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Key Takeaways

- Ripple’s favorable ruling created a ripple effect across the industry as altcoins surged in the wake of the outcome. While BTC and ETH prices remain tight within a narrow trading range ahead of regulatory clarity regarding ETF applications, markets appear to focus on other coins to ride the positive momentum.

- Telegram bots have gained significant attention as the token prices of several projects surged. Notably, activity on Telegram bots has also broken previous highs, with daily trading volume on bots exceeding US$10M.

- Against the backdrop of rising interest rates, Treasury yields have steadily inched higher and exceed most stablecoin yields in the DeFi space today. The tokenized Treasury market has steadily grown in size and is worth over US$626M today.

- StarkNet was in the spotlight in July after surpassing US$100M in TVL and registering a max daily TPS of 6.49. The growth, credited to key developments including the deployment of Quantum Leap v0.12.0 and the introduction of StarkNet Stack, helped reinforce StarkNet’s position in the competitive L2 ecosystem.

- LayerZero drew attention by reaching over 42.8M total transactions and surpassing 50M cross-chain messages for the first time. With an increasing user base and transaction volume, the protocol’s growth continues to highlight the demand for cross-chain interoperability.
Crypto Market Performance

Following a period of bullish momentum, crypto markets have gradually lost steam as the major cryptocurrencies hang in anticipation of crypto-specific events for directional guidance. These include rulings on the Grayscale Bitcoin Trust (“GBTC”) conversion along with other ETF applications made in June. BTC and ETH remained range-bound as the initial hype gradually dissipated, with BTC between US$29,000 and US$31,000 and ETH between US$1,800 and US$1,900. Nonetheless, we note the uptick in activity across altcoins following the outcome of the U.S. Securities and Exchange Commission (“SEC”) case against Ripple. XRP largely benefited from the positive rulings, encouraging investors to position themselves for the upside with potential developments across the space.

**Figure 1: Monthly crypto market capitalization increased by 1.0% in July**

<table>
<thead>
<tr>
<th>Month</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>30.4</td>
<td>3.4</td>
<td>9.3</td>
<td>3.2</td>
<td>-6.0</td>
<td>3.3</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>-22.6</td>
<td>-0.3</td>
<td>25.3</td>
<td>-18.1</td>
<td>-25.2</td>
<td>-31.7</td>
<td>21.8</td>
<td>-11.4</td>
<td>-2.1</td>
<td>7.2</td>
<td>-18.0</td>
<td>-4.5</td>
</tr>
<tr>
<td>2021</td>
<td>33.9</td>
<td>39.6</td>
<td>31.1</td>
<td>11.4</td>
<td>-25.7</td>
<td>-5.9</td>
<td>12.5</td>
<td>25.2</td>
<td>-9.9</td>
<td>42.9</td>
<td>-1.0</td>
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<tr>
<td>2020</td>
<td>35.4</td>
<td>-5.5</td>
<td>-27.7</td>
<td>38.8</td>
<td>10.0</td>
<td>-4.5</td>
<td>25.9</td>
<td>13.7</td>
<td>-7.6</td>
<td>14.6</td>
<td>37.5</td>
<td>39.7</td>
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<tr>
<td>2019</td>
<td>-11.6</td>
<td>12.3</td>
<td>11.1</td>
<td>17.1</td>
<td>55.5</td>
<td>30.8</td>
<td>-22.5</td>
<td>-6.5</td>
<td>-13.7</td>
<td>14.8</td>
<td>-14.7</td>
<td>-7.9</td>
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<tr>
<td>2018</td>
<td>-10.2</td>
<td>-9.0</td>
<td>-42.9</td>
<td>67.9</td>
<td>-26.2</td>
<td>-23.4</td>
<td>18.1</td>
<td>-22.9</td>
<td>-1.7</td>
<td>-8.4</td>
<td>-32.1</td>
<td>-5.5</td>
</tr>
</tbody>
</table>

Source: CoinMarketCap
As of July 31, 2023

**Figure 2: Monthly price performance of the top 10 coins by market capitalization**

XRP
SOL
DOGE
SHIB
ADA
MATIC
BNB
DOT
ETH
BTC

Source: CoinMarketCap
As of July 31, 2023
In descending order of performance:

- A recent legal development has cleared the shroud of regulatory uncertainty surrounding XRP, as the token emerged as an explosive outperformer for July. The price rose by 47.4% on the back of a favorable ruling after a U.S. judge ruled that Ripple Lab’s sales of the token on public exchange to retail investors did not violate securities law. While the SEC may potentially appeal against the outcome, Ripple Lab’s Chief Legal Officer, Stuart Alderoty, has shrugged off these concerns and believes that it will “not only affirm but even amplify” Ripple’s victory.

- The resulting cheer from Ripple’s ruling was revered across the altcoin space, bringing up the prices of other tokens such as SOL and MATIC. In particular, SOL recorded a stunning 25.5% rise in price month-on-month (“MoM”) as the chain enjoyed a resurgence in its TVL, increasing by a noticeable 20.2%.

- Memecoin DOGE surged over 17% as Elon Musk rebranded Twitter to X and quietly added the Dogecoin Ð symbol to his X account. This comes as the world’s richest man intends to turn the popular social media application (once called Twitter) into a platform for payments. This sparked optimism among investors as speculative activity surged around his favorite coin, DOGE.

- Unsurprisingly, following a consistent month of positive performance, BTC and ETH declined marginally relative to the market. This comes as investors brace for the upcoming decisions regarding the applications for a U.S. spot Bitcoin ETF.
2.1 Decentralized Finance ("DeFi")

DeFi markets fell by 7.7% MoM to US$40.8B. Ethereum (56.0%), Tron (14.2%), and BNB Chain (8.2%) retained the top spots as the composition remained generally unchanged.

Figure 3: TVL share of top blockchains

Overall, TVL in DeFi has shed significant value over the year, as TVL on Ethereum fell by 12.0% to US$22.9B. In particular, Curve’s US$70M exploitation from reentrancy vulnerabilities exerted a contagion effect on protocols that rely on its liquidity; Curve’s TVL fell by 56.6% MoM, while Convex Finance declined by 58.2% in the same period. Yet, we noticed growth in Optimism’s TVL by 9.4% to US$878M, as the daily transaction activity hit an all-time high of 887,605 on July 25. It overtook Arbitrum for the first time since January 2023. This could be attributed to the highly anticipated launch of Worldcoin on the Optimism mainnet. Elsewhere, early July was rocked by the incidents on the Multichain bridge as it was exploited to send nearly US$130M to an "unknown address abnormally." Given Fantom’s relatively large composition of assets issued by Multichain, this shook investor confidence as the chain’s TVL plummeted to below US$65M for the month.
NFT trading volume continued to tumble through the year, reaching an all-time low for both 2022 and 2023. This comes as Nansen’s NFT-500 index extended its decline to -49% for 2023. In particular, the Blue-Chip-10 index, consisting of collections such as Bored Ape Yacht Club (“BAYC”) NFTs, dipped 43% on a year-to-date (“YTD”) basis. In contrast with the overall rise in the cryptocurrency market cap, this divergence evidently reveals an underperformance in the NFT sector.
Crypto Telegram bots allow users to easily automate and execute on-chain activities. Common features include trading, sniping, airdrop farming, and other analytic tools. By simplifying the user experience, Telegram bots have made engaging with crypto-related activities easier and more seamless for users. Proponents of Telegram bots believe that bots could potentially help onboard the next wave of users into crypto.

Interest in Telegram bots has increased in recent weeks as the token prices of Telegram bots spiked. Notably, activity on Telegram bots has also broken previous highs, with daily trading volume on bots exceeding US$10M on July 23, 2023. The actual volume is likely higher, as not all data is readily available.

Nonetheless, it is important to recognize that interacting with Telegram bots is not without risks. Given that bots have access to private keys, the security of tokens may be compromised in the case of any exploits. The old adage comes to mind: “Not your keys, not your crypto.”

Check out our recent report, Telegram Bots: Exploring the Landscape, for more details.
Real-World Assets Continue Gaining Traction

Figure 6: The tokenized U.S. Treasury market has exceeded US$626M in value

As of July 31, 2023

As the term suggests, real-world assets ("RWAs") represent tangible and intangible assets in the physical world (e.g., real estate, bonds, commodities, etc.). The tokenization of RWAs allows us to bring these off-chain assets onto the blockchain, thereby opening a new realm of possibilities regarding composability and potential use cases.

A bright spot within the RWA space in recent months has been tokenized U.S. Treasurys, which refers to sovereign debt issued by the U.S. government. Against the backdrop of rising interest rates, Treasury yields have steadily inched higher and exceed most stablecoin yields in the DeFi space today. Demonstrating the utility of RWAs, investors today can take advantage of real-world yields by investing in tokenized Treasurys without leaving the blockchain.

In fact, the tokenized Treasury market is worth over US$626M today, meaning that investors are effectively lending that amount to the U.S. government at around 4.2% APY.

There are numerous protocols that are participating in the RWA space. For more details, refer to our latest report, Real-World Assets: State of the Market.
StarkNet Takes the Layer-2 Spotlight

Figure 7: StarkNet TVL surpassed US$100M for the first time in July, ending the month with a 42.8% MoM increase

StarkNet, an L2 zkEVM solution, marked a notable achievement by exceeding US$100M in TVL for the first time, peaking at US$121.8M, and concluding the month with a 42.8% MoM increase. In addition to this positive trend, StarkNet also achieved a record-breaking daily transactions per second (“TPS”) of 6.49.

The notable surge in growth can be credited to a series of significant developments, starting with the successful deployment of StarkNet’s Quantum Leap part 1: v0.12.0 on July 12 earlier this month. Amidst an eventful month, StarkNet has also unveiled their upcoming v0.12.1, aimed at providing users with a more seamless and user-friendly experience when interacting with StarkNet. Looking ahead, the team has introduced StarkNet Stack, a collection of software tools that will empower developers to create their own customized L2 chains, unlocking the potential for appchains that are optimized for specific applications.

With ongoing plans for more throughput and latency improvements as outlined in its roadmap, StarkNet is solidifying its position in the increasingly competitive L2 ecosystem.

Source: Dune Analytics (@tk-research)
As of July 31, 2023
LayerZero Reaches a Key Milestone

Figure 8: LayerZero continued to gain momentum in July, accumulating over 42.8M in total transactions

Source: Dune Analytics (@springzhang)
As of July 31, 2023

LayerZero is an omnichain interoperability protocol that enables cross-chain communication and seamless transfer of data between multiple blockchains.

This month saw LayerZero achieve a significant milestone as the protocol surpassed 50M cross-chain messages. This achievement is accompanied by a remarkable growth in daily transactions and active users, averaging over 454K daily transactions and more than 185K daily active users. The platform’s total unique user base now exceeds 2.7M as well.

This continuous growth signifies the demand for liquidity transfers between chains and cross-chain token swaps. It’s important to note that while some of these transactions may be organic, the potential of an airdrop has played a role in driving some of the consistent volume seen on LayerZero. As a result, while this increased activity may persist in the interim, it remains to be seen if such activity levels will be sustained once the speculation subsides.
In this section, we have summarized notable events and upcoming token unlocks for the month. We hope this will be helpful for you to monitor key developments in the space and keep track of unlock events.

**Figure 9: Notable events in August 2023**

- **1 August**: Lido discontinues support for Polkadot and Kusama
- **5 August**: Litecoin Halving
- **9 August**: Official Launch of Base Mainnet
- **22 August**: Istanbul Blockchain Week (22 - 23 Aug)
- **13 August**: ETH Toronto (13 - 16 Aug)
- **11 August**: ETH Munich (11 - 13 Aug)

**Figure 10: Largest token unlocks in US$ terms**

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>TOKEN</th>
<th>UNLOCK IN US$ EQUIVALENT</th>
<th>% OF SUPPLY</th>
<th>UNLOCK DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAND</td>
<td>SAND</td>
<td>$142.2M</td>
<td>17.19%</td>
<td>14 Aug</td>
</tr>
<tr>
<td>AVALANCHE</td>
<td>SAVAX</td>
<td>$122.7M</td>
<td>2.76%</td>
<td>26 Aug</td>
</tr>
<tr>
<td>Optimism</td>
<td>SOP</td>
<td>$99.7M</td>
<td>3.37%</td>
<td>30 Aug</td>
</tr>
<tr>
<td>APTOS</td>
<td>$APT</td>
<td>$32.6M</td>
<td>2.09%</td>
<td>12 Aug</td>
</tr>
<tr>
<td>ApeCoin</td>
<td>SAPE</td>
<td>$29.0M</td>
<td>4.23%</td>
<td>17 Aug</td>
</tr>
<tr>
<td>INJUNCTIVE</td>
<td>$INU</td>
<td>$22.6M</td>
<td>3.41%</td>
<td>22 Aug</td>
</tr>
<tr>
<td>sui</td>
<td>$SUI</td>
<td>$21.9M</td>
<td>5.29%</td>
<td>3 Aug</td>
</tr>
<tr>
<td>LIDO</td>
<td>$LDO</td>
<td>$15.7M</td>
<td>0.97%</td>
<td>26 Aug</td>
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<tr>
<td>dYdX</td>
<td>$DYDX</td>
<td>$13.8M</td>
<td>3.81%</td>
<td>1 Aug</td>
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<tr>
<td>ImmutableX</td>
<td>SMX</td>
<td>$13.8M</td>
<td>55.67%</td>
<td>12 Aug</td>
</tr>
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</table>

Source: TokenUnlocks, Binance Research
References

https://defillama.com/
https://coinmarketcap.com/
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https://token.unlocks.app/
https://dune.com/
https://www.theblock.pro/
https://l2beat.com/
New Binance Research Reports

**Telegram Bots: Exploring the Landscape**
An overview of the Telegram Bots landscape

**Navigating DeFi Derivatives**
A closer look at the DeFi Derivatives market

**Q2 State of Crypto: Market Pulse**
A compilation of key charts and insights on the market

**Half-Year Report 2023**
A crypto-centric review of the first half of 2023
About Binance Research

Binance Research is the research arm of Binance, the world’s leading cryptocurrency exchange. The team is committed to delivering objective, independent, and comprehensive analysis and aims to be the thought leader in the crypto space. Our analysts publish insightful thought pieces regularly on research topics, including but not limited to the crypto ecosystem, blockchain technologies, and the latest market themes.

Jie Xuan Chua
Macro Researcher

Jie Xuan (“JX”) is currently working for Binance as a Macro Researcher. Prior to joining Binance, he worked as a Global Investment Specialist with J.P. Morgan and had prior Equity Research experience at various fund houses. JX is a CFA charterholder. He has been involved in the cryptocurrency space since 2017.

Moulik Nagesh
Macro Researcher

Moulik is a Macro Researcher at Binance, having been involved in the cryptocurrency space since 2017. Prior to joining Binance, he had experience spanning cross-functional roles in Web3 and Silicon Valley-based tech companies. With a background in co-founding start-ups and a BSc in Economics from the London School of Economics & Political Science (“LSE”), Moulik brings a comprehensive perspective to the industry.
Colin Chan
Macro Research Intern

Colin is currently an intern with Binance on the Macro Research team. Prior to joining Binance, he interned as a Trader with Genesis Global Trading. Additionally, Colin has had experience as a data analyst, spending time with Paypal’s Enterprise Architecture Team and Graticule Asset Management Asia’s Digital Assets Team. He was also a Solidity developer at Morpheus Labs. Colin is currently an undergraduate at the National University of Singapore, where he is studying Business and Computing (Information Systems). His interests primarily lie in DeFi and quantitative analysis.
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