

Web3.0 Biweekly

6 January 2023 | AMTD Research

2023 Crypto Outlook

Several industry players have published their thesis/outlook for 2023. A few key points are summarized below.

MESSARI ([link to report](#))

Narratives & Trends

- **Crypto remains inevitable** due to strides made over the years, and technical foundation is strong.
- How best to survive the winter? **Build**. Less distractions, and more dry powder this time.
- How much lower can we go? Bitcoin MVRV is at a **strong buy signal** currently.
- Next cycle will be driven by **real usage and sustainable economic models**.
- Fundamentally sound web3 startups and Wall Street institutions could **find good M&A opportunities** in this market.

DeFi Trends

- **dApps starting to capture value** – Uniswap, Lido, and OpenSea generate more monthly fees combined than entire Ethereum L1.
- DeFi protocols are more transparent, better collateralized, seemingly better risk management; **more real-world collateralized DeFi**.

MESSARI (cont.)

- Staking, synthetic stakes, etc – when ETH opens withdrawals in 2023, there will likely be a **boon for staking & its derivatives**.
- **On-chain asset managers** are presented with a great opportunity for the upcoming cycle as fundamentals takeover.
- **New novel markets**, e.g., ESG investing protocols and real estate finance.
- **DeFi censorship** amid target by global regulators.

COINBASE ([link to report](#))

Key themes

- Flight to quality among institutional investors.
 - Digital asset allocation to **favor higher-quality tokens** e.g., BTC and ETH
 - **Ethereum will continue to dominate** in the saturated L1 space
 - **DeFi protocols to prevail** due to transparency
- Foundational reforms ahead of the next cycle
 - **Regulatory standards** to shape next cycle
 - Lending practices will be **reformed**

COINBASE (cont.)

- Creative destruction which leads to new opportunities
 - Projects impacted by recent events will impact **developer retention and app development**
 - Bitcoin **mining players to further consolidate**
 - Downtrend in NFT is a **healthy correction in terms of cyclical adoption**

COINDESK ([link to article](#))

Predictions for 2023

- Harsh crypto regulation proposed and fights from the community – Laura Shin
- Growth in platforms with true utility – Alex Zhang
- More pain and more contagion – Cas Pianceny
- True global bitcoin adoption in even the most rural parts of the world – Alex Gladstein
- NFTs will come back strong, and web3 games will finally emerge – Jamie Burke
- Large exchanges will get broken out into different players, like TradFi, so another FTX cant happen again – Haseeb Qureshi

2023 Crypto Outlook

A16Z ([link to report](#))

Trends for 2023

- **Blockchain goes mobile**, with decentralized access of blockchain & blockchain data from mobile devices.
- Developer onboarding for **zero-knowledge will ramp up** given new use cases.
- **Fully on-chain and censorship-resistant games** with publicly verifiable state and logic will surface.
- **Soulbound tokens** will find practical use cases.
- Decentralized energy, e.g., **on-chain carbon credits** and **renewable energy certificates**.

PWC ([link to report](#))

Predictions for 2023

- **Trust will need to be re-established** before achieving full potential and providing value to the world.
- **More regulation, but not complete framework** since crypto is complex, wont be complete for some time.
- **TradFi will win** with trust, risk management, client relationships, and powerful branding.
- **NFTs will become invisible parts of businesses**, helping business transactions but without rampant price speculation.

ARCA ([link to report](#))

Predictions for 2023

- Businesses to **focus more on blockchain core tenets**: decentralization, transparency, and auditability.
- Adoption will increase in places with **underdeveloped financial markets**, suited for places like Colombia, Venezuela, and Argentina.
- **Long-lasting adoption** will be driven by **tangible utility**, such as NFT ticketing, NFL fan tokens, etc.
- Crypto will continue to **decouple from traditional markets** and **remain uncorrelated** for the foreseeable future.
- Growth will be driven by **adoption from web2 and TradFi businesses**.
- TradFi will begin to **lose market share to DeFi**; since DeFi has a focus on transparency, immutability, and analysis.
- **Governments will encourage blockchain adoption** through funding and education.
- Web2 companies will **strengthen customer relationships by utilizing NFTs**.
- **Gaming industry will implement web3 tools**, such as player-owned in-game assets using NFTs.
- TradFi companies will bring **tokenization of traditional assets**, especially in private markets.
- A universally accepted institutional stablecoin will be launched.

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Prices, Valuation, and Exchange Flows

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Sector Updates

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Layer-1 Blockchains — Miners power off amid winter storm, DCG and Gemini founders battle it out

b

Stablecoins — USDN will be turned into a soft-peg stablecoin as part of revival plan

c

DeFi — Lido TVL outperforms with positive outlook on staked ETH withdrawals; LSD-theme tokens rally

d

NFT & Metaverse — y00ts and DeGods are moving out of Solana

e

Policy and Regulatory — U.S. DoJ launches criminal probe on FTX hack, U.K. NCA forms crypto crime team

f

Notable Tweets

Market Performance

Summary

1. Prices

- **One-Year Price Recap**
- **Layer 1 Price Recap** (22 December 2022 – 4 January 2023)
 - SOL outperforms significantly due to newly-launched dog-themed token BONK garnered community interest after announcement of a large airdrop
 - DOGE continued its nine-week decline to underperform the rest of the other major tokens
 - Other major tokens were relatively flat for the holiday period
- **Protocol Price Recap** (22 December 2022 – 4 January 2023)
 - LDO outperformed after optimistic reports about staked ETH withdrawals in 2023, bringing focus to Liquid Staking Derivatives

2. Valuation

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

3. Exchange Flows

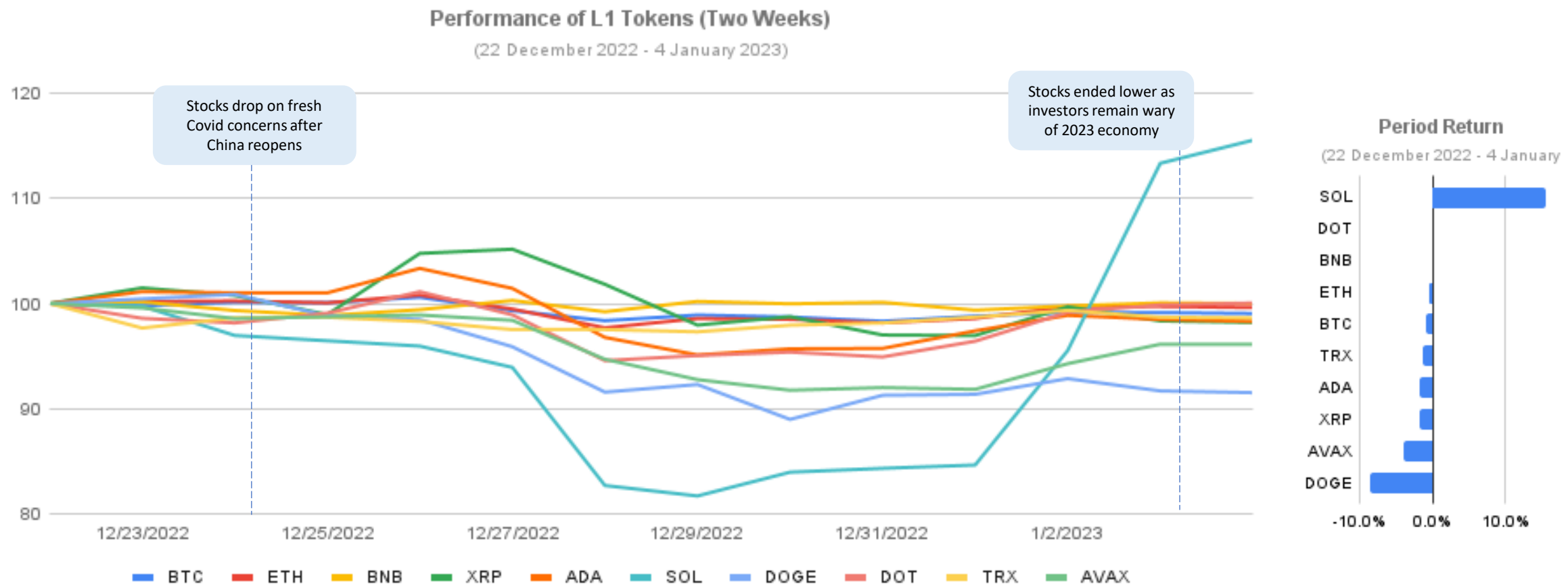
- Bitcoin - exchange outflows continue, though at lower levels
- Ethereum - exchange withdrawals carry on over to the new year

One-Year Layer-1 Price Recap



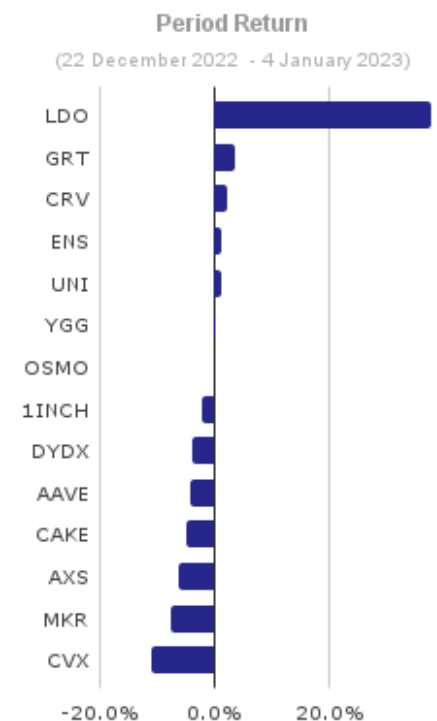
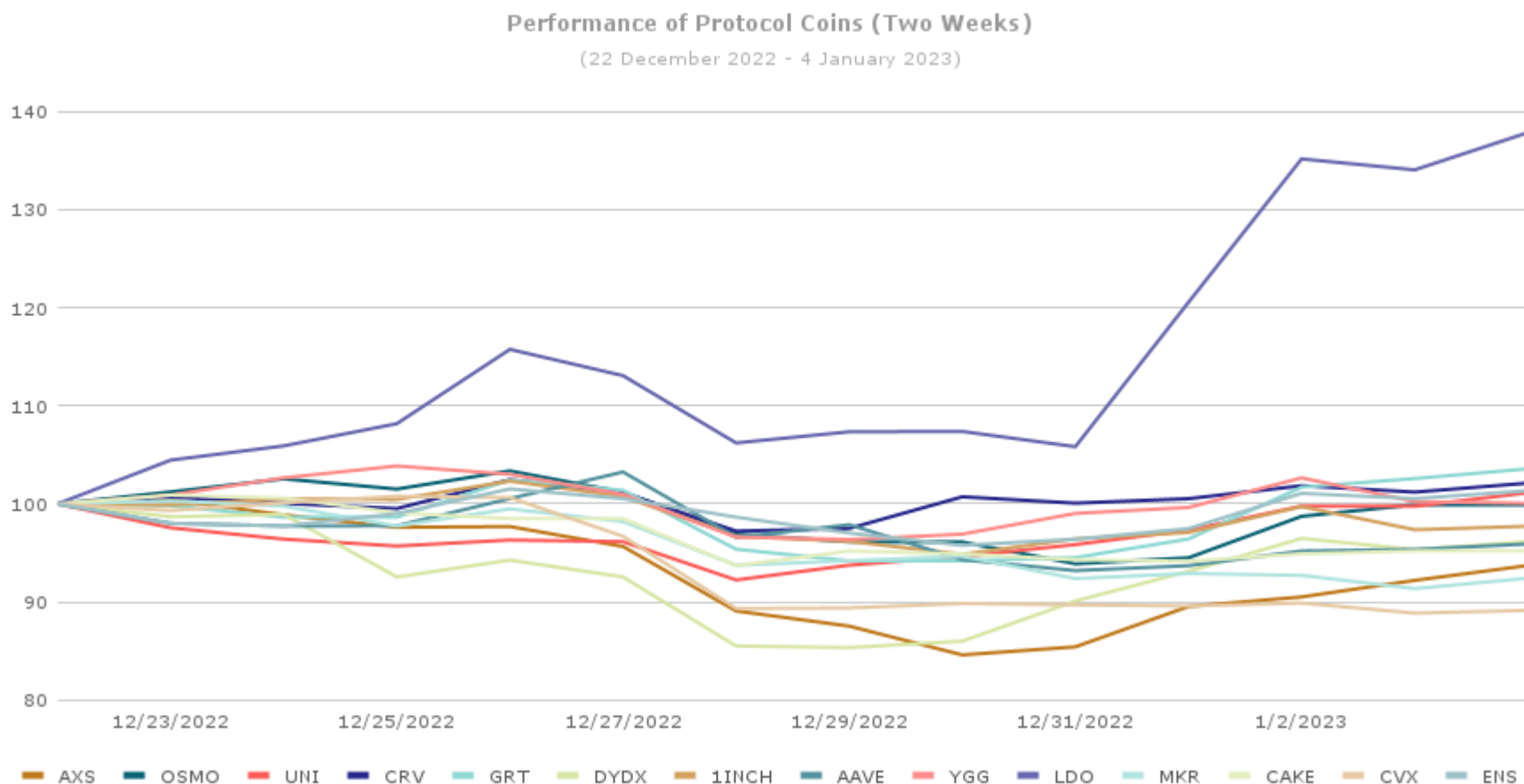
Layer-1 Price Recap (22 December 2022 – 4 January 2023)

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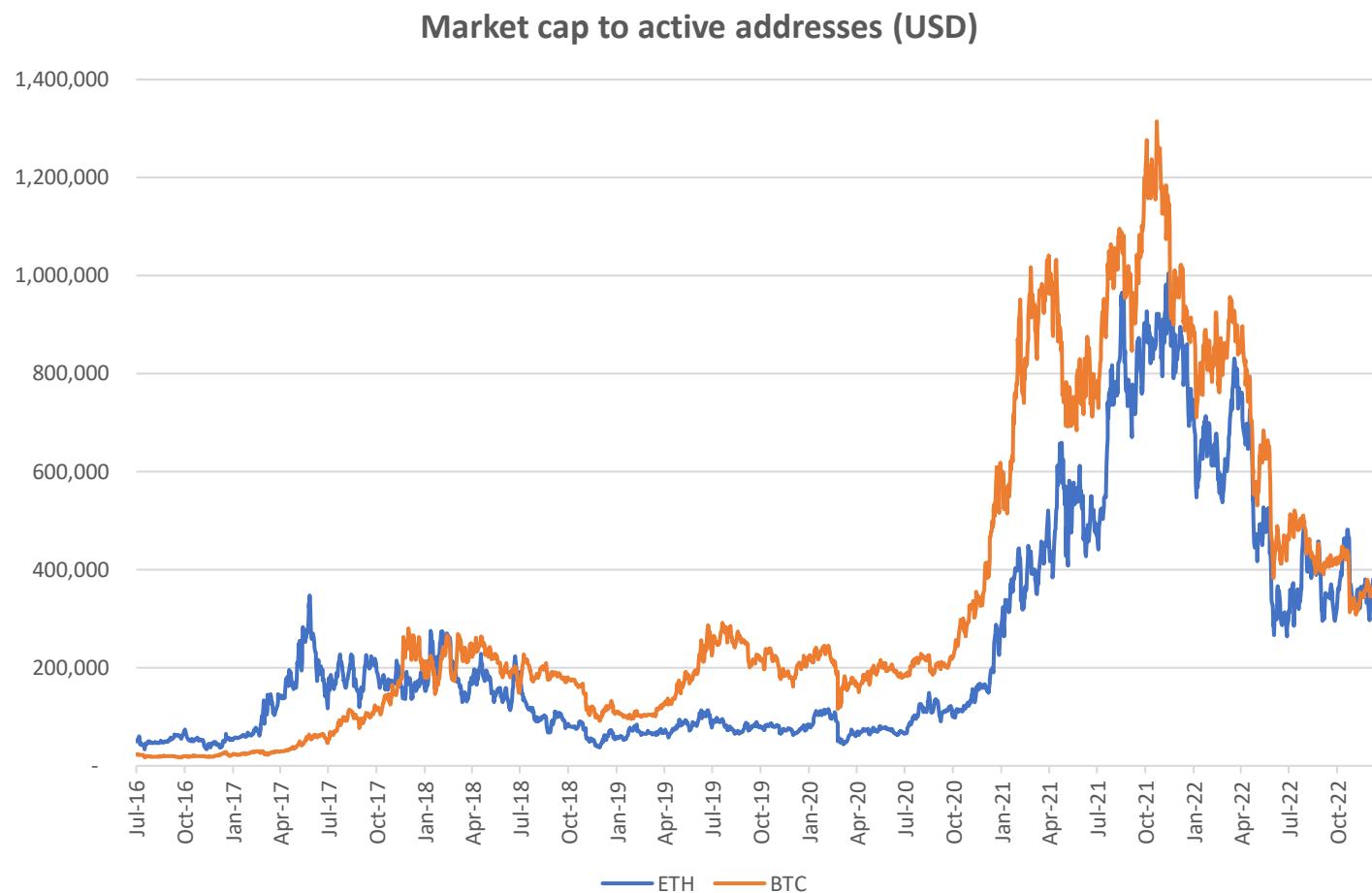


Protocol Price Recap (22 December 2022 – 4 January 2023)

- LDO outperformed after optimistic reports about staked ETH withdrawals in 2023, bringing focus to Liquid Staking Derivatives



Valuation – BTC and ETH Market Cap to Active Addresses

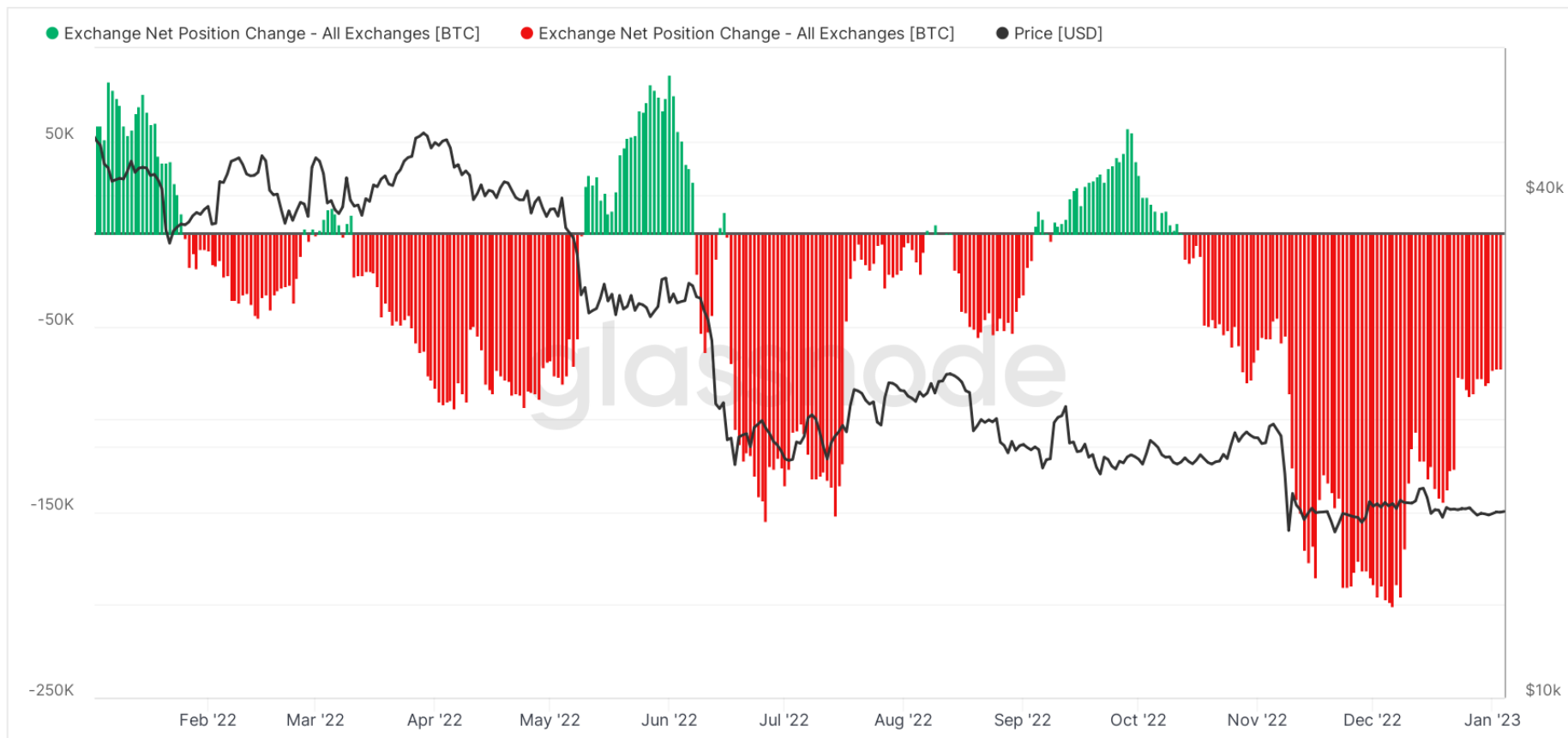


	BTC	ETH
Valuation Multiple		
2017-2018 Run	2.2x	7.1x
2020-2022 Run	5.6x	13.4x
Network Usage		
2017-2018 Run	1.3x	7.0x
2020-2022 Run	1.5x	2.8x

- 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 overtook BTC amid a brief active address spike for BTC and price declines for both. The levels are now roughly similar to kickstart the new year.

Bitcoin – exchange outflows continue, though at lower levels

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



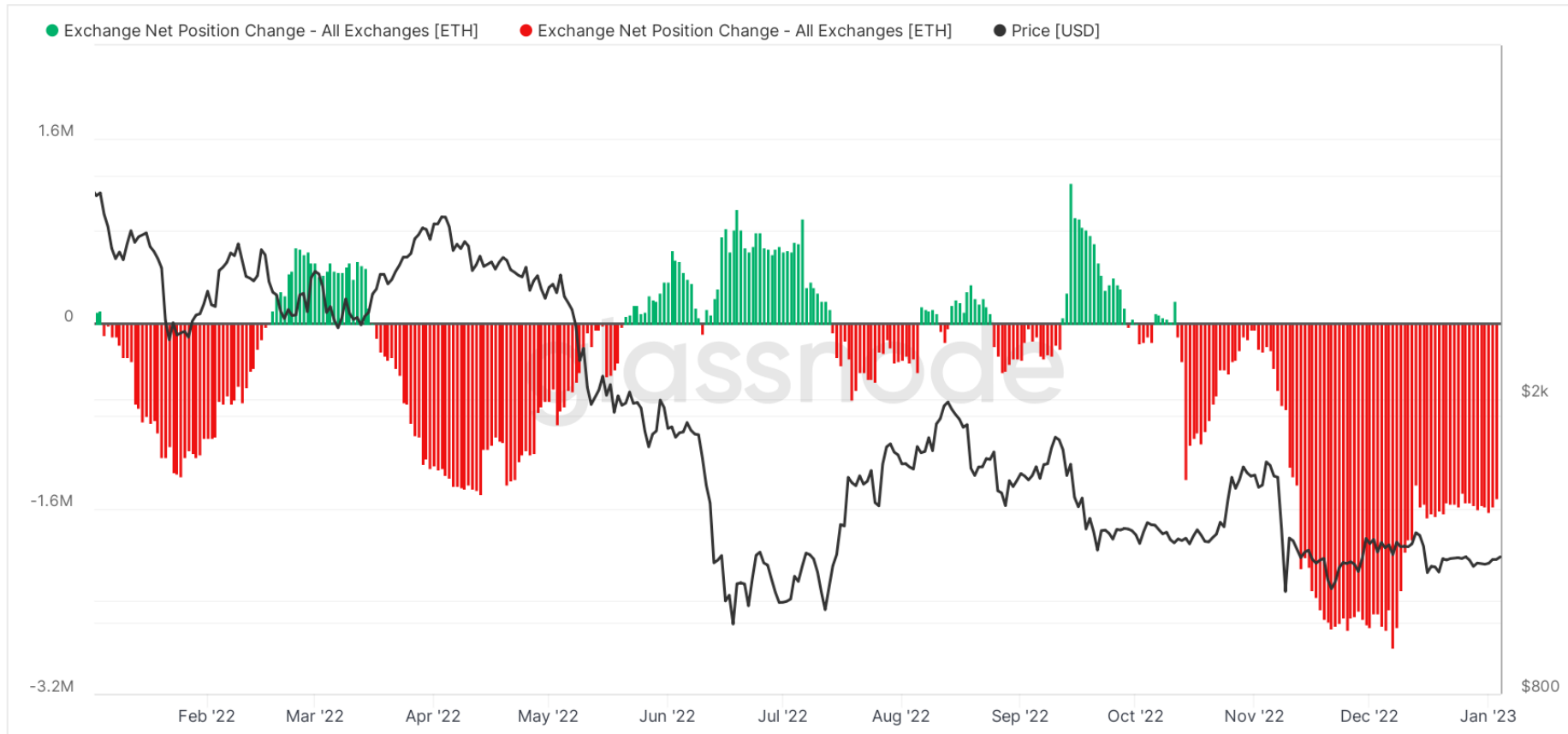
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Ethereum – exchange withdrawals carry on over to the new year

Ethereum: Exchange Net Position Change [ETH] - All Exchanges



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Layer-1 Blockchains

Layer-1 Summary (22 December 2022 – 4 January 2023)

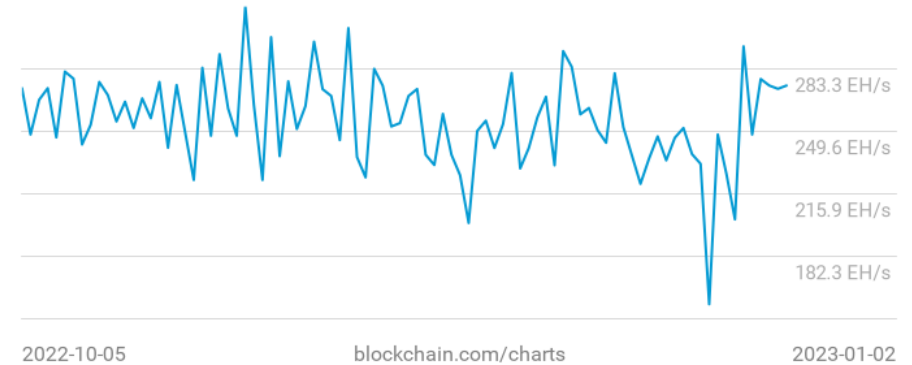
- 1. Bitcoin (2W: -1.0%)/(YTD: 0.3%)**
North American miners powered off amid winter storm
- 2. Ethereum (2W: -0.4%)/(YTD: -1.1%)**
Transactions 300% higher than Bitcoin, but more volatile
- 3. Gemini and DCG**
Gemini's Winklevoss calls out DCG's Silbert for acting in "bad faith"
- 4. News and Headlines**

Bitcoin – North American miners powered off amid winter storm

- Bitcoin mining hash rate dropped ~40% (~100EH/s) between December 21-24 amid a strong winter storm that swept across North America.
- The curtailment by miners is to help electricity grids to prepare for a surge in demand during situations like the winter storm, though it also helps miners in the event of a spike in electricity prices.
- Many of the biggest miners in the U.S. have voluntarily shut off operations temporarily, including Riot Blockchain and Core Scientific.
- Mining hash rate has quickly recovered since, hovering above 270EH/s to start the new year.

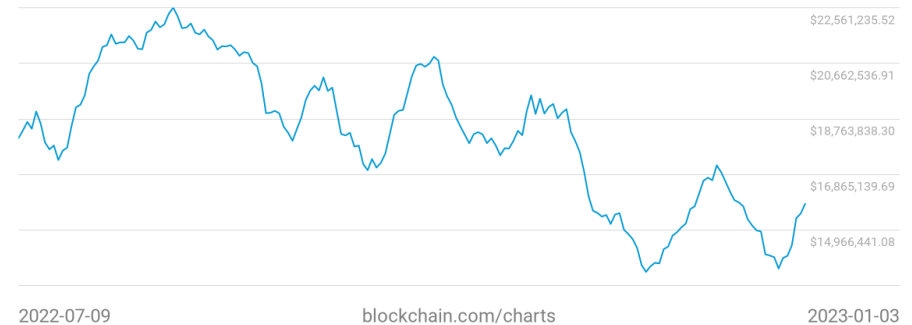
Hash Rate

274.2 EH/s



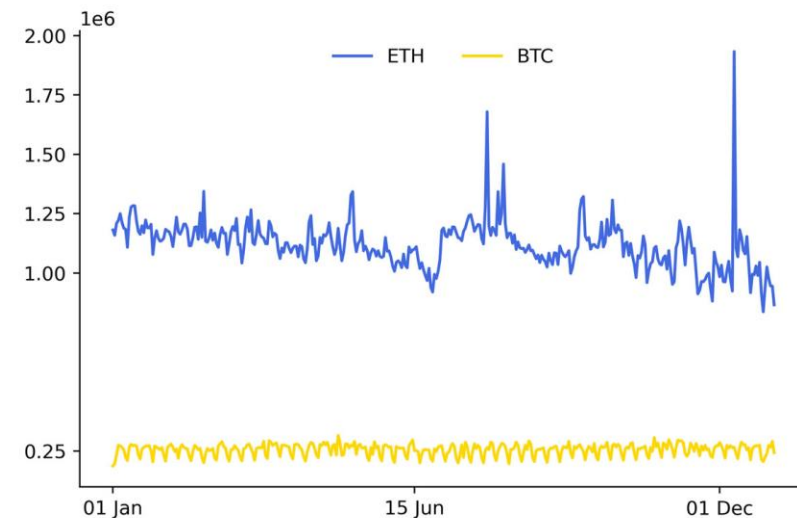
Miners Revenue

\$15,860,503.97



Ethereum – Transactions 300% higher than Bitcoin, but more volatile

- There were 338% more transactions on Ethereum than Bitcoin in 2022, though the difference is less comparable since Ethereum is built on a world of smart contracts with different use cases.
- As such, its transaction chart is also much more volatile, spiking in high-demand events such as NFT launches. Bitcoin in comparison is more stable and follows a periodic pattern.
- Nevertheless, volume maintained relatively stable throughout 2022, though the chart does not include Ethereum layer 2 transactions.
- Ethereum L2 transactions per second surpassed L1 in October and has, in general, been higher than L1 since then.



Activity

Transactions per second

Scaling factor: **2.16x**

Observed over the last 7 days ⓘ

2022 Jan 04 – 2023 Jan 03

30D 90D 180D 1Y MAX

44.00 TPS

33.10 TPS

22.20 TPS

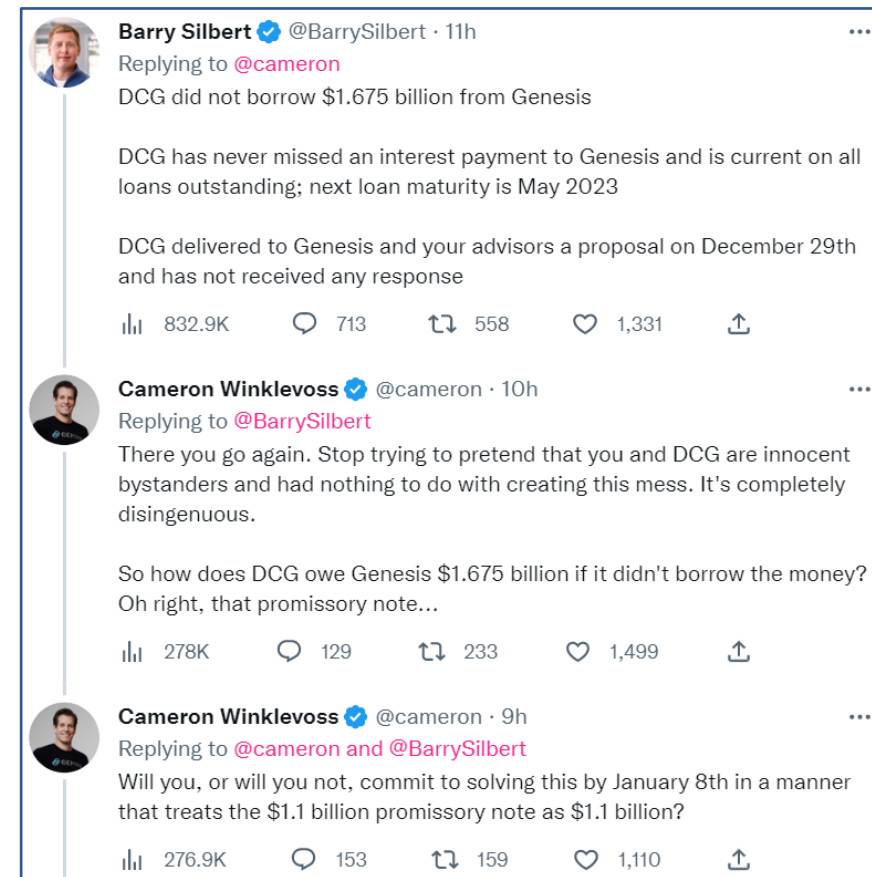
11.30 TPS

0.40 TPS

L2 BEAT

Gemini's Winklevoss calls out DCG's Silbert for acting in "bad faith"

- In an open letter posted on Twitter, Gemini's Cameron Winklevoss directly called out Digital Currency Group's (DCG) Barry Silbert on the **slow remedial progress since Genesis halted withdrawals**.
- Winklevoss stated that Silbert have been "**engaging in bad faith stall tactics**" and subpar response and behavior is "**not only completely unacceptable, it is unconscionable.**"
- Winklevoss added that the idea that Silbert can "hide in [his] ivory tower and that this will all just magically go away" is pure fantasy, and that "this mess is entirely of [Silbert's] own making."
- Winklevoss has given Silbert until January 8, 2023 to commit to solving the problem. While Winklevoss does not state what his next steps will be after this date, he could file a notice of default.
- In a reply tweet, Silbert said DCG had delivered a proposal to Winklevoss's advisors on December 29 but have yet received a response.
- The publicizing of this recovery process is likely to push parties and stakeholders involved to move quicker, given that public image is more at the forefront now.



News & Headlines

SBF Pleads Not Guilty to Fraud and Conspiracy

Sam Bankman-Fried pleaded not guilty to all charges brought against him, which includes eight counts relating to wire fraud and campaign finance violations. He will face trial in early October. In addition, the judge also granted SBF's application to seal the names of the two co-signers that guaranteed his US\$250 million bail bond. [[CoinDesk](#)]

Binance Enters South Korea Again with Acquisition

Binance is reportedly acquiring a 41.2% stake in South Korean crypto exchange GOPAX from its CEO. The exchange is one of five major crypto exchanges in the market, and marks Binance's second entry in South Korea after it terminated operations in 2020 citing low usage. [[Blockworks](#)]

Gemini Earn Users Pursue Class Action Lawsuit Against DCG

Three Gemini Earn users are filing a class action lawsuit against Genesis and parent company Digital Currency Group after Genesis, the partner for Gemini Earn, froze withdrawals after Genesis faced financial issues related to contagion of FTX's collapse. The users allege that Genesis and DCG attempted to conceal its insolvency with a "sham transaction." [[Blockworks](#)]

SBF Pleads Not Guilty to Fraud and Conspiracy

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3Commas API Leak Confirmed by Founder

3Commas, the automated trading bot platform, finally confirmed that its API keys had been leaked online after weeks of speculation and denial from the team. While users alleged that the hack was due to an inside job, 3Commas co-founder Yurly Sorokin stated that there was no proof that it was an inside job. [[Blockworks](#)]

Crypto Payments Platform Wyre Shuts Down

Months after a scrapped US\$1.5 billion deal to acquire the crypto payments and infrastructure company Wyre, the company is reportedly liquidating and shutting down in January 2023. The firm had raised over US\$29 million over nine rounds of funding. Co-founder Michael Dunworth stepped down and cashed out of its holdings after the acquisition fell through last September. [[Blockworks](#)]

Indonesia Planning National Crypto Exchange

Indonesia is planning to form a national crypto exchange as part of a broader financial sector reform. The exchange should be set up by the time crypto supervision is passed from the Commodity Futures Trading Regulatory Agency to the Financial Services Agency, which is expected to be within two years. [[The Block](#)]

Stablecoins

Stablecoins Summary

1. Centralized Stablecoins

2. Decentralized Stablecoins

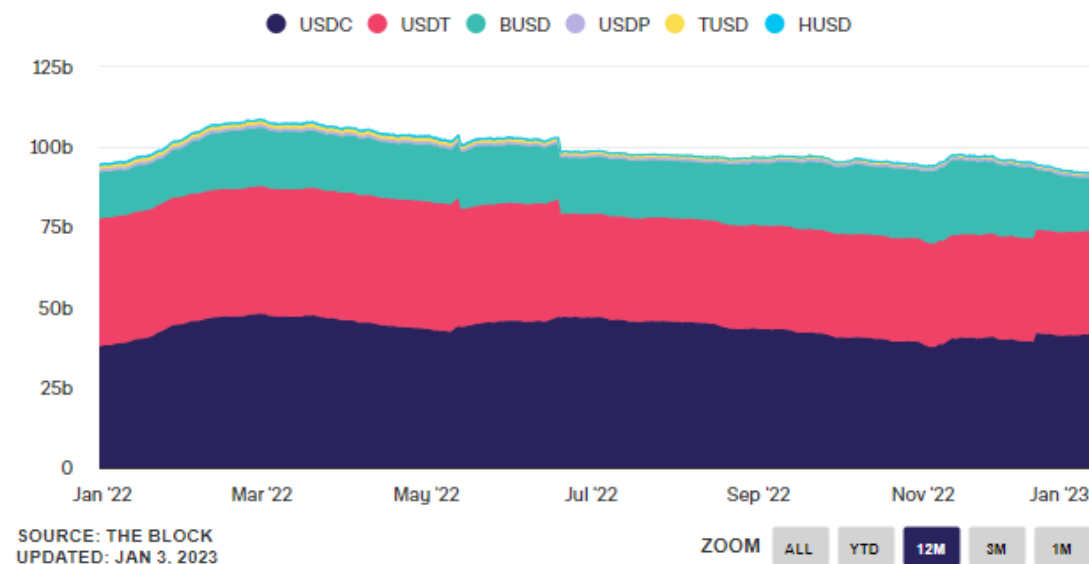
USDN revival plan is to turn it into a soft-peg stablecoin

Centralized Stablecoin Updates

- In the past two weeks:
 - Total stablecoin supply on Ethereum decreased to US\$99.1b (-1.4%) and centralized stablecoin supply decreased to US\$92.0b (-1.5%)
 - USDC increased 0.8% to 41.6b; USDT was unchanged.



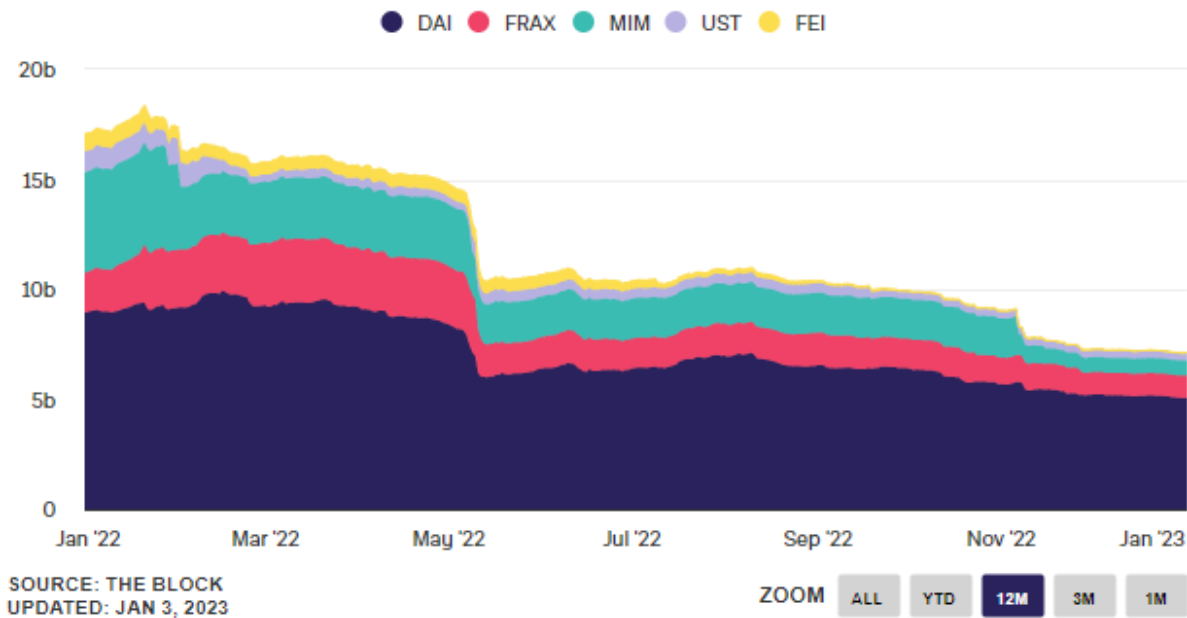
Total Fiat-backed Stablecoin Supply on Ethereum



Decentralized Stablecoin Updates – USDN revival plan is to turn it into a soft-peg stablecoin



Total Crypto-backed and Algorithmic Stablecoin Supply on Ethereum



USDN revival plan: transformed to a soft-peg stablecoin

- Waves founder Sasha Ivanov said in a community AMA that the USDN revival plan will see depegged stablecoin USDN turning into a multi-collateralized, soft-pegged asset named WINDX.
- WINDX will seek to fluctuate at or near US\$1 instead of being a hard-pegged stablecoin.
- Once the bad debt on Vires has been liquidated, there will also be a new stablecoin on Waves called Neutrino 2.0.

DeFi

DeFi Summary (22 December 2022 – 4 January 2023)

1. TVL by Chain

- Arbitrum TVL dropped 5.7% to US\$1.02b after weeks of growth in major protocols like Uniswap and Sushi.
- Cronos TVL dropped 9.5% to US\$369m, led by losses in lending protocol Tectonic, the blockchain's second-largest protocol in TVL.

2. TVL by Protocol

- Most protocols saw TVL decline in a relatively flat two weeks in terms of price movement
- Lido relatively outperformed, boosted by optimistic outlook on LSDs

3. DeFi Revenue

- NFT volume seemingly on the rise with revenue increases for OpenSea and ENS

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

5. Top DEX Pools

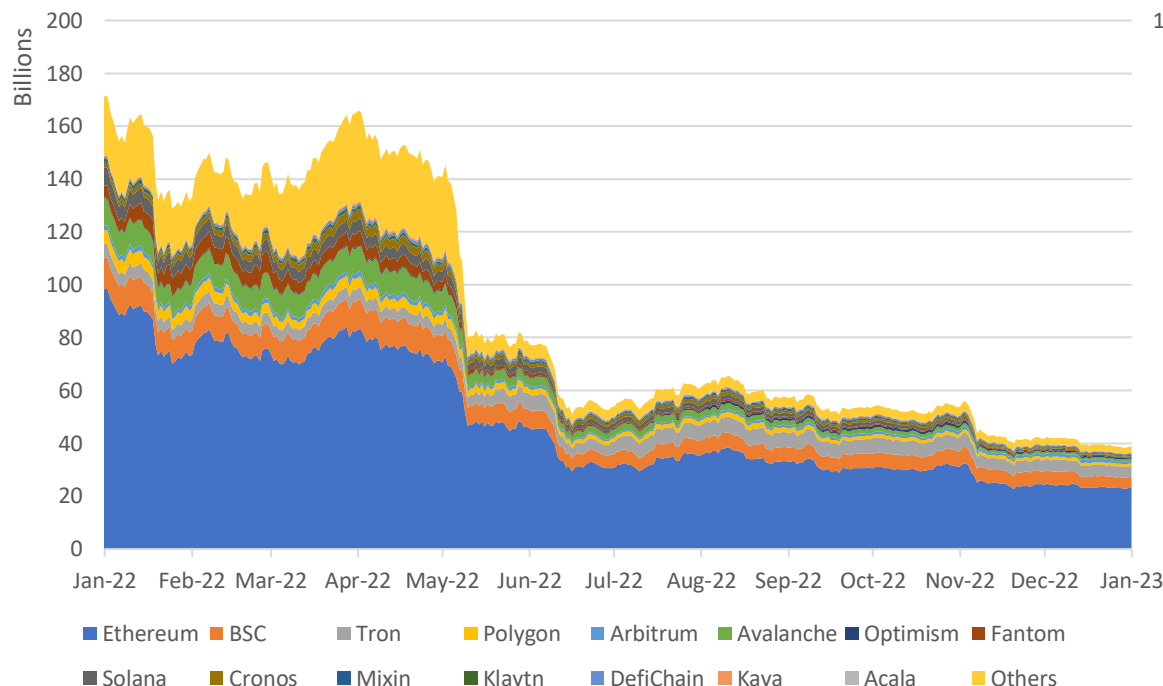
- Liquidity remained flat across the holiday season and new year

6. Noteworthy DeFi Protocols

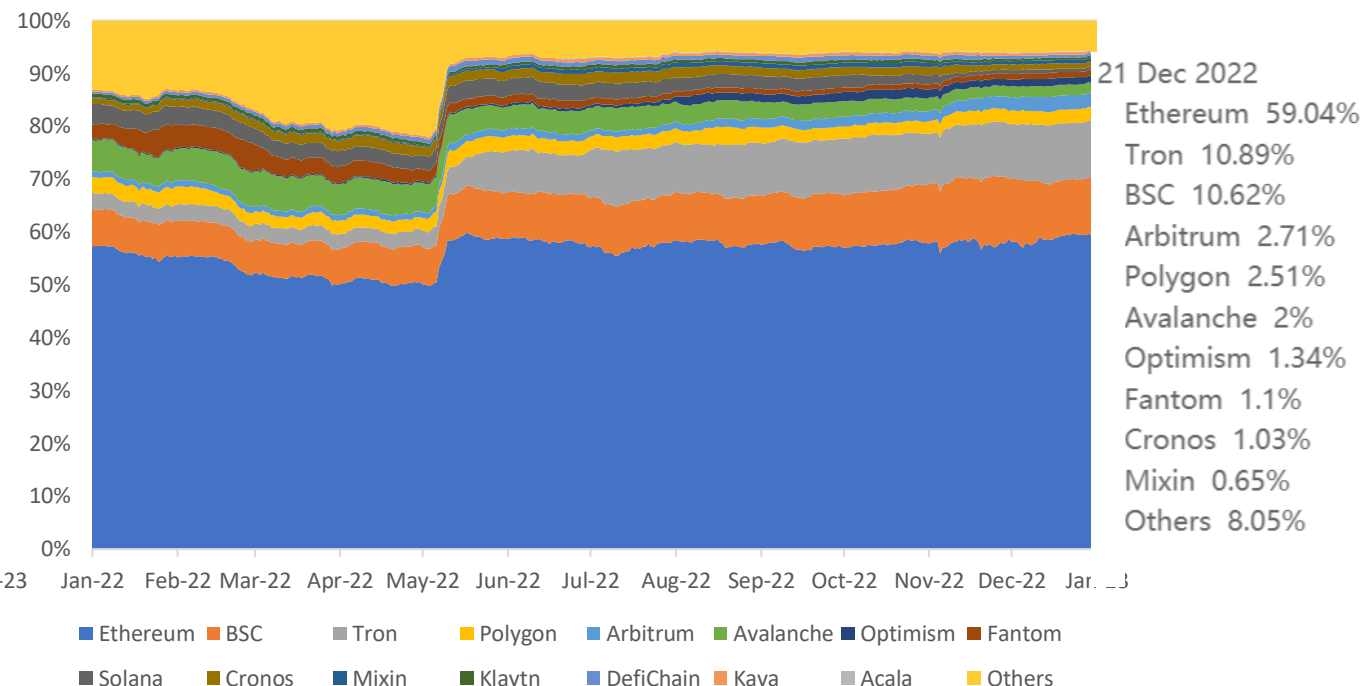
- **SushiSwap** shuts lending protocol and token launchpad

TVL Overview by Chain – TVL growth on most protocols slows or reverses for a slow start to 2023

TVL Trend by Chain



TVL Breakdown by Chain



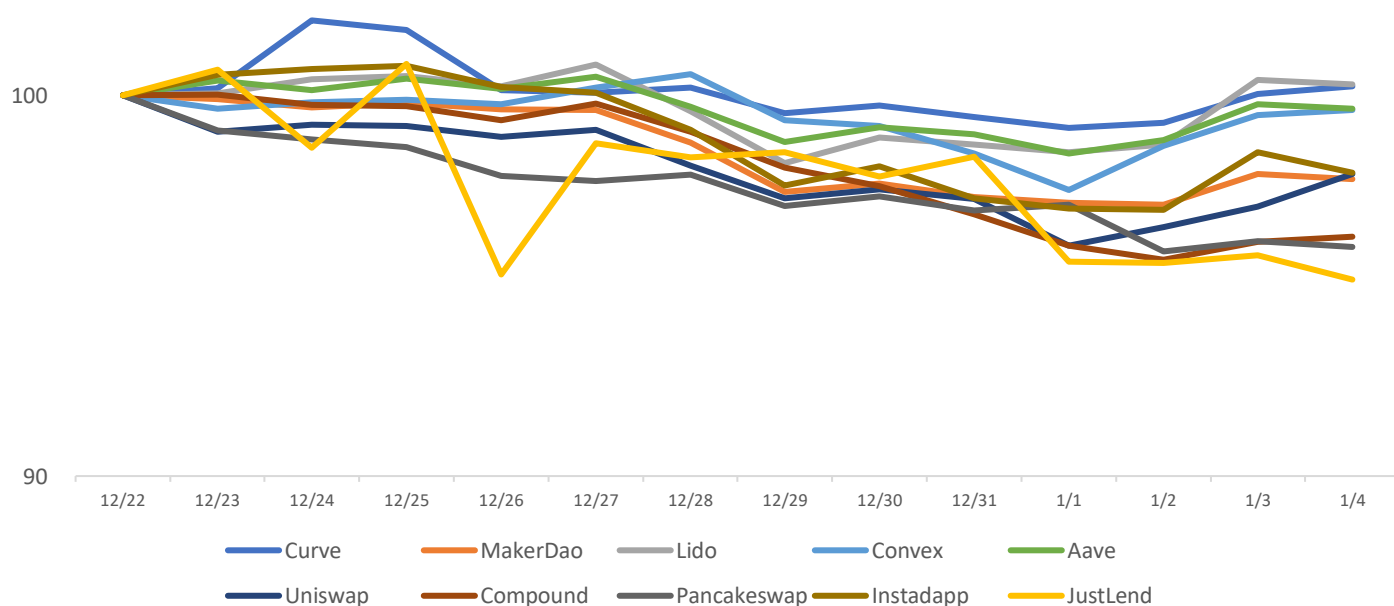
Total TVL declined 2.0% to US\$38.8b despite relatively flat price movement. During the period, notable winners/losers were:

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- Cronos TVL dropped 9.5% to US\$369m, led by losses in lending protocol Tectonic, the blockchain's second-largest protocol in TVL.

TVL Overview by Protocols

- Most protocols saw TVL decline in a relatively flat two weeks in terms of price movement
- Lido relatively outperformed, boosted by optimistic outlook on LSDs

TVL of Top DeFi Protocols in Terms of TVL
(22 December 2022 = 100)

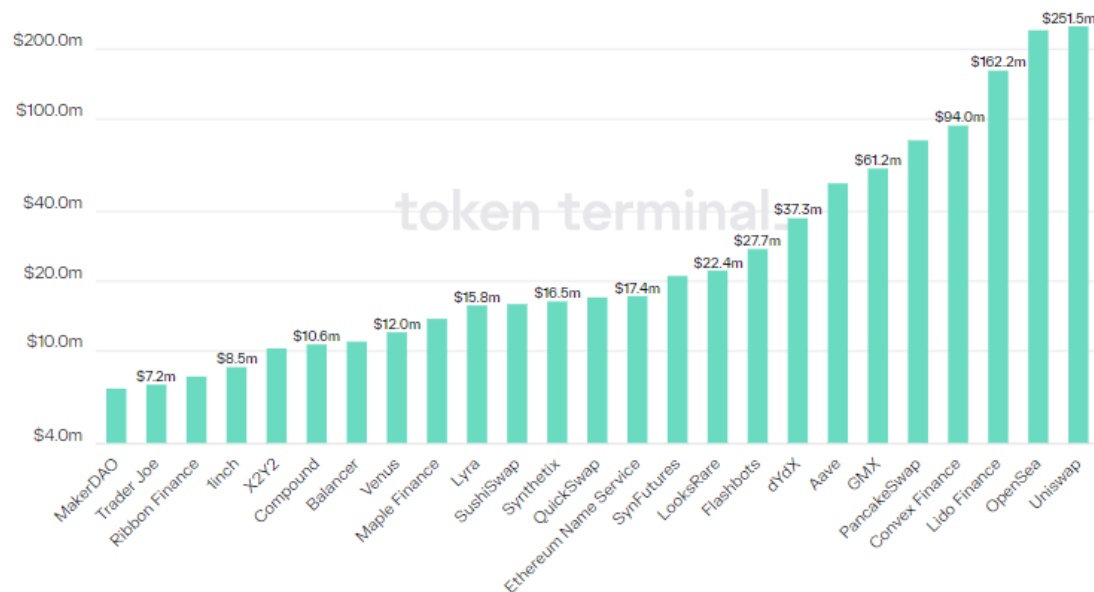


Protocol	22 Dec 22 TVL (USD m)	4 Jan 23 TVL (USD m)	Period Change
MakerDAO	6,054	5,920	-2.2%
Uniswap	3,391	3,321	-2.1%
Pancake	2,250	2,160	-4.0%
Compound	1,432	1,379	-3.7%
Instadapp	1,611	1,578	-2.0%
Lido	5,955	5,971	0.3%
Uniswap	3,047	3,035	-0.4%
Curve	3,632	3,640	0.2%
Convex	3,047	3,035	-0.4%
Aave	3,712	3,698	-0.4%
JustLend	2,708	2,577	-4.8%

DeFi Total Revenue - DeFi Protocols

- Are NFTs back? OpenSea and ENS recording positive revenue increases for both 7d and 30d, signaling that volume might be on the rise. LooksRare, however, is down.
- Decentralized derivatives protocol SynFutures snaps up a spot at the top charts.

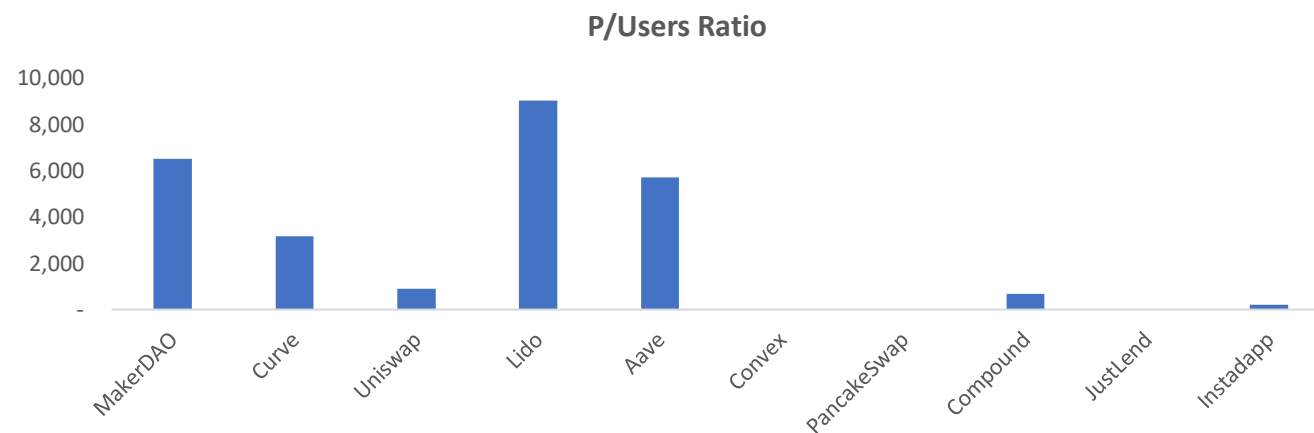
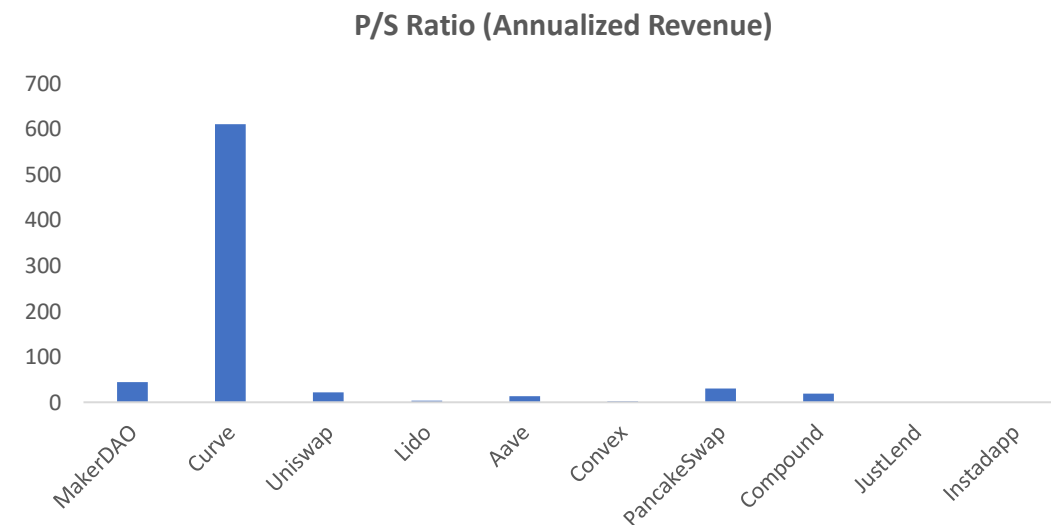
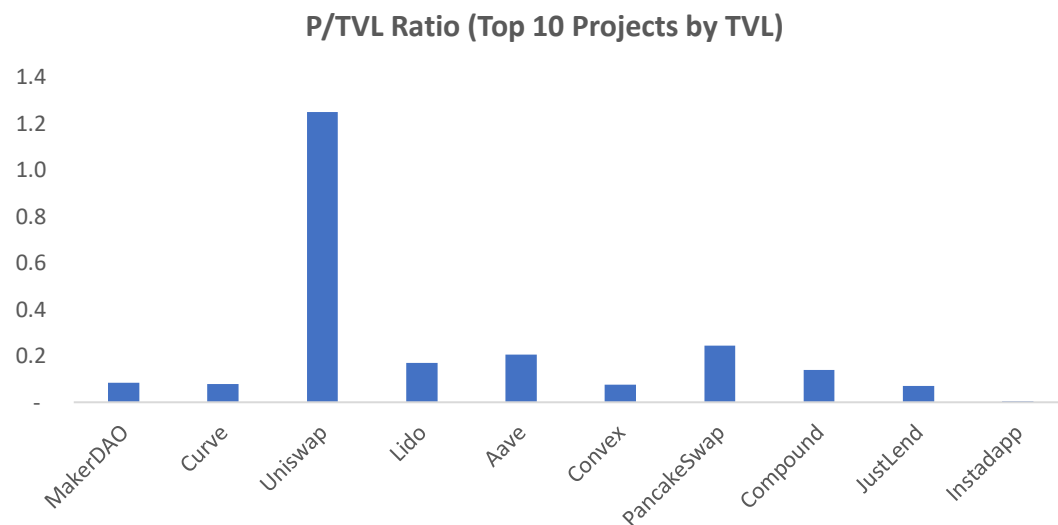
Top dapps based on daily cumulative fees in the past 180 days.



Project	Revenue 7d (US\$)	Revenue 30d (US\$)	Revenue 180d (US\$)	7d Change	30d Change
OpenSea	\$ 8.4m	\$ 33.5m	\$ 240.8m	23.5%	27.0%
Lido Finance	\$ 5.4m	\$ 24.7m	\$ 162.2m	-5.5%	-26.2%
Uniswap	\$ 3.4m	\$ 19.1m	\$ 251.5m	5.4%	-63.0%
Convex Finance	\$ 1.9m	\$ 9.7m	\$ 94.0m	-3.5%	-13.0%
GMX	\$ 1.0m	\$ 7.9m	\$ 61.2m	-34.1%	-52.8%
PancakeSwap	\$ 1.1m	\$ 6.4m	\$ 80.8m	3.0%	-61.2%
Aave	\$ 1.1m	\$ 4.9m	\$ 52.8m	-4.3%	-20.8%
Flashbots	\$ 0.8m	\$ 4.2m	\$ 27.7m	-16.1%	-53.5%
dYdX	\$ 0.9m	\$ 4.1m	\$ 37.3m	17.7%	-39.1%
SynFutures	\$ 0.9m	\$ 4.1m	\$ 21.2m	-7.9%	-11.9%
Lyra	\$ 0.5m	\$ 2.7m	\$ 15.8m	-14.9%	-37.0%
LooksRare	\$ 0.6m	\$ 2.6m	\$ 22.4m	-6.2%	-0.5%
Compound	\$ 0.3m	\$ 1.4m	\$ 10.6m	-1.2%	-24.6%
ENS	\$ 0.3m	\$ 1.4m	\$ 17.4m	2.2%	2.8%
Venus	\$ 0.3m	\$ 1.4m	\$ 12.0m	0.3%	-73.9%
SushiSwap	\$ 0.2m	\$ 1.2m	\$ 16.0m	-1.2%	-56.5%
QuickSwap	\$ 0.3m	\$ 1.1m	\$ 17.1m	85.5%	-63.4%
MakerDAO	\$ 0.2m	\$ 1.0m	\$ 6.9m	0.2%	-5.3%
Goldfinch	\$ 0.0m	\$ 0.9m	\$ 5.4m	-99.3%	-6.5%
Balancer	\$ 0.1m	\$ 0.8m	\$ 11.1m	7.4%	-58.1%

Note: As of 4 January 2022

DeFi Valuation



Note: As of 4 January 2023. 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	ROL
1	 steth	\$786.74m	\$6.11m	\$1.39k	0.06%
2	 3pool	\$608.1m	\$167.46m	\$8.66k	0.52%
3	 frax	\$474.82m	\$1.02m	\$206.45	0.20%
4	 tricrypto2	\$154.46m	\$11.82m	\$1.86k	0.44%
5	 mim	\$112.1m	\$1.54m	\$368.55	0.38%
6	 susd	\$71.37m	\$2.3m	\$246.26	0.12%
7	 alusd	\$56.71m	\$0.00	\$0.52	0.10%
8	 lusd	\$56.53m	\$1.09m	\$253.38	0.63%
9	 tusd	\$32.62m	\$2.89k	\$1.42	0.28%
10	 compound	\$30.13m	\$0.00	\$0.70	0.00%

Liquidity Provided



Uniswap

Top Pairs ?











#	Pair/Pool	Liquidity	Volume	Fees	ROL
1	 WISE - ETH	\$84.93m	\$71.96k	\$215.87	0.09%
2	 USDC - ETH	\$83.68m	\$1.51m	\$4.53k	1.97%
3	 DAI - USDC	\$32.7m	\$5.31k	\$15.94	0.02%
4	 FNK - USDT	\$29.75m	\$0.00	\$0.00	0.00%
5	 ETH - USDT	\$22.97m	\$1.56m	\$4.69k	7.45%
6	 DAI - ETH	\$12.87m	\$88.34k	\$265.03	0.75%
7	 FXS - FRAX	\$11.73m	\$729.47k	\$2.19k	6.81%
8	 USDC - USDT	\$10.55m	\$86.28k	\$258.83	0.90%
9	 MC - ETH	\$10.32m	\$804.24k	\$2.41k	8.53%
10	 ELON - ETH	\$9.91m	\$126.32k	\$378.95	1.40%

Liquidity Provided



SushiSwap

Top Pairs ?

#	Pair/Pool	Liquidity	Volume	Fees	ROL
1	 ILV - ETH	\$44.48m	\$331.95k	\$995.85	0.82%
2	 USDC - ETH	\$36.43m	\$678.14k	\$2.03k	2.04%
3	 ETH - USDT	\$19.24m	\$404.95k	\$1.21k	2.30%
4	 WBTC - ETH	\$14.52m	\$55.23k	\$165.70	0.42%
5	 SUSHI - ETH	\$9.5m	\$300.26k	\$900.77	3.46%
6	 YFI - ETH	\$7.49m	\$143.68k	\$431.05	2.10%
7	 DAI - ETH	\$6.57m	\$56.18k	\$168.55	0.94%
8	 PUNK - ETH	\$6.51m	\$31.13k	\$93.38	0.52%
9	 LON - USDT	\$5.72m	\$1.91k	\$5.74	0.04%
10	 SYN - ETH	\$5.64m	\$396.22k	\$1.19k	7.69%

Liquidity Provided



Top DEX Pool Trends – Liquidity remained flat across the holiday season and new year

Curve

Top Pair Data: steth

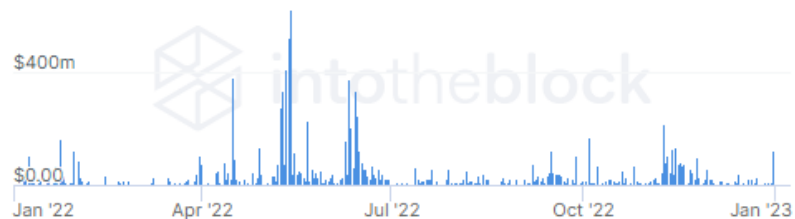
Total Liquidity, USD

\$7.5b



Volume Traded

\$800m



Fees per Liquidity

4%



Uniswap

Top Pair Data: WISE - ETH

Total Liquidity, USD

400M



Volume Traded

\$1.2m



Fees per Liquidity

0.5%



SushiSwap

Top Pair Data: ILV - ETH

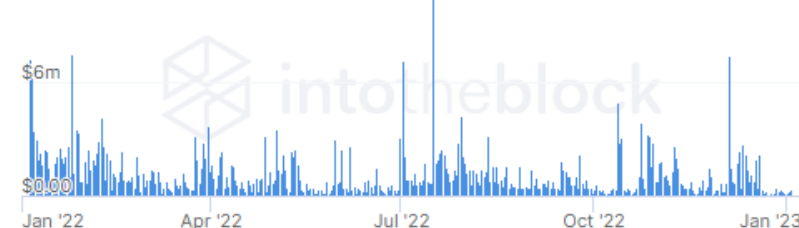
Total Liquidity, USD

500M



Volume Traded

\$12m



Fees per Liquidity

20%



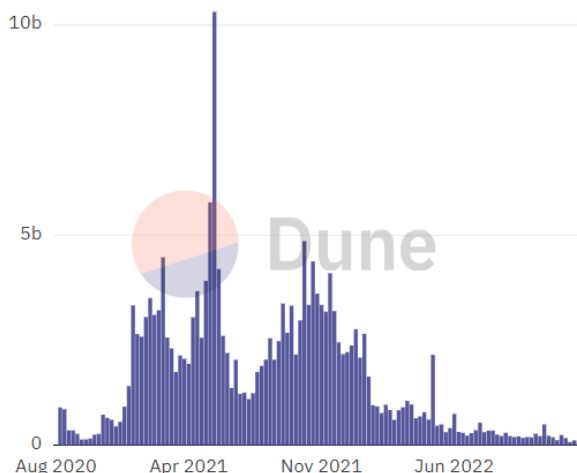
Noteworthy DeFi Protocols – SushiSwap shuts lending protocol and token launchpad

UNI 1M performance



Volume USD volume Per Week

@dqniellew



- SushiSwap announced that it would shut down its Kashi lending protocol and MISO launchpad.
- SushiSwap's CTO explained that the decision to shut down Kashi was because it had some **design flaws, ran at a loss, and lacked resources to it**. Meanwhile, MISO also **lacked resources**.
- Successors to Kashi and MISO would be planned once SushiSwap has enough dedicated resources but will only focus on the DEX as of now.
- The decision comes as SushiSwap faces some financial uncertainties in recent months. CEO Jared Grey also shared a new proposal to redesign the tokenomics of SushiSwap, intending to boost liquidity and decentralization of the platform.

NFT & Metaverse

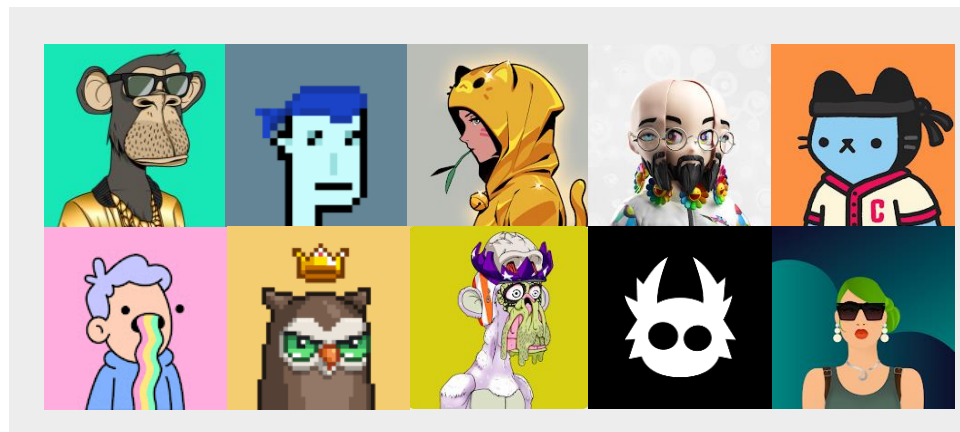
NFT & Metaverse Summary

1. **NFT Dashboard** – No BAYCs on top sales as “Spirit Azukis” gets picked up by whales, including numerous BAYC holders
2. **Weekly NFT volume stable, is Blur growing?**
3. **y00ts and DeGods are moving out of Solana**
4. **News & Headlines**

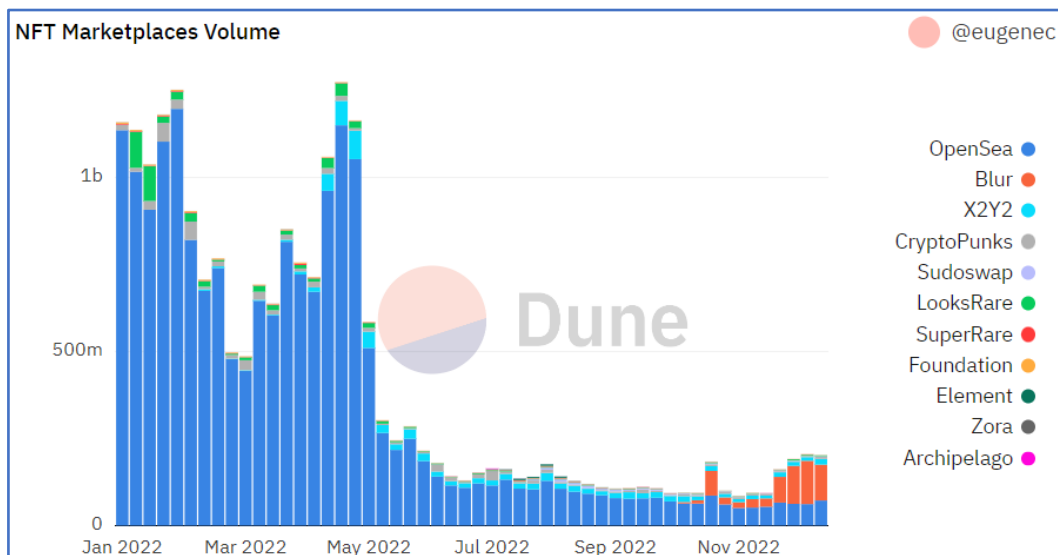
NFT Dashboard

Project	Floor Price	14D	YTD
"Blue Chip" Projects			
Bored Ape Yacht Club	74.8Ξ	14.7%	7.6%
CryptoPunks	65.4Ξ	5.6%	0.0%
Tier-A Projects			
Azuki	12.0Ξ	8.2%	2.0%
Clone X	5.7Ξ	0.5%	-1.1%
Cool Cats	2.5Ξ	1.2%	-1.6%
Doodles	6.5Ξ	-0.9%	-0.9%
Moonbirds	7.7Ξ	7.4%	5.7%
Mutant Ape Yacht Club	16.0Ξ	11.9%	0.6%
Otherdeeds	1.3Ξ	-2.2%	1.7%
World of Women	1.8Ξ	2.0%	3.6%

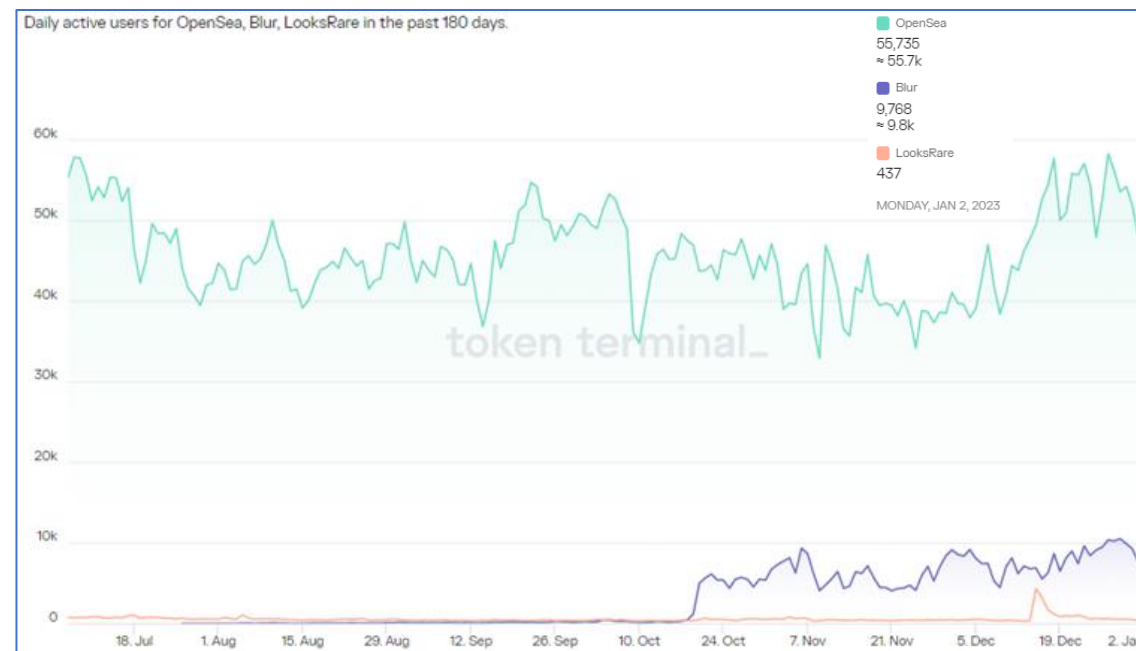
Top Sales of the Week*	Price	Top Collections of the Week* (by volume)	Volume (USD)
CryptoPunk #2066	\$1,380.0k	Bored Ape Yacht Club	\$15.2m
mfer #8718	\$597.9k	Mutant Ape Yacht Club	\$8.5m
Azuki #5070	\$242.2k	CryptoPunks	\$6.8m
CryptoPunk #5924	\$240.1k	Otherdeed	\$6.7m
g00fs #1351	\$215.4k	Bored Ape Kennel Club	\$5.8m
Azuki #2311	\$209.1k	Azuki	\$5.4m
CryptoPunk #6747	\$206.1k	DeGods	\$3.4m
Azuki #1334	\$194.6k	The Potatoz	\$3.3m
Azuki #3567	\$190.8k	CloneX	\$2.7m
CryptoPunk #6747	\$189.7k	Pudgy Penguins	\$2.7m



Weekly NFT volume stable, is Blur growing?



- While NFT volume on Blur have seemingly overtaken OpenSea, it is likely due to users farming for the upcoming airdrop by utilizing the platform more. Also, as an aggregator, it includes listings from exchanges in addition to OpenSea.
- However, daily active users seem to remain quite stable on Blur, further confirming that most of the volume comes from roughly the same group of users farming for the airdrop. It is still $\sim 1/5$ of OpenSea's DAU.



Marketplace	Average Price per Trade*
OpenSea (all)	US\$57.9
MagicEden	US\$88.5

Note: *7 days

Source: Token Terminal, Dune Analytics, DappRadar

y00ts and DeGods are moving out of Solana

- Solana's top NFT projects, DeGods and y00ts, will be leaving Solana, the network that it both launched in.
- DeGods, the top Solana collection in terms of volume, will bridge to Ethereum in Q1 2023.
- Sister project y00ts, third-highest in total volume, will move to Polygon with a grant from Polygon's partnership fund.
- Frank, head of the two projects, said that DeGods may have capped out on Solana and would have to move to Ethereum in order to continue its growth.
- The bridges will be one of the most noteworthy in NFT space, since it has not been done at such a scale with a leading collection. The team has noted that it is aware of risks in bridging and must execute it carefully.



News & Headlines

China to Launch National NFT Marketplace

China is launching a state-backed NFT marketplace, which was largely considered a legal gray area considering the strict regulations on crypto. The marketplace will be used to trade collectibles, digital copyrights, and property rights. [[CoinDesk](#)]

Project Founder Admits to Gambling Away Investor Funds

Twitch streamer DNP3, who also founded several crypto projects like The Goobers NFT and Gridcraft metaverse, admitted to gambling away investors funds in a statement posted to Twitter. He added that he was working with a group to begin a path to recovery. It is unclear how much he exactly gambled away. [[@DNPthree](#)]

Pudgy Penguins Reach All-time Highs During Holiday Rally

Pudgy Penguins, the NFT project that was once written off, saw its collection reach all-time highs and climbing, just in time for a Christmas holiday rally. The project's new owner, Luca Netz, has been exceptionally active and earlier promised to build the brand. [[CoinDesk](#)]

Square Enix Reaffirms Web3 Commitment

Game developer Square Enix, behind popular titles like Final Fantasy and Kingdom Hearts, reaffirmed its commitment in web3 with a letter noting that it is most focused on blockchain entertainment; it has multiple blockchain games based on original IPs under development. [[Square Enix](#)]

Tax Loss Harvesting Platform Buys Worthless NFTs

Unsellable, a new platform that acquires worthless NFTs for the cost of gas plus a few dollars provides a quick way for NFT investors to capture losses and receive a receipt to prove their losses. The platform has purchased nearly 16,000 NFTs. [[CoinDesk](#)]

Policy and Regulatory

Policy & Regulatory Updates

- The U.S. Department of Justice is reportedly launching a criminal probe into the alleged US\$400 million hack of FTX wallets the same day that the exchange filed for bankruptcy. The investigation is separate from the fraud case against former CEO Sam Bankman-Fried. [[CoinDesk](#)]
- The U.S. Attorney's office for the Southern District of New York has formed an FTX task force to handle FTX-related investigations and prosecutions. Part of the task force's responsibilities will trace and recover victim funds linked to the FTX collapse. [[Decrypt](#)]
- The U.K.'s National Crime Agency is forming a National Cyber Crime Unit Crypto Cell team, which will proactively investigate cryptocurrency crime. The new team will hire individuals that have a background in blockchain forensic investigation. [[Decrypt](#)]
- The U.S. SEC is increasing its scrutiny of cryptocurrency company audits, warning that investors should not place too much confidence in a crypto company's proof-of-reserves report, since it is "not enough information" to assess whether the company has enough assets. [[CoinDesk](#)]
- The Securities Commission of the Bahamas announced that it has taken custody of FTX assets worth US\$3.5 billion, and will hold onto the assets until there is direction from the Supreme Court to distribute them to FTX's customers and creditors. [[Elliptic](#)]
- Coinbase reached a US\$100 million settlement with the New York State Department of Financial Services for charges related to AML compliance. The settlement includes a US\$50 million fine and a US\$50 million investment over the next two years to strengthen its compliance department. [[CoinDesk](#)]
- The Italian parliament approved a new budget that would subject crypto traders to a 26% capital gains tax beginning in 2023. [[CoinDesk](#)]
- The Canadian province of British Columbia became the third province after Quebec and Manitoba to impose an 18-month moratorium on new connections to its power grid, noting that it wanted to preserve electricity for essential businesses amid high demand for power in this season. [[CoinDesk](#)]
- The Israel Securities Authority proposed amendments to include digital assets into its existing financial laws. The proposals are intended to protect investors from risks, citing the FTX and Celsius collapses. [[The Block](#)]

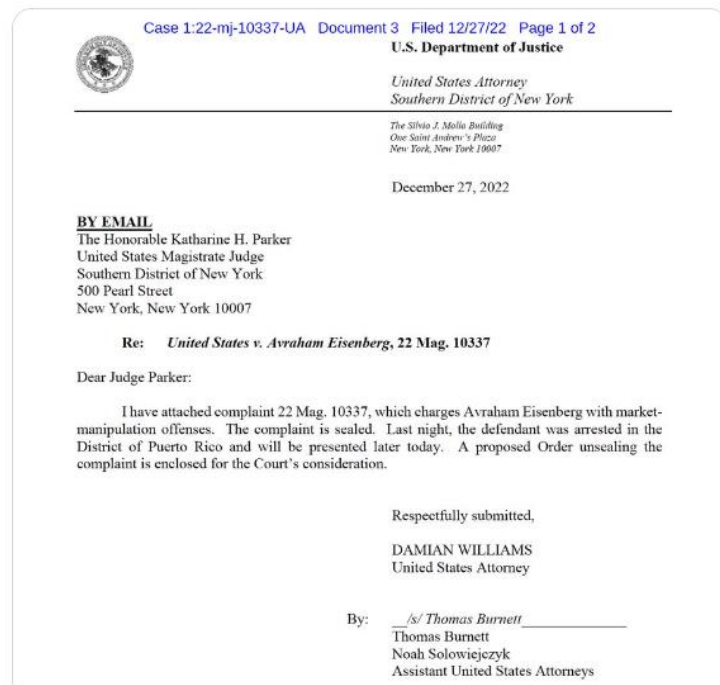
Notable Tweets

Mango Markets attacker arrested



Summers
@SummersThings

Avraham "Avi" Eisenberg @avi_eisen was arrested yesterday in Puerto Rico and charged with market manipulation offenses.



Bitcoin Core developer loses all his bitcoins



@LukeDashjr@BitcoinHackers.org on Mastodon
@LukeDashjr

PSA: My PGP key is compromised, and at least many of my bitcoins stolen. I have no idea how. Help please.
#Bitcoin

2:13 AM · Jan 2, 2023

5M Views 785 Retweets 890 Quote Tweets 3,143 Likes

RTFKT COO gets hacked



Nikhil Gopalani
@Nikgopalani

Hey Clone X community - I was hacked by a clever Phisher (same phone # as apple ID) & sold all my clone x / some other nfts... Obviously pretty upset and hurt by this and I havent really been able to move all day. Hope people who bought my clones love them (being positive)

11:48 AM · Jan 3, 2023

160.8K Views 58 Retweets 59 Quote Tweets 419 Likes

Zhu Su comments on DCG



Zhu Su
@zhusu

7) dcg value is 0, criminal fraud, ftx creditors also have case for fraudulent conveyance on Alameda returns of capital to Genesis

8) most OGs are well aware of how close Barry and SBF were since beginning (SBF is on board of genesis, they gave him his first ftt backed loan)

9:59 AM · Jan 3, 2023

421.3K Views 59 Retweets 17 Quote Tweets 561 Likes

Where'd the money go?



Cobie
@cobie

So, gemini earn customers deposited their bitcoin and gemini loaned it to genesis who loaned it to 3AC who deposited it in ftx who stole it and loaned it to alameda who mkt sold it?

and somehow through this series of transactions every single one of those ppl lost their money

10:16 PM · Jan 3, 2023

328.6K Views 1 Quote Tweet 5,909 Likes

Genesis statement on progress



db
@tier10k

[DB] Genesis: While We Are Committed to Moving as Quickly as Possible, This Is a Very Complex Process That Will Take Some Additional Time. We Believe We Can Arrive at a Solution.

10:32 PM · Jan 4, 2023

120.6K Views 34 Retweets 20 Quote Tweets 332 Likes

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