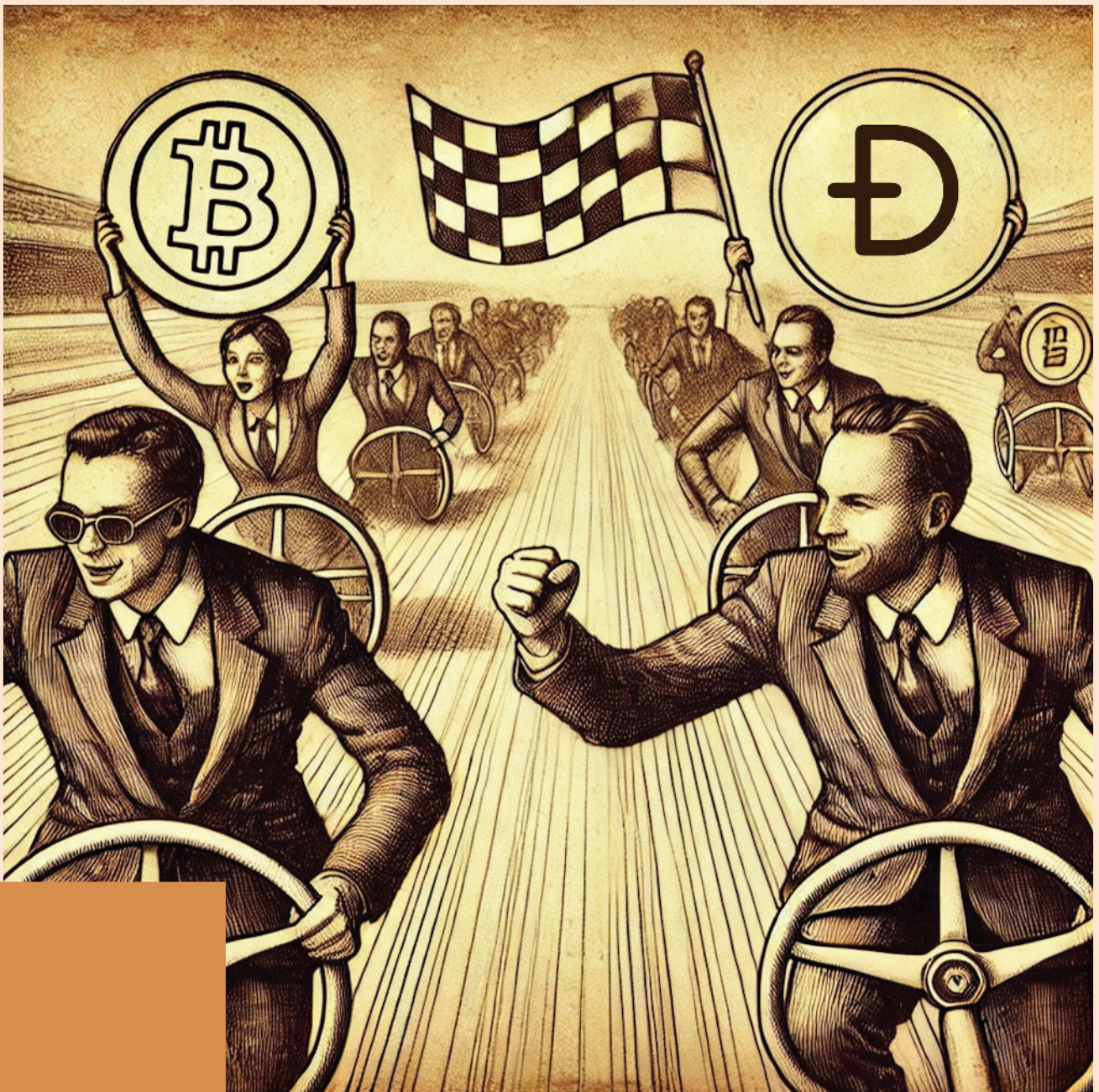


# OCTOBER 2024: FROM MEMECOINS TO BTC WHAT MOVED THE MARKET?





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# Key Takeaways

## MEMECOIN INVESTORS PREFER TECHNICAL UPDATES ON X, NOT MEMES

- AMBCrypto's exclusive survey discovered that investors find technical updates and news about price spikes to be the **most engaging memecoin content on social media platform X**.
- Memes and joke-related content were also popular, **with 34.6% of respondents finding them engaging**. However, influencers' opinions were the least engaging category.

## MAJOR OBSTACLES HINDERING BITCOIN'S BULL CYCLE

- In the lead-up to the U.S. elections, traders have adopted a **cautious approach, avoiding bold moves amidst moderate volatility**.
- Regardless of the election outcome, **heightened volatility is expected in the first two weeks of November**, as the market has not fully priced in the election results.

## UNISWAP'S UNICHAIN ANNOUNCEMENT TRIGGERS PANIC AMONG TRADERS

- Uniswap's announcement of its L2 superchain, Unichain, caused **concerns about potential liquidity fragmentation**.
- Uniswap will offer rewards to people who hold UNI tokens or provide liquidity on Unichain. This might **encourage them to switch from Ethereum** or other Layer 2 networks.



### ETHEREUM'S BULLISH MOMENTUM STRENGTHENS OVER THE LAST MONTH

- Ethereum's positive funding rate and increased whale holdings suggest bullish market sentiment. The upcoming Pectra hard fork is **expected to further bolster this positivity.**
- The positive market sentiment has led to a significant decrease in ETH inflows to exchanges, **indicating a move away from trading and towards holding.**

### GAMING TOKENS OUTSHINE AI TOKENS IN MONTHLY RETURNS

- Blockchain gaming led the Web3 sector in the third quarter, with **Ronin Network maintaining its top position** and Oasys and opBNB showing strong growth.
- ApeCoin, one of the top 30 gaming tokens, **experienced an 80% price increase in late October**, likely driven by anticipation for the launch of its new bridge project.

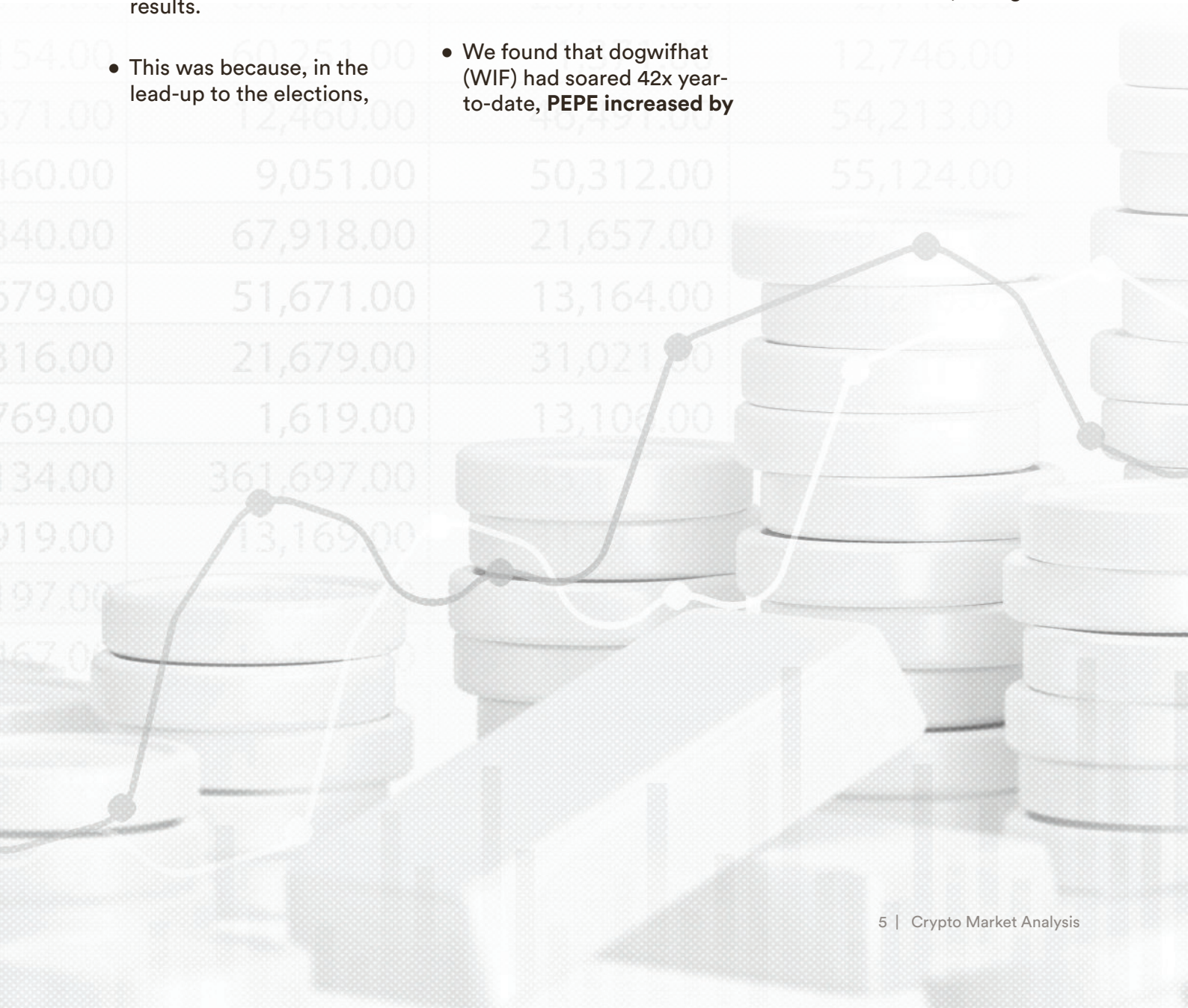
### NFT MARKET CONTINUES ITS DOWNTREND WITH NO HOPE OF RECOVERY

- The NFT market saw a continued decline, with trading volume falling by 16% and **the number of traders, buyers, and sellers decreasing by 14%, 13%, and 15%**, respectively, over the past 30 days.
- In October, **competition between Magic Eden and Blur intensified**, as both platforms sought to establish market leadership.



# Exclusive: Memecoins to Boost Crypto Market Next Month

- Memecoins took center stage in October, thanks to crypto analyst Murad Mahmudov's forecast of a "memecoin supercycle" at the Token2049 event.
- However, the community remained divided on the supercycle sentiment. Some analysts believed that **memecoins will emerge as the biggest winners** following the U.S. election results.
- This was because, in the lead-up to the elections, **memecoins have been outperforming both Bitcoin and DeFi tokens.**
- Conversely, other analysts argued that **memecoins are merely a passing trend**, with influencers generating hype for personal gain.
- To evaluate which sentiment held more weight, **AMBCrypto investigated the claims.**
- We found that dogwifhat (WIF) had soared 42x year-to-date, **PEPE increased by 482%** since January, and **POPCAT** saw a staggering 17,000% gains.
- In total, **memes rallied more than 1,000% in Q1 2024**, outpacing all other sectors of the crypto market.
- Also, the level of memecoin creation activity remained very high; the average age of a **liquid token was only about 1.3 hours, though.**





## WAS THERE A STANDOUT MEMECOIN FOR THE MONTH?

- Around mid-October, a newly launched memecoin called GOAT, developed via Pump.fun, **skyrocketed just six days after its debut.**
- The creation of GOAT came from “Truth Terminal,” a **Twitter-based AI chatbot** powered by Meta’s Llama 3.1 model.
- A trader who invested \$5,500 in GOAT **watched his position balloon to more than \$1.5 million**, as he cashed out \$1.1 million in gains.
- Its **social dominance and trading volume** experienced significant increases compared to August and September.
- Despite the rising popularity of GOAT, **DOGE maintained its status as the most reliable memecoin in October.**

Figure 1: Dogecoin’s social dominance and volume spiked in October



Source: Santiment

- In contrast, SHIB witnessed a substantial sell-off by whale investors. On 4 October, **the supply held by whales was 749 trillion**, but it plummeted to 707 trillion the next day.



- Since then, the supply held by whales has consistently stayed below 710 trillion, marking what could be the **lowest level for SHIB in the past six months.**

Figure 2: Supply held by whales has been at its lowest level in the past six months



Source: Santiment

- Surprisingly, discussions about memecoins on X increased significantly during the first half of October. Some memecoins, including Shiba Inu, **saw their correlation with BTC and ETH diminish.**
- Specifically, SHIB's correlation with BTC was 0.8 on 1 October, but by 16 October, it had decreased to 0.56. At the same time, **its correlation with ETH dropped to 0.38.**
- The noticeable rise in memecoins' trading volume, alongside the uptick in their discussions on X, suggested that **social media was playing a significant role in shaping investment choices** related to memecoins.
- To gain insights into how social media shapes investor decisions when trading memecoins, **we conducted a comprehensive survey.**

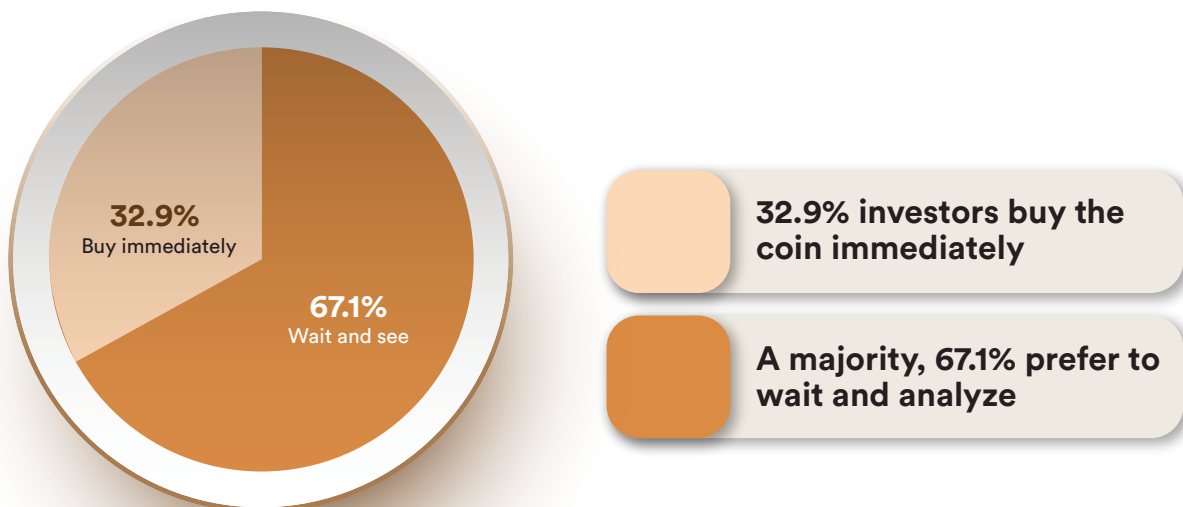


# AMBCrypto's Survey: 3,357 Memecoin Holders Share Their Secrets

- While 95% of traders invest in memecoins **with the goal of substantial profits, less than 10% achieve success**. The high-risk nature of memecoin trading often leads to significant losses for most of them.
- Well, our survey found **X to be the most influential social media platform** for memecoin traders, with 52% citing it as the biggest factor in their investment decisions. Reddit and Instagram trailed behind with 14.5% and 18%, respectively.
- It's not surprising that nearly **60% of traders reported checking social media** for memecoin updates several times a day.

Figure 3: Traders' reaction when a memecoin starts trending on social media

## REACTION WHEN A MEMECOIN STARTS TRENDING ON SOCIAL MEDIA







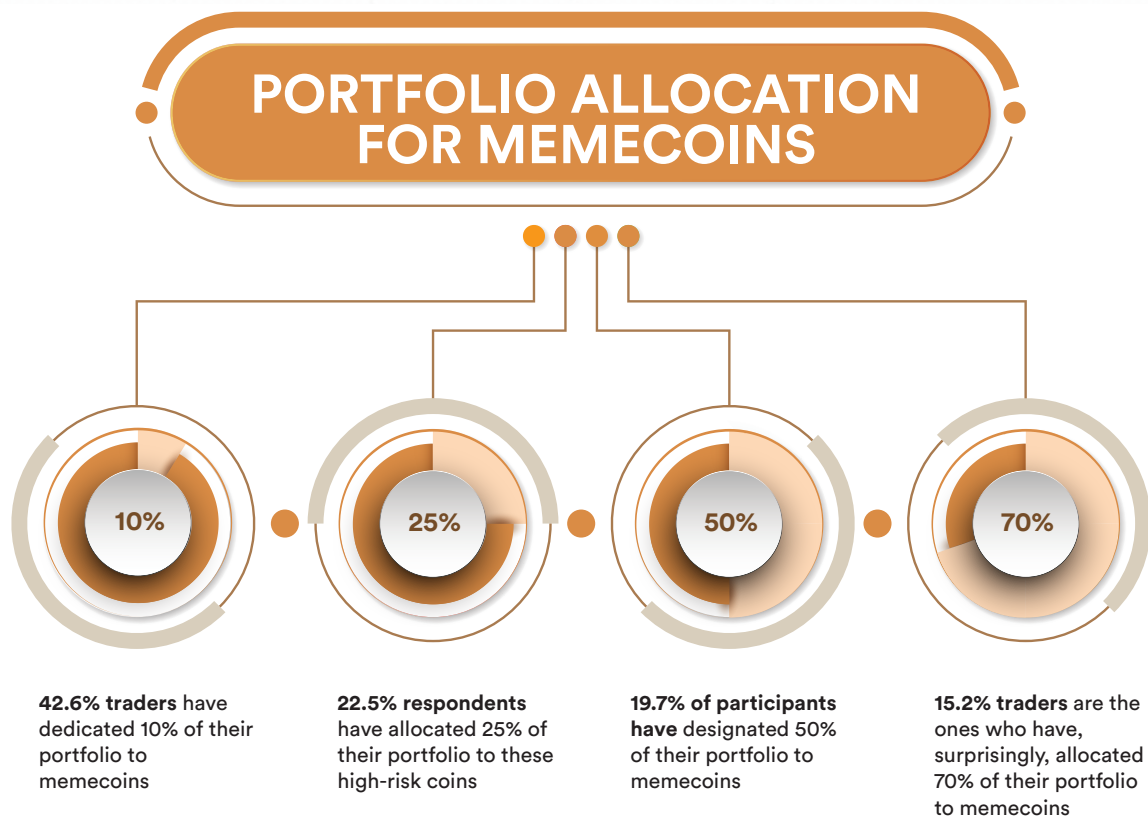
- Interestingly, 71% of investors state that they purchased memecoins purely based on social media hype, **without conducting any prior research**. However, they do take the time to assess the community's sentiment.

- Almost half of the respondents are convinced that social media manipulation greatly influences memecoin prices. **Influencers play a major role in this process**.

- When asked about the most engaging memecoin content on social media, respondents overwhelmingly favored **technical updates and news about price spikes**.

- Memes and similar content are also popular, with **34.6% of respondents finding them engaging**. Influencers' opinions, while still relevant, are the least engaging category, garnering 20.8% of responses.

Figure 4: How much of their portfolio traders have dedicated to memecoins?





# Bitcoin Market Analysis: Trends and Insights

- The Services PMI for September reached 54.9%, **up 3.4% from August's 51.5%**.
- The ADP National Employment Report showed that **private sector employment grew by 143,000 jobs** last month, with annual pay rising by 4.7%.
- Furthermore, the number of new Americans filing for unemployment benefits **fell unexpectedly**.
- Together, these indicators suggested the U.S. economy was in a robust expansion phase. However, despite all the positive indicators, **the fear of recession loomed**.
- Amidst all of this, Bitcoin experienced an influx of liquidity as it **aimed to reach the \$70,000 psychological level**, a point not seen since 29 July.
- The \$71,997 mark continued to be a **significant target** that BTC looked hesitant to approach.
- Bitcoin's 8% rally during 13-19 October **outperformed both gold** and the S&P 500.
- However, the cryptocurrency **remained below its all-time high**, while both the yellow metal and the benchmark U.S. stock index reached record highs.





# Bitcoin Technicals: Is a Bull Cycle Just Starting?

Figure 5: Bitcoin makes a flag pattern on its weekly chart



Source: TradingView

## BULL FLAG FORMATION:

- A 'flagpole' was formed on Bitcoin's weekly chart, from October 2023 to March 2024. This represented the rapid bullish run that **propelled Bitcoin to over \$68,000**.
- From March to October 2024, Bitcoin entered a consolidation phase, forming the 'flag' part of the pattern, with **resistance around \$68,000 and support around \$48,000**.
- In October 2024, BTC broke above the resistance, suggesting a **potential continuation of the bullish trend**, validating the flag pattern.





## TECHNICAL INDICATORS:

- **VOLUME SURGE:** The breakout in October was accompanied by a notable increase in volume, which supported its validity and suggested strong buying interest.
  - **AVERAGE TRUE RANGE:** The ATR showed reduced volatility during the consolidation phase but had increased post-breakout, indicating a return to stronger price movements.
- 

## WHAT WERE THE KEY FACTORS INFLUENCING BITCOIN'S MOVE?

### THE U.S. ELECTIONS AND DONALD TRUMP

- In the lead-up to the U.S. elections, the market showed **moderate volatility, with the \$57,700 support level** holding strong throughout October.
- Traders adopted a cautious stance, **refraining from making bold moves** ahead of the election results.
- Given Donald Trump's positive outlook on Web3 and the crypto industry, **analysts believe Bitcoin could surpass its all-time high of \$73,777** and approach \$75,000 soon.
- Polymarket's poll indicates a **60% probability of Trump winning**, compared to 40% for Kamala Harris.
- Whichever way the election goes, **heightened market volatility is anticipated** from the first to the second week of November, as the results have not been fully priced in.



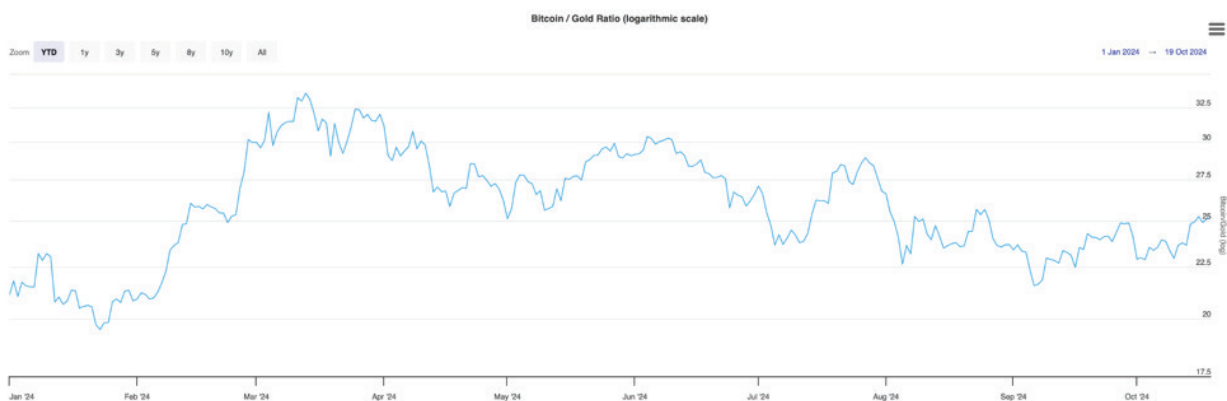


## GEOPOLITICAL TENSION, GOLD, AND S&P 500

- Escalating tensions in the Middle East and the protracted conflict in Ukraine continued to exert downward pressure throughout October, **preventing Bitcoin from breaking above the \$71,000** threshold.
- As investors sought refuge in safer assets, **gold prices surged to new heights**. Notably, Bitcoin's correlation with gold weakened considerably in recent months.
- In October, **gold's outperformance of Bitcoin** became increasingly evident as the precious metal marked a lifetime high of \$2,748.23.

Figure 6: The falling correlation between BTC and Gold

### Bitcoin to Gold Ratio



Source: Longtermtrends

- Conversely, since September, Bitcoin has exhibited a **stronger performance** than the S&P 500.
- Despite its inherent volatility, Bitcoin has managed to **appreciate by more than 14%**, while the S&P 500 has seen a mere gain of around 3%.



## HIGH AMOUNT OF BTC SPOT ETF INFLOWS

- Compared to previous months, October proved to be a positive month for ETFs. On 17 October, **BTC ETFs recorded their fifth consecutive day of inflows**, with BlackRock's IBIT leading the pack for the third month in a row.
- The total inflows from 12 spot Bitcoin ETFs reached \$470.48 million on that day, while the overall net inflows into Bitcoin ETFs over the **last five trading days — until 17 October — exceeded \$2.1 billion.**

## Looking Forward: Bitcoin's Prospects for Next Month

- AMBCrypto discovered that, in October, **shifts between fear and greed happened more frequently**, with shorter gaps between changes.

- However, during recent price drops, market sentiment **only reached "fear" instead of "extreme fear,"** indicating that the market was starting to establish stronger support.

- The low percentage of retail traders on Binance holding long positions — **currently below 40% — is an unusual number.**

- While this could signal a potential reversal, a sudden surge in retail long positions **could be a bearish sign.**

- CVD data reveals that **Binance has been pushing prices up**, while Coinbase has been experiencing more selling pressure.

- This contrast, where perpetual traders are **driving prices higher while institutional investors are taking profits**, signals potential bearish trends.



Figure 7: CVD at its lowest level in over two years



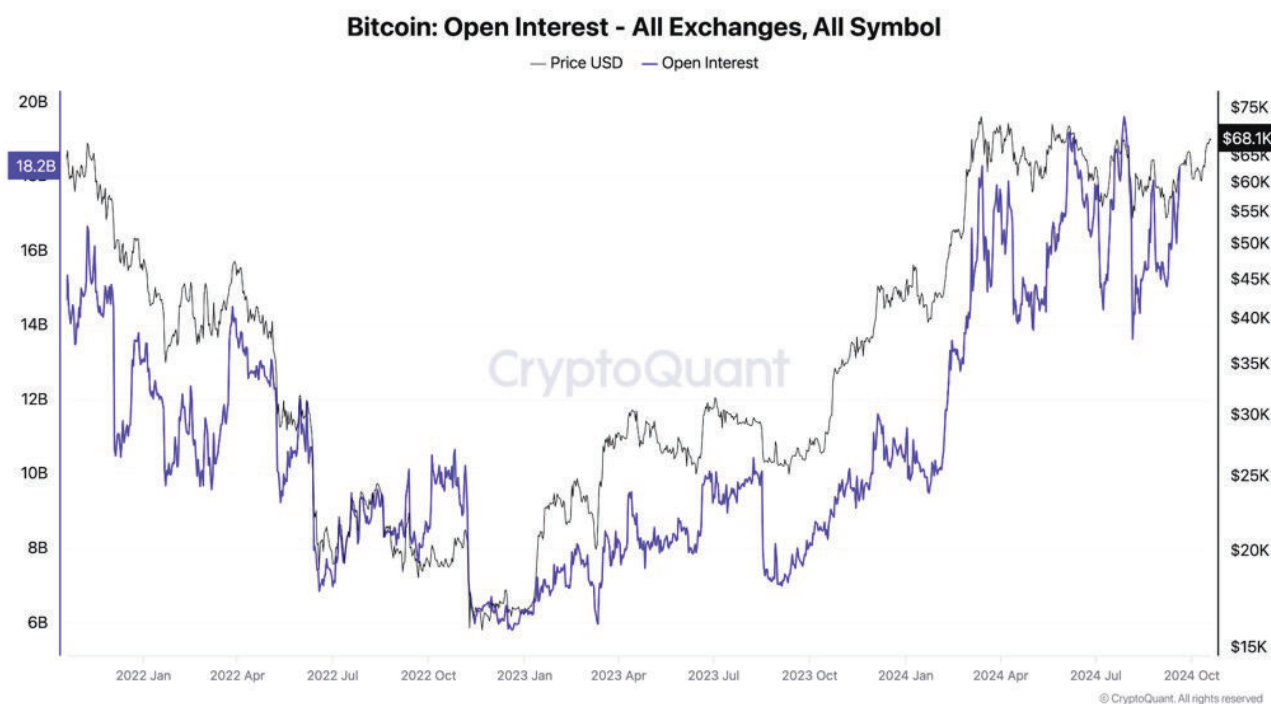
Source: coinglass

- In fact, on 19 October, the CVD fell to -603.423k, marking its lowest level in over two years. This drop indicated that Bitcoin was nearing heavily sold-off territory and may be primed for a price reversal soon.
- Open Interest for Bitcoin reached a significant resistance level. Historically, such elevated OI levels have been followed by corrective price movements that eliminate overextended long positions.
- If a market correction occurs starting November, closely monitoring OI will be essential.
- A decline in OI following a price drop would indicate that long positions are being liquidated, while sustained or increasing OI could suggest more significant underlying market problems.





Figure 8: Open Interest at its highest level, indicating growing confidence



Source: CryptoQuant

- Although the market exhibited a **bullish sentiment at the beginning** of October, mixed signals emerged in the final week.
- The MVRV ratio indicated that **Bitcoin was far from reaching a market peak** and had potential for further growth.
- Throughout most of October, **Bitcoin's MVRV ratio remained neutral**, suggesting a condition that was neither overbought nor oversold.
- Based on our analysis of macroeconomic factors, technical indicators, and on-chain metrics, **it appears that Bitcoin is likely to reach its all-time high** if the election results favor Donald Trump.
- Whales seem to have already anticipated this, as their numbers are **at the highest level in over six months**.





Figure 9: Whales at their highest level in the past six months

BTC: Number of Entities With Balance  $\geq$  1k

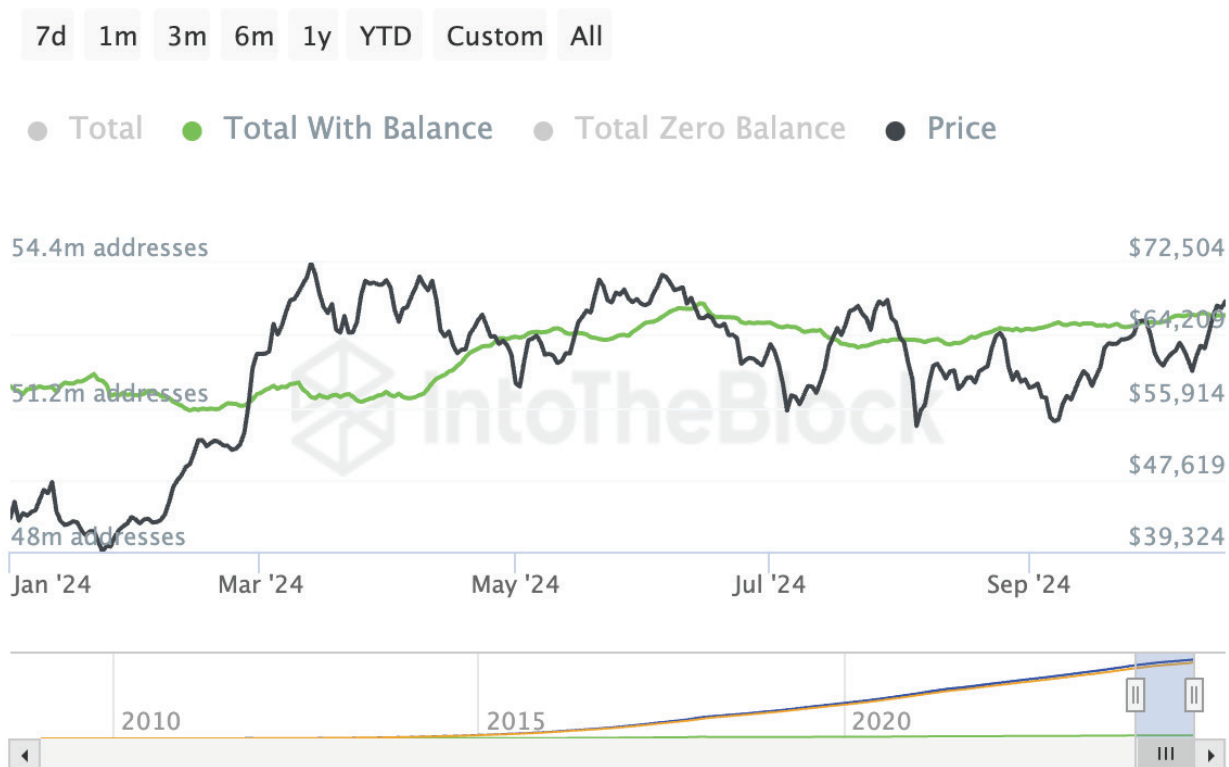


Source: Glassnode

- The number of active Bitcoin addresses has surged **from a low of 39 million in early January to 53 million on 18 October**. This significant increase suggests growing retail investor confidence in Bitcoin, which could be considered a bullish indicator.



Figure 10: Number of total addresses increase gradually on a YTD basis



Source: IntoTheBlocks



# Liquidity Fragmentation: The Biggest Challenge of the Month

- Uniswap’s October announcement of its forthcoming L2 superchain, “Unichain,” and its planned transition to this new network caused significant concern within the market and community.

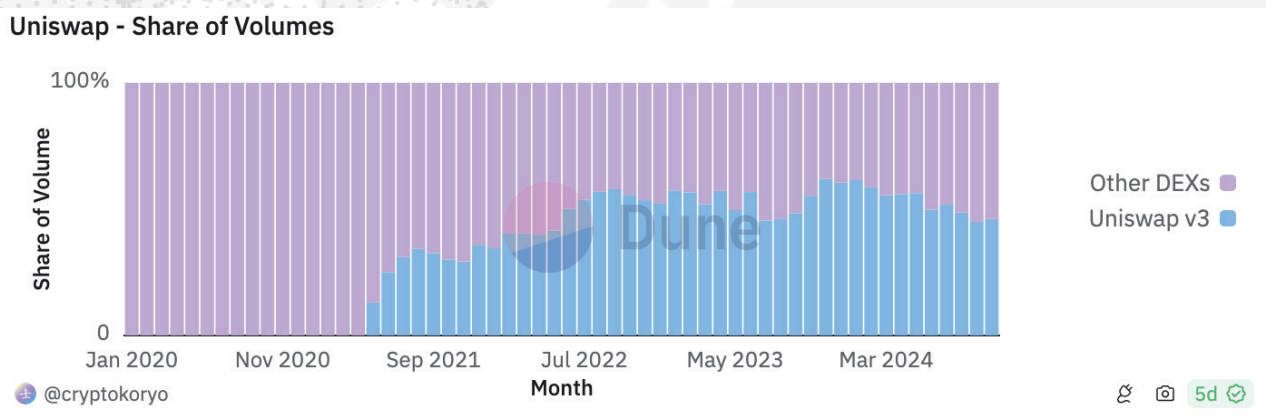
- Many feared that this move would **fragment liquidity by diverting trading activity** away from Ethereum and other networks.

- As Uniswap consolidates settlement fees and MEV capture on Unichain, liquidity providers and traders are likely to concentrate their capital on this new platform, **potentially reducing the liquidity available on Ethereum, Arbitrum, and Base.**

- Over the past six years, **Uniswap has processed \$2.4 trillion in trading volume**, supported over 4 million users, and facilitated nearly half a billion trades.

- Uniswap is the leading decentralized exchange, **commanding over 70% of the market share among the top seven DEXes** in key metrics such as total value locked, trading fees, and trading volume.

Figure 11: Uniswap commanded the majority of trading volume



Source: Dune Analytics



# Uniswap Emerging As a Key Player For L2s

- With the launch of Unichain, Uniswap will centralize much of its economic activity on its own Layer 2.

- Since Uniswap would control the validators on Unichain, it will offer rewards from miner extractable value (MEV) and settlement fees to **UNI token holders and liquidity providers (LPs)**.

- This will give them more reasons to **move away from Ethereum** and other Layer 2 solutions.

- As a result, capital may shift towards Unichain, **potentially weakening the liquidity and efficiency of other chains**.

- This could create gaps and **raise transaction costs** for users who stay outside Unichain.

## IS THERE ANY POINT FOR CONCERN?

- Unlike centralized exchanges, **DeFi platforms rely heavily on user-provided liquidity**.
- While Ethereum remains the dominant player, the emergence of numerous L1 and L2 platforms has **fragmented approximately 46% of the market's liquidity**.
- Liquidity fragmentation **leads to market inefficiency** because liquidity is spread across different platforms.
- This makes it **harder for traders to find the best prices** and increases transaction costs due to slippage.



# Analyzing Uniswap's Market Performance

- Contrary to expectations, after the announcement of Unichain's launch, **UNI surged to \$8.48.**
- However, it quickly lost momentum and dropped back to a support level of \$7.10, indicating that the **market wasn't particularly enthusiastic.**
- With more than 100 L2s listed on L2beat but only about half demonstrating significant activity, **users seemed to be growing weary of the constant stream of new L2s.**
- Open Interest experienced a significant spike as discussions about Unichain gained traction on social media. However, in the following weeks, the metric gradually declined, **reaching \$69.83 million on 19 October.**
- This trend suggested that **traders may be reevaluating their positions**, likely due to uncertainty regarding the impact of Unichain.

Figure 12: Total Open Interest in USD gradually falling after a sudden spike



Source: Santiment



# Ethereum Market's Outlook

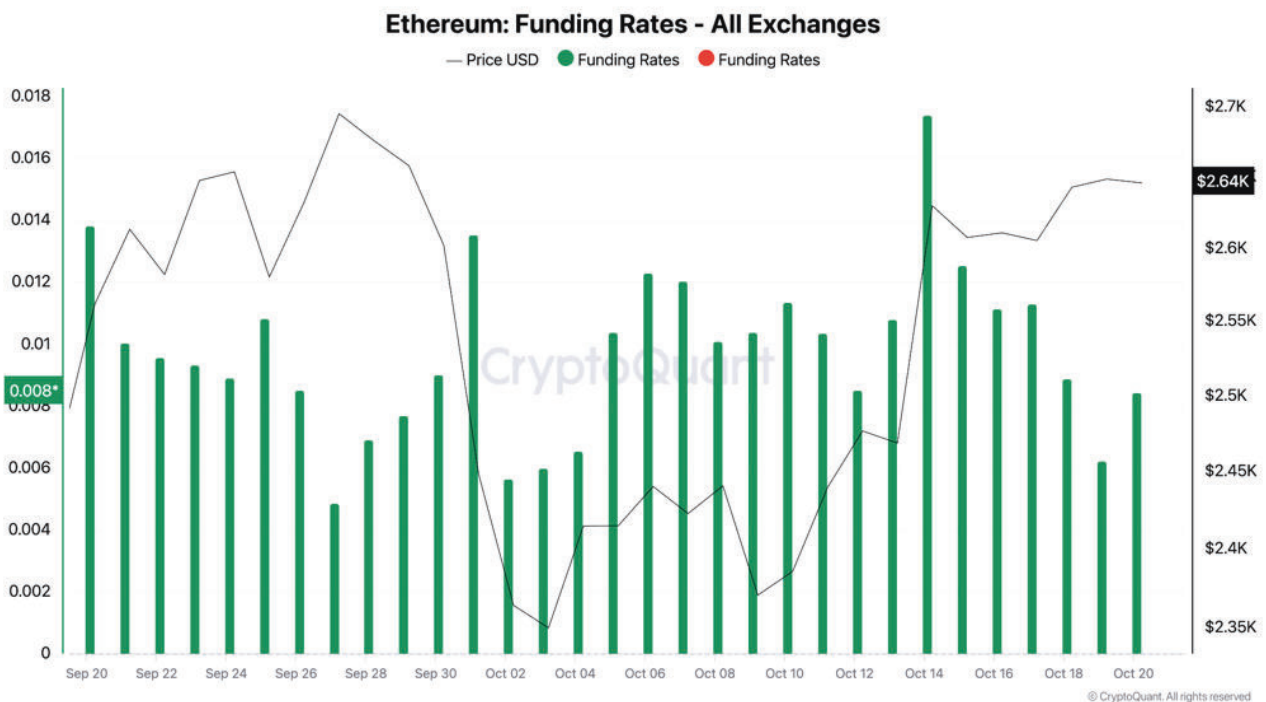
- The Total Value Locked on Ethereum experienced a **slight decline from its local peak of \$66.594 billion on 2 June** to \$48.683 billion on 19 October.
- Lido, a liquid staking platform, continued to hold the largest portion of Ethereum's staked TVL, **with a significant share of \$25.824 billion**. Following Lido was EigenLayer, a restaking platform with a TVL share of \$11.165 billion.
- Despite a slight inflow advantage for Ethereum ETFs, **the overall price of ETH struggled to surpass \$2,820**. The inflows were notably lower than those for Bitcoin.
- Analysts have expressed concerns that Uniswap's introduction of **Unichain could hinder Ethereum's growth**.
- As one of Ethereum's largest gas burners, Uniswap has consumed over 1,500 ETH. There are fears that if Uniswap shifts its liquidity to Unichain, it **could negatively impact the demand for ETH** and potentially hinder its price appreciation.
- Nearly \$50 billion worth of Ether is currently held in accumulation wallets, **representing a 65% increase since the beginning of 2024**.
- With Ether trading at \$2,645, this amounts to approximately **19 million ETH locked in these addresses**, which belong to long-term investors with no history of withdrawals.
- The growth in accumulation addresses was a significant indicator for traders and market participants, as it reflects **increasing confidence in Ethereum's long-term prospects**.



# ETH's Price Forecast: Key Metrics to Watch

- Throughout the past month, Ethereum's Funding Rate remained positive. It indicated that there was a demand for long positions in the perpetual futures market, thereby suggesting that **traders are bullish on Ethereum's price and expect it to rise.**

Figure 13: Funding Rate remained positive throughout October



Source: CryptoQuant

- The number of Ethereum addresses **holding more than \$1 million saw a notable increase in the latter half of October.** This indicated growing confidence among whales.
- The upcoming Pectra hard fork, which is expected to enhance Ethereum's efficiency and reduce costs, **is said to be contributing to this positive sentiment.**
- Due to positive market sentiment, **ETH's inflows into exchanges declined significantly** from a local peak of 141,000 on 2 October to 15,400 on 20 October.



# Blockchain Gaming Takes Center Stage

- Blockchain gaming **emerged as the dominant force in Web3** during the third quarter, attracting an average of 4.4 million active wallets daily.
- **Ronin Network continued to lead the pack**, while Oasys and opBNB demonstrated impressive growth.
- Contrary to expectations, NFT gaming remained a thriving sector. Immutable zkEVM-based collections, such as Guild of Guardians and Gods Unchained, **generated over \$60 million in combined trading volume** during the third quarter of 2024, and performed equally well in October.
- Among the top 30 gaming tokens, **ApeCoin experienced a remarkable surge in price**, increasing by 80% in the final week of October.
- This growth can be attributed to the **APE team's upcoming launch of a bridge**, similar to other online crypto bridges.
- This bridge will enable users to **connect their wallets and swap various digital assets**.
- Overall, **gaming tokens outperformed AI tokens** in terms of monthly returns, indicating a rising number of users.
- Immutable continued to hold the top position with the highest market cap, while FLOKI ranked second, **unable to surpass Immutable in both price and use case**.

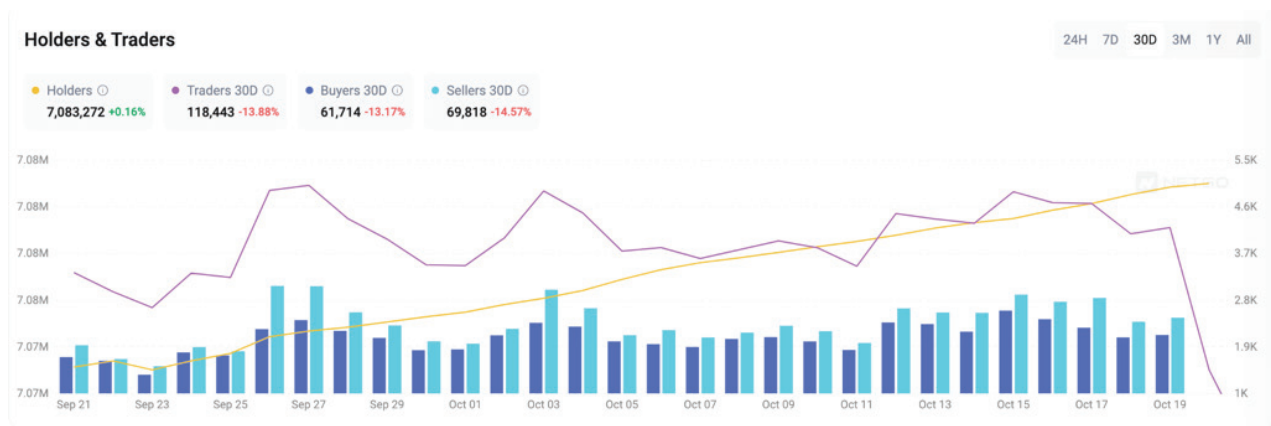




# Insights Into The NFT Market

- The NFT market experienced a continued decline, with trading volume dropping 16% and the number of traders, buyers, and sellers decreasing by 14%, 13%, and 15%, respectively, over the past 30 days.

Figure 14: Number of NFT traders and buyers fell considerably



Source: NFTGo

- Despite retaining its dominance in terms of market capitalization, **CryptoPunks was surpassed by the newly minted DMarket NFT collection** in terms of sales volume.

- DMarket secured the first position in the NFT Collection ranking by sales volume, while **CryptoPunks dropped to third place.**

- The **most expensive NFT sale in the past 30 days** was for an Uncategorized Ordinal, which sold for a price of **\$4,552,180.**

- Lastly, the NFT marketplace competition **between Magic Eden and Blur intensified in October,** with both platforms vying for market leadership.



# References

- |                   |                 |                  |
|-------------------|-----------------|------------------|
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| 2. Glassnode      | 6. DeFiLlama    | 10. TradingView  |
| 3. Dune Analytics | 7. IntoTheBlock |                  |
| 4. Coinglass      | 8. NFTGO        |                  |

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## PLEASE NOTE -

This report analyzes data till 20 October. 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.

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## 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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