Web3.0 Biweekly

23 September 2022 | AMTD Research

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Ethereum successfully transitions to Proof of Stake

- **Ethereum's Merge successfully completed on September 15** and is now Proof of Stake.

- While many have said that Ethereum will be deflationary after the Merge, total supply has grown at a ~0.2% annualized rate thus far. However, the simulated inflation rate if Ethereum were still in Proof of Work, the supply will be ~3.8% per annum over the same period.

- The transition cut Ethereum's energy usage by 99.99% by some estimates.
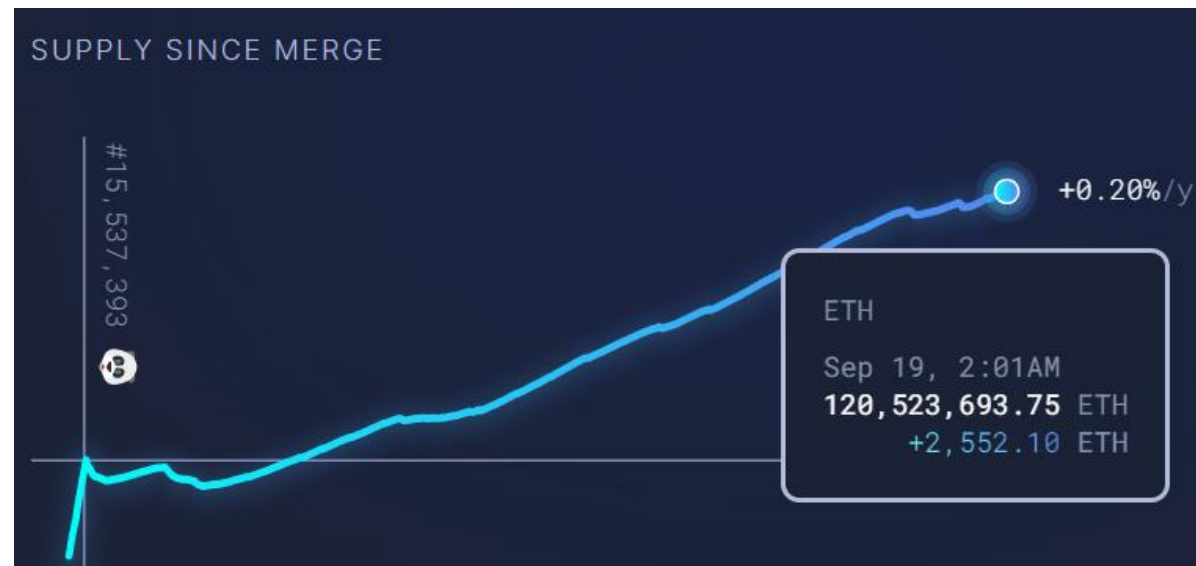
SUPPLY SINCE MERGE

#15,537,393

+0.20%/y

ETH
Sep 19, 2:01AM
120,523,693.75 ETH
+2,552.10 ETH

Source: Ultrasound.money

Contents

Market Performance

Summary

1. **Prices**
   - **One-Year Price Recap**

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     - All major tokens retraced, following global markets after release of inflation data and anticipation of Fed meeting
     - XRP outperformed with reports on the SEC lawsuit supposedly being expedited
   - **Protocol Price Recap** (8 September – 21 September 2022)
     - CAKE outperformed, aided by comparatively less weekly TVL decline as well as less drop in BNB price among major tokens.
     - YGG led losses as most major tokens followed wider market decline, plus an upcoming token unlock equivalent to ~13% of outstanding supply

2. **Valuation**
   - Market Cap to Active Addresses – ETH's price rally driven more by multiple expansion than network usage

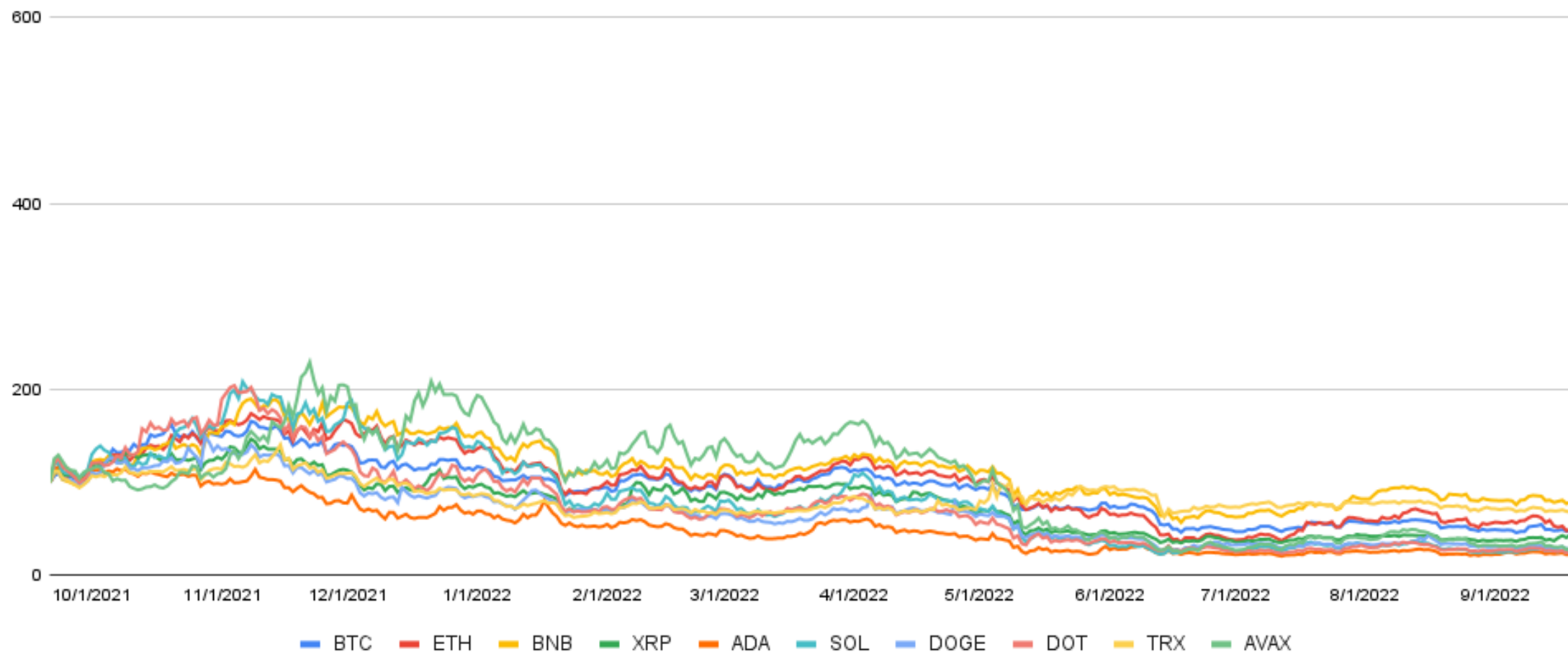3. **Exchange Flows**
   - Bitcoin - exchange balance increases amid market selloff
   - Ethereum - net exchange position change spikes after Merge completes, selling pressure increases
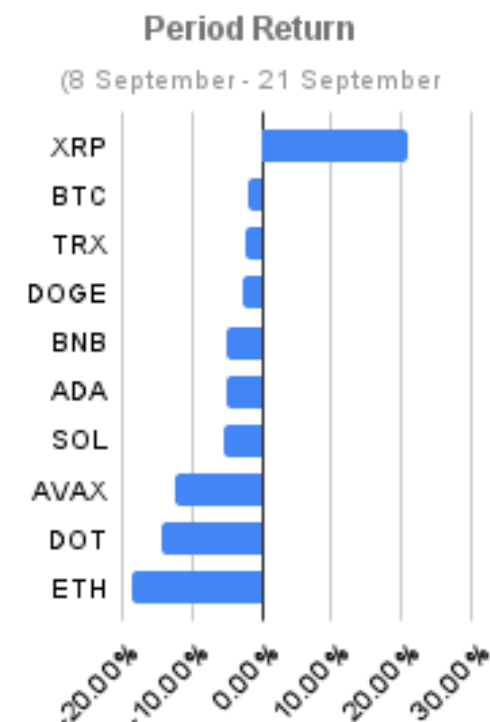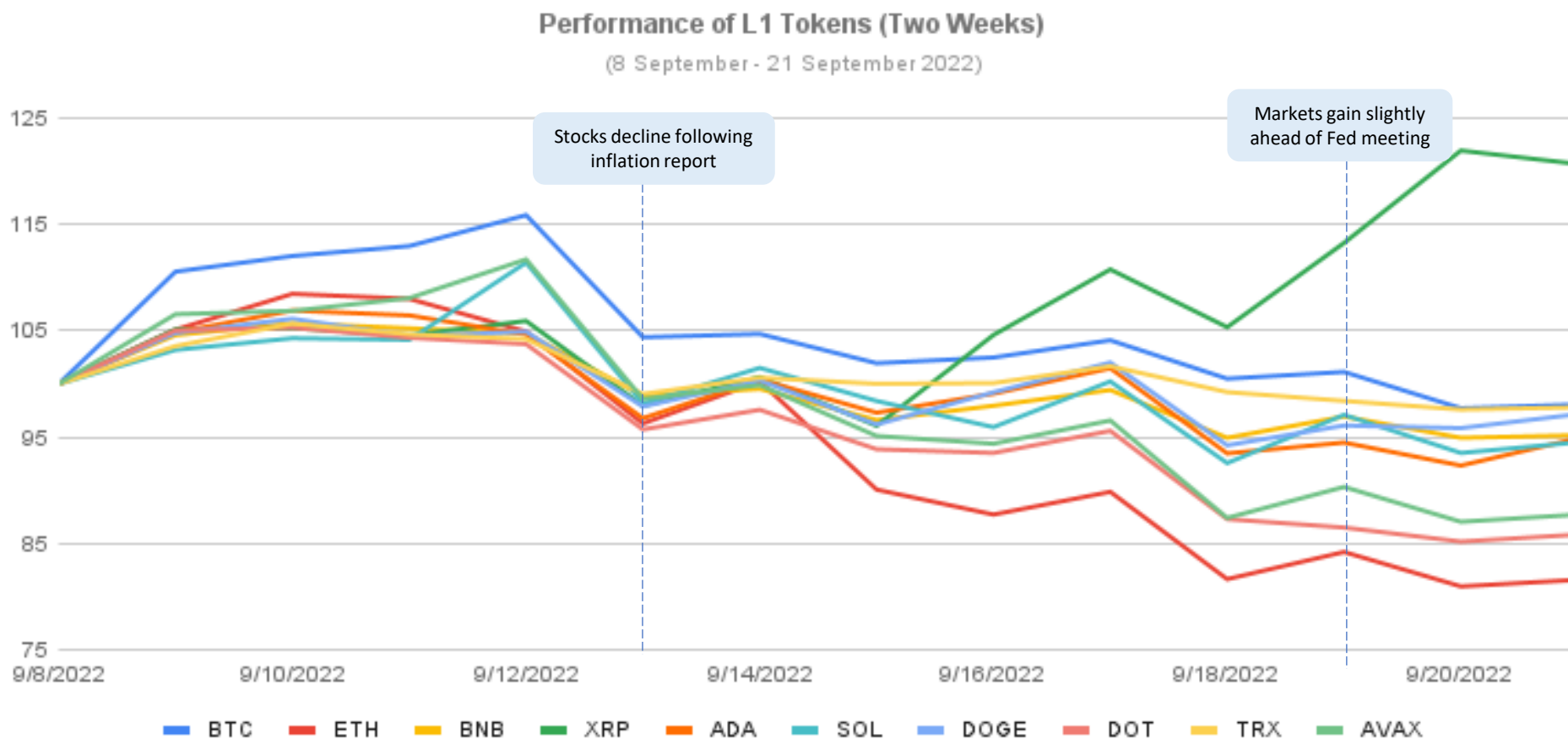
One-Year Layer-1 Price Recap

Performance of Top-Ranking Crypto (One Year)
(21 September 2021 = 100)

Legend: BTC, ETH, BNB, XRP, ADA, SOL, DOGE, DOT, TRX, AVAX

Source: CryptoCompare, AMTD Research

Layer-1 Price Recap (8 September – 21 September 2022)

- All major tokens retraced, following global markets after release of inflation data and anticipation of Fed meeting
- **XRP** outperformed with reports on the SEC lawsuit supposedly being expedited

Performance of L1 Tokens (Two Weeks)

(8 September - 21 September 2022)

Stocks decline following inflation report

Markets gain slightly ahead of Fed meeting

Period Return

(8 September - 21 September

Legend: BTC ETH BNB XRP ADA SOL DOGE DOT TRX AVAX

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Source: CryptoCompare, AMTD Research

Protocol Price Recap (8 September – 21 September 2022)

- **CAKE** outperformed, aided by comparatively less weekly TVL decline as well as less drop in BNB price among major tokens.
- **YGG** led losses as most major tokens followed wider market decline, plus an upcoming token unlock equivalent to ~13% of outstanding supply

Performance of Protocol Coins (Two Weeks)
(8 September - 21 September 2022)

Period Return
(8 September - 21 September 2022)

Source: CryptoCompare, AMTD Research

Valuation – BTC and ETH Market Cap to Active Addresses

Market cap to active addresses (USD)

		BTC	ETH
Valuation Multiple			
2017-2018 Run		2.2x	7.1x
2020-2022 Run		5.6x	13.4x
Network Usage			
2017-2018 Run		1.3x	7.0x
2020-2022 Run		1.5x	2.8x

- Ethereum's price rally (30x+) in the 2020-2022 cycle was driven more by valuation multiple expansion (13x) than network activity increase (3x).

- The market cap to active address for ETH dropped sharply after the Merge completed.

Note: As of 21 September 2022

Source: Glassnode, CoinGecko, AMTD Research

Bitcoin – exchange balance increases amid market selloff

Bitcoin: Exchange Net Position Change [BTC] - All Exchanges

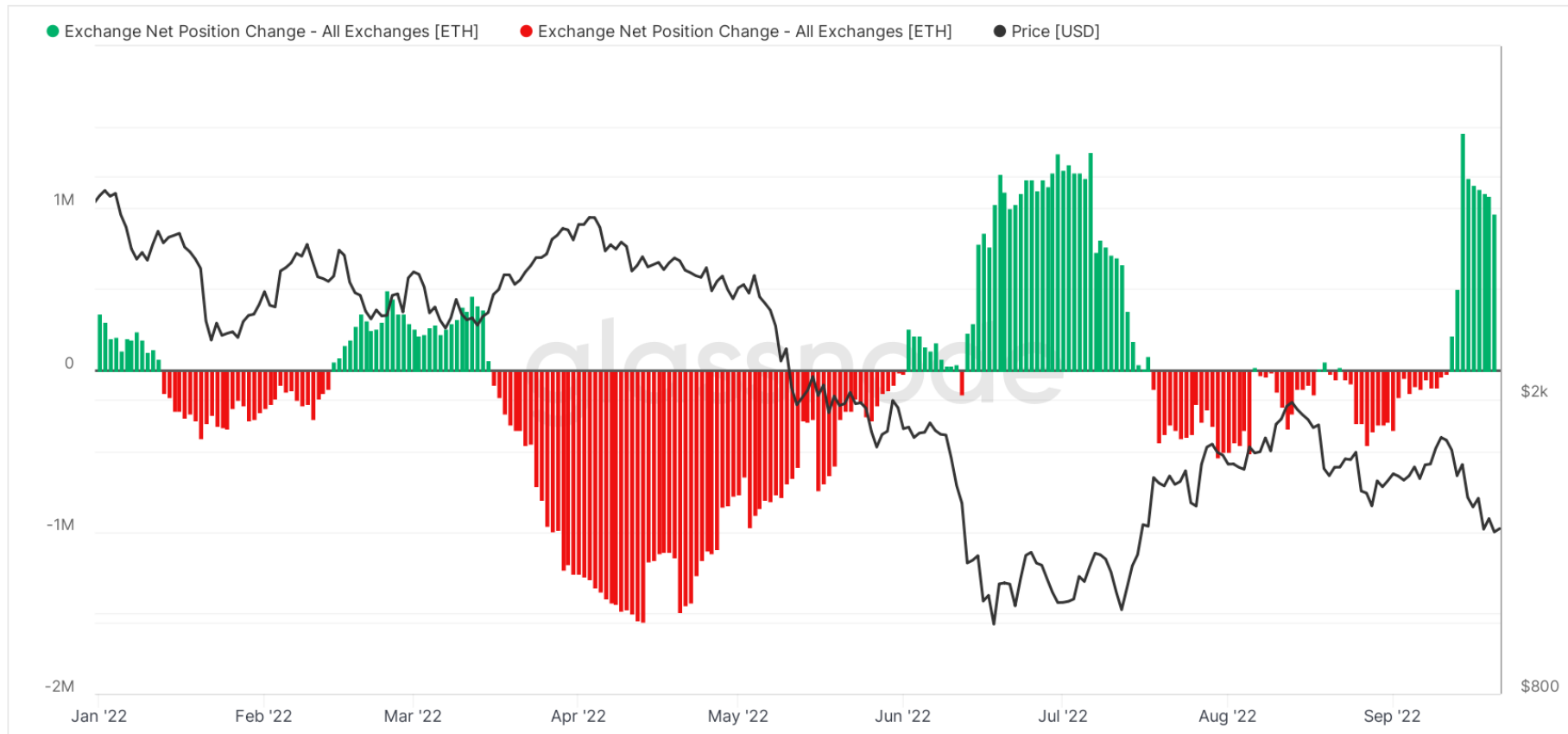● Exchange Net Position Change - All Exchanges [BTC]   ● Exchange Net Position Change - All Exchanges [BTC]   ● Price [USD]

glassnode

Source: Glassnode

Ethereum – net exchange position change spikes after Merge completes, selling pressure increases

Ethereum: Exchange Net Position Change [ETH] - All Exchanges
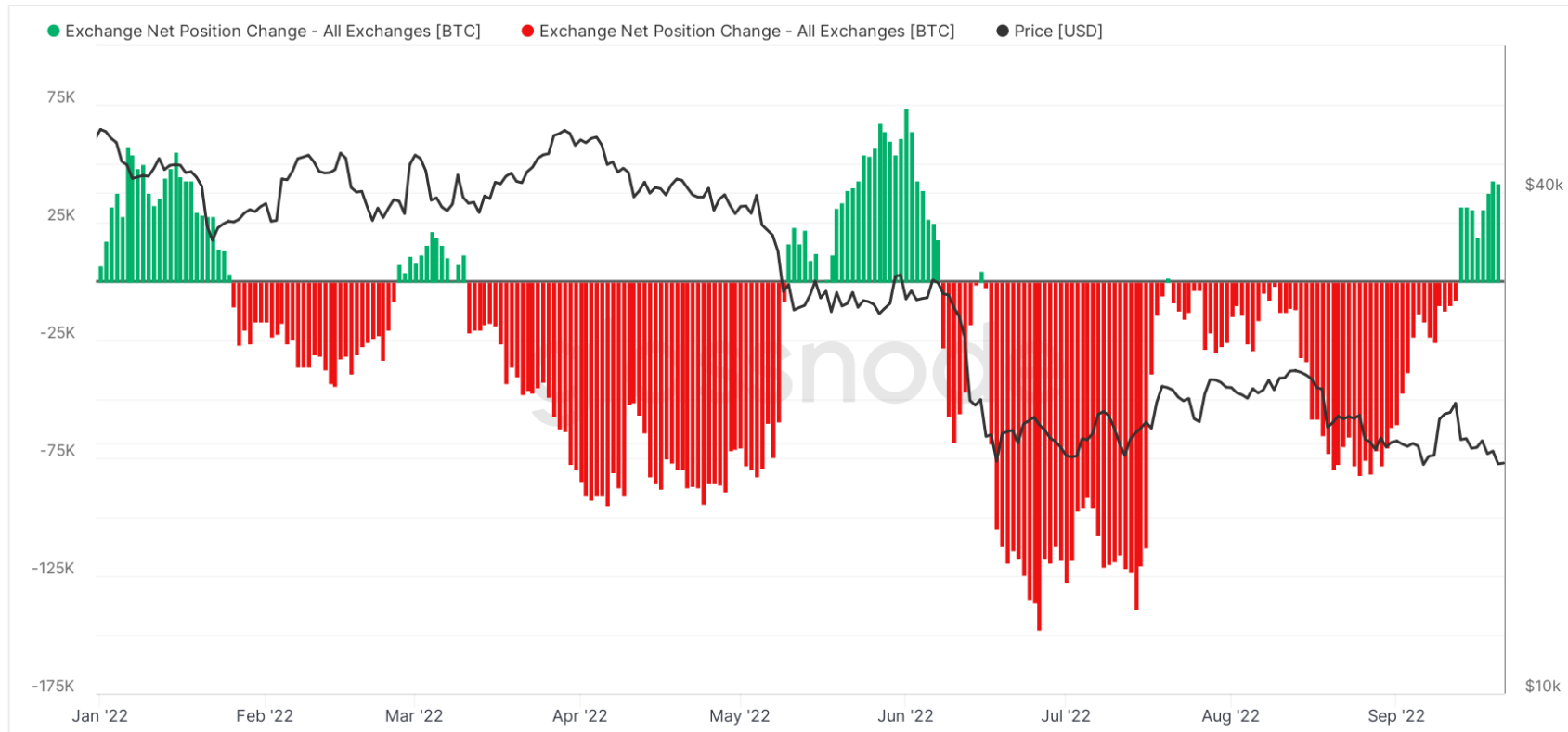
© 2022 Glassnode. All Rights Reserved.

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Source: Glassnode
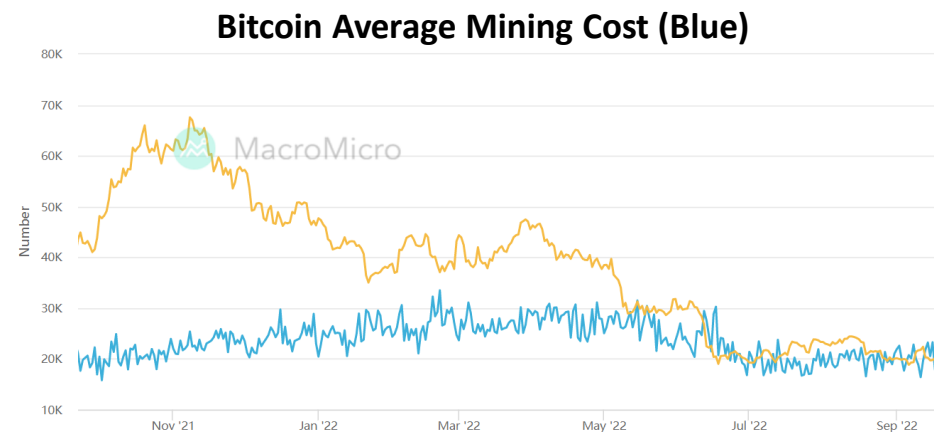
Layer-1 Blockchains

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Layer-1 Summary (8 September – 21 September 2022)

1. **Bitcoin (2W: -1.6%)/(YTD: -60.2%)**
   Hash rate and difficulty climbs

2. **Ethereum (2W: -18.0%)/(YTD: -64.4%)**
   We are now Proof of Stake!

3. **Other Proof of Work Chains**
   Hash rate spikes after Merge

4. **News and Headlines**

Bitcoin – Hash rate and difficulty climbs

Bitcoin Network Hash Rate (7DMA)
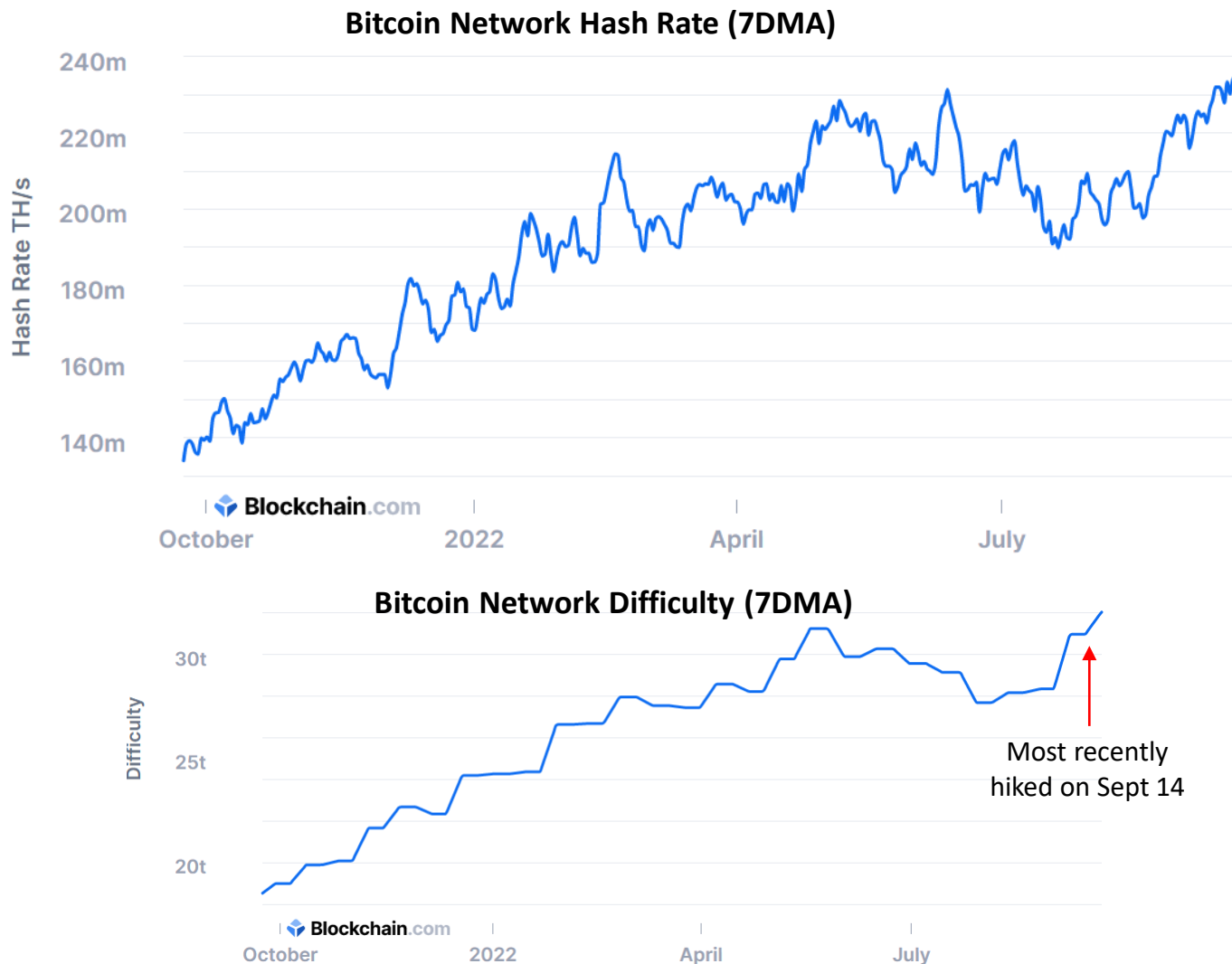
- Bitcoin's network hash rate has steadily climbed back up since mid-August's lows of ~198 TH/s.

- Mining difficulty was also reflective of the increase in hash rate, with a steep climb since September.

- But average mining costs for Bitcoin has remained relatively level since July, with each coin mined a slight profit or loss depending on the day.

- Ethereum's Merge impact on Bitcoin mining is unclear, given that mining algorithms are different and thus equipment may not be transferable.

Bitcoin Network Difficulty (7DMA)

Most recently hiked on Sept 14

Bitcoin Average Mining Cost (Blue)

Source: Blockchain.com, MacroMicro

Ethereum – We are now Proof of Stake!

- **Ethereum has successfully transitioned to Proof of Stake** after the highly anticipated Merge occurred without any hiccups.

- Ethereum briefly became deflationary as supply dropped ~250ETH, but has resumed upward trajectory currently with ~2,500ETH increase in supply so far.

- The transition cut Ethereum's energy use by 99.988% and carbon-dioxide emissions by 99.992%, according to Crypto Carbon Ratings Institute (CCRI). Furthermore, the Merge has reduced worldwide electricity consumption by 0.2%, according to Ethereum researcher Justin Drake. But it is unclear whether this accounts for the partial migration of miners to other PoW coins, e.g., Ethereum Classic.

- Ethereum PoW, the Ethereum PoW fork after the Merge, had a rough start and has declined nearly 91% after reported errors to access the ETHPoW network.

- There has also been some discussion regarding Ethereum's early signs of network consolidation, a potentially worrisome trend since PoS was hailed as a way to reduce centralization. Lido and Coinbase are key entities with 27.5% and 14.5% of total stake, though Lido could be said to be a collective of individual stakers that could be different.

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Source: CoinDesk. @VitalikButerin, @koeppelmann, Ultrasound.money
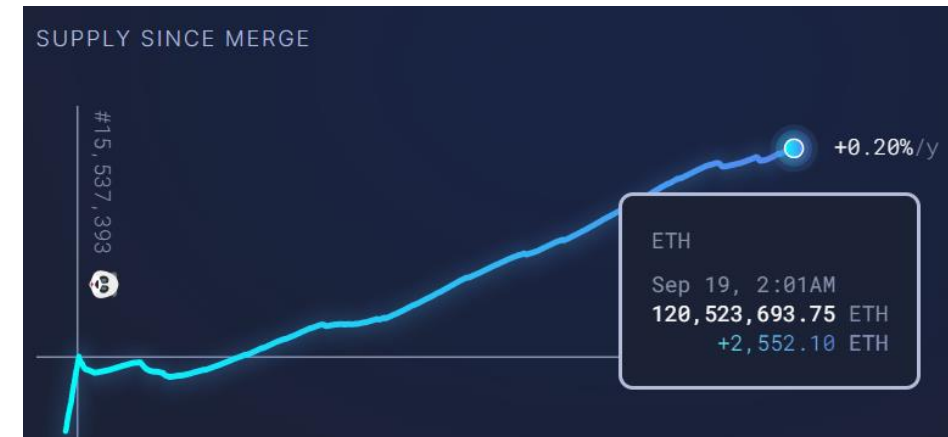
Other Proof of Work Chains – Hash rate spikes after Merge

- Ethereum's Merge has made miners obsolete, and therefore miners have shifted resources to other PoW chains, such as Ethereum Classic and Ravencoin.

- Ethereum Classic hash rate is now over triple of pre-Merge, from ~60 TH/s to 210 TH/s though it has retraced slightly from peak of almost 310 TH/s. Meanwhile, ETC price has declined ~23% week-on-week, as a result of increased mining rewards on the network.

- Hash rate on EthereumPoW, the PoW fork emerging from the Merge, is now ~25% above the beginning at 35 Th/s, but down from ~80 TH/s as miners realized the minimal profit received when mining on the network.

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Source: CoinDesk. @VitalikButerin, @koeppelmann, Ultrasound.money
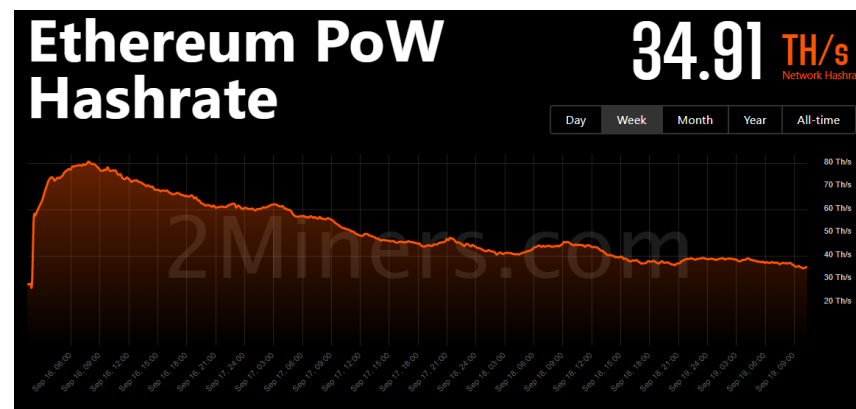
News & Headlines

FTX Plans to Raise Capital to Fund Acquisitions
FTX is apparently raising capital as it is evaluating several takeover candidates, according to reports. Should the negotiations fall through, which include companies operating retail-trading platforms, FTX will be less likely to raise money. [CoinDesk]

NEAR Reveals US$100m VC Fund
The NEAR Foundation is introducing a US$100m venture capital fund in partnership with Caerus Ventures for series A investments to help catalyze innovations in web3 with a focus in sports, music, film, fashion, and art. [CoinDesk]

Charles Schwab, Citadel, Fidelity, and Other Start Crypto Exchange
Wall Street players Charles Schwab, Citadel Securities, Fidelity Digital Assets, Virtu Financial, Sequoia Capital, and Paradigm announced the launch of EDX Markets, a digital asset exchange through trusted intermediaries. [BusinessWire]

Huobi to Delist Seven Privacy Coins
Huobi announced that it would delist seven privacy tokens, such as Monero and Zcash, from its spot and futures market amid increased regulatory scrutiny of such tokens. [Huobi[

Snap Shutters Web3 Team in Restructuring
Snap Inc is reportedly shutting its web3 team amid a company-wide restructuring effort to cut staff by 20% after its 2Q results missed analyst estimates. However, the company will still focus on AR initiatives as one of the three key areas of the company's development. [The Block]

Wintermute's DeFi Operations Gets Hacked
Wintermute CEO Evgeny Gaevoy tweeted that its DeFi operations has been hacked for about US$160m, and its CeFi and OTC operations are unaffected. Gaevoy reiterates that Wintermute remains solvent and is open for a white hat bounty. [@EvgenyGaevoy]

KKR Makes Part of Fund Available on Avalanche
Private equity firm KKR has made its Health Care Strategic Growth Fund available on the Avalanche blockchain. It is working with digital-asset management platform Securitize Capital to onboard new investors, who can invest through a tokenized feeder fund on Avalanche. [CoinDesk]

Bitcoin Mining Pool Poolin Confirms Liquidity Troubles
Poolin, one of the world's largest Bitcoin mining pools, has confirmed that it is facing liquidity issues while assuring users their funds are safe. A week later, Poolin Wallet announced that It would issue IOU tokens to impacted users after it froze withdrawals. [CoinDesk]

Stablecoins

Stablecoins Summary (8 September – 21 September)

1. **Centralized Stablecoins**
   Binance to convert USDC, USDP, and TUSD deposits to BUSD

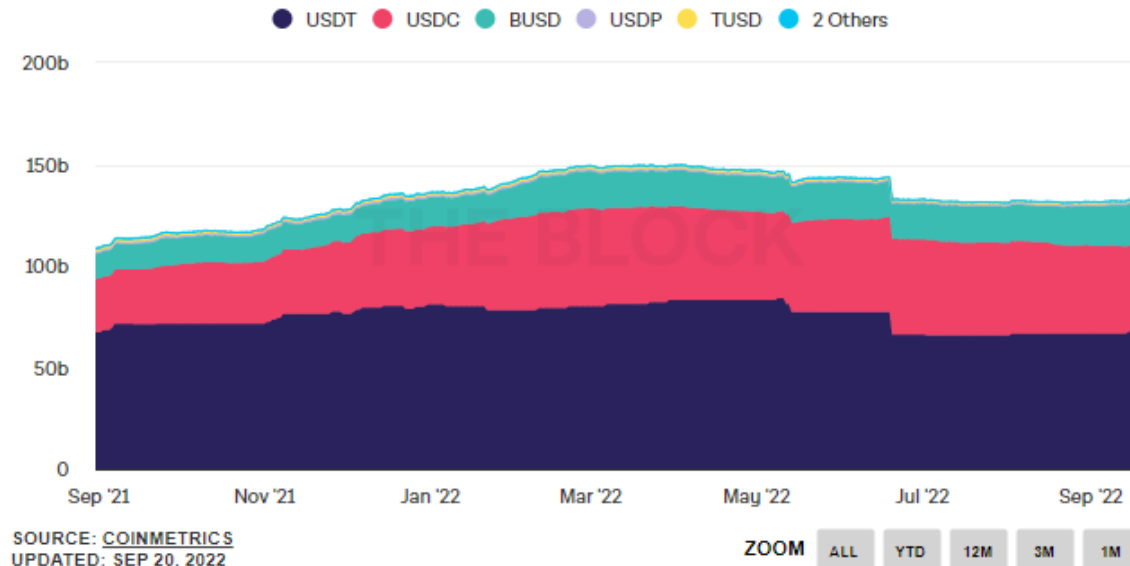2. **Decentralized Stablecoins**
   MakerDAO proposal to invest 1.6b USDC into Coinbase for yield

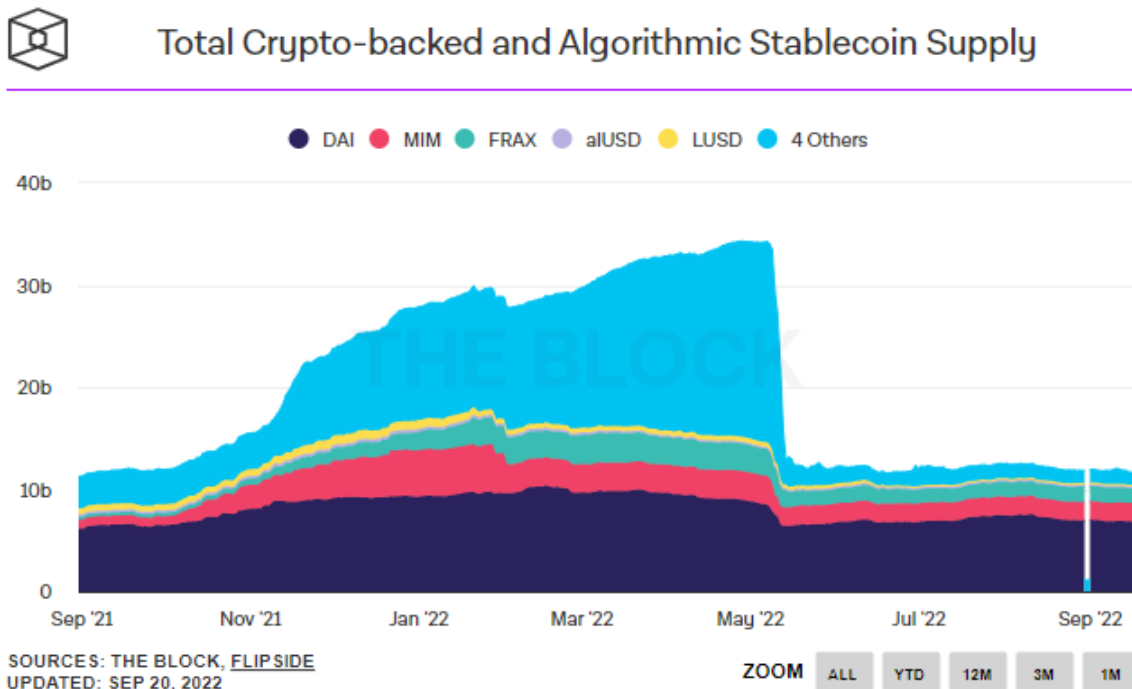# Centralized Stablecoin Updates – Binance to convert USDC, USDP, and TUSD deposits to BUSD

- In the past two weeks:
    - Total stablecoin supply and centralized stablecoin supply was nearly unchanged at US$143.5b (0.0%) and US$132.8b (1%) respectively.
    - USDT supply gained 1.5% to 67.6b, offset by USDC decline of 2.8% to 42.1b.
- Binance announced that it will convert customer deposits in USDC, USDP and TSUD into BUSD. It will subsequently remove spot, future, and margin trading for USDC, USDP, and TUSD pairs.
    - While the move garnered heated discussion early on, the forced conversion is akin to what FTX is currently doing by grouping all USD stablecoins into just "USD," which will help to enhance liquidity and capital efficiency for users.
    - CEO of Circle Jeremy Allaire has stated that this move would likely increase USDC flows into Binance, since it would be easier and more attractive to move USDC to/from Binance given the new consolidated order books.

Total Fiat-backed Stablecoin Supply

● USDT ● USDC ● BUSD ● USDP ● TUSD ● 2 Others

200b
150b
100b
50b
0

Sep '21 Nov '21 Jan '22 Mar '22 May '22 Jul '22 Sep '22

SOURCE: COINMETRICS
UPDATED: SEP 20, 2022

ZOOM ALL YTD 12M 3M 1M

Source: TechCrunch, @jerallaire, The Block

Decentralized Stablecoin Updates – MakerDAO proposal to invest 1.6b USDC into Coinbase for yield

Total Crypto-backed and Algorithmic Stablecoin Supply

DAI · MIM · FRAX · aIUSD · LUSD · 4 Others

SOURCES: THE BLOCK, FLIPSIDE
UPDATED: SEP 20, 2022

ZOOM ALL YTD 12M 3M 1M

- Coinbase submitted a proposal to transfer ~1.6b of the USDC in the Peg Stability Module (PSM) into Coinbase Prime custody to earn USDC rewards.

- The proposal suggests that, at current state, Maker is largely exposed to USDC but earns no reward for holding it. By investing the USDC into Coinbase Prime, Maker will be able to earn up to 1.5% APY (or ~24m per year).

- Supporters argue that the proposal merely carries forward a long-standing partner relationship with Coinbase/Circle, and will allow MakerDAO to earn yield while still holding USDC.

- But some have criticized it, saying this increases risks since it adds another layer of centralized corporate custody in the already high exposure to USDC. Coinbase has clarified that assets held in Custody accounts are segregated and named on behalf of the client owner.

A vote for this proposal is a vote to place the entire fate of DAI and MKR in the hands of Coinbase, a publicly-traded corporation that does *not* have aligned interests with the not-so-decentralized MakerDAO.

👆 If that's what you want… then honestly… why are you even here?

Source: The Block, MakerDAO

DeFi

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DeFi Summary (8 September – 21 September 2022)

1. TVL by Chain
- TVL falls by nearly 8% with decline in token prices, reflecting market sentiment ahead of Fed meet

2. TVL by Protocol
- Ethereum TVL dropped 9.5% as Ethereum prices fell after successful Merge
- Polygon TVL declined 19.5%, with nearly all major dexes facing double-digit percentage declines MoM
- Solana TVL fell 9.7%, dragged by large protocols such as Raydium and Marinade Finance

3. DeFi Revenue
- 180-day revenue for OpenSea finally below US$1b as volume fails to recover amid a prolonged NFT market downturn and increased competition.

4. DeFi Valuation – Uniswap and Curve relatively overvalued based on P/TVL and P/Revenue respectively

5. Top DEX Pools
- Yields rise across the board as token prices decline, liquidity stagnates

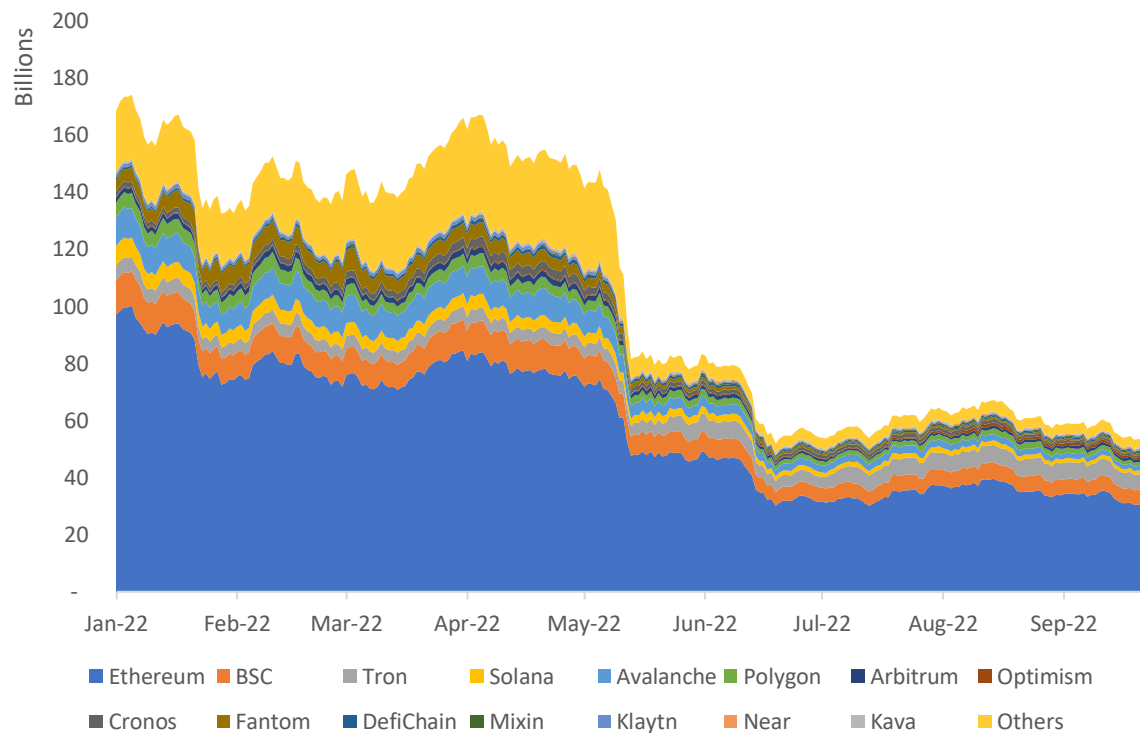**6. Top Pools in terms of TVL/APY - Yield Farming**
- APYs continue to gain as crypto prices decline
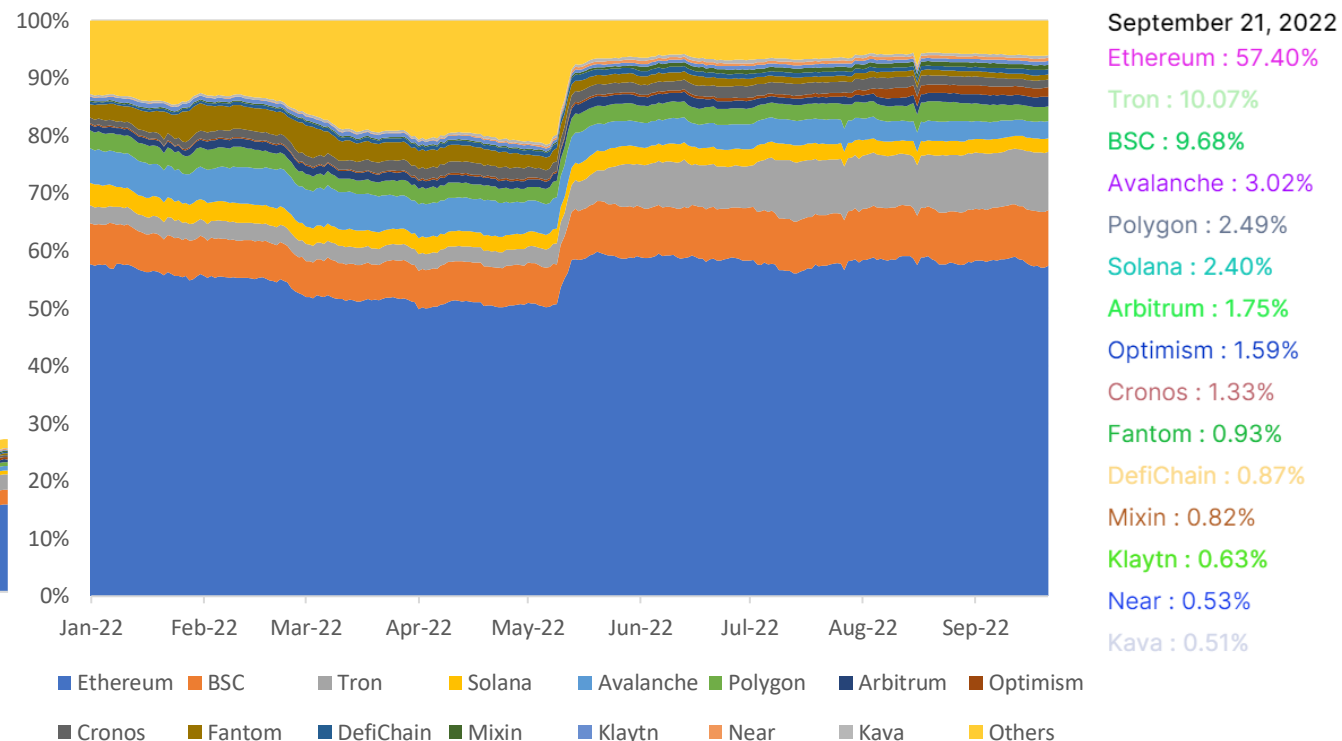
7. Noteworthy DeFi Protocols
- **Helium** proposes shift to Solana
- **Sudoswap** governance token airdrop
- **Profanity** tool vulnerability led to Wintermute US$160m hack

TVL Overview by Chain – TVL falls by nearly 8% with decline in token prices, reflecting market sentiment ahead of Fed meet

TVL Trend by Chain

Ethereum | BSC | Tron | Solana | Avalanche | Polygon | Arbitrum | Optimism
Cronos | Fantom | DefiChain | Mixin | Klaytn | Near | Kava | Others

TVL Breakadown by Chain

Ethereum | BSC | Tron | Solana | Avalanche | Polygon | Arbitrum | Optimism
Cronos | Fantom | DefiChain | Mixin | Klaytn | Near | Kava | Others

September 21, 2022
Ethereum : 57.40%
Tron : 10.07%
BSC : 9.68%
Avalanche : 3.02%
Polygon : 2.49%
Solana : 2.40%
Arbitrum : 1.75%
Optimism : 1.59%
Cronos : 1.33%
Fantom : 0.93%
DefiChain : 0.87%
Mixin : 0.82%
Klaytn : 0.63%
Near : 0.53%
Kava : 0.51%

Total TVL dropped 7.8% to US$53.5bn driven by a decline in token prices. During the period, notable winners/losers were:

- Ethereum TVL dropped 9.5% as Ethereum prices fell after successful Merge

- Polygon TVL declined 19.5%, with nearly all major dexes facing double-digit percentage declines MoM

- Solana TVL fell 9.7%, dragged by large protocols such as Raydium and Marinade Finance.

Source: DefiLlama, AMTD Research

TVL Overview by Protocols
- Overall TVL declined with native token price depreciation, in-line with global market performance

TVL of Top DeFi Protocols in Terms of TVL
(8 September 2022 = 100)
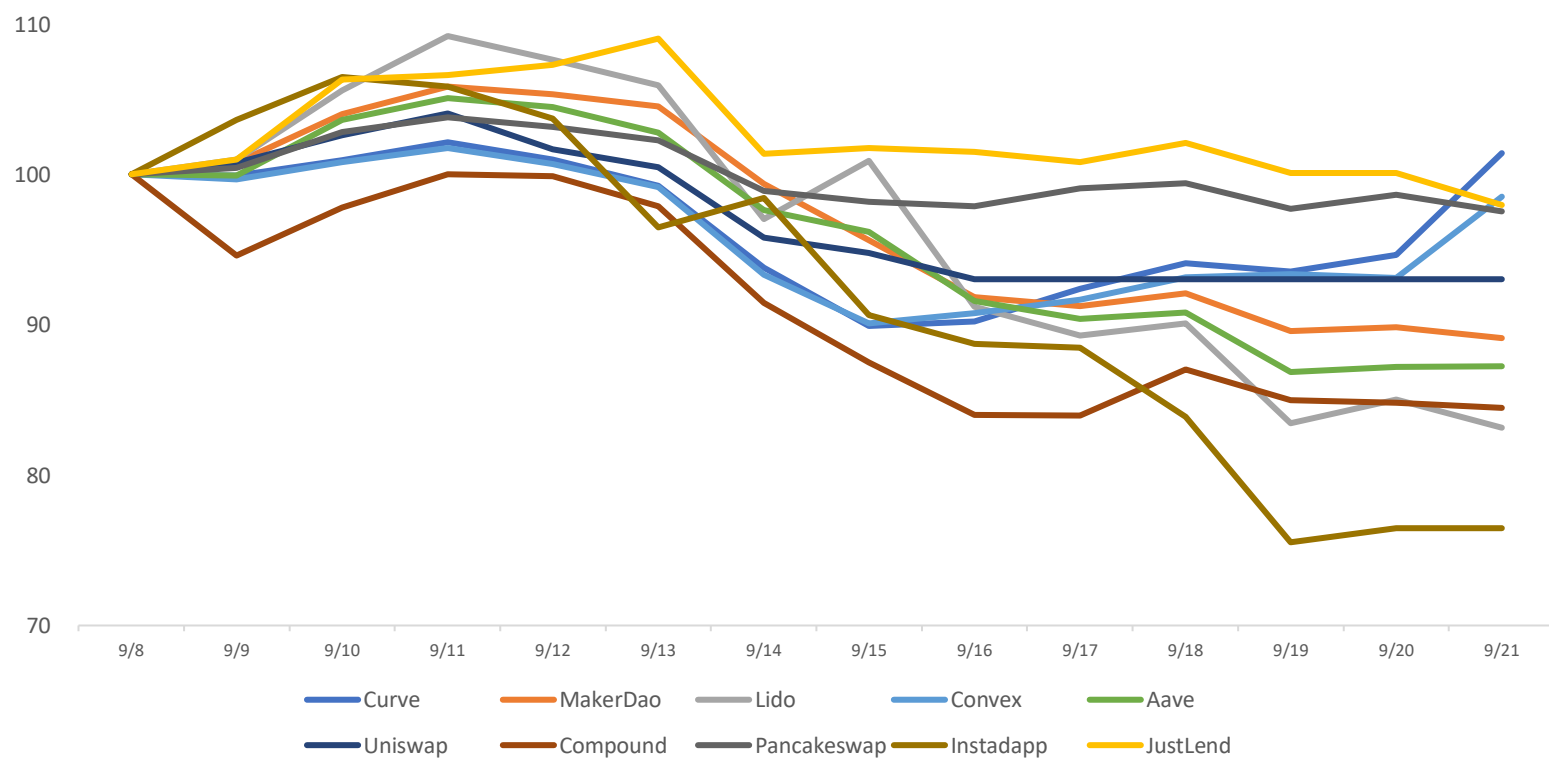
Procotol	8 Sept TVL (USD m)	22 Sept TVL (USD m)	Period Change
MakerDAO	8,146	7,260	-10.9%
Uniswap	5,494	5,112	-7.0%
Pancake	2,925	2,854	-2.4%
Compound	2,424	2,047	-15.5%
Instadapp	2,258	1,727	-23.5%
Lido	7,175	5,968	-16.8%
Uniswap	4,029	3,970	-1.5%
Curve	5,582	5,661	1.4%
Convex	4,029	3,970	-1.5%
Aave	6,317	5,511	-12.8%
JustLend	3,241	3,176	-2.0%

Legend: Curve, MakerDao, Lido, Convex, Aave, Uniswap, Compound, Pancakeswap, Instadapp, JustLend

Source: DefiLlama; AMTD Research

DeFi Revenue - DeFi Protocols

- 180-day revenue for OpenSea is finally below US$1 billion with volume on the exchange failing to climb back up amid a prolonged downturn in the NFT market and intensifying competition such as Magic Eden.
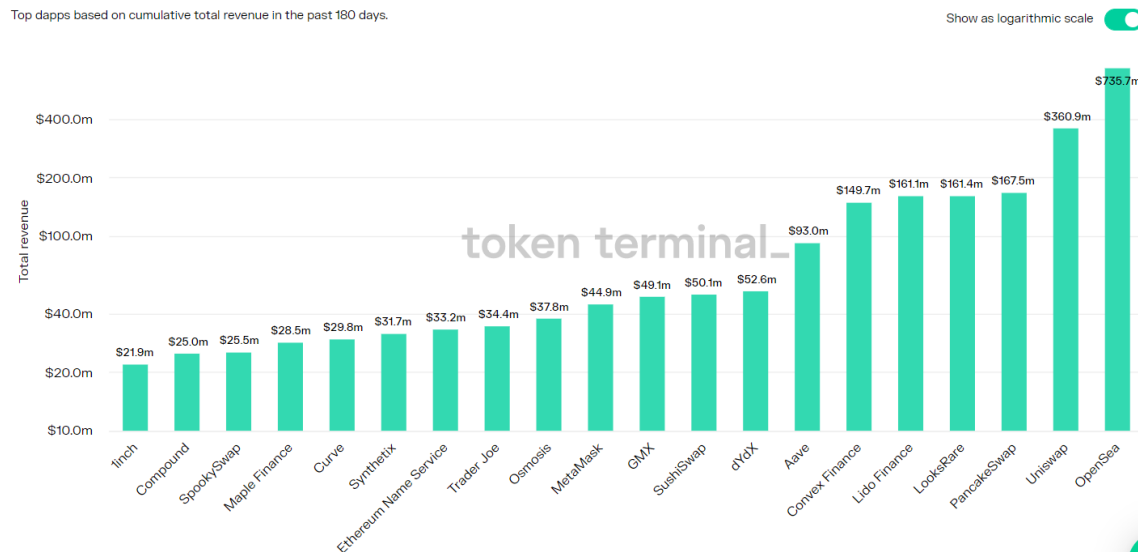
Project	Revenue 7d (US$)	Revenue 30d (US$)	Revenue 180d (US$)	7d Change	30d Change
Uniswap	$ 9.8m	$ 44.8m	$ 358.8m	-5.2%	-10.0%
OpenSea	$ 8.5m	$ 41.7m	$ 729.2m	-9.6%	-22.1%
Lido Finance	$ 6.1m	$ 24.3m	$ 160.1m	7.4%	-5.2%
PancakeSwap	$ 3.6m	$ 16.7m	$ 166.1m	-6.5%	-15.2%
Convex Finance	$ 3.5m	$ 15.9m	$ 148.4m	-10.3%	-32.7%
Aave	$ 4.8m	$ 15.1m	$ 92.3m	22.3%	42.7%
GMX	$ 4.1m	$ 12.7m	$ 48.8m	18.6%	66.1%
Synthetix	$ 1.1m	$ 6.8m	$ 31.6m	-38.5%	9.8%
dYdX	$ 1.7m	$ 6.7m	$ 52.3m	11.6%	-23.7%
SushiSwap	$ 0.8m	$ 4.1m	$ 49.7m	-17.6%	-32.8%
ENS	$ 0.9m	$ 4.0m	$ 33.1m	-27.1%	-6.8%
LooksRare	$ 0.9m	$ 4.0m	$ 158.8m	-3.9%	-27.0%
MetaMask	$ 0.8m	$ 3.2m	$ 44.6m	-3.7%	-11.2%
Osmosis	$ 0.9m	$ 2.8m	$ 37.2m	-13.1%	81.7%
X2Y2	$ 0.5m	$ 2.4m	$ 15.0m	-11.8%	-26.4%
Maple Finance	$ 0.5m	$ 2.3m	$ 28.5m	34.8%	-35.9%
Balancer	$ 0.5m	$ 2.3m	$ 21.8m	-23.2%	8.1%
Compound	$ 0.4m	$ 1.9m	$ 24.6m	-7.2%	2.6%
Lyra	$ 0.5m	$ 1.8m	$ 9.9m	29.0%	9.0%
Ribbon Finance	$ 0.3m	$ 1.8m	$ 17.2m	-6.9%	-34.3%

Note: As of 21 September 2022

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Source: TokenTerminal
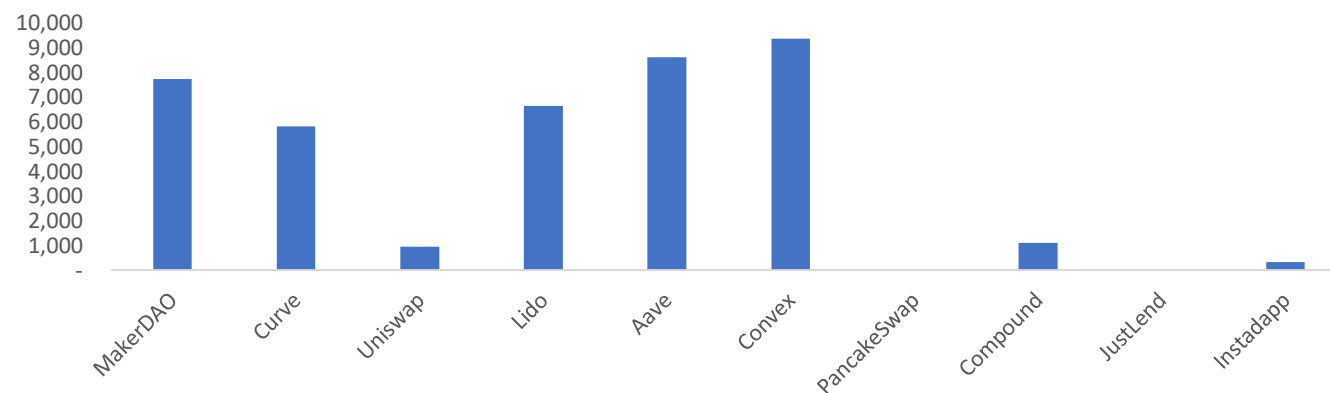
DeFi Valuation

P/TVL Ratio (Top 10 Projects by TVL)
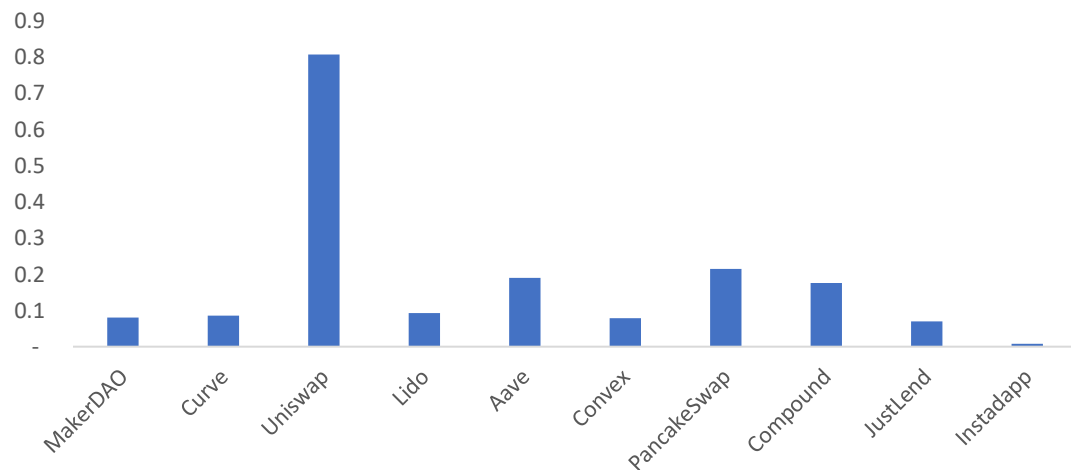
P/S Ratio (Annualized Revenue)
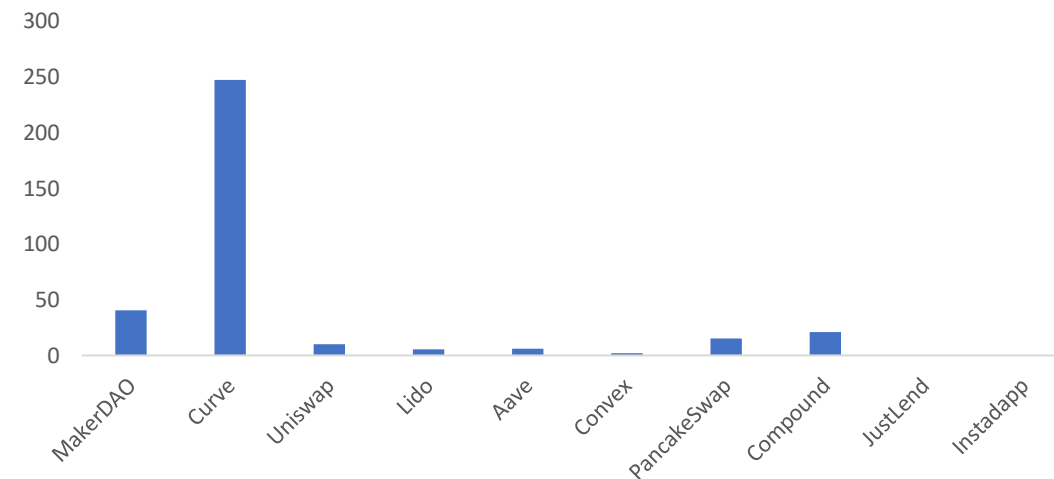
P/Users Ratio

Note: As of 21 September 2022. Protocols with a ratio of 0 means insufficient data.

Source: TokenTerminal, Dune Analytics, CoinMarketCap

Top DEX Pool Trends

Curve

Top Pools ?

#	Pool	Liquidity	Volume	Fees	ROI
1	steth	$1.39b	$32.61m	$9.17k	0.25%
2	3pool	$866.49m	$58.98m	$4.36k	0.18%
3	frax	$637.98m	$1.14m	$233.62	0.08%
4	tricrypto2	$170.15m	$50.26m	$9.01k	1.92%
5	mim	$145.15m	$51.57k	$549.18	0.18%
6	susd	$109.85m	$501.44k	$223.17	0.07%
7	alusd	$108.14m	$1.84m	$362.13	0.21%
8	tusd	$92.79m	$3.29m	$645.32	0.35%
9	compound	$62.8m	$0.000000	$0.00	0.00%
10	lusd	$58.44m	$328.17k	$64.63	0.21%

Liquidity Provided

Uniswap

Top Pairs ?

#	Pair/Pool	Liquidity	Volume	Fees	ROI
1	USDC - ETH	$101.13m	$10.02m	$30.05k	10.85%
2	WISE - ETH	$96.68m	$2k	$6.01	0.00%
3	DAI - USDC	$49.44m	$11.19k	$33.56	0.02%
4	FNK - USDT	$29.83m	$221.02	$0.66	0.00%
5	ETH - USDT	$29.1m	$3.42m	$10.26k	12.87%
6	MC - ETH	$19.93m	$110.53k	$331.60	0.61%
7	PAXG - ETH	$18.32m	$694.63k	$2.08k	4.15%
8	FXS - FRAX	$17.46m	$3.31m	$9.93k	20.76%
9	UNI - ETH	$16.84m	$911.35k	$2.73k	5.93%
10	USDC - USDT	$13.74m	$284.27k	$852.82	2.27%

Liquidity Provided

SushiSwap

Top Pairs ?

#	Pair/Pool	Liquidity	Volume	Fees	ROI
1	ILV - ETH	$61.6m	$727.39k	$2.18k	1.29%
2	USDC - ETH	$47.51m	$4.5m	$13.51k	10.38%
3	ETH - USDT	$19.38m	$1.74m	$5.22k	9.84%
4	WBTC - ETH	$16.79m	$259.93k	$779.78	1.69%
5	SYN - ETH	$10.96m	$2.4m	$7.2k	23.98%
6	DAI - ETH	$7.75m	$504.59k	$1.51k	7.13%
7	SUSHI - ETH	$7.58m	$274.62k	$823.86	3.97%
8	OHM - DAI	$7.44m	$157.72k	$473.15	2.32%
9	WXRP - ETH	$7.12m	$946.7k	$2.84k	14.57%
10	TOKE - ETH	$6.94m	$33.77k	$101.32	0.53%

Liquidity Provided

Source: IntoTheBlock

DeFi Updates

Top DEX Pool Trends – Yields rise across the board as token prices decline, liquidity stagnates

Curve	Uniswap	SushiSwap
Top Pair Data: steth	**Top Pair Data:** USDC - ETH	**Top Pair Data:** ILV - ETH
Total Liquidity, USD	Total Liquidity, USD	Total Liquidity, USD

Curve — Total Liquidity, USD: $7.5b, $5b, $2.5b, $0.00 — Jan '22 to Sep '22

Uniswap — Total Liquidity, USD: 300M, 200M, 100M, 0 — Jan '22 to Sep '22

SushiSwap — Total Liquidity, USD: 500M, 250M, 0 — Jan '22 to Sep '22

Volume Traded (Curve): $800m, $400m, $0.00 — Jan '22 to Sep '22

Volume Traded (Uniswap): $240m, $120m, $0.00 — Jan '22 to Sep '22

Volume Traded (SushiSwap): $12m, $6m, $0.00 — Jan '22 to Sep '22

Fees per Liquidity (Curve): 4%, 2%, 0% — 0.2555%

Fees per Liquidity (Uniswap): 200%, 100%, 0% — 11.07%

Fees per Liquidity (SushiSwap): 15%, 10%, 5%, 0% — 1.25%

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Source: IntoTheBlock

Top Yield Farming Pools - TVL

Name	Protocol	Base APY	Reward APY	Rewards	APY	7d ago	▼ TVL
ETH	Lido Ethereum	4.90%	-		4.90%	3.80%	$5,751,007,914
USDC	Aave Ethereum	0.44%	-		0.44%	0.19%	$1,347,854,647
WETH	Aave Ethereum	0.92%	-		0.92%	71.30%	$1,086,477,815
stethETH stETH	Convex Ethereum	3.30%	3.94%	CRV CVX LDO	7.24%	9.92%	$958,000,000
DAI USDC	Uniswap Ethereum	0.04%	-		0.04%	0.39%	$878,428,194
fraxFRAX 3Crv	Convex Ethereum	0.12%	2.74%	CRV CVX FXS	2.86%	2.90%	$638,600,000
USDC	Compound Ethereum	0.69%	0.50%	COMP	1.19%	1.04%	$624,984,184
WBTC	Aave Ethereum	0.09%	-		0.09%	0.10%	$616,001,450
USDC	Maple Ethereum	6.57%	2.50%	MPL	9.07%	9.55%	$559,050,400
USDC	Maple Ethereum	7.12%	2.50%	MPL	9.62%	9.57%	$506,750,000

Maple Finance vaults resurface on TVL ranking with high APYs. Though seems to be misleading since "Principal Outstanding" amount to just ~US$200m for both pools.

Note: As of 21 September 2022

Source: Coindix

Top Yield Farming Pools - APY

Top APY pool (TVL > 100m)

Name	Protocol	Base APY	Reward APY	Rewards	▾ APY	7d ago	TVL
USDC WETH	Uniswap Ethereum	48.05%	-		48.05%	37.89%	$124,515,452
USDC WETH	Uniswap Ethereum	40.31%	-		40.31%	27.10%	$176,479,898
BTC DFI	DefiChain Defichain	-	29.74%	DFI	29.74%	31.13%	$113,628,872
USDN	Vires Waves	13.95%	0.08%	VIRES	14.03%	13.84%	$128,168,026
WBTC WETH	Uniswap Ethereum	13.45%	-		13.45%	15.41%	$180,767,060
USDC WETH	Uniswap Ethereum	10.93%	-		10.93%	11.47%	$100,866,262
USDC	Maple Ethereum	7.12%	2.50%	MPL	9.62%	9.57%	$506,750,000
USDT USDC	VVS Cronos	0.01%	9.45%		9.46%	9.46%	$247,060,000
USDC	Maple Ethereum	6.57%	2.50%	MPL	9.07%	9.55%	$559,050,400
mimMIM 3Crv	Convex Ethereum	0.18%	7.78%	CRV CVX SPELL	7.96%	8.83%	$144,500,000

Top APY pool (TVL > 10m)

Name	Protocol	Base APY	Reward APY	Rewards	▾ APY	7d ago	TVL
APE WETH	Uniswap Ethereum	163%	-		163%	38.55%	$10,352,799
VVS WCRO	VVS Cronos	0.47%	119%		120%	120%	$92,810,000
WBTC OSMO	Osmosis Osmosis	67.74%	-		67.74%	65.93%	$12,500,000
Cake	Venus BNB Chain	64.96%	0.31%	XVS	65.28%	4.69%	$12,950,294
USDC OSMO	Osmosis Osmosis	62.16%	-		62.16%	62.44%	$38,100,000
WETH OSMO	Osmosis Osmosis	58.15%	-		58.15%	61.64%	$14,600,000
CRV (locker)	StakeDAO Ethereum	-	49.10%	CRV SDT 3CRV	49.10%	70.83%	$18,853,177
USDC WETH	Uniswap Ethereum	48.05%	-		48.05%	37.89%	$124,515,452
WETH USDT	Uniswap Ethereum	44.43%	-		44.43%	31.90%	$16,020,496
USDT DUSD	DefiChain Defichain	-	42.75%	DFI	42.75%	53.80%	$10,148,401

APYs continue to gain as crypto prices decline

Note: As of 21 September 2022

Source: Coindix

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Noteworthy DeFi Protocols – Helium proposes shift to Solana

HNT 1M performance

TOTAL HOTSPOTS

951,514

CIRCULATING HNT SUPPLY

128,433,891

- Developers of the Helium network, a decentralized wireless infrastructure marketed as dubbed "The People's Network," proposed to shift from the project's own Helium blockchain onto the Solana network.

- The developers noted that with unprecedented growth of the network, reliable "proof-of-coverage and data transfer activity" has been a challenge for its users.

- The shift to Solana, a highly scalable and fast blockchain, will allow the Helium ecosystem to achieve higher uptimes, greater composability, and a faster user experience.

- The Helium network has grown to nearly 1 million hotspots worldwide and the complexities of managing data flow & accounting on its native blockchain has made scaling of the network a challenge.

📊 MOBILE

5G Radios

4,547

+1,755   31 Day Trend

📶 IOT (Coming Soon)

Hotspots

951,492

+21,123   31 Day Trend

Source: Helium Network, CoinMarketCap

Noteworthy DeFi Protocols – Sudoswap governance token airdrop

the decentralized
NFT marketplace

Flexible Orders   Just 0.5% Fees   Fully On-Chain
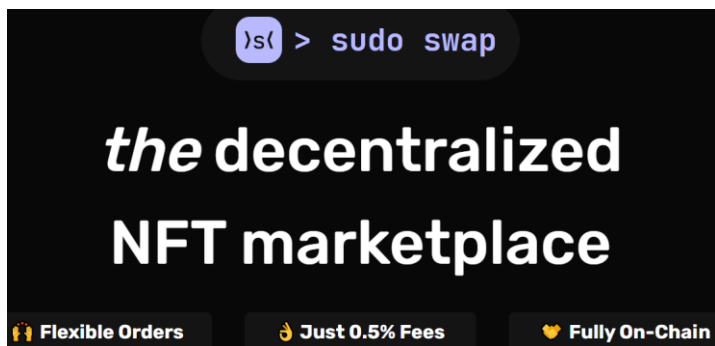
- Sudoswap, the decentralized NFT marketplace which gained steam in August, is **releasing its governance token via an airdrop** to its community members.

- The distribution of SUDO token, with an initial supply of 60 million tokens, will mostly reward XMON holders:

  Initial supply: 60M SUDO

  XMON holders: 25.12M, 41.9%

  0xmons NFT holders: 0.9M, 1.5%

  Retroactive LP airdrop: 0.9M, 1.5%

  Treasury: 15.08M, 25.1%

  Initial team members: 9M, 15%, vested over 3 years with a 1 year cliff

  SudoRandom Labs: 9M, 15%, vested over 3 years with a 1 year cliff

volume [USD] sudo_amm_volume   @0xRob

$48,141,730
Total volume

total users sudo_amm_users

23,916
total users

total NFTs
traded sudo_amm_stats

165,439
total NFTs traded

platform fees [USD] sudo_amm_fees   @0xRob

$240,499
total platform fees
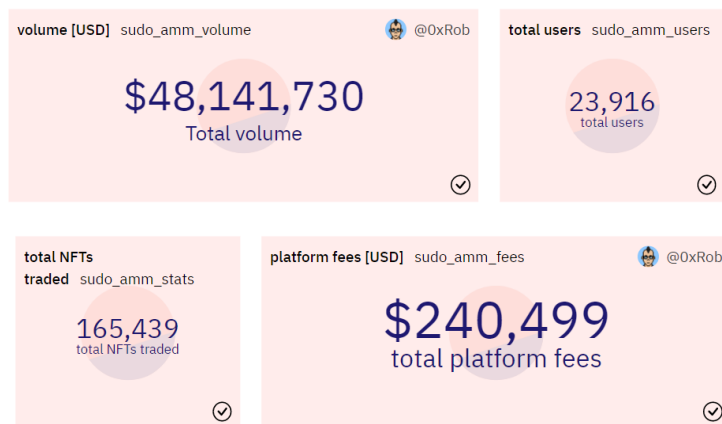
- XMON is the native token behind the 0xmon NFT collection, which was created by the Sudoswap founders.

- Daily active users on Sudoswap peaked in mid to late August, while its daily volume dominance is currently fluctuating between 5-10% versus OpenSea.

Source: Sudoswap, Dune Analytics

Noteworthy DeFi Protocols – Profanity tool vulnerability led to Wintermute US$160m hack

1inch Network ☑️
@1inch

🚨 RUN, YOU FOOLS 🚨

⚠️ Spoiler: Your money is NOT SAFU if your wallet address was generated with the Profanity tool.
Transfer all of your assets to a different wallet ASAP!

wishful cynic
@EvgenyGaevoy

We've been hacked for about $160M in our defi operations. Cefi and OTC operations are not affected

4:03 PM · Sep 20, 2022 · Twitter Web App

338 Retweets   **342** Quote Tweets   **1,072** Likes

- Profanity is a **tool to generate vanity Ethereum addresses** to make the address more recognizable, such as 0x0000….

- While development of the tool was abandoned by its creator years ago, users continued to use it for its obvious appeal.

- A vulnerability of Profanity was brought to light in early 2022, and it was later confirmed that users of **Profanity addresses were drained ~US$3.3 million** equivalent in tokens through a weakness in Profanity's key-generation process.

- According to estimates, 1,000 GPUs could technically brute force the private keys of every 7-character Profanity vanity address within two months.

- The largest loss due to the weakness would be famous market maker **Wintermute, which announced that its DeFi operations lost ~US$160 million**, as its wallet was generated using Profanity.

- Cybersecurity firm Certik said that the hack was due to a leaked or brute-forced private key.

Source: @EvgenyGaevoy, CoinTelegraph, Halborn

NFT & Metaverse

NFT & Metaverse Summary

1. NFT Dashboard – Azuki floor price jumped 50% within the last two weeks as rumors emerge on fundraise and $BEAN airdrop

2. US$10 million in volume per day becoming the norm for OpenSea

3. Magic Eden DAU spikes nearly 70% after y00ts mint

4. Essential ingredients of a metaverse

5. GameFi & Play-to-Earn

6. News & Headlines

NFT Dashboard

Project	Floor Price	14D	YTD
"Blue Chip" Projects			
Bored Ape Yacht Club	71.8Ξ	-2.7%	12.9%
CryptoPunks	63.4Ξ	0.7%	-1.9%
Tier-A Projects			
Azuki	11.1Ξ	50.0%	217.1%
Clone X	6.0Ξ	0.2%	50.4%
Cool Cats	2.5Ξ	19.0%	-81.6%
Doodles	8.5Ξ	14.2%	28.4%
Moonbirds	10.8Ξ	-4.0%	-14.7%
Mutant Ape Yacht Club	14.4Ξ	16.1%	23.5%
Otherdeeds	1.7Ξ	-4.9%	-75.3%
World of Women	2.4Ξ	-14.3%	17.4%
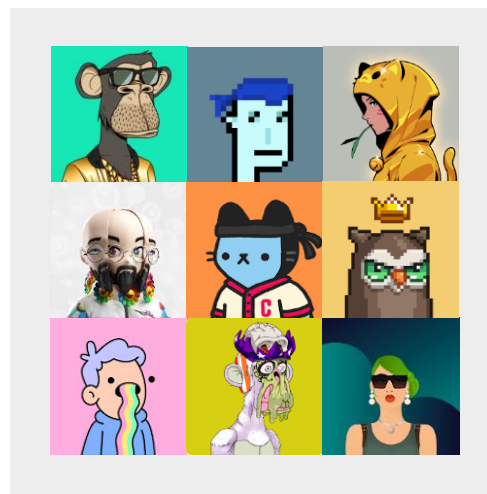
Top Sales of the Week*	Price
Otherdeed #90295	$302.6k
BAYC #2897	$204.9k
CryptoPunk #1587	$187.1k
BAYC #4179	$176.4k
BAYC #5733	$174.6k
BAYC #8340	$161.7k
CryptoPunk #7519	$160.0k
BAYC #1846	$155.0k
BAYC #8595	$148.9k
CryptoPunk #3700	$147.0k

Top Collections of the Week* (by volume)	Volume (USD)
Bored Ape Yacht Club	$7.0m
RENGA	$6.2m
Gods Unchained	$5.5m
Mutant Ape Yacht Club	$5.3m
ENS	$4.5m
Otherdeed	$4.2m
CryptoPunks	$3.5m
Azuki	$3.4m
RENGA Black Box	$2.4m
Moonbirds	$1.5m

Source: OpenSea, CoinGecko, NFTPriceFloor.com, DappRadar
*Excludes LooksRare sales which may be subject to wash trades

US$10 million in volume per day becoming the norm for OpenSea

NFTs - USD Volume
Daily, per Platform
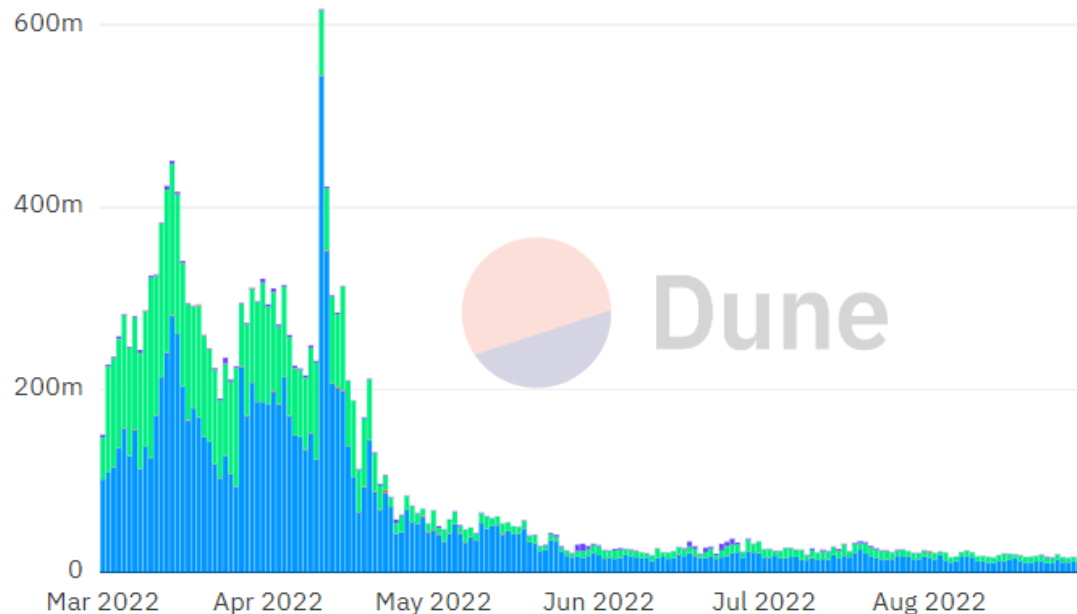
OpenSea ●
NFTX ●
LooksRare ●
SuperRare ●
Rarible ●
Foundation ●
LarvaLabs ●

@hildobby

- Daily NFT volume in ETH continues the previous trend in prior periods. **OpenSea NFT volume has been relatively level at ~US$10 million per day** in recent weeks.

- LooksRare volume trails behind at around 30-60% of OpenSea's.

- In terms of volume by blockchain, Ethereum is ~8x of Solana's, as Ethereum's average price per trade is nearly 10x of Solana despite Solana leading the number of transactions.

→ NFT Trading Volume by Blockchain
Last Updated: 20/09/2022, 03:32

Source: Flipside Crypto, Dune Analytics

Magic Eden DAU spikes nearly 70% after y00ts mint

Daily Users (7DMA)
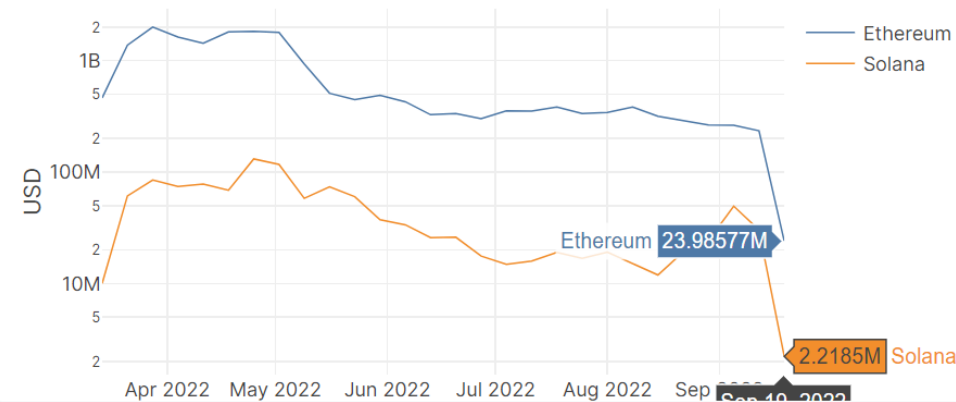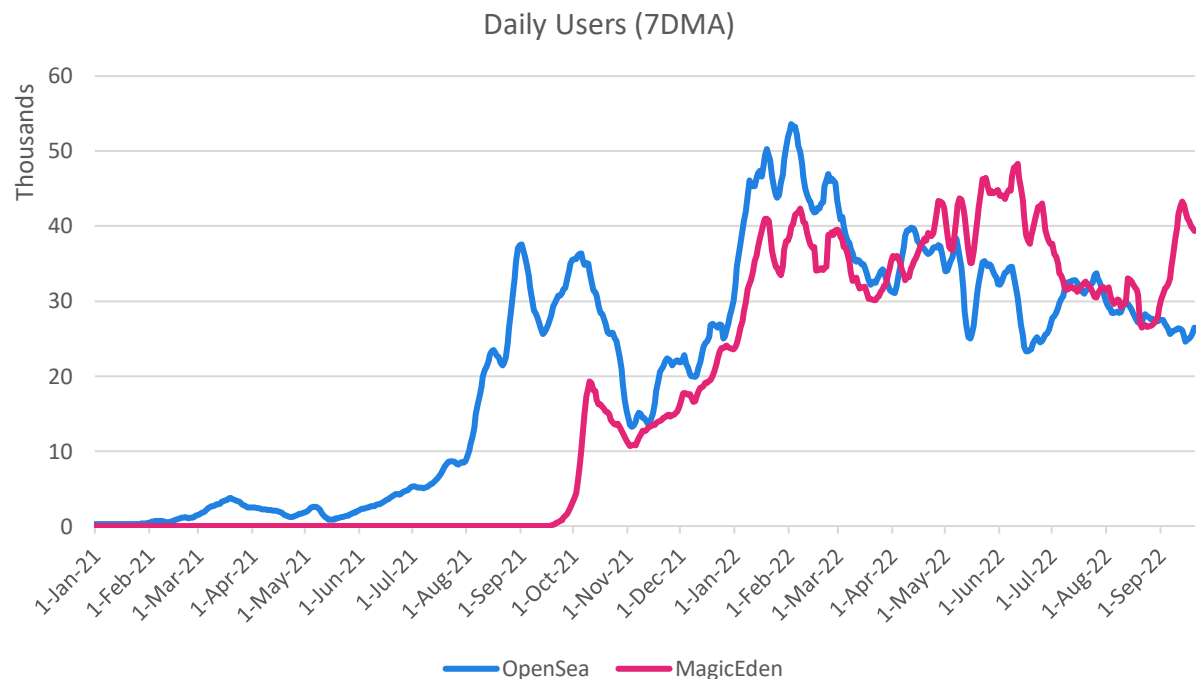
- The number of **daily active users on Magic Eden jumped nearly 70%** and is now at a **comfortable 50% lead over OpenSea** following the y00ts NFT collection mint on 6 Sept 2022.

- y00ts is a highly popular Solana-based NFT by Dust Labs, which also created the leading DeGods NFT collection.

- y00ts, with a total of 15,000 NFTs, aims to create its own "common sense version of copyright & ownership of NFTs," dubbed ⓨ. One of the ways this will be implemented is a y00ts st0re, a marketplace for custom traits on y00ts NFTs.

- Users can also make money with ⓨ - artists can create traits that can be sold in SOL or DUST (DeGods community token) for a six-month period, and non-artists can trade traits (after the y00ts store stops accepting custom traits), and can create y00ts clubs.

Marketplace	Average Price per Trade*
OpenSea	US$203.5
MagicEden	US$39.9

Note: *7 days

Source: DappRadar, @y00tsNFT, Dune Analytics, AMTD Research
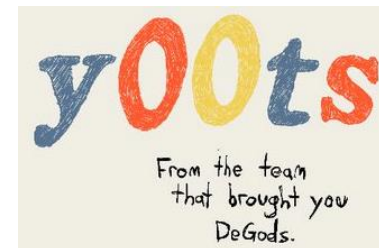
Essential ingredients of a metaverse

- a16z released what they think are the seven essential ingredients of a metaverse:
  - Decentralization – the overarching idea for a metaverse
  - Property rights – ownership of digital assets, instead of renting from centralized services
  - Self-sovereign identity – closely related to property rights
  - Composability – ability to mix and match softwares
  - Open source – required for true composability
  - Community ownership – all stakeholders should have a say in the metaverse proportional to involvement
  - Social immersion – type of activities that metaverse enable

✨	METAVERSE (OPEN) ☀	VIRTUAL WORLD (CLOSED) 🌑
Structure	Decentralized	Centralized
Property Rights	Cryptographically enforced	See Terms of Service
Code	Open Source	Insiders only
Data	Transparent	Opaque
Access	Permissionless	Permissioned + Limited
Ownership	Community	Corporate
Identity	Unbundled + User-controlled	Centralized identity providers
Content Policy	User choice	Platform choice
Value Accrual	Users + Network	Platform owner
User Acquisition	Grassroots + Incentives	Ads
Social	Direct	Mediated
Display Systems	Diverse	Proprietary hardware
Product Direction	Bottom up	Top down

a16z crypto

AMTD 尚乘

Source: a16z

GameFi & Play-to-Earn

MyMetaverse Brings Back NFTs to Minecraft

- MyMetaverse have so far managed to introduce NFTs into its own Minecraft server despite Minecraft stance on NFTs.

- They do not violate Minecraft's guidelines as their NFTs are free to earn, without any pay to win NFTs that would create negative experiences for players, which is one of the reasoning Minecraft used to ban NFTs originally.

- The MyMetaverse NFTs are also interoperable – so it can be recognized and used in the company's other game servers like Grand Theft Auto 5 and its own MMO game, Infinity Realm.

Dapp 90D Protocol Revenue

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Source: CoinTelegraph, TokenTerminal

News & Headlines

StepN to Set Up Office in Hong Kong
Move to earn app StepN revealed that it is setting up an office in Hong Kong, at the start-up accelerator Cyberport. This will mark the company's first regional headquarters outside Australia. The move was apparently decided after former Cyberport chairman George Lam traveled to Sydney to invite StepN to set up its offices in Hong Kong. [SCMP]

NBA Teams Up with Sorare for NFT Fantasy Game
Sorare, after partnering with MLB earlier this year, is partnering with NBA to launch an official NFT-based fantasy basketball game. Players will be able to buy and sell digital cards representing NBA players to create their own fantasy basketball team. [TechCrunch]

Ticketmaster Partners with Dapper Labs for NFT Tickets
Ticketmaster and Dapper Labs have partnered to enable event organizers to issue NFTs before, during, and after live events. The NFTs will be able to serve as a form of digital memorabilia and help to augment fans experiences. [CoinDesk]

OpenSea to Support Arbitrum, Launches OpenRarity
OpenSea announced that support for scaling solution Arbitrum is live, bringing popular collections like Smolverse and Diamond Pepes onto the platform. Separately, it also recently announced the launch of OpenRarity, a new NFT rarity protocol. [@OpenSea, @OpenRarity]

Starbucks Announces Web3 Experience for Members
Starbucks Odyssey is the coffee chain's latest blockchain-powered loyalty program for Starbucks customers. The program, which will be on Polygon, will allow customers to earn and buy digital assets for benefits. [Starbucks]

OnePlanet to Leave Terra for Polygon
NFT marketplace OnePlanet is leaving the Terra blockchain for Polygon, finally confirming its departure after it has been looking to migrate ever since Terra collapsed in May. At its peak, OnePlanet had 30,000 monthly active users. [Blockworks]

Ubisoft in "Research Mode" for Blockchain and NFTs
Months after game developer Ubisoft showcased its enthusiasm for NFTs with its NFT project Quartz, which received strong pushback, the enthusiasm seems to have cooled with CEO Yves Guillemot saying that the company is only in research mode for web3 projects. [CoinTelegraph]

Regulatory Updates

Regulatory Updates

- Coinbase announced that it is funding a lawsuit brought by six people challenging the U.S. Treasury Department's sanction of the crypto mixer protocol Tornado Cash. The lawsuit is asking the court to remove them from the U.S. sanctions list as they argue it exceeds the Treasury's authority, harms innocent people, removes privacy options for crypto users, and stifles innovation.

- The latest draft U.S. stablecoin bill includes clauses that require Fed and state regulator approval for non-bank stablecoins. Failure to obtain regulatory approval could be punishable by up to five years in prison and a US$1m fine. In addition, algorithmic stablecoins would face a two-year ban and also a two-year grace period to change business model.

- In a lawsuit against a crypto influencer, the U.S. SEC claimed that all Ethereum transactions fall under U.S. jurisdiction due to the fact that the majority of nodes are physically located in the U.S.

- U.S. Federal Reserve Vice Chair Lael Brainard said that while the crypto market bears similar risks to traditional finance, it needs new regulations for situations not covered by existing laws. The unique characteristics of crypto calls for a need to create clear regulatory guardrails, she said.

- A new report from the White House encouraged a policy push to reduce greenhouse gas emissions and urged the use of clean energy by U.S. crypto mining companies. The report said that, should the measures to attempt to reduce emissions be ineffective, Congress could consider legislation to limit or even eliminate the use of high energy crypto-asset mining.

- The U.S. SEC Chair Gary Gensler said that it supports allowing the Commodity Futures Trading Commission to oversee and regulate non-security tokens and related intermediaries, such as Bitcoin. He remains that crypto security token and related intermediary regulation, including Ether, should be regulated by the SEC.

- California has passed the Digital Financial Assets Law, which takes after New York's BitLicense bill, will require digital asset exchanges and other crypto companies to obtain an operating license in the state beginning in January 2025. The bill also includes a prohibition on stablecoins unless it is issued by a bank or licensed by the state and the restriction will phase out in 2028.

Regulatory Updates

- A South Korean court has issued an arrest warrant and asked Interpol to issue a "red notice" against Terra co-founder Do Kwon, who is charged with violating the Capital Markets Act. Reports said that South Korean prosecutors have confirmed that, contrary to Do Kwon's claim on Twitter that he is cooperating with authorities, Do Kwon is indeed on the run and not cooperating with investigations.

- The European Central Bank has revealed the partners it has selected to collaborate on its digital Euro prototype. Among the five partners is tech giant Amazon, which will be responsible for developing e-commerce payments in the project. Other partners will handle other parts of the digital Euro project; Spanish bank CaixaBank will develop online P2P payments for a mobile app, and POS payments will be developed by ECB-backed European Payment Initiative and Italian paytech firm Nexi.

- The U.S. Treasury Department has published guidelines for how U.S. residents with crypto trapped in Tornado Cash can apply for a license to retrieve their funds from the Office of Foreign Assets Control. The guidelines also clarifies that interacting with the protocol's underlying open-source code would not be seen as violating the sanctions.

- U.K.'s financial regulator, the Financial Conduct Authority, has issued a warning to consumers against dealing with FTX, saying that the exchange was offering products and services in the U.K. without its authorization.

- Former U.S. CFTC Commissioner Jill Sommers has joined FTX US Derivatives' Board of Directors, a CFTC-regulated digital asset futures and options exchange. The company expects to use Sommers' wealth of experience as the companies wades through the constantly-evolving digital asset ecosystem.

- The Indonesian government is reportedly set to launch a crypto exchange by the end of 2022 in an effort to protect consumers amid rising interest in digital assets. The exchange was originally set to launch in 2021 but project complexities has caused it to be delayed.

- U.S. federal prosecutors reportedly asked Binance to provide extensive internal records about its anti-money laundering processes, as well as communications involving its founder Changpeng Zhao. Authorities asked Binance to voluntary hand over such messages as part of an ongoing investigation onto Binance's compliance with U.S. financial crime laws.

- Russia has begun working on platforms for cross-boarder settlements in stablecoins, according to the Russian Deputy Minister of Finance.

Notable Tweets

Happy Mid Autumn Festival from CZ!

CZ ◆ Binance ✓
@cz_binance

Happy Mid-Autumn Festival!

12:49 AM · Sep 11, 2022 · Twitter Web App

665 Retweets   101 Quote Tweets   6,315 Likes

New UK PM seems pro-crypto

db
@tier10k

Pump it Liz

Liz Truss ✓ @trussliz   · Jan 30, 2018
🏴 United Kingdom government official
We should welcome #cryptocurrencies in a way that doesn't constrain their potential. Liberate free enterprise areas by removing regulations that restrict prosperity. #PolicyExchange #futureoffreedom #shakeup
Show this thread

7:51 PM · Sep 5, 2022 · Twitter Web App

86 Retweets   3 Quote Tweets   895 Likes

Do Kwon gets issued red notice

Coin Bureau ✓
@coinbureau

Looks like the markets aren't the only things "red" today...

Do Kwon   + Add to myFT

South Korean prosecutors ask Interpol to issue red notice for Do Kwon

Fallen crypto developer denies he is 'on the run' from investigators

Prosecutors have issued an arrest warrant for Do Kwon following the $40bn collapse of his cryptocurrency tokens © Bloomberg

Song Jung-a in Seoul AN HOUR AGO

5:02 PM · Sep 19, 2022 · Twitter Web App

36 Retweets   7 Quote Tweets   223 Likes

Coinbase employee angered Cobie

Cobie ✓
@cobie

Coinbase employees are implying that I caused the insider trading investigation at Coinbase because FTX sponsors @UpOnlyTV 👍👍

I kept the full details of how everything 'went down' private out of respect for @brian_armstrong and ~the industry~.

New substack soon?

🌈 **petekim.{eth,lens}** 🛡️💜 @petejkim · Sep 9
Replying to @grntwrght and @cobie
...is what CT believes. Who pays him?

5:45 AM · Sep 9, 2022 · Twitter for iPhone

138 Retweets   45 Quote Tweets   2,690 Likes

Calculated moves on Wintermute hacker

tuba 🍡
@0xtuba

hacker immediately put the stables into curve to prevent USDC and USDT from blacklisting

very smart

4:49 PM · Sep 20, 2022 · Twitter Web App

55 Retweets   19 Quote Tweets   1,161 Likes

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