reflecting market hesitation for a majority of the trading sessions.



- **Bollinger Bands:** The price remained within the Bollinger Bands, indicating moderate volatility. Traders were thus cautious and waiting for a breakout or breakdown signal.

- **Average True Range (ATR):** The ATR at 6,578.80 indicated a declining volatility trend. This suggested that while price movements were still significant, they had become more predictable, which could either precede a breakout or maintain the consolidation phase.

Trends and zones:

- Bitcoin's price action reflected a balance between demand and supply. The **demand zone around \$53,000** served as strong support, while the supply zone near \$70,000 acted as a major resistance.

- Throughout September, Bitcoin repeatedly tested the support level **without breaking below it**, indicating buyers' interest.

Risk and reward:

- Given the symmetrical triangle pattern and the narrowing Bollinger Bands, **the risk for traders was moderate**. A potential breakout could offer a significant reward, but a breakdown could lead to further downside.

- Interestingly, on 18 September, the US Federal Reserve **lowered interest rates by 0.50 percentage points**, ending a tightening cycle that had lasted over four and a half years.

- This surprising move immediately calmed market fears and shifted investor sentiment to a **more neutral stance**.



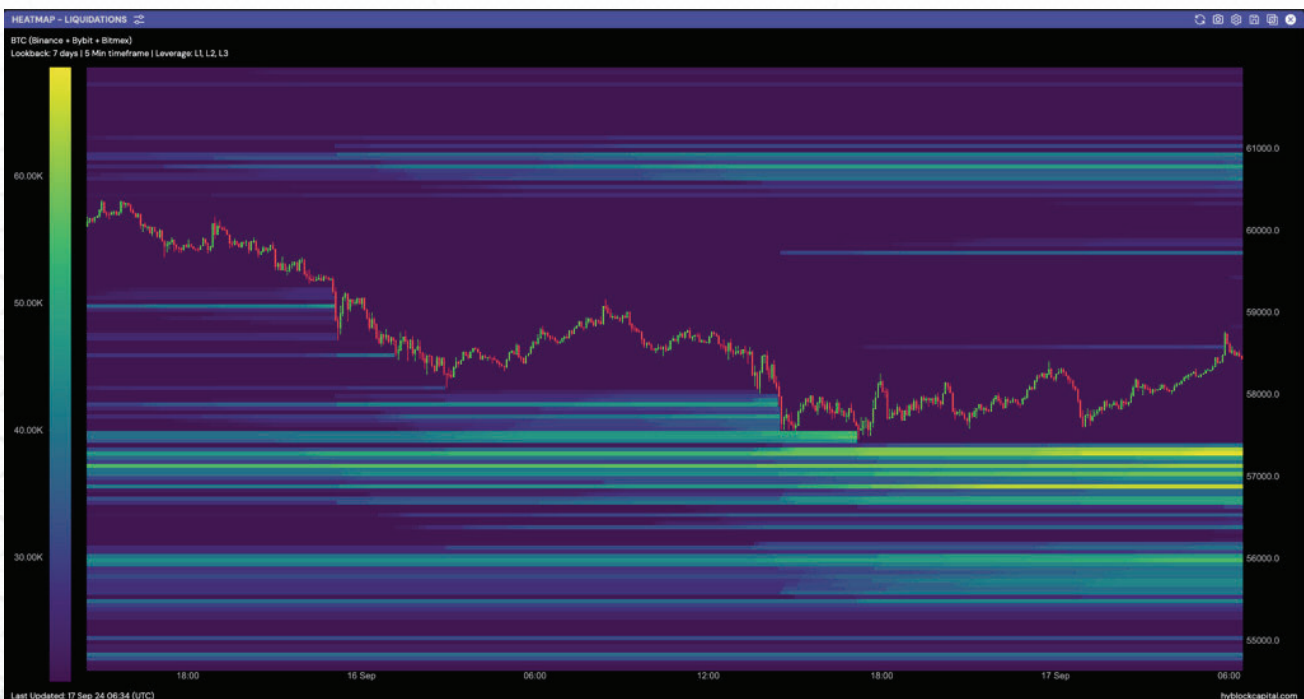
- The move initially sent Bitcoin prices soaring to \$62,589, but the rally was short-lived as the cryptocurrency quickly **retreated to a key support level of \$55,000.**

- As a result, investors were presented with a **potentially high-risk, high-reward** scenario.

- A key liquidity level was pinpointed between \$56.9k and \$7.3k, with a broader zone around \$61,000. **With more than 70% of retail investors going long**, Bitcoin could revisit the \$56.9k level in coming days before bouncing back.

- This scenario could offer a favorable risk-to-reward ratio for entering long positions, with **target prices set between \$61,300 and \$61,400.**

Figure 2: Key liquidity zones are forming between 56,900 and 57,300



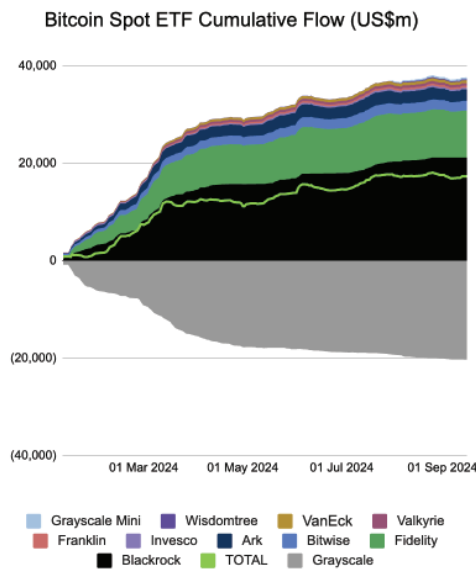
Source: Hyblock Capital



Catalysts that shaped BTC's price movement:

- Despite mostly negative flows in September, BTC ETFs saw a **large inflow of \$263.2 million** on 13 September, likely driven by expectations of a Fed rate cut.

Figure 3: Overall trend showing a significant net inflow into Bitcoin Spot ETFs

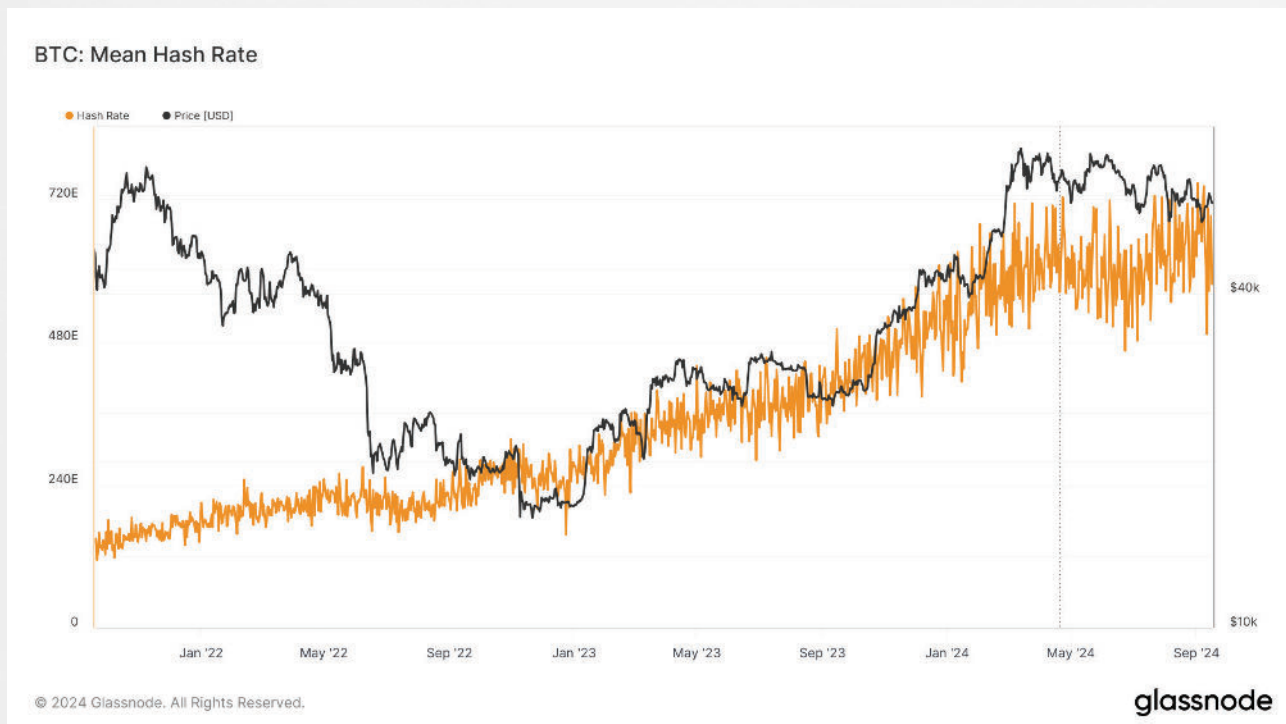


Source: Farside Investors

- Meanwhile, Bitcoin miners increased the network's hash rate to its highest level in over three years by **steadily adding new ASIC hardware**.
- This boosted investors' confidence during the last week of August, temporarily driving the price up to \$59,425. **However, market uncertainty pulled it back to \$52,550 by 6 September.**



Figure 4: Bitcoin hash rate at its highest point in over three years



Source: Glassnode

Was demand greater than supply?

- Whales dominated Bitcoin ownership, with those holding 1k-10k BTC owning 24.10% of the circulating supply.
- Investors with 10-100 BTC made up 22.07% of the supply. And, holders of 100-1k BTC controlled a significant 20.30% share.
- Although Bitcoin has fallen 25.51% from its all-time high, its overall market health remains robust. **Unrealized losses are at a historical low of 2.9%**, showing that most investors remain in profit.
- When we compare total Unrealized Profit to Unrealized Loss, **profits are still about six times greater than losses**, reinforcing the above-mentioned observation.





Figure 5: BTC's relative unrealized losses at their lowest level



Source: Glassnode

- Thorough on-chain analysis indicates that **Bitcoin is currently undervalued**. This is particularly true for short-term investors.
- The Short-Term Holder MVRV has **dropped below the breakeven value of 1.0**, reaching levels similar to those in August 2023 during the recovery rally after FTX's collapse.
- This suggests that until the spot price recovers the short-term holder cost basis of \$62.4k, **further market weakness can continue**.





Figure 6: STH-MVRV remains below breakeven value of 1.0

BTC: Short Term Holder MVRV



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glassnode

Source: Glassnode

What to expect in the near-term?

- Exchange outflows have risen over the past month, while large holders' inflows to exchanges have **decreased by 66.81% in the last 90 days.**
- This trend shows that **the market is adopting a HODLing strategy.** As a result, we can expect a short-term bounce to the \$69,000-\$70,000 zone by the end of October 2024.
- With the Federal Reserve starting its easing cycle and ETF inflows rising again, **a move back to Bitcoin's all-time high is possible.** However, this bullish momentum could weaken if fears of a recession rise.



The State of the Ethereum Market

- Ethereum's total value locked (TVL) **remained stagnant throughout September**. Starting at \$46.85 billion on 1 September, it declined slightly to \$44.22 billion before rebounding to \$45 billion on 19 September.
- Lido, a liquid staking platform, continued to dominate Ethereum's TVL, holding \$23.68 billion. Surprisingly, **Eigen Layer secured second place** with a substantial \$11.236 billion locked in it.
- While Bitcoin displayed bullish signs, Ethereum's market sentiment was dampened by **negative indicators**.
- The launch of Ethereum spot ETFs in July has resulted in a cumulative outflow of 615 million, suggesting that **investors are hesitant to invest in Ethereum**.
- Ethereum's total open interest (OI) in dollars has been steadily decreasing since **reaching a peak of \$5.2 billion on 29 August**.
- As of 19 September, **OI had fallen to \$4.8 billion**, coinciding with an Ethereum price of \$2,316.
- This decline in OI can be considered a **significant indicator of reduced market activity** and potential price volatility.
- Moreover, despite a net exchange flow volume of less than 80,000 ETH for most of September, **exchange inflows slightly outpaced outflows**.

Figure 7: ETH's Open Interest in dollars has been on a gradual decline



Source: Santiment



Notable events impacting Ethereum's price:

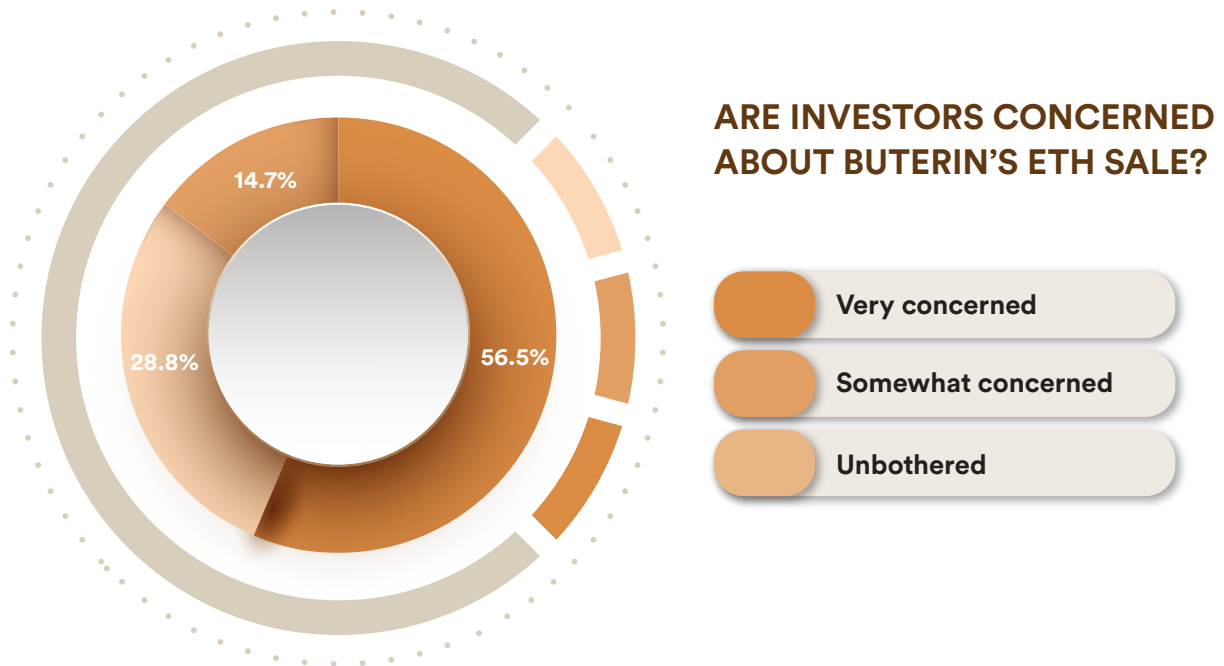
- Recent sales from a wallet linked to **Ethereum co-founder Vitalik Buterin** sparked concerns in the crypto community.
- The sales, which totaled 950 ETH, raised fears of **potential selling pressure**, especially after Buterin transferred a significant amount of ETH to a multisig wallet in August.
- Speculation intensified when **he swapped 190 ETH for approximately 441,971 USDC**, leading to accusations of “dumping” ETH.
- On 11 September, a wallet associated with him sold the 190 ETH. Earlier that day, blockchain analysis firm Lookonchain reported that **Buterin deposited 2.27 million USDC** — gains from his ETH sales over the past two years — into the Aave protocol.
- In response to these concerns, Buterin clarified that the recent sale was executed through an “**automatic cowswap twap order**” he had set up on 29 August.
- Basically, Vitalik Buterin used a Time-Weighted Average Price (TWAP) strategy to gradually sell **a large amount of ETH**.
- This approach allows him to spread out the sales over a period of time, reducing the potential impact on market price. The proceeds from these sales are **intended to fund projects that Buterin supports**.
- He assured the community that **this was his final planned sale** of ETH.

AMBCrypto surveys investors' reactions to Buterin's ETH sales:

- To understand investors' feelings about Vitalik Buterin's ETH sales and how it affected their trading decisions, **AMBCrypto conducted an online survey involving 5778 participants**.



Figure 8: Chart showing how concerned investors are regarding Buterin's ETH sales



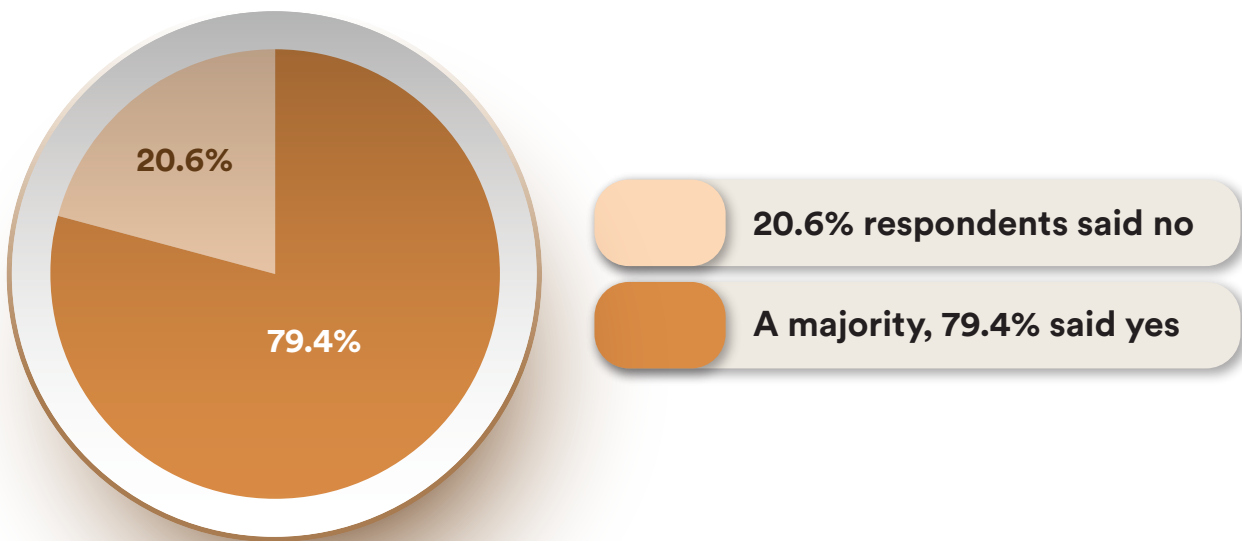
- Participants were asked whether **Vitalik Buterin's actions influenced their ETH trading decisions**. A significant 54.7% indicated that his actions influenced their decisions "a lot."
- Meanwhile, **33.5% stated they are influenced "a little,"** and 11.8% reported that his actions did not influence them at all.
- Regardless, Ethereum's leadership continues to enjoy a high degree of trust from the community, with the majority **perceiving them as transparent**.
- As per our survey, 45.3% of respondents believed the leadership is always transparent, **while 37.6% described them as mostly transparent**. Only a small minority expressed dissatisfaction, with 10% rating the leadership as rarely transparent.





Figure 9: Should founders face external limits on their selling amounts?

SHOULD THERE BE LIMITS ON FOUNDER'S TOKEN SALES?



- A large majority of investors (70%) also believed that Ethereum had the potential to surpass Bitcoin in the long term. However, a **significant minority (30%) remained skeptical about Ethereum's ability** to outpace Bitcoin, indicating a divided sentiment in the community.
- The cryptocurrency market remained uncertain on Ethereum's short-term trajectory as well. **While 56.5% of investors showed confidence in ETH's rise to \$4,000**, 27.1% foresaw ETH going even higher. But 16.5% investors anticipated a drop below \$2,000.





Positive indicators that could help ETH:

- The Ethereum Foundation has intensified its efforts in the build-up to the upcoming Pectra hard fork. As a result, from 16 to 19 September, ETH's development activity **experienced a significant spike**.
- Additionally, its social dominance began to rise toward the end of September, **recovering from a local low** reached on 2 September.

Figure 10: Development activity and social dominance showing a notable spike



Source: Santiment

- Ethereum also witnessed a surge in network activity, indicating a growing user base and **increased engagement with the blockchain**.



Cardano's Monthly Market Performance

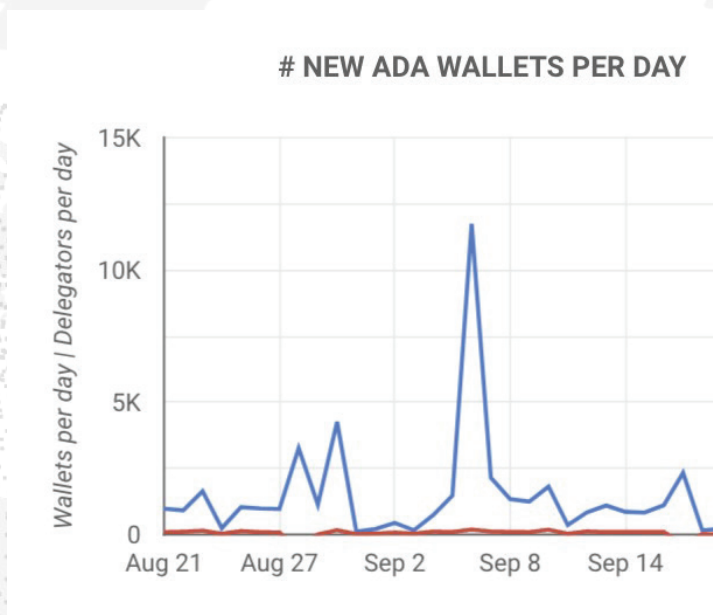
- Cardano's Total Value Locked (TVL) has been in a downtrend since reaching its local high of \$197.94 million on 15 March. As of 19 September, the TVL had decreased to \$197.94 million, with the majority (\$52.66 million) being held by decentralized exchange Minswap. Cardano's ecosystem currently consists of 33 protocols.

- Cardano's smart contract ecosystem has witnessed significant expansion in 2024, driven by the adoption of Plutus V2. The number of **Plutus V2 scripts** has surged from 8,083 on 1 January to 80,437 on 18 September, representing a growth of 72,354 contracts.

- Interestingly, at the \$0.3524 price level, **77% of ADA holders were experiencing losses**, compared to 22% who were in profit. The remaining 2% were at break-even.

- However, a concerning trend has emerged with 'new ADA wallets per day,' which has **fallen to 221 from a peak of 11,745 on 6 September**. This significant decline in wallet creation could suggest that investors and users are losing confidence in Cardano's future prospects.

Figure 11: A decline in new ADA wallets per day



Source: Cardano Blockchain Insights



An Overview Of Key Crypto Sectors

DePIN SECTOR

- As of 20 September, the combined market capitalization of DePIN projects reached \$26.47 billion. Over the past month, the average price of these **projects increased by 17.44%**, and their total trading volume reached \$1.10 billion.
- Internet Computer secured the top spot within the DePIN sector. Fetch.ai (FET) followed closely, but truly shined among the top 10 with a **remarkable 63.17% price increase** over the past month.
- Arweave unfortunately took the **title of worst performer within the DePIN sector**, experiencing a 15% price decline in the last 30 days.
- Akash Network experienced a mixed performance in September. While its social dominance, which measures its online presence and engagement, decreased compared to the higher levels seen in June and July, its **development activity showed a significant increase** from 27 August to 3 September.

Figure 12: Social dominance and development activity contrast each other



Source: Santiment



MEMECOINS

- The Federal Reserve's rate cut provided a boost to memecoins, as their **market cap expanded by \$5 billion in the three days** following the announcement. This reinforced the ongoing popularity of memecoins within the cryptocurrency space.

- Neiro (NEIRO) dominated the memecoin market, **surging by an impressive 2,600% in the past month.**

- Despite being ranked 13th by market cap, NEIRO outperformed all other top 15 memecoins. **Popocat (POPCAT) secured the second spot with a 107% increase** in the same period.

- Politifi memecoins, including MAGA (TRUMP), struggled to maintain their July and August gains. **It experienced a notable decline of 33.62%.** In contrast, PEPE continued its upward trend, solidifying its position among the top memecoins.

- Dogecoin and Shiba Inu experienced moderate price increases in the past month. However, **DOGE's volatility significantly decreased**, limiting the potential for substantial gains for traders.

Figure 13: Dogecoin's 4-week volatility declined rapidly in September



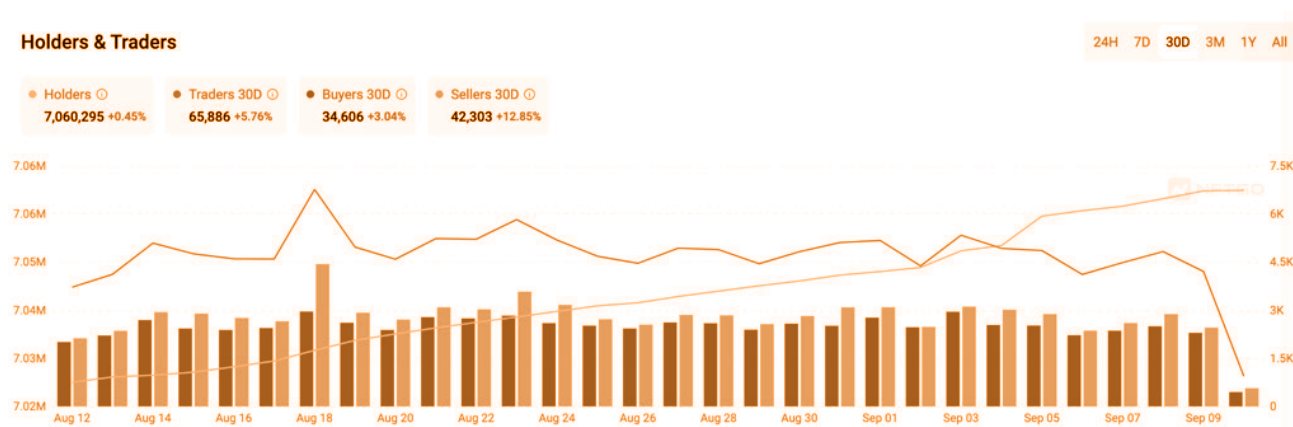
Source: Santiment



NFT Market Analysis

- The NFT market continued its downward spiral, with a **decline of 8.88% in market capitalization and 12.94% in trading volume** over the past 30 days. There is a noticeable decline in investors' interest, trading activity, and overall market confidence.
- Despite the overall market decline, the NFT market saw a slight increase in the **number of holders (0.45%), traders (5.76%), and buyers (3.4%)**. However, the number of sellers rose more significantly by 12.58%.

Figure 14: Number of sellers saw a significant increase



Source: NFTGO

- CryptoPunks continued to dominate the NFT market, maintaining its position as **the top collection with a value of 319,800 ETH**. Bored Ape Yacht Club followed closely behind at 117,476 ETH. Notably, CryptoPunks sales increased by 31.8% in the past month.
- Ethereum maintained its position as the leading blockchain for **NFT sales, but its volume declined by 41.77%** and the number of buyers decreased by 7.86% in the past 30 days.





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PLEASE NOTE -

This report analyzes data till 20 September. 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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