

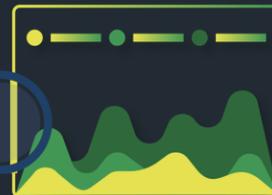
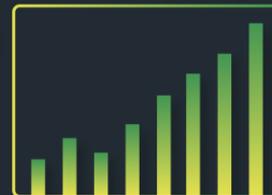
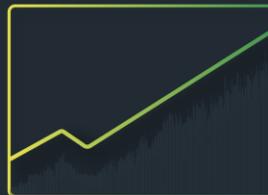


CoinGecko

Quarterly Report

Q2 2022

FULL REPORT



Market Data. Analysis. Crowdsourced Insights.

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Founders' Note

As we reach the midpoint of the year, it looks like 2022 is shaping up to be an *annus horribilis* for the crypto market. The total crypto market cap, which now stands at \$900B, fell by over 50% q-o-q and roughly 70% since the peak in November 2021. Both BTC and ETH took similar-sized dips, falling below their previous 2018 bull cycle highs, which many previously thought to be safe bottoms. In comparison to now, Q1 felt like the calm before the storm.

As investors go risk-off in an unforgiving macroeconomic environment, the first major crypto domino block to fall was Terra, which was still on the ascend as close as Q1 2022. At peak, LUNA and UST reached \$40B and \$18B in market cap, respectively. The death spiral was swift - the entire scheme unraveled within a week due to a tsunami of panic outflows. The effects of this collapse are still being felt today as we continue to uncover entities that have recklessly ape'd into UST.

Major price drawdowns across all crypto assets also caused cascading liquidations of leveraged positions, wiping out many. Weekly multi-billion dollar liquidations on CEXes become commonplace, as speculators repeatedly got rekt. Most prominent was Three Arrows Capital, which is now facing bankruptcy and liquidation. Many CeFi crypto lending firms, the source of much of this leverage, are now staring at bailouts or bankruptcy. While DeFi protocols continued chugging along, the value of their tokens, as well as TVL, were not spared.

The NFT segment was no different as overall NFT trading volumes fell by 26% from the peak. However, floor prices of blue chips have not fallen much in native token terms, perhaps a sign of resilience. This quarter also saw the emergence of Solana NFTs, with their introduction on OpenSea bringing an infusion of interest. However, Magic Eden has reaped most of the benefits thus far. On Ethereum, there's been more diversity in NFT trading activity, with LooksRare and X2Y2 showing signs of renewed interest.

With everything looking all doom and gloom this quarter, are there any silver linings to look out for? Firstly, it's important to zoom out to see how far we've progressed. Just three years ago, crypto was mainly just BTC, ETH, and speculation on CEXes. Today, we have multiple altchains with their own ecosystems. DeFi has become table stakes for every chain. And NFT enthusiasts have formed their own communities within crypto while spurring the GameFi and Metaverse narratives.

Secondly, the bursting of the bubble allows the industry to flush out a lot of the excesses accumulated throughout the last bull run. By the end of last year, it was clear that the hype surrounding crypto had far outpaced actual progress and was never going to be sustainable. While there will always be collateral damage from market pullbacks, it helps to refocus the industry on the genuine fundamentals instead of chasing the next "number-go-up-only" scheme.

Finally, we want to reiterate what we said last quarter - challenging markets are the best times to BUILD. The Ethereum merge is in its final stretch, altchains are still receiving funding to figure out scalability solutions, and DeFi projects are still announcing new products. While CEXes may be cutting back headcount, many projects are still hiring.

On the CoinGecko end, we remain long-term bullish on the continued development of the crypto industry, and the team will continue to sharpen our focus and ship. Expect more to come from us in the coming quarters! Next up, GeckoCon!



Bobby Ong
COO

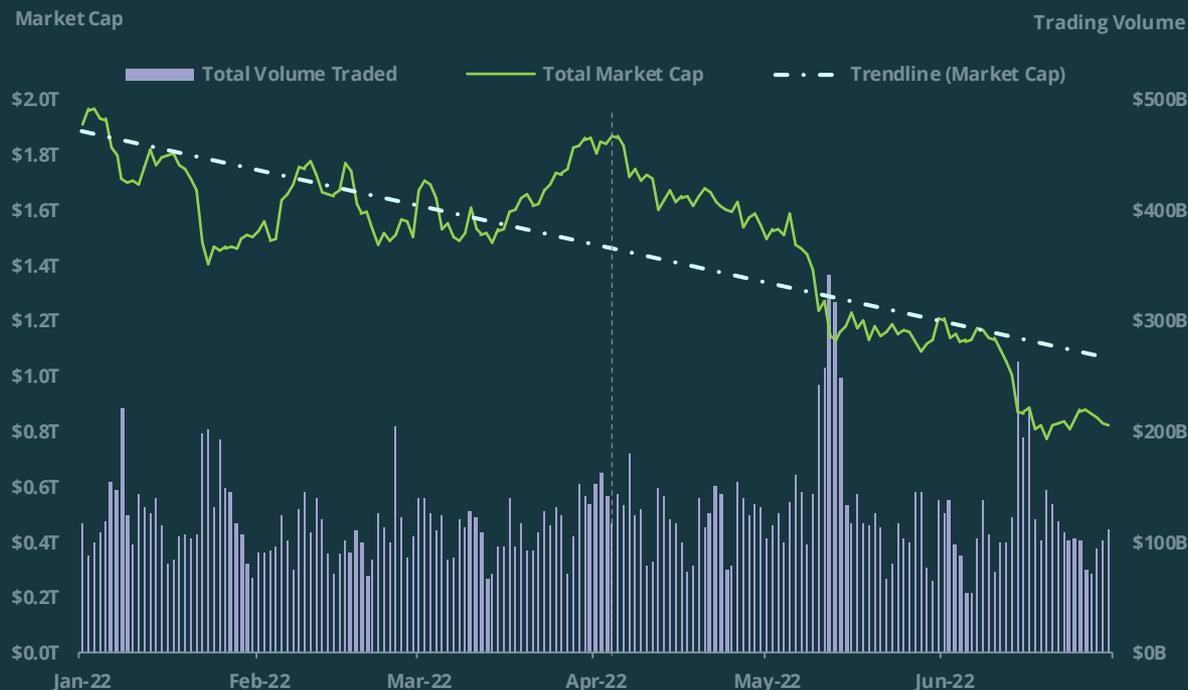
TM Lee
CEO

MARKET LANDSCAPE

Q2 2022 Spot Market Overview

Markets plummeted in Q2 2022

Top 30 Market Cap & Spot Trading Volume (Jan – Jun 2022)



-55.9%

Top 30 Market Cap
Change in Q2 2022

Top 30 crypto market capitalization took a beating in Q2 2022, **losing over half its value and falling below \$1 trillion.**

Measured from the Nov 2021 Top 30 market cap ATH of \$2.6T, market cap **has experienced a ~68% loss**, or **-\$1.8T.**

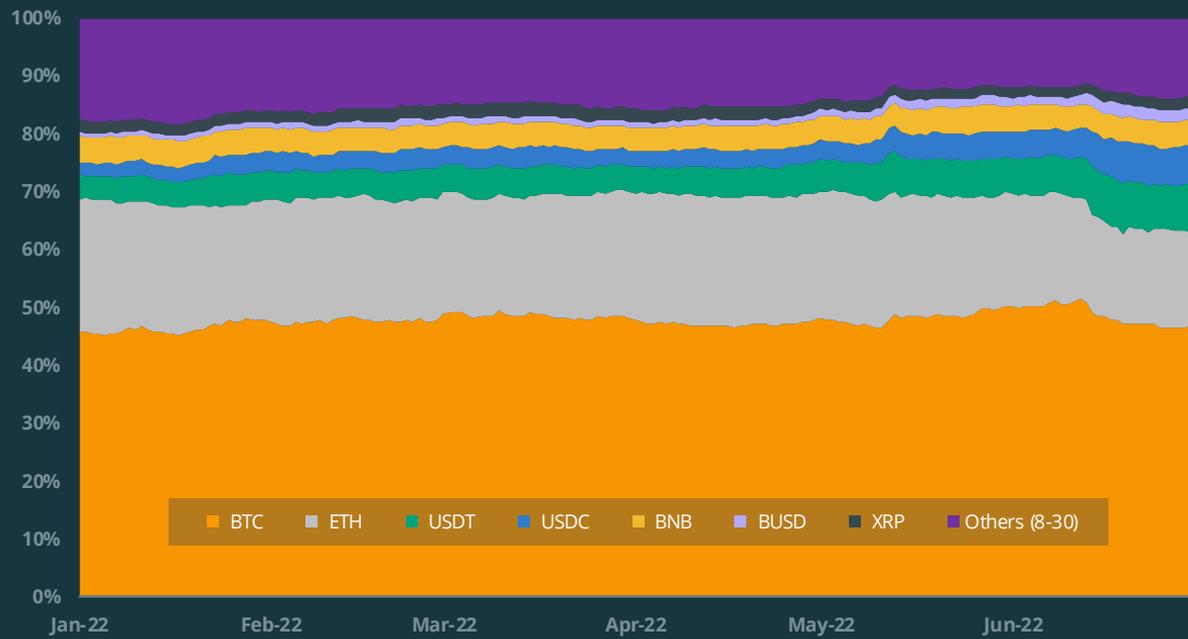
LUNC & USTC fell out of the Top 30 for obvious reasons, along with **WAVES and AXS.** Meanwhile, **XMR, OKB, LEO, and UNI broke in.** Notably, **stables have gained significant ground**, with **BUSD and DAI** previously at #13 and #20 **now at #6 and #12 respectively.**

Spot trading volumes remained relatively steady relative to Q1 at ~\$100B levels, aside from **spikes** in May due to the Terra fallout, and a further market sell-off mid-June.

Q2 2022 Top 30 Coins Dominance

BNB and stablecoins gain dominance

Top 30 Coins Dominance (Jan - Jun 2022)



 46.8% (48.1%)	 16.3% (21.9%)
 8.1% (4.4%)	 6.8% (2.8%)
 4.4% (4.0%)	 2.1% (0.94%)
 1.94% (2.23%)	 15.7% (17.6%)

In Q2, Bitcoin dominance remained roughly the same as in Q1 at 46.8%, while ETH fell from 21.4% to 16.3%.

Within the Top 15, BNB, DOGE, and TRON increased their relative market share to 4.4%, 1.1%, and 0.73% respectively.

Within the Top 30, stablecoins USDT, USDC, BUSD, and DAI now make up 17.8% of market share.

Q2 2022 Cryptocurrencies Price Returns

Only one LEO stayed afloat on the red sea of Q2 2022

	Q2 2022	Q1 2022
Top-5 Cryptocurrencies		
BTC	-56%	12%
ETH	-67%	-8%
BNB	-49%	-13%
XRP	-60%	3%
ADA	-59%	-9%
Top-5 DeFi Tokens		
LINK	-63%	-12%
UNI	-55%	-31%
AAVE	-71%	-13%
MKR	-56%	-7%
GRT	-80%	-26%
Top-5 Exchange Tokens		
BNB	-49%	-13%
LEO	1%	61%
FTT	-49%	34%
OKB	-42%	-26%
CRO	-75%	-15%
Top-5 Play-To-Earn Tokens		
SAND	-69%	-40%
MANA	-66%	-18%
AXS	-77%	-31%
GMT	-65%	1402%
GALA	-78%	-40%

While there may have been some performers in Q1 2022, none were spared in Q2 with the brutal market downturn. The carnage that was Q2 2022 makes Q1 seem tame in hindsight, with pretty much every token taking double digit losses.

In-line with the halving of total market cap, **the Top 5 cryptocurrencies took similar losses in Q1 2022, with an average loss of 50.9%**. Out of the Top 5, BNB suffered the least decline, **while ETH took the biggest hit in terms of price returns**.

The **sole exception** within the Top 30 **was Bitfinex's exchange token LEO that managed to stay afloat** this quarter and maintain its 61% gain from Q1 2022. All other coins took **significant losses**, the hardest hit being **AVAX, down by 82%**.

Is DeFi dead? While the meme may not hold much water as **DeFi** protocols continue to chug along, their **token valuations continue to plummet**, being the only sector which recorded huge additional losses on top of already significant losses of Q1 2022.

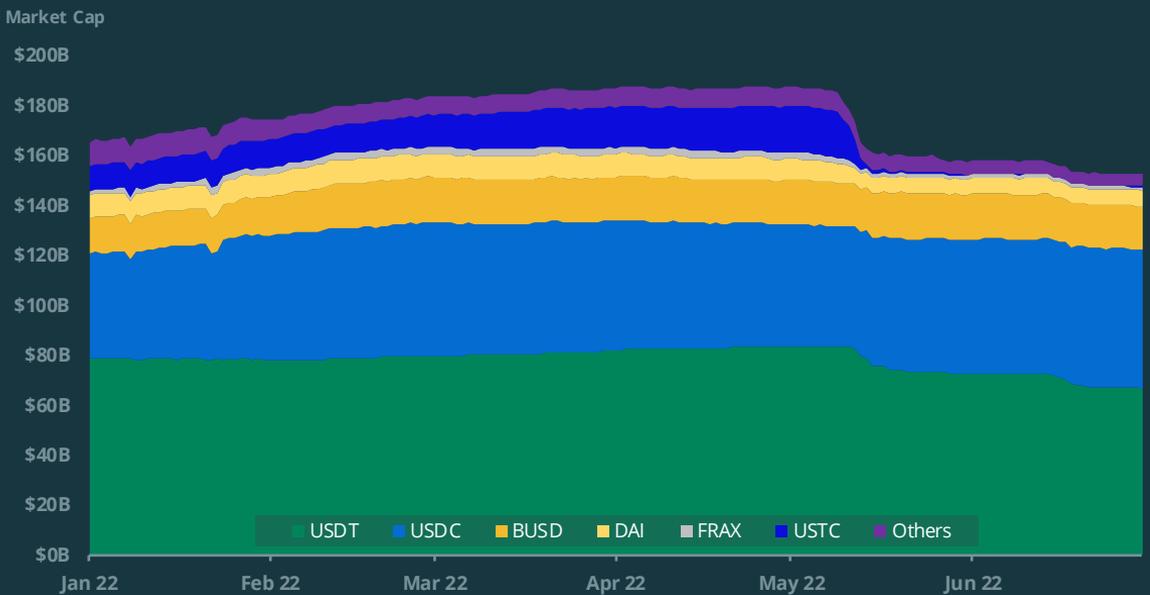
LUNA (now LUNC), the top **performer of last quarter, has been completely wiped off the board**.

On average, the **Top 5 exchange tokens took the least losses of ~43%**, while **the Top 5 P2E was hit the hardest at a loss of 71%**. GMT, the governance token of STEPN, which increased by 14x within its first month, has since lost over 60% of its value in Q2.

Q2 2022 Top 15 Stablecoins Overview

Terrable quarter for stablecoins

Top 15 Stablecoins Market Cap Breakdown (Jan – Jun 2022)



-18.3%
Top 15 Stablecoins Market Cap Decline in Q2 2022

The Top 15 stablecoins **lost almost a fifth of its market cap, or -\$33.9B in absolute terms.**

Before its ultimate downfall which wiped out ~\$18B in market cap, USTC overtook BUSD as the third largest stablecoin. As of end-Q2, it (still) sits at 7th place despite never restoring its peg. With the meltdown of UST, **FRAX broke into the Top 5.**

Tether retained its lead, though its share decreased by almost 20%. **USDC took the lead in Q2 in terms of growth with close to a 7% increase.** In contrast, **FRAX and DAI however saw losses of 48% and 32% in market cap** respectively, possibly due to negative association with algorithmic stables.

The slight decrease (discounting USTC) in stablecoin market share suggests that a certain amount of capital has completely exited the crypto ecosystem, in contrast to last quarter where investors likely de-risked into stables amidst market uncertainty.

 \$66.5B -\$15.4B (-18.8%)	 \$55.6B +\$3.5B (+6.7%)	 \$17.6B +\$0.1B (+0.5%)	 \$6.3B -\$2.9B (-31.5%)	 \$1.4B -\$1.3B (-48.1%)
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Q2 2022 Top 30 Crypto Market Cap & Bitcoin vs. S&P 500

There was a high correlation between the two asset classes in Q2 2022

Top 30 Crypto Market Cap vs. S&P 500 (Jan – Jun 2022)



The Top 30 crypto market cap correlation with the S&P500 was **0.92 (high correlation)** in Q2 2022. This was an increase from the correlation coefficient of 0.72 in Q1 2021.

The **BTC-S&P500 60d correlation reached yet another ATH of 0.75** on 25th May 2022 according to data from CoinMetrics, which indicates strong correlation. It has since dropped to 0.67 as of 30 June 2022.

The Top 30 market cap also moved in lockstep with Bitcoin, as their relationship was effectively perfectly correlated at ~ 1 .

As highlighted in our previous report, crypto assets' correlation with traditional markets do not come as a surprise as a majority of investors perceive crypto as a risky asset class.

Q2 2022 Notable Events Timeline

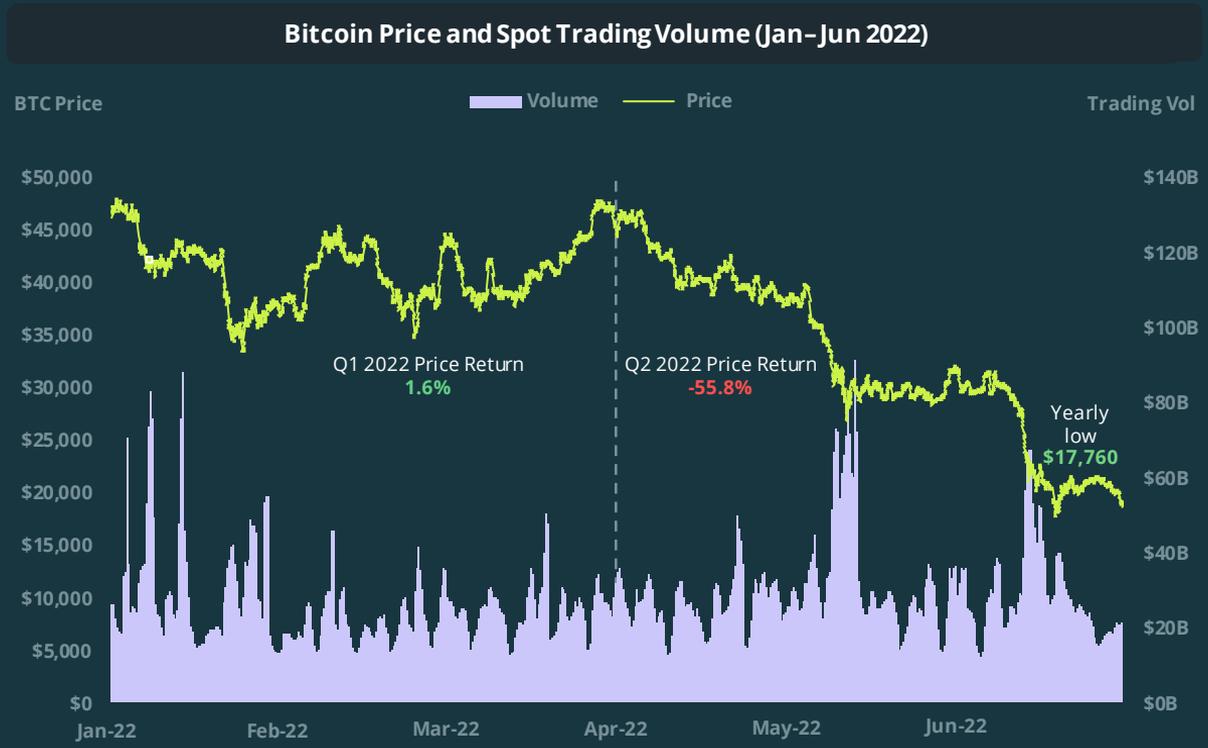
A quarter filled with major milestones for crypto



BITCOIN ANALYSIS

Q2 2022 Bitcoin Price vs. Trading Volume

Bitcoin tumbles downward



-55.8%
BTC Price Return in Q2 2022

BTC was in a downward trend throughout Q2 2022. At one point, it **recorded 9 consecutive weeks of being in the red**, the first time this has happened. It broke multiple resistance levels, including major ones at \$30k and \$20k.

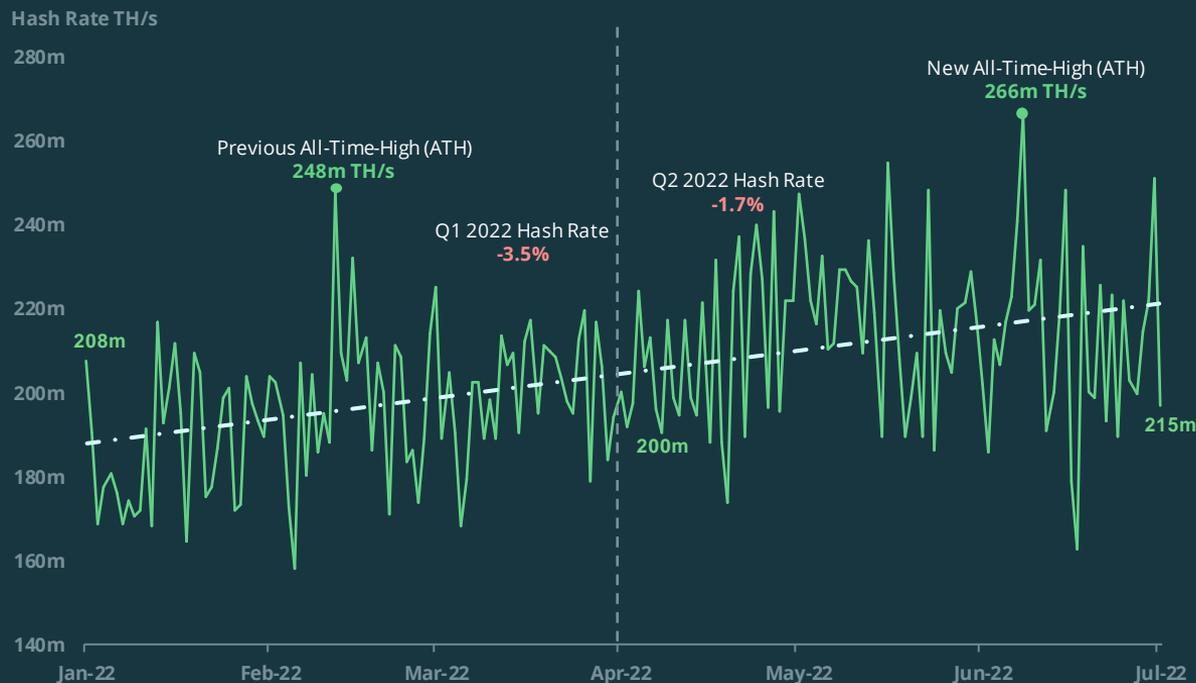
BTC hit a yearly low of \$17,760 briefly, which was below even the previous cycle's high, before rebounding to reclaim \$20k.

- Some noteworthy Q2 events affected BTC:
- **Broader equity market** also fell, dragging BTC along
 - **LFG Foundation** sold their BTC holdings to protect the UST peg
 - **Three Arrows Capital insolvency** (which had large holdings of GBTC) causing BTC to slump
 - **SEC rejected** Greyscale's Bitcoin ETF application

Q2 2022 Bitcoin Mining Hash Rate

Hashrate trends upwards despite slumping BTC price

Bitcoin's Total Hash Rate (Jan – Jun 2022)



-1.7%

Bitcoin's hash rate decrease in Q2 2022

Bitcoin's total hash rate became **increasingly erratic and volatile** in the latter half of Q2, perhaps a sign of miners grappling with new market conditions.

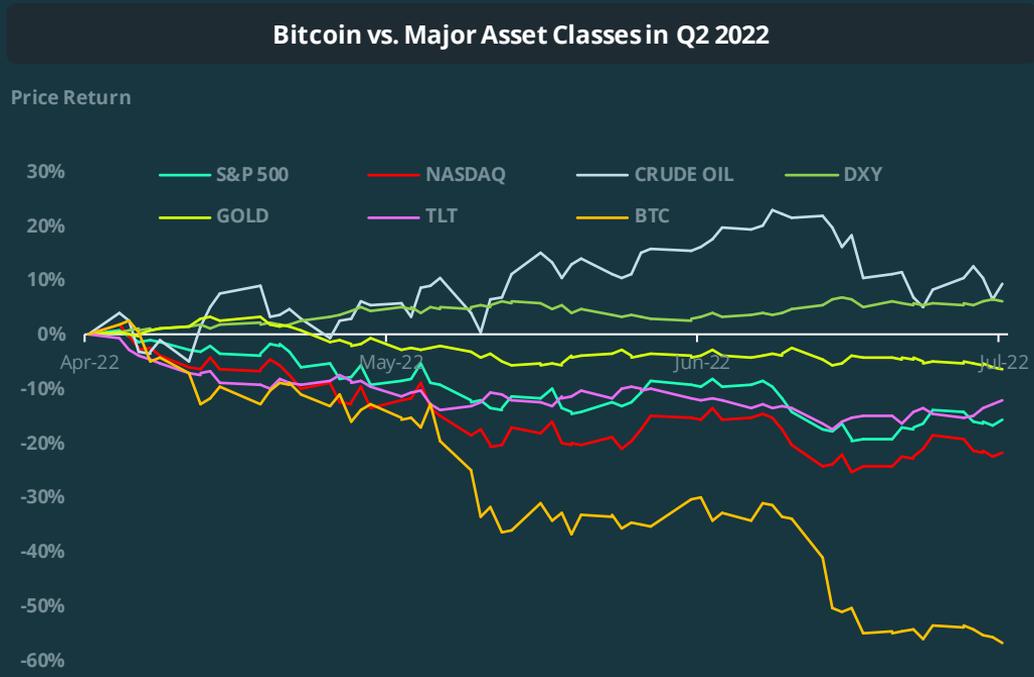
BTC's slumping price meant lower profitability for miners, pushing some to go offline. Miners with spare capacity can capitalize on reduced competition to grab a larger slice of the hash rate pie, which pushes the hash rate back up again, and the cycle repeats itself.

Miners are also reported to be **selling more**, if not *all*, of their BTC holdings, exerting downward pressure on BTC price. **More is expected to come in Q3** as more companies are pressed for liquidity.

Despite all these, overall hashrate is still trending upwards (for now), even hitting a new ATH on 8 June.

Q2 2022 Bitcoin vs. Major Asset Classes Price Returns

USD & Oil stay above, while others sink



	Q2 2022 Return	Q2 2021 Return
BTC	-55.8%	-40%
CRUDE OIL	7%	22%
S&P 500	-17%	8%
NASDAQ	-23%	9%
DXY (US Dollar Index)	7%	-1%
GOLD	-6%	3%
TLT (Treasury Bonds)	-13%	6%

Bitcoin was the worst performing asset when compared to major asset classes. Out of the asset classes, **only Crude Oil and DXY posted positive gains**. Constricted supply for oil, and rising interest rates could be reasons for such.

Bitcoin **largely mimicked** the behavior of US equities, dipping hand-in-hand whenever the Federal Reserve announced a rate hike.

The correlation between Bitcoin and equities has been on **upward trend** as the year progresses. It remains to be seen whether this trend will be buckled as we enter a recession.

ETHEREUM ANALYSIS

Q2 2022 Ethereum Price vs. Trading Volume

Ultrasound Descend

Ethereum Price and Spot Trading Volume (Jan – Jun 2022)



-67.4%
ETH Price Return in Q2 2022

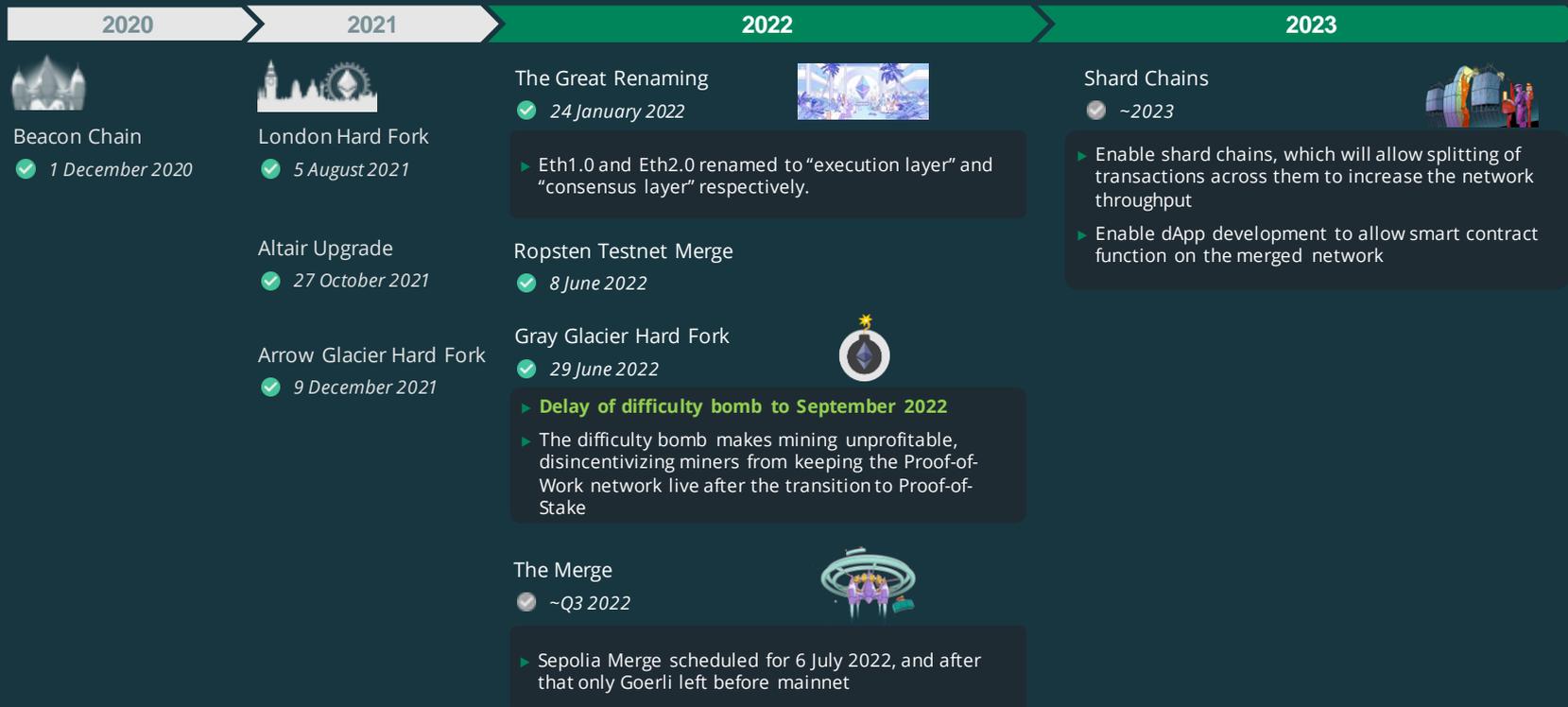
Like BTC, ETH was on a clear downward trajectory throughout Q2 2022. From start of April to mid-June, ETH recorded **11 weekly closes in the red**, also the first time this has happened.

ETH dipped briefly below \$900 before making a quick recovery back to \$1,000 and is currently holding the 200-week Simple Moving Average as support.

- Some noteworthy events affecting ETH in Q2 2022:
- **Terra collapse** - cascading liquidations of leveraged positions using bETH
 - **stETH loses 1:1 parity** with ETH
 - **Gray Glacier hard fork** and difficulty bomb delayed to mid-September

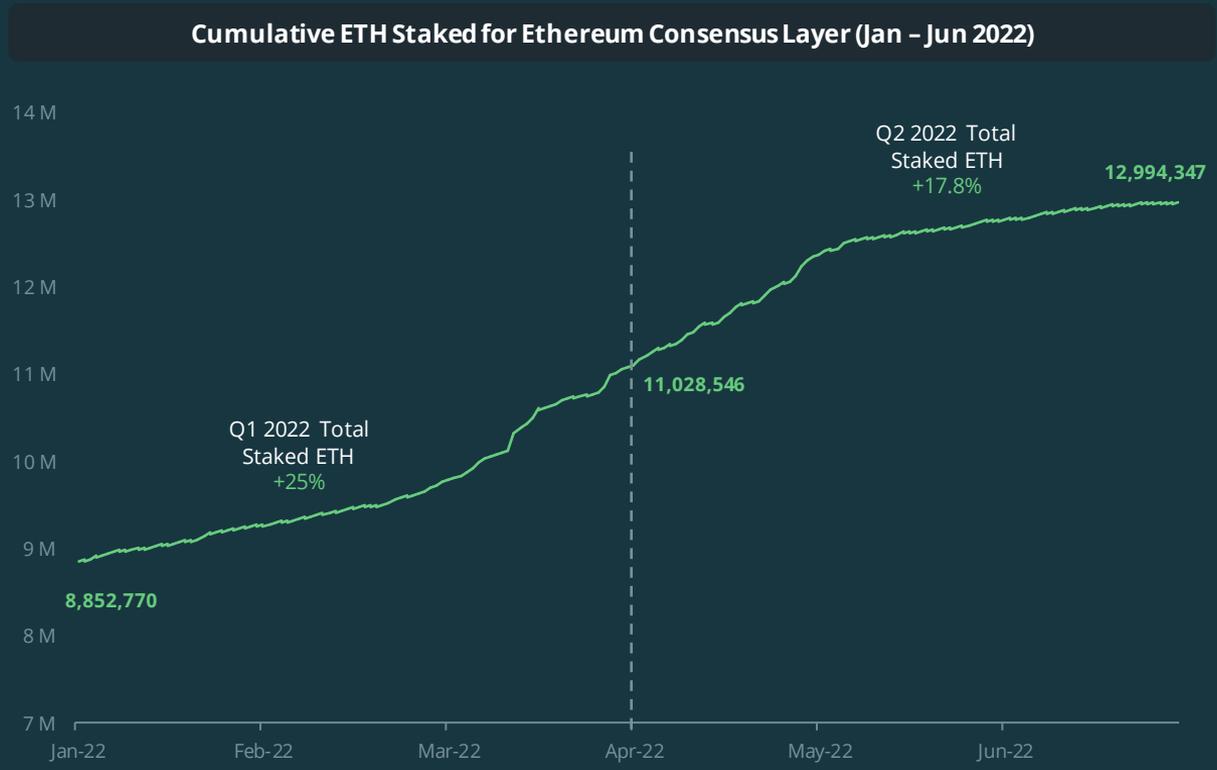
Roadmap to Eth2.0

Eth2.0 renamed to “Consensus Layer” and completed The Merge on testnet



Q2 2022 Ethereum Consensus Layer Staking

Staked ETH plateauing after spike in Q1 2022



+17.82%
Total ETH Staked in Q2 2022

By end-Q2 2022, almost **13 million** ETH was staked, representing roughly **11% of total ETH supply**.

Unlike after the **Klin Testnet** Merge in Q1, ETH Staking did not spike after the merge of the **Ropsten** and **Sepolia testnet** as The Merge and difficulty bomb was delayed until September.

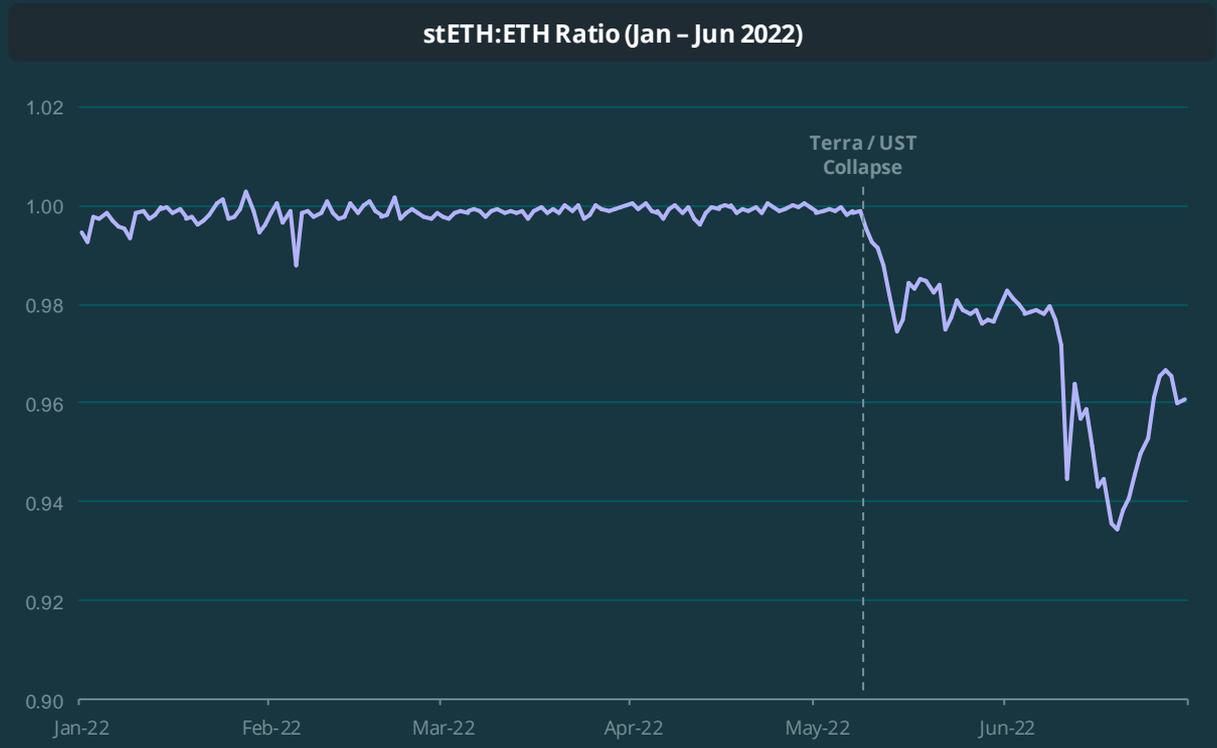
The rate of ETH staking **started slowing** in May and June after increasing by **9.52%** in April alone.

Despite fluctuations in stETH prices, **Lido** remained the largest ETH staking service by validator count. Lido has a **31.76%** market share amongst all staking pools.

Source: [Dune Analytics \(@hagaatc\)](#)

stETH:ETH Price Deviation

Terra's fallout and bETH contagion



0.9346
Lowest stETH:ETH ratio

With Terra's collapse, users were bridging their bETH back to mainnet and converting them to ETH via Curve. At the same time, large LPs such as Celsius, 3AC and Amber also withdrew liquidity from the pool.

Celsius and 3AC withdrawals continued as they tried to salvage their portfolios.

Total circulating stETH is now ~4.2M, representing ~30% of all staked ETH and ~3.5% of total ETH circ supply.

The stETH-ETH Curve pool, is now **down to \$718M in TVL**, compared to its peak of \$5.6B on April 5.

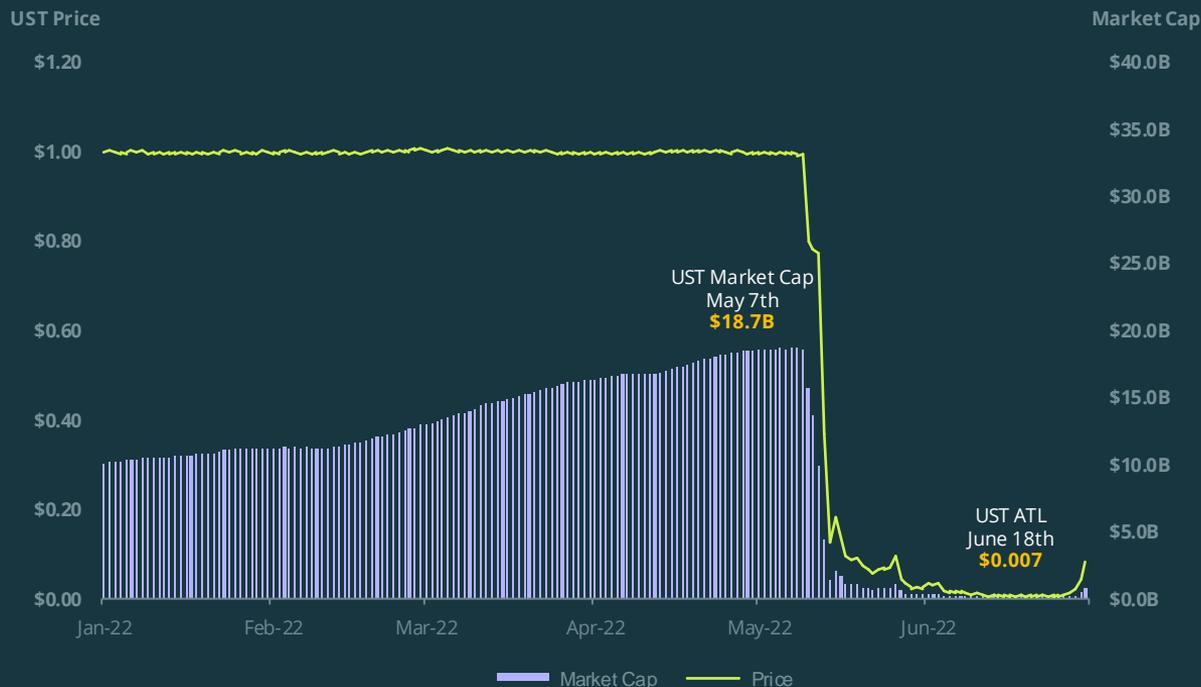
Important to note that **stETH is not meant to be 1:1 to ETH**. stETH to ETH redemption will only be unlocked post-Merge, and users are taking on smart contract risk when staking ETH on Lido.

THE FALL OF TERRA & CONTAGION EFFECTS

Downwards Algo Un-Stablecoin

Crypto's Darling Stablecoin JUMPed off a Cliff

UST Price & Market Cap (Jan - Jun 2022)



-95.7%

UST Market Cap From Peak to 30th June

***UST unravelled as quickly as it had risen.** At its peak, it had a **\$18.7B market cap**. But UST had fallen to a mere **\$807M** at the end of June.

With the redemption mechanism for UST to LUNA being disabled, the supply of UST can't be reduced. This has left 9.8B UST still in circulation.

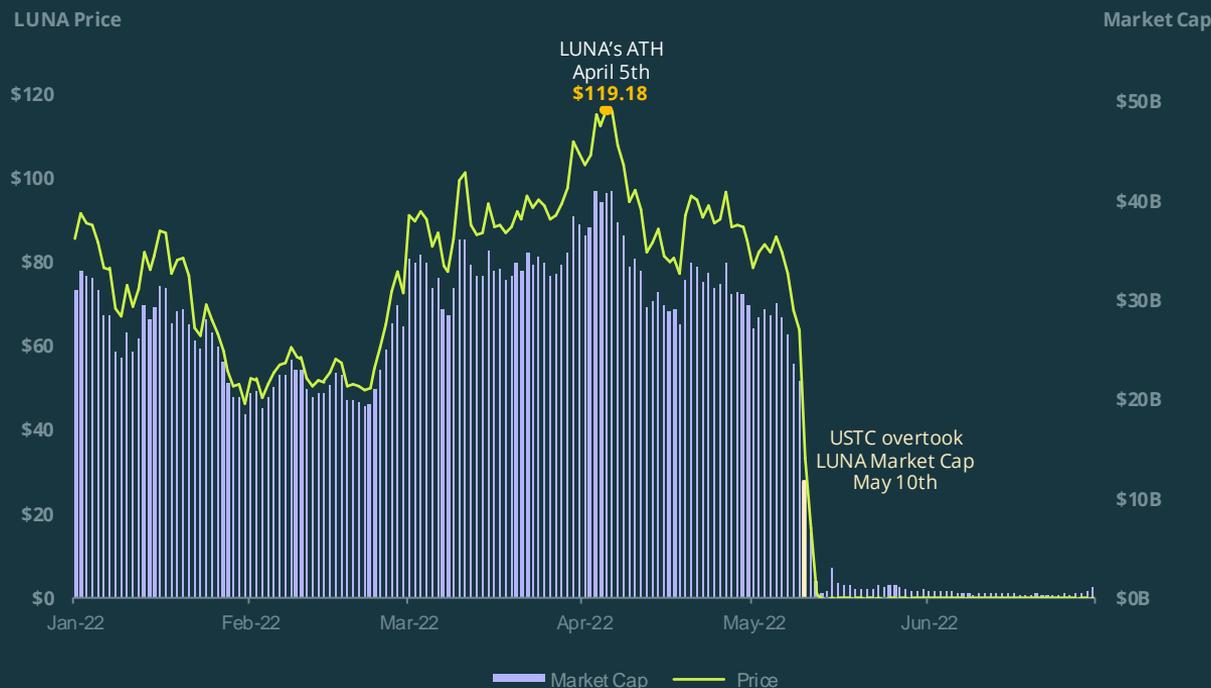
The depegging event resulted in a **99% drop in value**, with UST hitting the lows of **\$0.007** in late June. However, it rebounded back to \$0.05 at the end of June.

Source: CoinGecko
 *LUNA and UST mentioned in this slide refers to LUNC (Terra Classic) and USTC (UST Classic)

Waning Moon

UST de-pegging had a domino effect on LUNA

LUNA Price & Market Cap (Jan - Jun 2022)



+1.9M%

LUNA Supply Increase

How *LUNA worked: If the price of UST fell, more LUNA would be minted to absorb any excess supply of UST. This in turn would encourage arbitrageurs in the market to return the peg. At least that was the theory.

The depegging event: LUNA failed to absorb such high volumes of UST sells. New LUNA was minted, and UST was burned. In turn, the newly minted LUNA was sold, further driving down its price.

As LUNA price continuously fell, more LUNA had to be minted for every UST. Eventually, **LUNA went into a death spiral** whereby the market cap of UST went below that of LUNA. This led to an **exponential increase in LUNA supply**, and it saw a **99% drop** in price.

What happened to UST & LUNA?

Timeline of events



May
1st - 5th

Anchor's semi-dynamic earn rate introduced, with a slight reduction from earlier 20%. Total Value Locked (TVL) in Anchor hit an **all-time high of \$17.15B** on May 5th.

May
7th - 8th

Market downturn saw crypto drop, followed by large UST outflows into other stablecoins. The UST peg soon broke, **falling to \$0.98**. However, peg was soon restored, with Luna Foundation Guard (LFG) stepping in.

May
9th

The UST peg didn't hold for long, as UST holders continued selling. The peg broke to **\$0.60** and briefly rebounded as [LFG tried to defend the peg](#). Unfortunately, it didn't last long and collapsed again for good.

May
12th

The Terra blockchain is halted, after the price of LUNA fell sharply, thus threatening the network's security. Once resumed, it was halted again for 9 hours.

May
16th

Do Kwon proposed to fork Terra, with the current chain to be renamed to Terra Classic. UST is excluded from the new chain, dubbed Terra 2.0.

May
28th

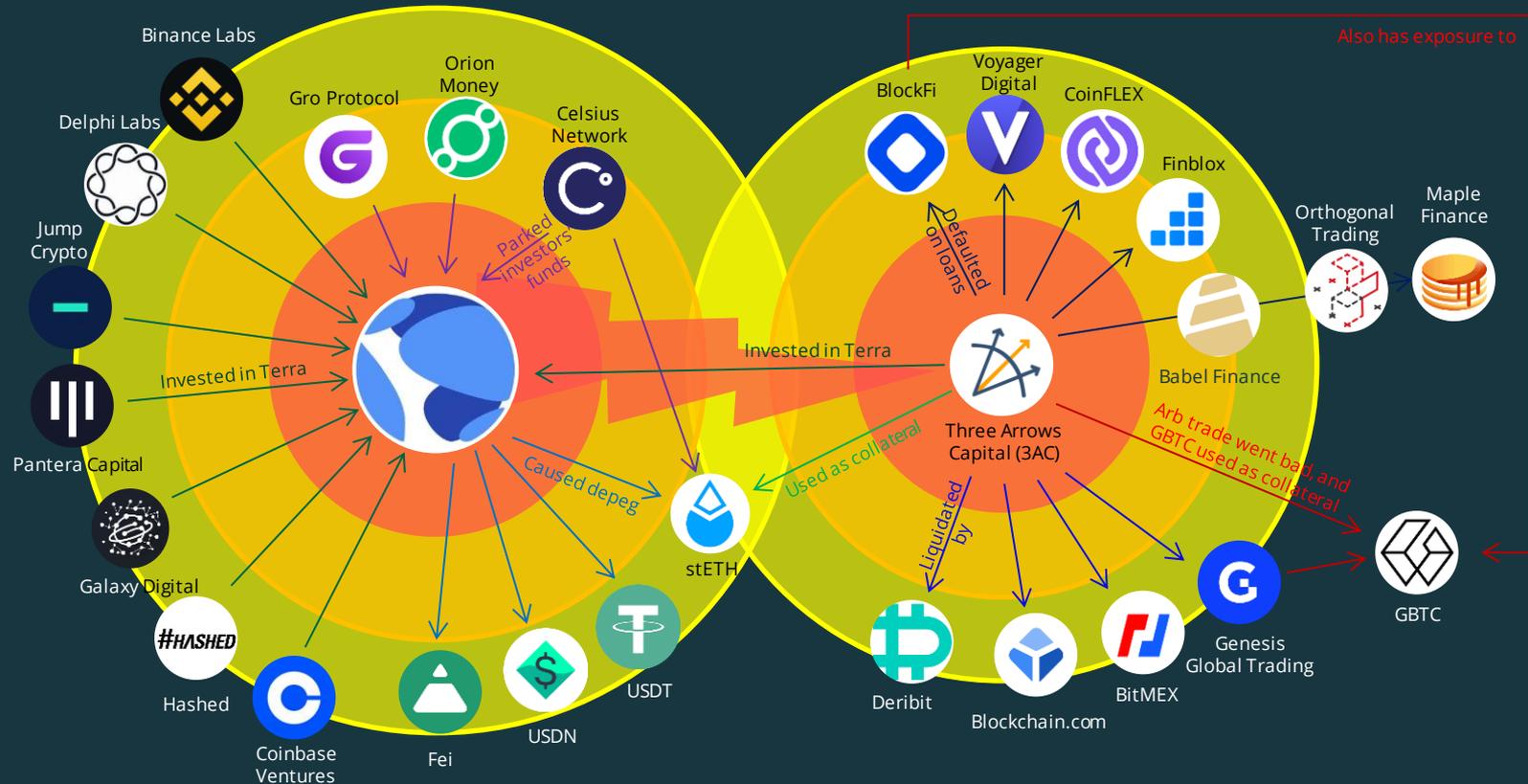
Terra 2.0 launched, with an airdrop distributed to holders of UST and LUNA at the time of depegging.

What's next:

- ▶ Multiple lawsuits have been filed by LUNA & UST investors in various countries against Terraform Labs.
- ▶ Do Kwon has been summoned for a parliamentary hearing in South Korea.
- ▶ Current and ex-Terraform Labs employees in South Korea have been barred from leaving the country.
- ▶ Fallout from Terra has affected various other companies, with many turning insolvent till this day.

From Terra / UST to Three Arrows Capital (3AC)

There were further domino effects on Three Arrows Capital, who is now facing liquidation



CeFi Firms on the Brink

Celsius, BlockFi, Voyager, which collectively had at least ~\$25B in AUM, now face insolvency

Celsius

- Celsius Network is a US-based crypto savings / lending platform founded in 2018.
- As of May 11, 2022, the platform had **\$11.8B in assets and 2M+ community members**.
- The company last raised a \$750M round at a \$3B valuation in October 2021.
- Celsius has been a **victim of DeFi protocol exploits**. Celsius was a victim in BadgerDAO and Stakehound DeFi exploits.
- The company has also been **dogged by US financial regulators**, who consider their interest-bearing product a security.
- Following speculation that it had ran out of runway to honor withdrawals, on June 13, Celsius **paused all withdrawals, swaps and transfers**.
- Prior to the freeze, Celsius was the **largest holder of stETH**, and had been using **leverage to yield farm** on various DeFi protocols.
- Since then, it had been reported that Celsius have **engaged restructuring professionals**. There is also a rumor that Goldman Sachs is putting together a deal to acquire Celsius' assets.
- It has also been quietly **paying down several loans** on DeFi protocols.

BlockFi

- BlockFi is a US-based crypto savings / lending platform founded in 2017.
- Reports suggest that BlockFi has **>500,000 users** and manages **~\$10B in assets** at end-2021.
- The company last raised a Series D round at **\$3B valuation in March 2021**.
- In Feb 2022, BlockFi agreed to pay **\$100M in penalties** to settle charges by the SEC. As part of the settlement, the company stopped offering its BIA product to US persons.
- Reports emerged in early June that BlockFi was looking to raise a **down-round** at a valuation of \$1B. The following week the company **laid off 20% of its staff**.
- Amidst reports of Celsius' insolvency, on June 13 BlockFi disclosed that it did not have any exposure to Celsius, or any stETH exposure.
- On June 17, BlockFi announced that it had **liquidated a "large client"**, widely assumed to be 3AC, on an overcollateralized margin loan.
- On July 2, BlockFi signed a **deal with FTX** for a \$400M revolving credit, and an option for FTX to acquire BlockFi at up to \$240M. The facility will be subordinate to all client funds.

VOYAGER

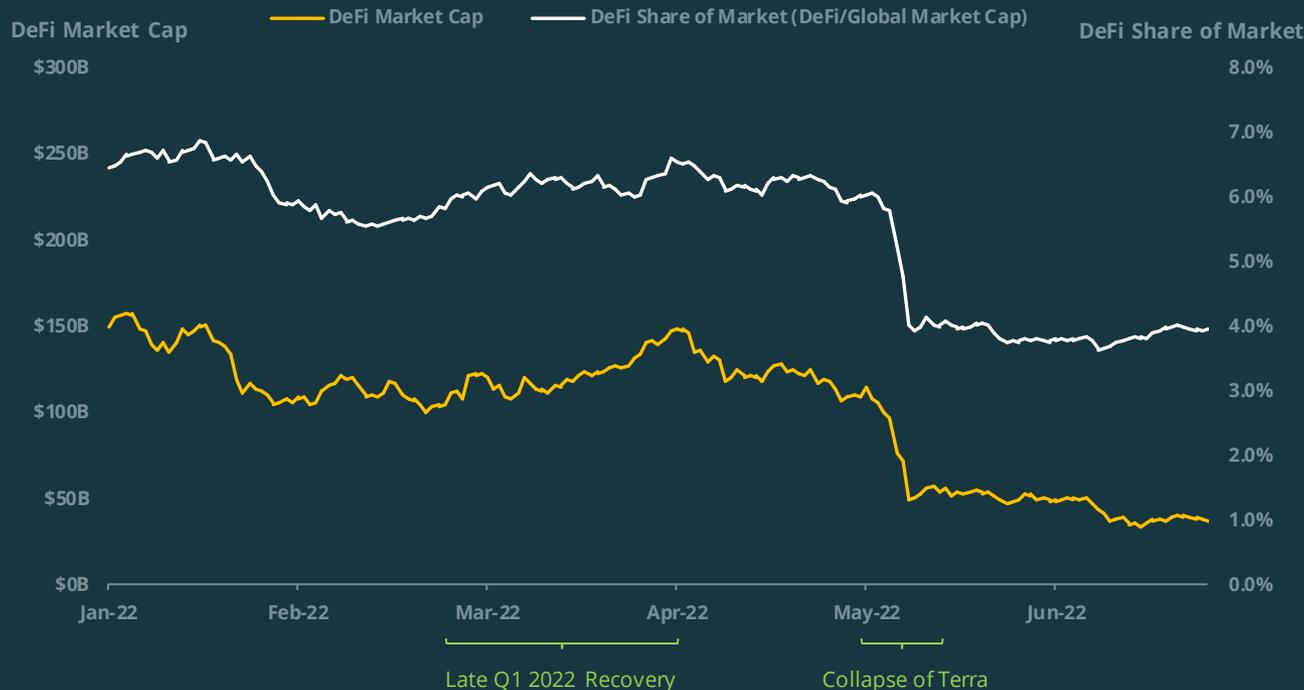
- Voyager Digital is a TSX-listed crypto broker / lender. It was founded in 2018.
- In June 2022, the company had **>3.5M users**, with **\$5.8B assets** on platform.
- It had been haemorrhaging cash, with **>\$194M in operating losses** for 9 months ending March 31. It raised \$75M via private placement in May led by Alameda Research, before securing another \$200M and 15k BTC credit line from Alameda on June 17.
- On June 22, the company disclosed that it had **~\$650M in exposure to 3AC**. This is ~58% of its loan book, and is mostly unsecured. It served 3AC a notice of default on June 28.
- On July 1, Voyager **suspended all trading, deposits, withdrawals and loyalty rewards** on its platform.
- On July 5, Voyager filed for **Chapter 11 bankruptcy**. Subject to court approval, customers with crypto in their account(s) will receive in exchange a combination of the crypto, proceeds from the 3AC recovery, common shares in the newly reorganized Company, and Voyager tokens. The company was **suspended from trading on the TSX** following the filing.

DEFI ANALYSIS

Q2 2022 DeFi Overview

DeFi's dominance continued eroding as markets trended lower

DeFi Market Cap and DeFi Share of Overall Market (Jan – Jun 2022)



-74.6%

Decrease in DeFi Market Cap compared to 1st April 2022

DeFi market cap **suffered a hefty drop, decreasing from \$142 billion to \$36 billion** in a span of 3 months, along with the rest of the crypto market.

Much of the DeFi market cap was wiped out largely due to the **collapse of Terra and its stablecoin, UST**. Terra ecosystem projects were wiped out, alongside protocols that supported these assets.

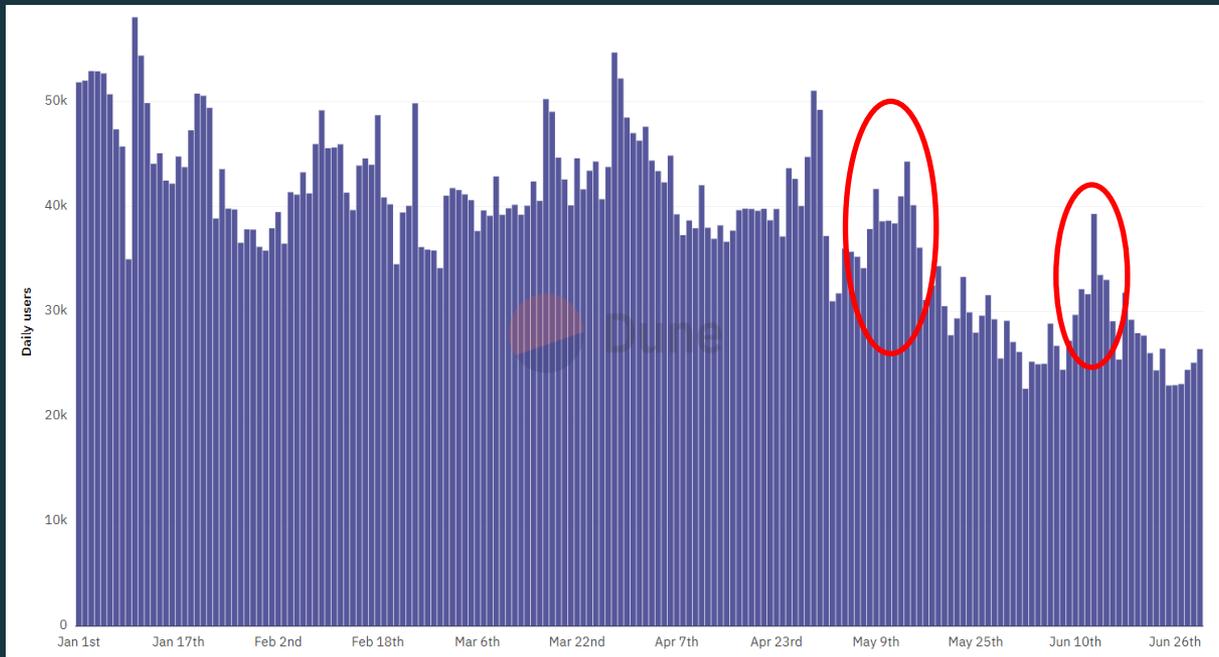
Notably, the **panic spread towards other stablecoins**, leading to **mass redemptions of USDT** and other **algo-stablecoins depegging**.

Besides that, **DeFi exploits have ramped up in Q2**, affecting projects such as Inverse and Rari. These attacks have **negatively impacted token prices** as investors lose faith in these hacked protocols.

Q2 2022 DeFi Daily Active Users

As on-chain activity slowed down, DeFi has managed to retain most of its users

Daily Active DeFi Users on Ethereum (Jan – Jun 2022)



-34.5%

Decrease in Average Daily DeFi Users compared to 1st April 2022

While the market cap has taken a severe beating, it seems that **activity within DeFi has fared much better**.

While **daily active users have decreased from almost 50k to just below 30k**, there were multiple instances in Q2 where the need for DeFi truly shined.

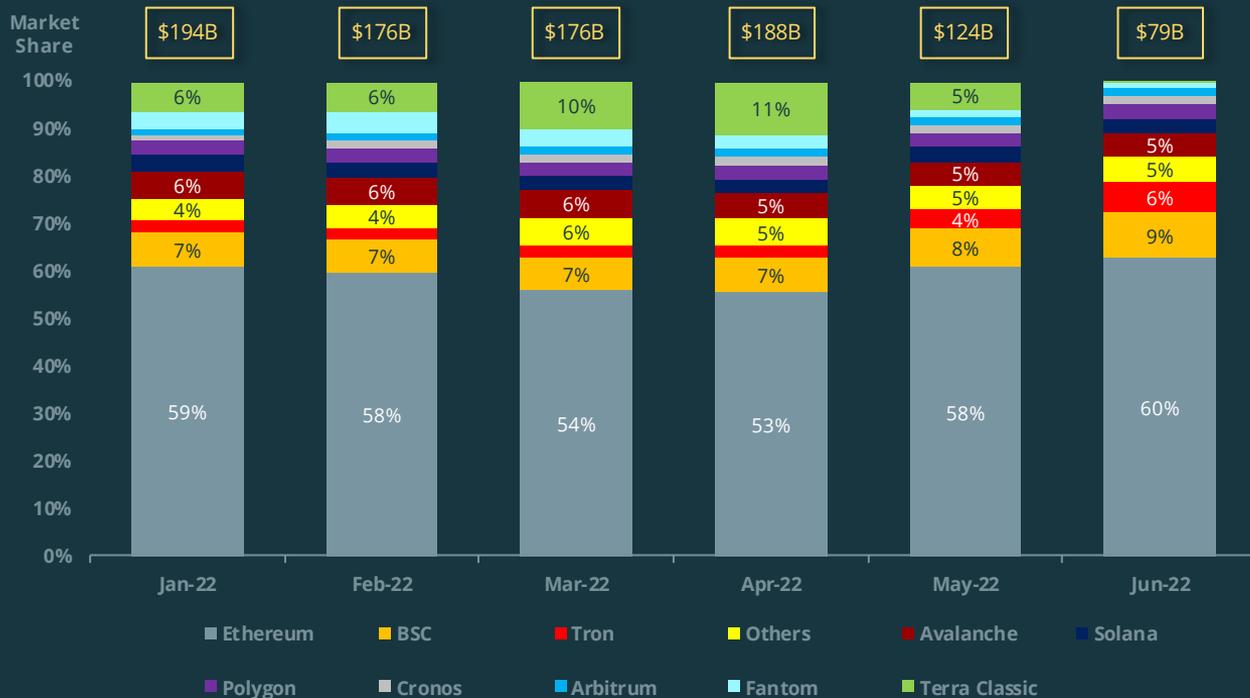
In early May, the **number of DeFi users spiked during the Terra collapsed**, as CEXs **halted trading sporadically**. As such, **trading volumes on Curve Finance and Uniswap skyrocketed** as holders were eager to sell their LUNA & UST.

In the wake of Celsius' withdrawal restrictions on June 13th, **daily users of DeFi protocols spiked by 24%**. In both events where **centralized entities have failed**, users have flocked to enjoy DeFi's permissionless nature.

Q2 2022 DeFi Multichain Market Share

As Terra imploded, old and new contenders arise to take its spot.

Multi-chain Total Value Locked (TVL) Breakdown (Jan – Jun 2022)



-55.1%
Decrease in Multi-chain DeFi TVL since 1st April 2022

In Q2 2022, **Ethereum regained some of its TVL dominance**, as altchains started to shrink. While Ethereum has increased its share of TVL from 54% to 60%, its overall TVL is still 52% lower compared to Q1 2022.

Avalanche, Polygon and Solana have maintained their respective TVL shares, albeit **in line with the overall market downturn**.

Although **Tron's TVL has reduced from \$4.8B to \$3.9B**, Tron's TVL share has **tripled** from 2% to 6%, largely due to the **launch of its algo-stablecoin, USDD**.

The **collapse of UST and LUNA in May** saw **Terra's TVL shrink to just 5%**. By the end of June, there was **just over \$21M left** on the network. The new Terra 2.0 network has even **less than that, at \$13M TVL**.

Source: [Defillama](#)

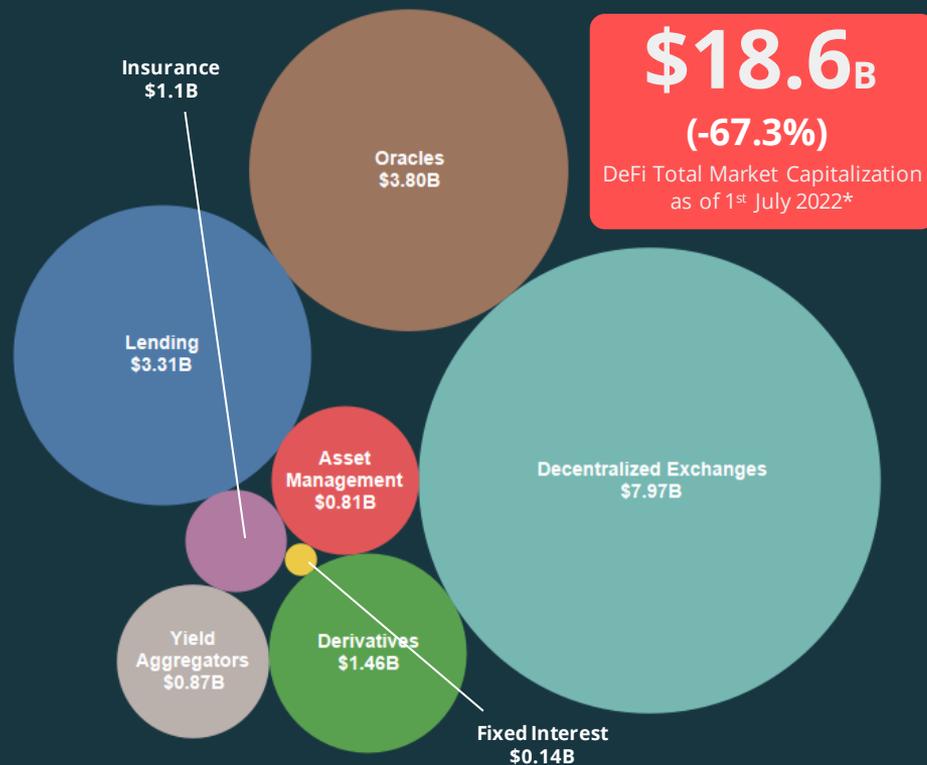
*Monthly TVL is calculated by taking the average TVL on daily basis for each month.

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

Q2 2022 DeFi Ecosystem Overview

Amidst the crypto carnage, most of DeFi sunk lower into the depths

Market Cap of Each DeFi Category (Q2 2022)



Weightage (By 2022 Q2 Market Cap Share)	Sector	QoQ % Change
	Total DeFi Market Cap	-67.3%
42.7%	Decentralized Exchanges	-70.6%
20.4%	Oracles	-60.9%
17.7%	Lending	-67.2%
7.8%	Derivatives	-68.0%
4.7%	Yield Aggregators	-76.7%
4.4%	Asset Management	39.7%
2.1%	Insurance	-65.2%
0.2%	Fixed Interest	-72.8%

The devastation continued for DeFi in Q2 2022, as major DeFi sectors suffered **massive decreases in market cap of up to 77%**. In its entirety, the DeFi sector **lost ~67%** of its market cap compared to the previous quarter, in line with Ethereum's **plunge from \$3,300 to \$1,100**.

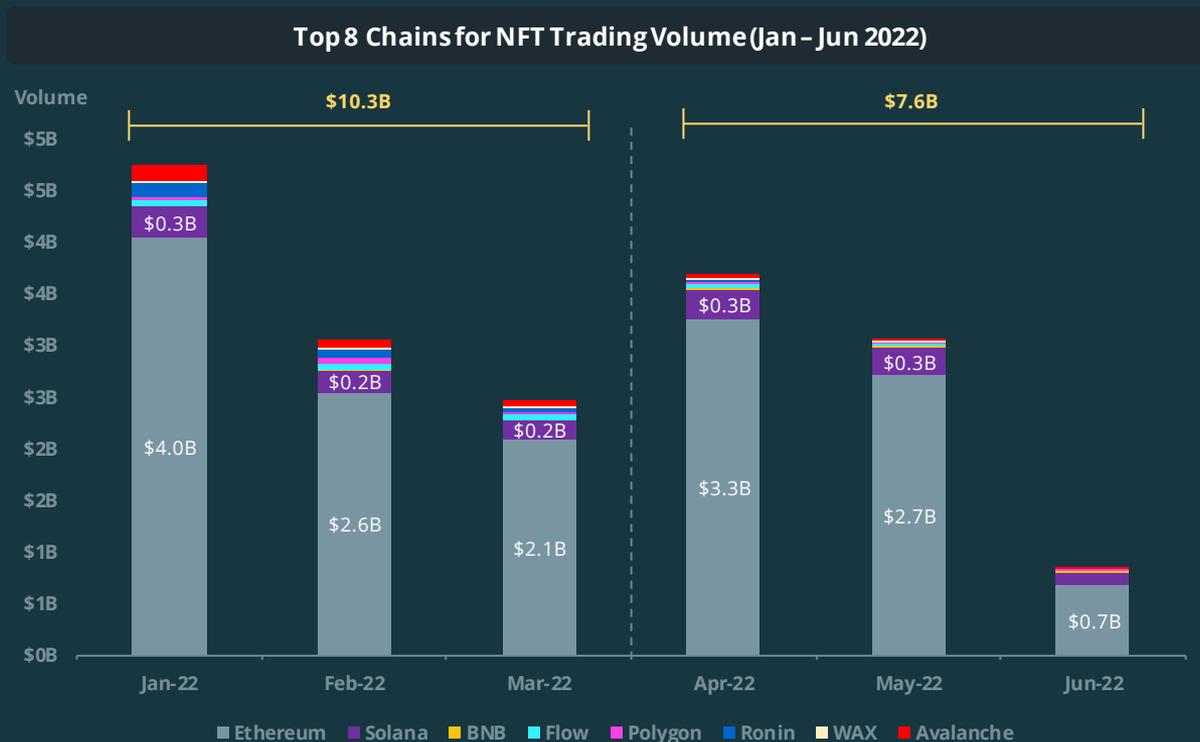
While **DEX volumes have remained fairly stable** throughout the year (see later slide for further details), the same cannot be said for their market cap. As the **largest segment of DeFi**, DEX tokens saw a sharp drop in price, **reducing the overall market cap by approximately \$19.1 billion**.

However, **in a sea of red, there is still some hope**. The asset management sector **increased its share of the market from 1% to 4.4%**, moving ahead of the insurance sector. Largely **driven by Tenset**, the segment enjoyed a **40% increase in market cap** during the last quarter.

NON-FUNGIBLE TOKENS (NFTs)

Q2 2022 NFT Trading Volume across Top 8 Chains

NFT volumes drop to new intra-year low in June; Solana & BNB are on the rise



26.2%

Trading volume decrease from Q1 2022 to Q2 2022

The bear market tore JPEGs to shreds as Q2 trading volume **plummeted 26.2%**, with June registering only a measly ~\$830M in total volume – the **lowest** it's been **since June 2021** before NFT Summer.

With **83% of the NFT market share** in June, **Ethereum is still the dominant chain** by far... **on paper**.

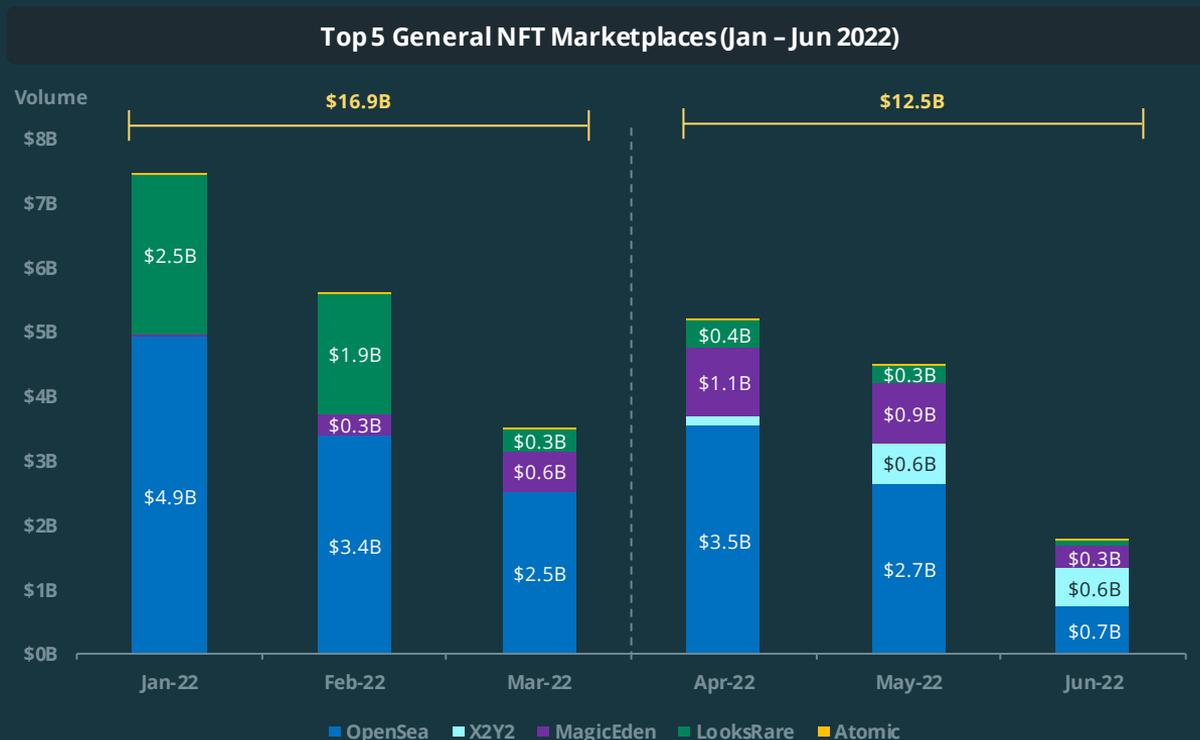
Discounting the volumes generated by **wash-trades** on X2Y2 (which is \$600M for June alone) would put it on relatively **equal footing with Solana** – the latest contender to challenge Ethereum for the NFT crown.

BNB was the **only chain** that **saw an increase** in volume (**611%**), thanks to STEP'n's move into the ecosystem. The upcoming **Chinese ban on STEP'n** however should **put a dent into BNB's numbers**.

Meanwhile, **Ronin continued its slip (-88%)**, with the bridge hack and a collapse in player revenue the final nails in its coffin.

Q2 2022 NFT Platform Trading Volumes

OpenSea's dominance slips in shrinking market as competitors gain grounds



26.0%

Trading volume decrease from Q1 2022 to Q2 2022

OpenSea successfully retained its teetering hold over the top position. However in May and June, Magic Eden and X2Y2 seemed to have caught up, taking turns to overtake OpenSea's daily and even weekly volume.

OpenSea's integration of Solana seemed to have "backfired", opening up the floodgates for Solana NFTs, but one that ended up benefitting Magic Eden more. The NFT market pie may have shrunk but Magic Eden was getting a much bigger share of it by the end of Q2 (32%).

Similar to LooksRare in Q1, X2Y2 rose rapidly as traders capitalized on its rebate and incentive program with wash trades - without which would put its volume at around LooksRare's level.

Despite their superior fee structure, LooksRare and X2Y2 still lag behind OpenSea but are slowly gaining ground.

Source: [Dapp Radar](#) and [r@chen8 from Dune Analytics](#)

*OpenSea volumes includes Ethereum, Polygon and Solana

**A different data source is used for this slide compared to the previous slide

Move aside sneakers and goblins, the Great PFP Migration is here?

Move-to-earn



- ▶ STEPN's rise to prominence launched *move-to-earn* into the spotlight. At its peak in April, STEPN saw >300,000 users a day. Shoes were trading at an >\$1,200 a pair, **GST** and **GMT** broke all-time highs, with players raked in ~\$48 a day.
- ▶ A combination of **questionable tokenomics design** and the **Chinese ban** however resulted in waning interests and rapid price dips afterwards
- ▶ Another Pokemon-esque move-to-earn project, **Genopets**, is on the verge of release and has seemed to capture much of STEPN's audience judging from its **NFTs' rising floor prices**, but time will tell if things will be different for them.

Goblins & Free Mints



- ▶ The words "No roadmap. No Discord. No utility." are plastered on **Goblintown's** website, but that didn't stop it from going up, up, up. Goblintown's ascent was unexpected, but it was hardly surprising. The cryptoverse has always been a space heavily driven by narratives and memes, and Goblintown's self-deprecating humor hit the right spot at the right time in a slumping market.
- ▶ Following its overnight success, many free-mint projects and copycats started popping up. Free mints dominated the charts (even over Punks and Apes) for a while as traders punted on these low-risk-high-reward bets but like so many memes of the past, interests in Goblins quickly faded.

Art Blocks



- ▶ As it turns out, the **Great PFP Migration** proved to be more than just a fluke after all. Time and time again, Art Blocks picked up in volume and prices during times of market turmoil.
- ▶ PFP projects in general can be seen as the fast fashion of NFTs, with a *de rigueur* art style designed for mass appeal. Art Blocks on the other hand features pieces that most resemble high art
- ▶ During a market downturn, traders usually seek solace in more timeless pieces that traditionally hold value better (think classic Chanel bag designs), and we believe this is precisely what is happening in the case of Art Blocks.

Solana NFTs

OpenSea and Magic Eden have forged a gateway into the Solana ecosystem



- ▶ Integration of Solana on the biggest NFT marketplace, OpenSea, gathered attention on the ecosystem
- ▶ Solana's MoM volume jumped by ~50% in April, with Solana collections regularly breaking into the top volume leaderboard



- ▶ The rise of STEPN and move-to-earn also ushered in new waves of users into Solana NFTs
- ▶ This generated a spill-over effect for other up-and-coming Solana NFT projects too



- ▶ Magic Eden, the leading NFT platform on Solana, also exploded onto the scene as user activities grew
- ▶ It even flipped OpenSea in daily and weekly volume on several occasions. It recently raised \$130M at a valuation of \$1.6B 🚀



- ▶ The NFT market has shrunk due to bearish macroeconomic conditions, but Solana has been chipping away Ethereum's NFT market share
- ▶ In fact, the latest numbers show that Solana is on par with Ethereum in volume after discounting wash trades
- ▶ Solana NFTs in general lack the longevity of Ethereum blue-chips. Time will tell if this momentum can be sustained in the long run

Notable Solana NFT Collections



OkayBears

Floor: 100 SOL **Vol:** 1.8M SOL

- ▶ First Solana NFT to top the OpenSea volume charts for consecutive weeks
- ▶ Broke into the Top 2 position, beating out Ethereum giants like BAYC, MAYC, Punks and more



Trippin' Ape Tribe

Floor: 18.0 SOL **Vol:** 481k SOL

- ▶ Led the charge for the "flipping"
- ▶ MagicEden finally toppled OpenSea in daily volume on 24 and 25 May



DeGods

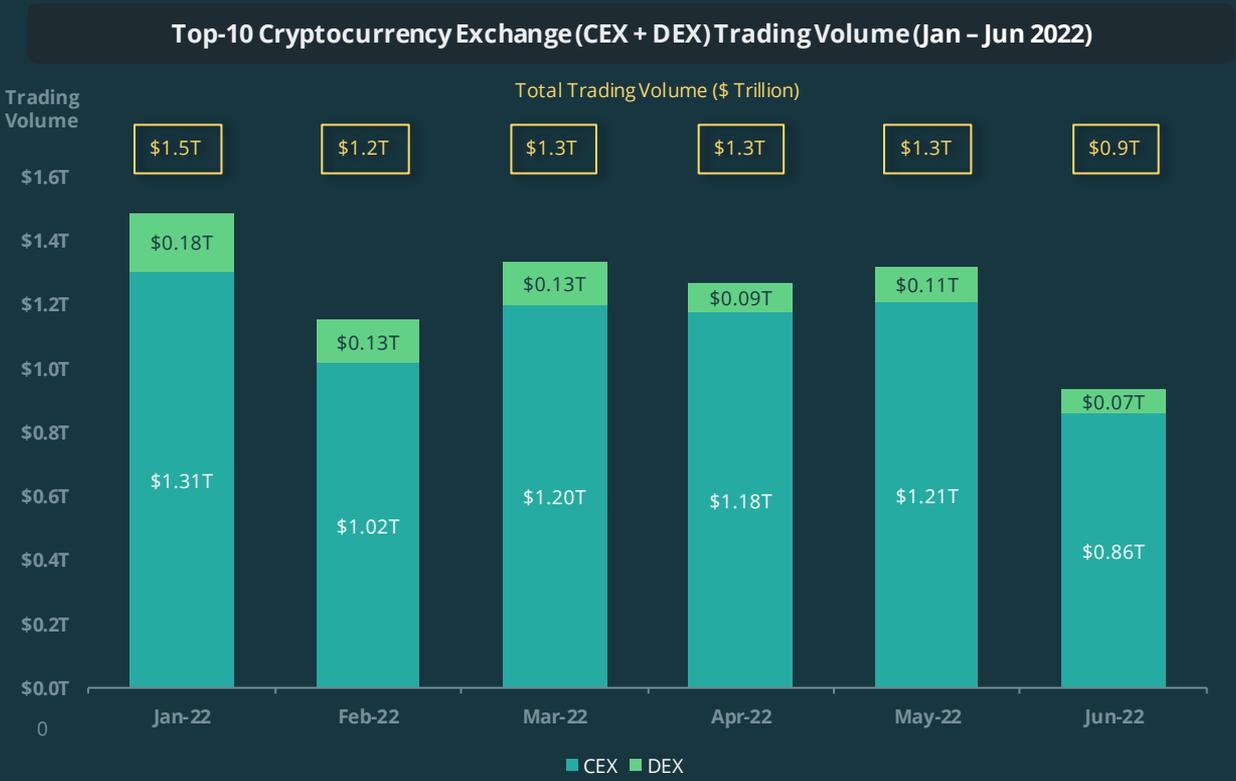
Floor: 299 SOL **Vol:** 741k SOL

- ▶ A Solana "bluechip" collection that has turned heads with its exorbitant price
- ▶ First deflationary Solana NFT collection
- ▶ NFT holds 2 pieces of art (DeadGod + DeGod)

EXCHANGES

Q2 2022 Top 10 Cryptocurrency Exchanges

Monthly spot trading volume dropped below \$1T for the first time since Q1 2021



-11.3%
 Top 10 (DEX + CEX) Total Trading Volume Decline from Q1 2022 to Q2 2022

With looming recession, and continued deleveraging of the markets, interest in crypto markets have declined to sobering levels.

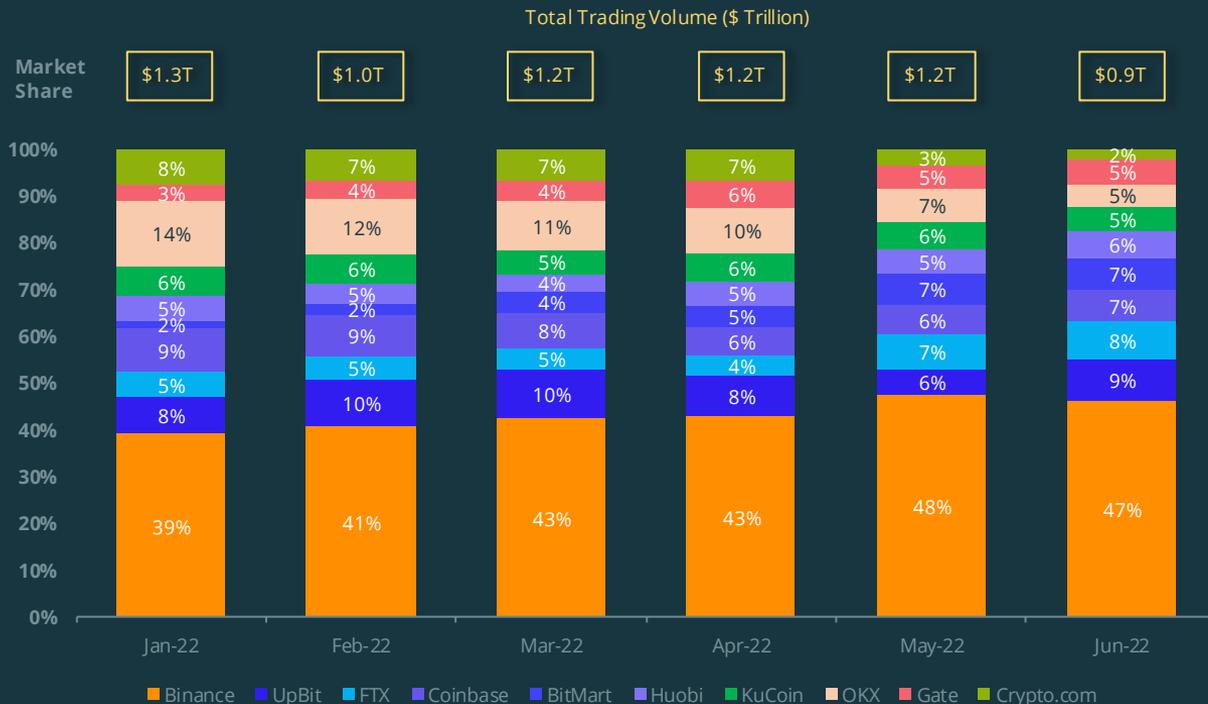
Q2 2022 monthly trading spot volumes were consolidating above \$1T at \$1.3T before **finally breaking down to \$0.9T in June 2022**. The **drop below \$1T** has not occurred since the beginning of the bull market at the start of 2021

Despite the growing apparent risks of centralized entities, CEXs continue to increase their dominance. The CEX:DEX ratio has increased from 89% in Q1 2022 to 92% in Q2 2022.

Q2 2022 Top 10 Centralized Exchanges (CEX)

Binance flexed its dominance, capturing almost 50% of CEX market share

Top 10 CEX Trading Volume Breakdown (Jan – Jun 2022)



-7.9%
Top 10 CEX Total Trading Volume Decline from Q1 2022 to Q2 2022

Top-10 centralized exchanges **recorded a total of \$3.25T in spot trading volume** in Q2 2022. This was a modest decline **from Q1 2022**, with June recording the lowest volume in the year so far.

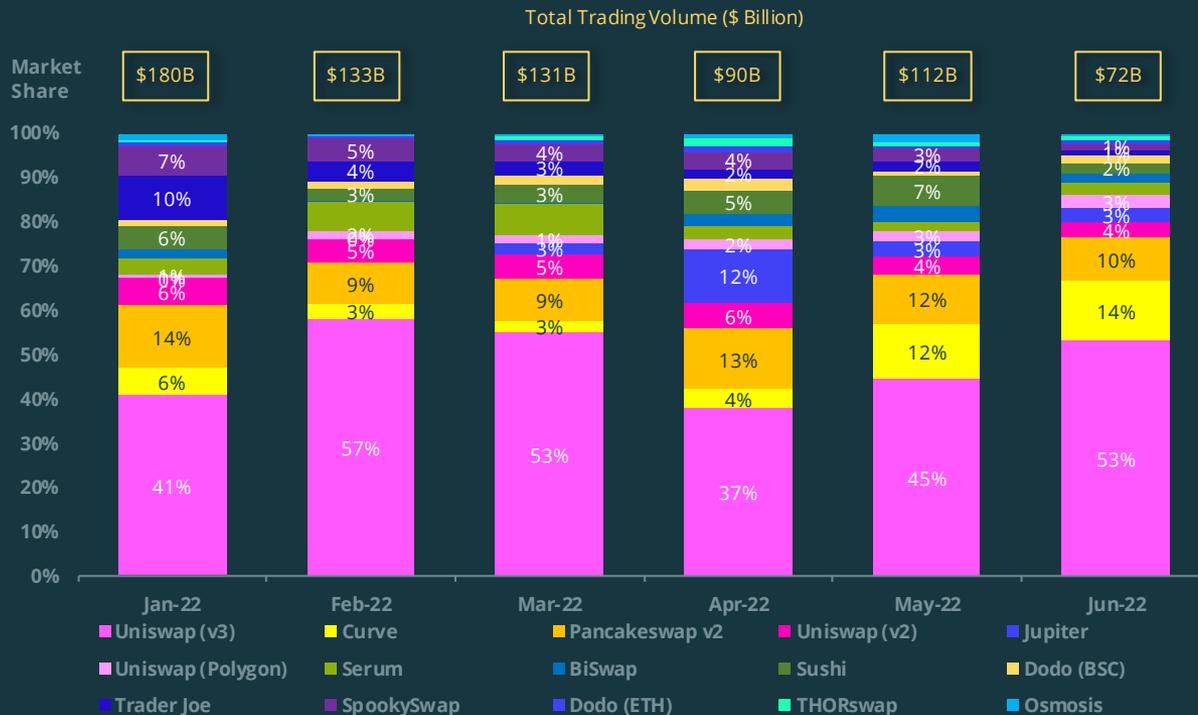
Both OKX and Crypto.com **lost more than 50% of its market share** in Q2 2022. On the flipside, FTX has been steadily growing and nearly **doubled its market share by the end of Q2 2022**.

However, no one can compete with Binance as they **have grown their market share to capture almost 50%** of the entire market.

Q2 2022 Top 10 Decentralized Exchanges (DEX)

Monthly trading volume for Q2 2022 was averaging below \$100B

Top 10 DEX Trading Volume Breakdown (Jan – Jun 2022)



-38.6%
 Top 10 DEXs Total Trading Volume Decline from Q1 2022 to Q2 2022

Top 10 DEXs recorded a total of **\$274.0 billion in spot trading volume in Q2 2022**, giving a monthly average of \$92B. Compare this with Q1 2022 which saw a total of \$446B and a monthly average of \$149B.

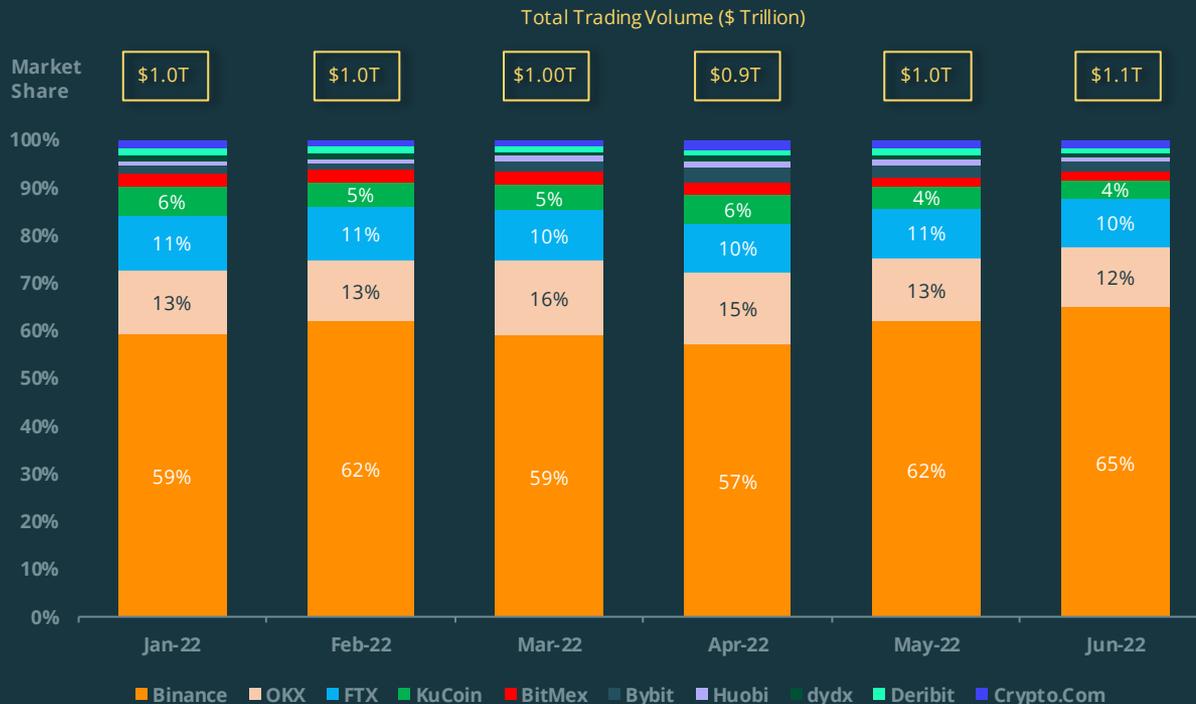
Combined across all chains, Uniswap is still the **dominant DEX with ~60% market share**. However, Curve recorded the **largest quarterly growth (383%)**, likely because of both the (collapsed) USTC pools and the flight to stablecoins in the bear.

Noticeably, DEXs on Solana (i.e. Jupiter and Serum) and BNB (i.e. Dodo and Pancakeswap) have either **increased or maintained their relative market share**, signifying real market activity on chains outside Ethereum.

Q2 2022 Derivatives Exchanges – Bitcoin Perpetual Swaps Volume

BTC perpetuals trading volume holds steady despite downward price action

Aggregate Monthly Bitcoin Perpetual Trading Volume Dominance (Jan – Jun 2022)



-2.4%

Top 10 Bitcoin Perpetual Swap Trading Volume Decline in Q2 2022

Trading volume for Bitcoin perpetuals across the Top 10 derivatives exchanges **decreased by just \$7 billion** in Q2 2022.

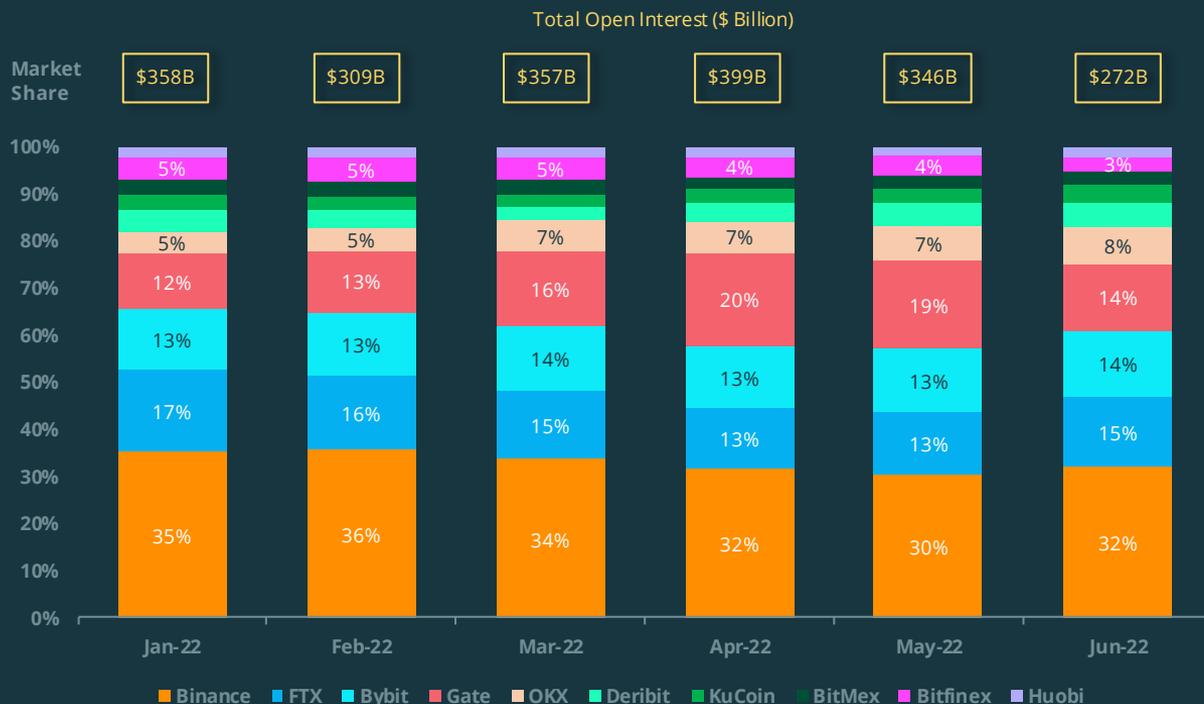
Monthly trading volume in Q2 2022 **has remained relatively stagnant at ~\$1 trillion, in line with volumes in Q1 2022**, despite the downward price action.

Gains made by OKX in terms of market share in the past quarter has now been reclaimed by Binance, who **controls 65% of the market**.

Q2 2022 Derivatives Exchanges – Bitcoin Perpetual Swaps Open Interest

Gate.io surged to ATH share of OI before eventually equalizing with FTX and Bybit

Aggregate Monthly Bitcoin Perpetual Open Interest Market Share (Jan – Jun 2022)



-1.7%

Top 10 Bitcoin Perpetual Swap Open Interest Decline in Q2 2022

Open interest (OI) across the top-10 derivatives exchanges **recorded a total of \$1.01 trillion** in Q2 2022.

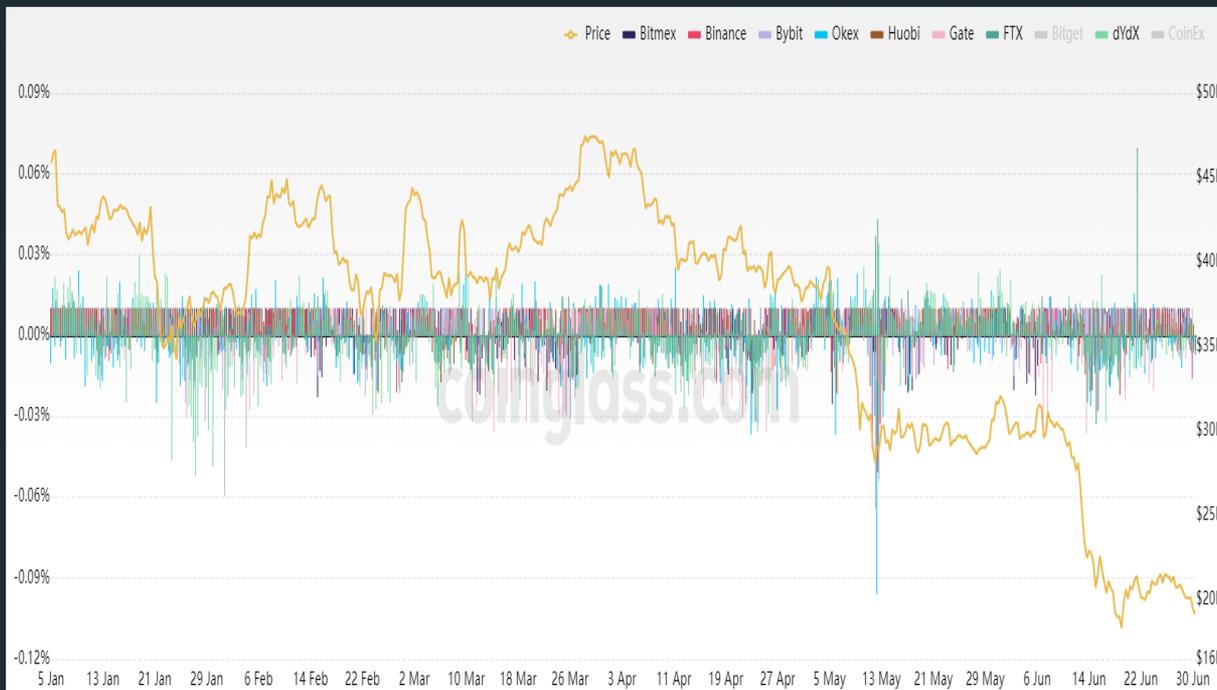
At the start of Q2, OI **reached \$398B in April, marking an ATH for the year**. However, open interest **declined for the next 2 months, dropping by \$172B (-56.9%)** from the peak to close out the quarter in June at \$272B.

At close to a third of the share of open interest, Binance is still **double the size of its closest** contenders, namely, Bybit, Gate.io, and FTX.

Q2 2022 Derivatives Exchanges – Bitcoin Perpetual Swaps Funding Rate

Once liquidated, twice shy – traders learn from choppy price action

8-Hour USD-Margined Bitcoin Perpetual Funding Rates (Jan – Jun 2022)



0.007% (+0.4 b.p.)

Weighted-Average Bitcoin Funding Rates as of 1st July 2022

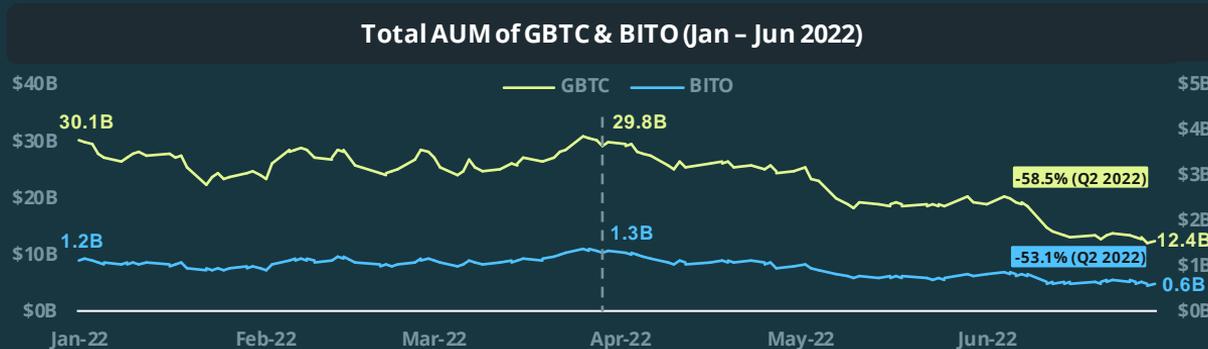
Compared to last quarter, **funding rates remained relatively neutral**, except for periods of high volatility, particularly during cascading liquidations.

After the **crash in May from \$39k to \$30k** negative funding rates spiked for a few days (reaching as low as -0.09 at one point) on OKX), before returning to neutral levels. The second crash from \$30k to \$20k in June saw **negative funding rates spike to the -0.03 ranges again**, but not nearly as high as May.

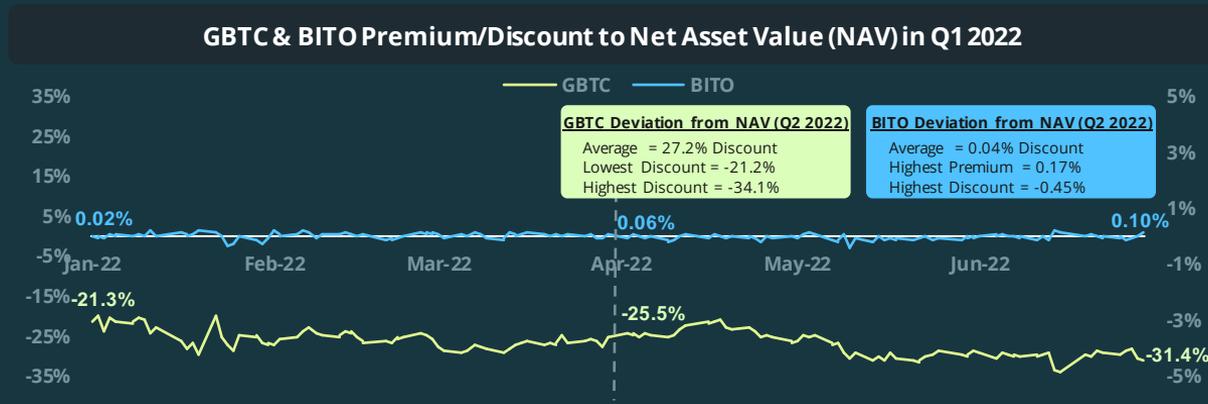
Choppy price action has probably turned traders off from speculation, leading to more conservative stances on Bitcoin's direction. The exception appears to be whales on dYdX in late June, where funding rates **spiked to +0.07** before the market shut down any hopes of a reversal once again after Bitcoin failed to break the \$22k resistance line.

Q2 2022 Performance of GBTC and \$BITO

AUMs of GBTC and BITO slide; SEC rejects GBTC's Bitcoin spot ETF application



The AUM of both GBTC and BITO unsurprisingly mirrored the price action of BTC in Q2, **registering a whopping -58.5% and -53.1% drop, respectively**. If it's any consolation, GBTC remains as the largest BTC investment vehicle despite having its AUM slashed by half to ~\$12.4B.



The same tragic story continued for GBTC as it perpetually traded at a **deep discount to its NAV throughout Q2, which is now at >30%**. Its share price has plummeted by >64%.

The hopium for better days was dashed as the **SEC rejected GBTC's BTC Spot ETF application**. All eyes are now on the legal battle to ensue as GBTC launched a lawsuit to challenge SEC's rejection.

The SEC's decision wasn't news as the agency has rejected dozens of similar applications, including applications from NYDIG, Fidelity, Wisdom Tree and more.

With competitors in place, BITO has been able to maintain a monopolistic dominance with >\$600M AUM, with SPBC being a distant second with only ~\$85M.



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