

Web3.0 Biweekly

27 May 2022 | AMTD Research



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a Layer-1 Blockchains — Ethereum Merge edges closer

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Market Performance

Summary

1. One-Year Price Recap

2. Layer 1 Price Recap (12 May – 25 May 2022)

Markets continue to be volatile amid inflation/recession/rate hike concerns.

BTC/ETH takes a breather after bearish action previously, detracting from equities.

TRX outperforms as DeFi activity related to USDD picks up.

AVAX underperforms on slight exposure to Terra

3. Protocols Price Recap (12 May – 25 May 2022)

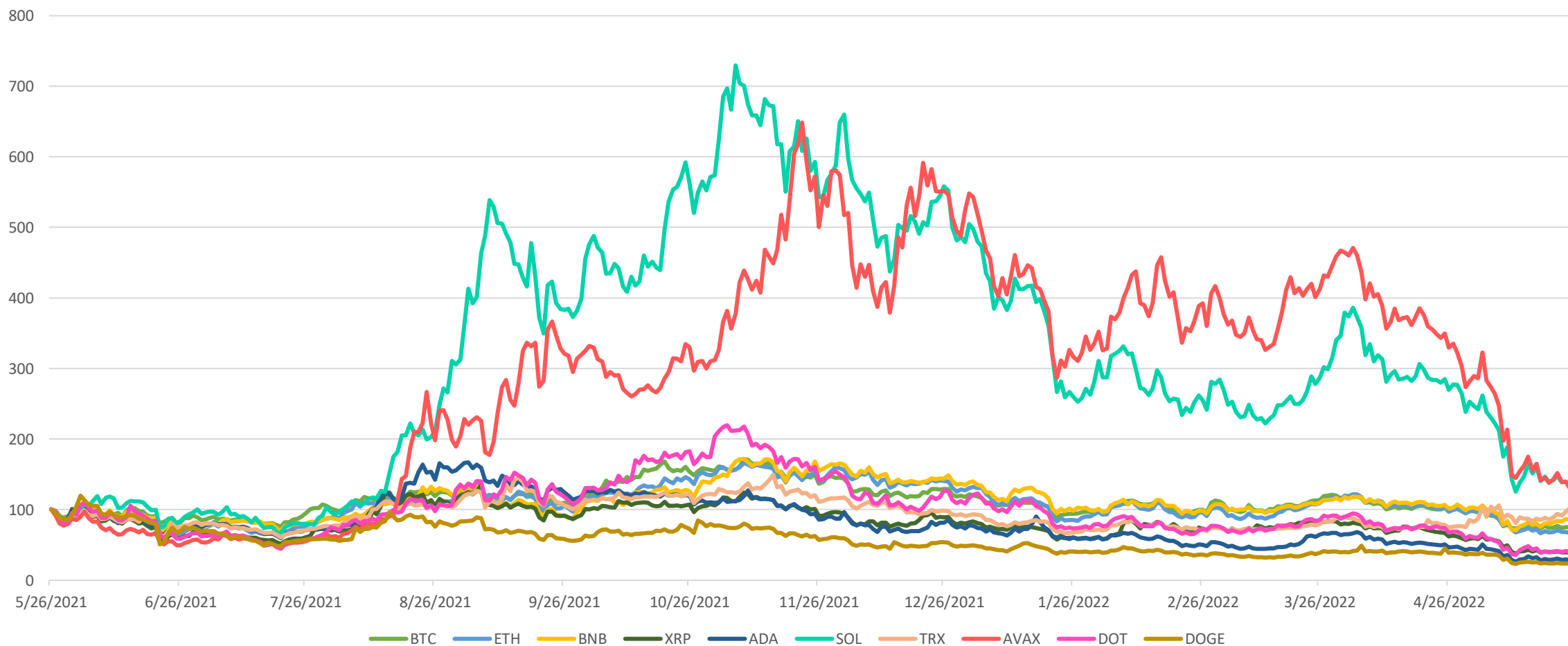
ENS continues to outperform as domain registration continues gaining traction.

CRV leads losses as investors unwind from DeFi and stablecoin protocols retreat from Curve/Convex

YGG gains after reaching ATL earlier

One-Year Layer-1 Price Recap

Performance of Top-Ranking Crypto (One Year)
(26 May 2021 = 100)

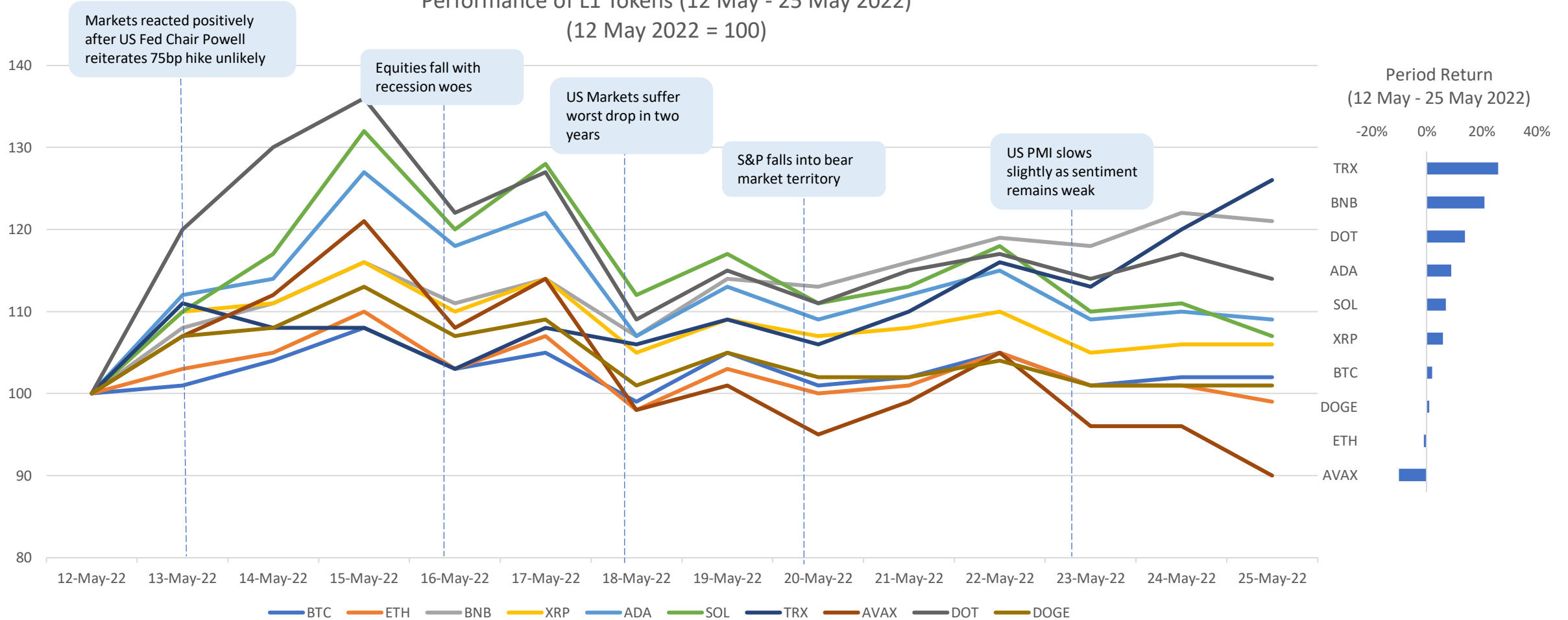


Market Performance

Layer-1 Price Recap (12 May – 25 May 2022)

- Markets continue to be volatile amid inflation/recession/rate hike concerns.
- **BTC/ETH** takes a breather after bearish action previously, detracting from equities
- **TRX** outperforms as DeFi activity related to USDD picks up.
- **AVAX** underperforms amid slight exposure to Terra

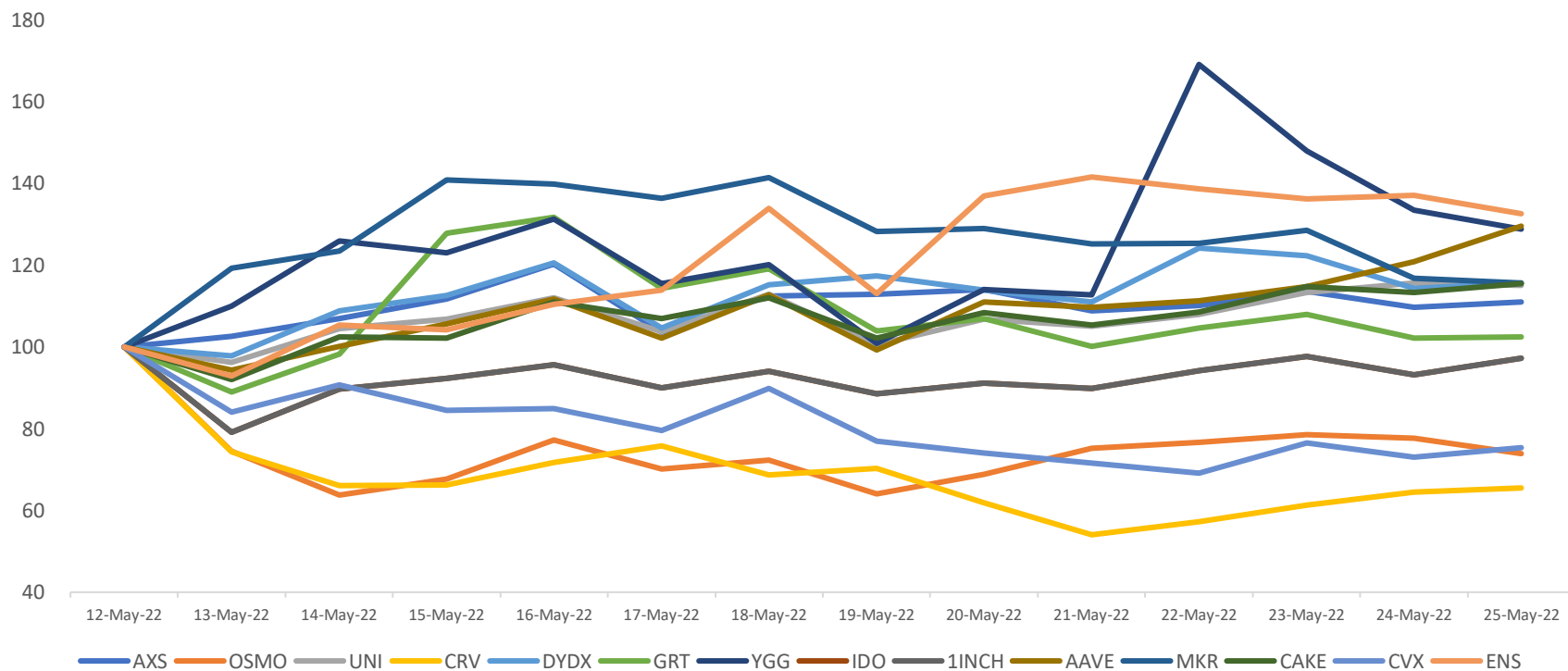
Performance of L1 Tokens (12 May - 25 May 2022)
(12 May 2022 = 100)



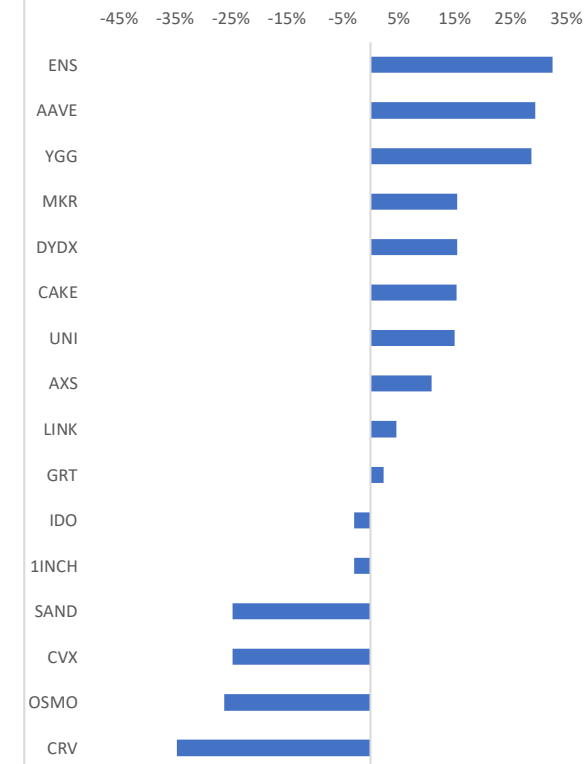
Protocol Price Recap (12 May – 25 May 2022)

- **ENS** continues to outperform as domain registration remains hot.
- **CRV** leads losses as investors unwind from DeFi and stablecoin protocols retreat from Convex/Curve
- **YGG** gains after reaching ATL earlier

Performance of Protocol Coins
(12 May 2022 = 100)



Period return
(26 Apr - 10 May 2022)



Layer-1 Blockchains

Layer-1 Summary (12 May – 25 May 2022)

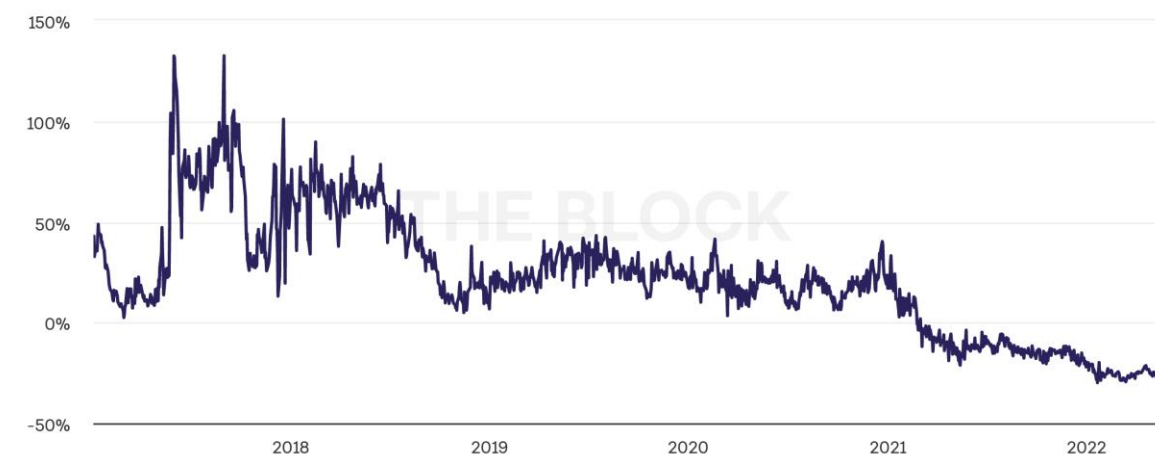
- 1. Bitcoin (2W: -2.5%)/(YTD: -36.8%)**
OTC Bitcoin Fund Discount Reaches All-time Low
- 2. Ethereum (2W: -11.6%)/(YTD: -47.6%)**
Chugging Towards The Merge
Addresses Holding 32+ Coins Hits One-Year High
- 3. Avalanche (2W: -13.5%)/(YTD: -75.4%)**
Rise of the subnets
- 4. News and Headlines**

OTC Bitcoin Fund Discount Reaches All-time Low

- Grayscale Bitcoin Trust (GBTC) is the largest Bitcoin fund with US\$18.9b AUM. It had US\$44.7b at its peak.
- GBTC dropped 44.4% YTD, outpacing Bitcoin's 37.7% decline. This has contributed to its discount to NAV, which reached an all-time low of 31.4%.
- GBTC was consistently trading at a premium to Bitcoin, until it flipped in February 2021. It has only worsened in recent months after prices plummeted from all-time highs.
- Besides charging a 2% fee, GBTC has not yet been approved to trade as an ETF. As such, it doesn't allow for redemptions to reflect changes in supply & demand.



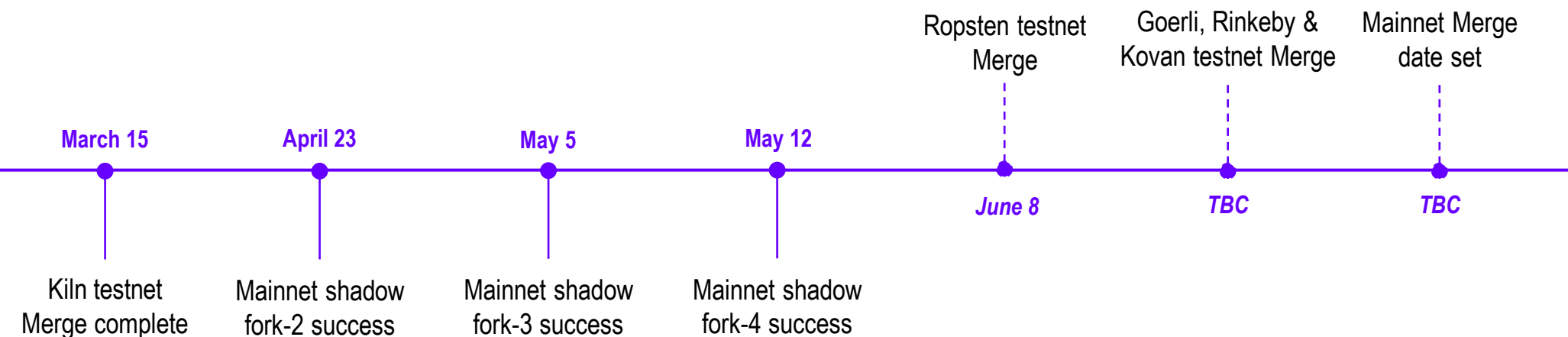
Daily GBTC Premium/Discount to NAV



SOURCE: COINGLASS
UPDATED: MAY 24, 2022

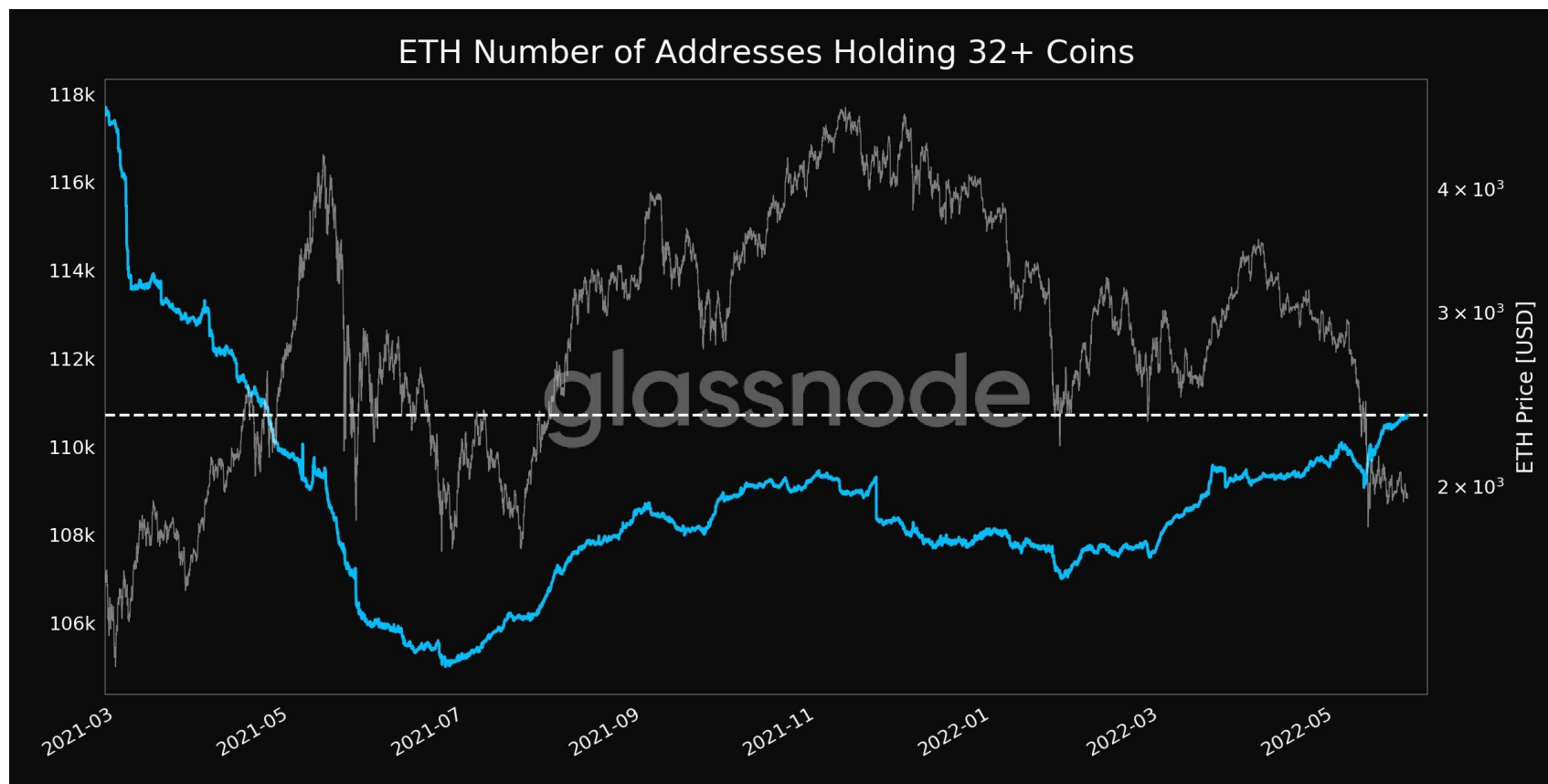
Ethereum – Chugging Towards The Merge

- Progress towards the Merge is chugging along nicely. Ethereum devs have completed a series of milestones recently as we get closer to the Merge.
- With the success of the mainnet shadow fork-4, Ethereum devs have set to push the Merge on the Ropsten testnet on approx. June 8, with the other testnets thereafter.
- According to Ethereum researcher Justin Drake, the Merge may happen in August.



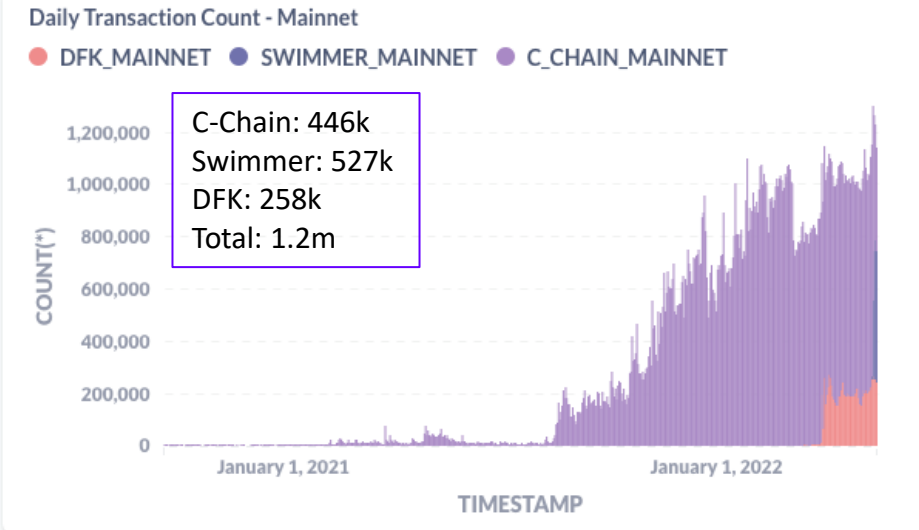
Ethereum – Addresses Holding 32+ Coins Hits One-Year High

- With the decline of TVL in liquid staking solutions (I.e., Lido), which may signify whale preference to potentially becoming a full validator over riskier alternatives (e.g., protocol risk, liquidation risk, etc.) in periods of market turmoil



Avalanche – Rise of the Subnets

- Subnets are Avalanche’s answer to scalability issues. It enables projects to create their own chain with the benefits of the Avalanche network (i.e., speed, finality, consensus) while also allowing for customization (selective validators, choice of gas token, etc.).
- Since each subnet doesn’t interfere with other subnets, volume & fee spikes are said to be isolated. And there can be an unlimited number of subnets, helping to tackle scalability issues.
- Avalanche Foundation launched **Multiverse**, a US\$290m incentive program to promote use of subnets.
- Launch of subnets:
 - **DeFi Kingdoms** was first to benefit from Multiverse by launching its Crystalvale expansion.
 - Famous P2E idle game **Crabada** migrated to its Swimmer Network subnet on May 13.
 - The first blockchain AAA FPS game, **Shrapnel**, will be launched on its own Avalanche subnet.
 - Avalanche has proposed for Yuga Labs’ Otherside metaverse to be built on a subnet.



News & Headlines

Everyday Bitcoin Usage in El Salvador Remains Low

A US academic research study found that everyday bitcoin usage in El Salvador remains low after making Bitcoin legal tender in September 2021. The paper found that merchant adoption has been slow, while many citizens prefer to use cash or did not have a smartphone capable of using the country's Bitcoin wallet. [[The Block](#)]

AVAX Trust Launched for TradFi Investors

Crypto investment firm Valkyrie launched an Avalanche Trust for traditional investors looking to invest in the Avalanche ecosystem. The trust comes as investors have increasingly asked about Avalanche and its DeFi projects and NFT platforms, according to Valkyrie. [[CoinDesk](#)]

Gucci to Accept Crypto in Stores

The pilot program will see five of its U.S. stores accept cryptocurrency payments, including BTC, BCH, ETH, LTC, SHIB, DOGE, and stablecoins, before extending the pilot to all directly-operated stores in North America. [[Vogue](#)]

Andreessen Horowitz Raises US\$4.5b Crypto Fund

Less than a year after it raised US\$2.2b for its crypto fund, a16z announced it has raised its fourth crypto fund totaling US\$4.5b, bringing its total crypto funds raised to over US\$7.6b. The funds will be invested in nearly all areas of crypto/web3. [[a16z](#)]

Coinbase Provides Access to Dapps

Coinbase launched the ability for users to access Ethereum dapps directly through its Coinbase app through its new dapp wallet and dapp browser. This enables users to access popular protocols like Uniswap and OpenSea without having to leave its app. The launch is currently only available to select Android users in the US, with plans to expand later. [[Coinbase](#)]

Cloudflare Experiments in Web3

Cloudflare is expanding its experiments in web3 by supporting PoS networks, beginning with Ethereum. Over the next few months, Cloudflare will launch, and fully stake, Ethereum validator nodes on the Cloudflare global network using its own assets, which will help support the Ethereum network. [[Cloudflare](#)]

KuCoin Raises US\$150m at a US\$10b Valuation

Fifth largest crypto exchange KuCoin has raised US\$150m at a US\$10b valuation for its pre-Series B round, led by Jump Crypto and joined by Circle Ventures, IDG Capital, and Matrix Partners. It will use the funding to expand into web3.0, including crypto wallets, GameFi, DeFi, and NFT platforms. [[KuCoin](#)]

Robinhood Announces Web3 Wallet

Robinhood, most known for its stock trading platform, is venturing further into web3 space with plans to release a non-custodial wallet to tap into growing adoption of crypto and NFTs. The wallet will allow users to earn yield and swap crypto as well as NFTs without network fees. [[Blockworks](#)]

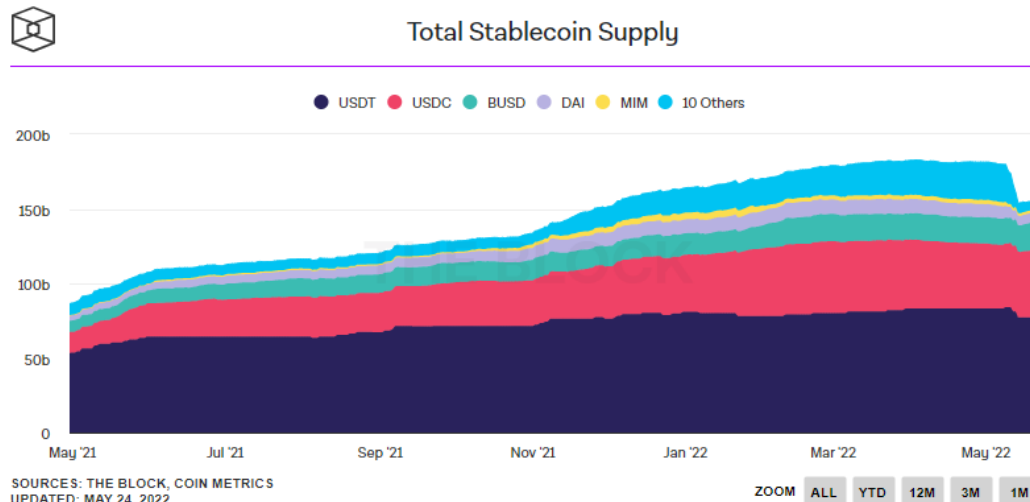
Stablecoins

Stablecoins Summary (12 May – 25 May)

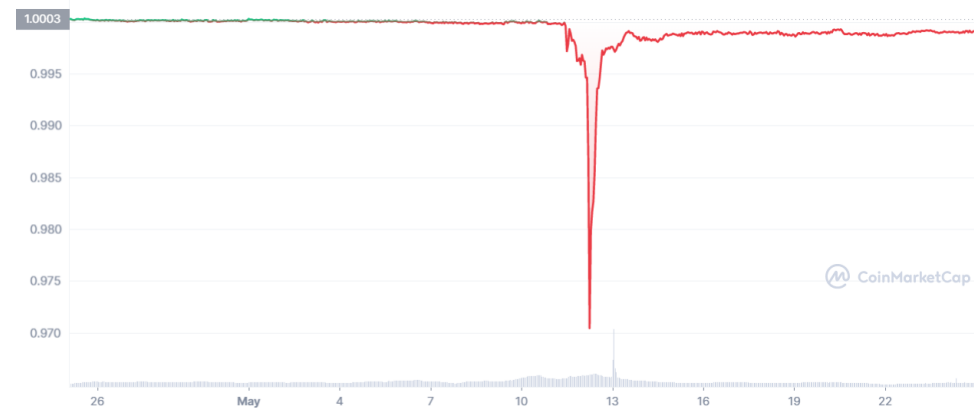
- 1. Centralized Stablecoins**
USDT Depeg Scare, Net Capital Outflows
- 2. Decentralized Stablecoins**
Market unwinds from UST collapse

Centralized Stablecoins Updates – USDT Depeg Scare, Net Capital Outflows

- Contagious fear spread during the collapse of Terra, leading to a depeg in the largest stablecoin, USDT. It briefly reached \$0.95, though it has consistently honored its USDT-USD redemptions.
- Since the Terra collapse:
 - Total stablecoin supply dropped 13.7% to 155b, which implies strong net capital outflow from crypto space.
 - USDT supply declined over 8% to 77.2b; it processed over US\$10b in redemptions in recent two weeks. In addition, in a move to assuage market worries, it has decreased its commercial paper holdings by 17% from Dec 21 to Mar 22, and further 20% since Apr 22.
 - USDC supply gained 6.9% to 45.4b as a portion of the market shifted to safety, as USDC is supposedly fully backed by cash and short-term US govt bonds. It is now 30% of total stablecoin supply, while USDT is at 50%.

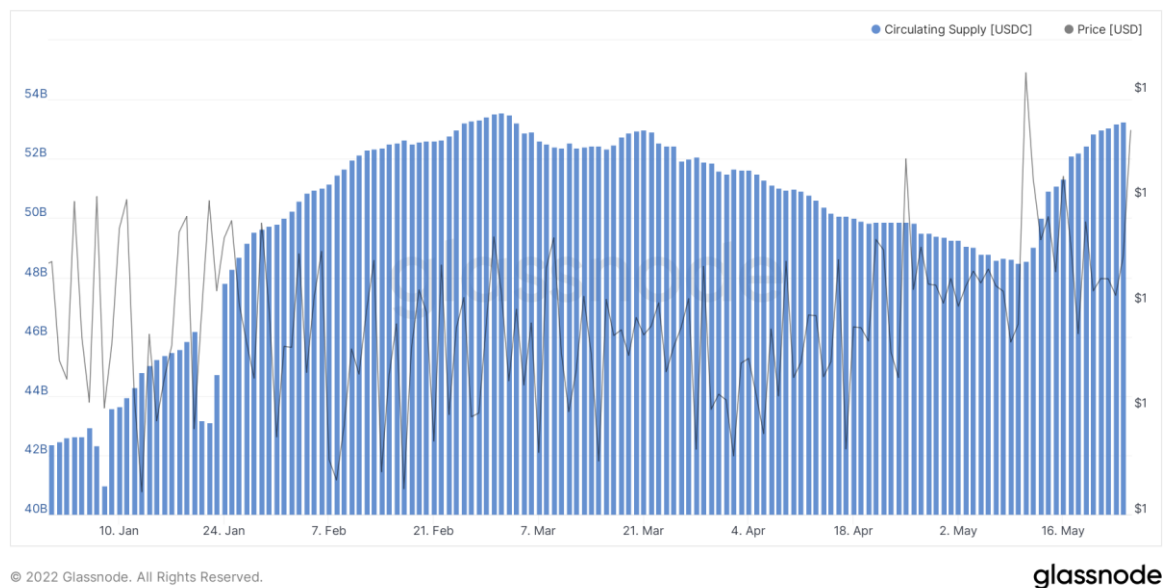


USDT to USD 1-minute chart

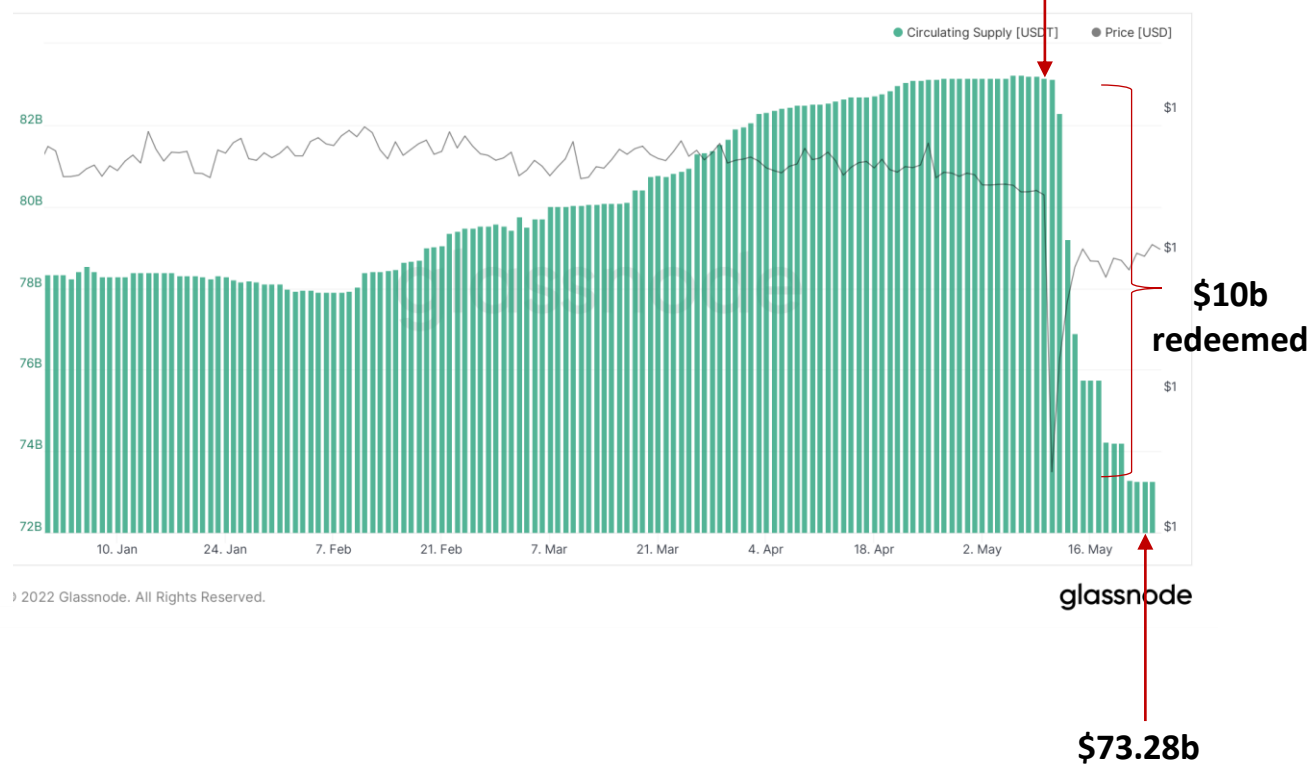


Centralized Stablecoins Updates – USDC vs USDT Circulating Supply

USD Coin: Circulating Supply [USDC]



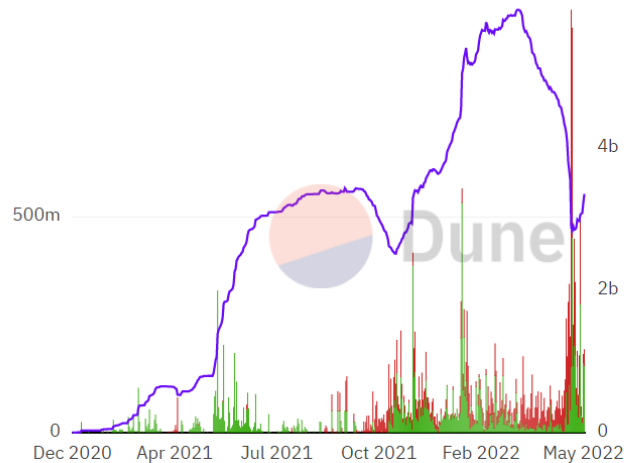
ether USD: Circulating Supply [USDT]



Decentralized Stablecoin Updates – Market Unwinds

- The supply of decentralized stablecoins was mostly dominated by UST prior to its collapse at ~18.7b, or ~55% of total stablecoin supply.
- UST's supply is now 730m, just 6% of total stablecoin supply.
- There are signs that the market is unwinding after the near-total collapse of Terra. Pre-crash, total decentralized stablecoin supply (excl. UST) was 15.1b. This figure now sits slightly below 11b.
- This signifies a flight to safety (fiat-based stablecoins supply is -2.3% from pre-Terra crash) or even exit.
- DAI supply fell by ~2b (-23%), mostly due to users burning DAI for USDC through the PSM and debt repaid on deposits.
- The retreat of Algo stablecoins led to a temporary outperformance of MKR (MakerDao's governance token).

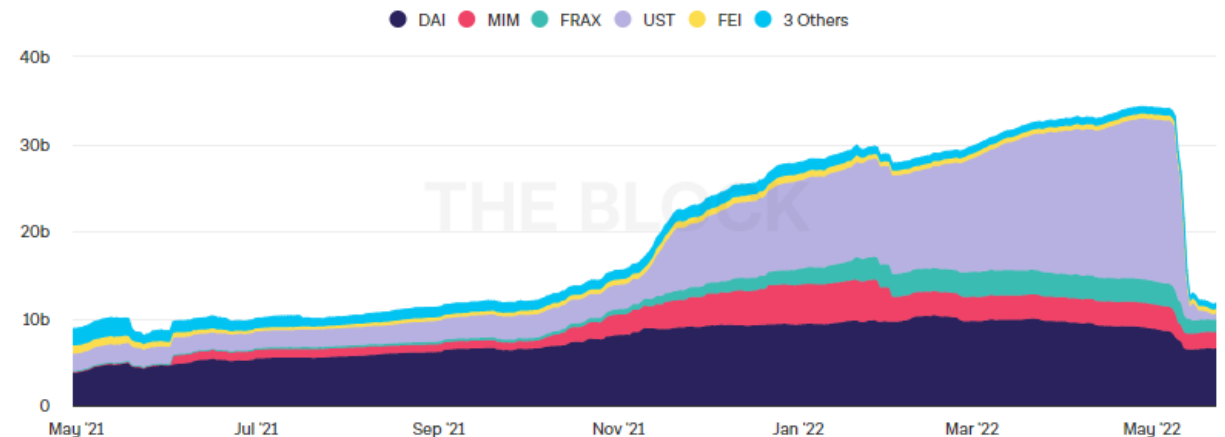
Volumes & Balance Maker - PSM stats



@SebVentures



Total Crypto-backed and Algorithmic Stablecoin Supply



SOURCES: THE BLOCK, FLIPSIDE
UPDATED: MAY 24, 2022

ZOOM ALL YTD 12M 3M 1M

DeFi

DeFi Summary (12 May – 25 May 2022)

1. TVL by chains

- Overall TVL Declines; Tron Overtakes Avalanche for 3rd place in terms of TVL

2. TVL by protocols

- Curve and Convex TVL declines as investors cash out of stablecoins and stablecoin protocols struggles
- JustLend outperforms as its lending platform with USDD picks up steam

3. Top DEX pools

- Liquidity remains depressed after depeg saga, reflecting fragile market sentiment.

4. Top pools in terms of TVL/Top APY pool - Yield Farming

- TVL in top pools drop as prices decline and investors unwind.

5. DeFi revenue

- DeFi and NFT activity cools significantly, reflecting risk-off sentiment across market
- ENS continued its positive momentum to outperform

6. Loss of Confidence – A Comparison of Major DeFi Protocols

- Fearful market leads to large scale unwinding and deleveraging across major DeFi protocols

7. Noteworthy DeFi Protocols (Curve, Balancer)

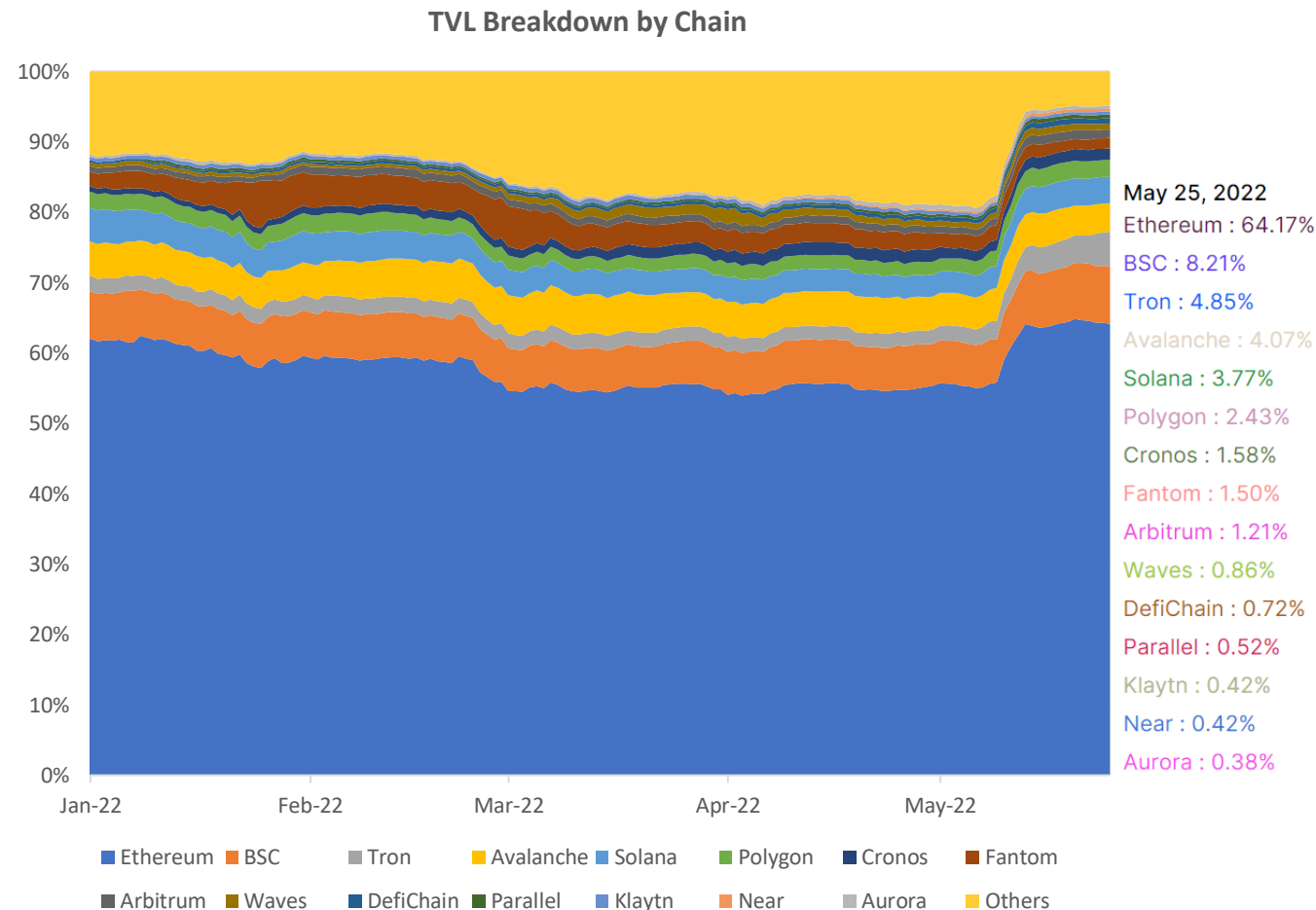
- Curve Activity Spikes Amid UST Depeg
- Balancer v3 launches

TVL Overview by Chain – Overall TVL Declines; Tron Overtakes Avalanche for 3rd

Total TVL crashed to US\$112b following Terra's wipeout, a figure not seen since July 2021.

During the period, notable winners/losers were:

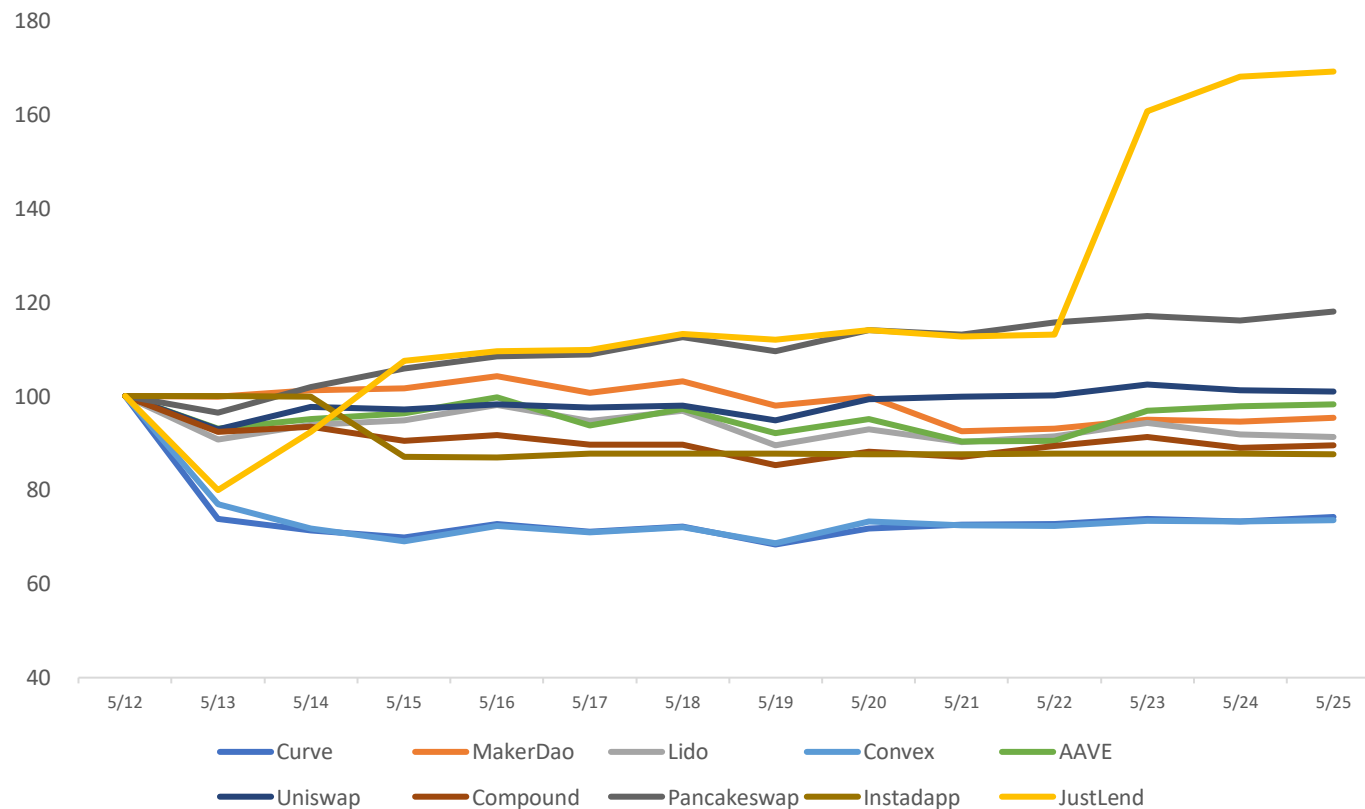
- Terra dropped a further 85% since its death spiral event. What mostly remains are deposited USTs in Anchor Protocol.
- TVL on Tron gained 45%, overtaking Avalanche as the 3rd largest chain by TVL, boosted by the launch of its USDD stablecoin and incentive push for Terra developers.
- Ethereum market share maintained at 64.2% after it gained sharply due to market panic.
- Avalanche TVL continues to decline, reaching 2022 lows. Top protocols marked double-digit TVL losses (7D) except AAVE v3; Yeti and Curve leads losses.



TVL Overview by Protocols

- Curve and Convex TVL declines as investors cash out of stablecoins and the protocols struggle
- JustLend outperforms as its lending platform with USDD picks up steam

TVL of Top DeFi Protocols in terms of TVL
(12 May 2022 = 100)



Procotols	5/12/2022	5/25/2022	Period Change
JustLend	1,600,073,917	2,707,650,585	69.2%
Pancake	3,618,737,121	4,270,171,365	18.0%
Uniswap	5,855,183,182	5,915,751,925	1.0%
Aave	8,889,770,199	8,735,758,975	-1.7%
MakerDAO	10,325,929,863	9,850,935,862	-4.6%
Lido	9,244,719,850	8,435,880,884	-8.7%
Compound	4,676,809,664	4,187,722,395	-10.5%
Instadapp	2,863,500,950	2,508,662,299	-12.4%
Curve	12,286,840,810	9,121,630,549	-25.8%
Convex	7,275,965,216	5,347,841,473	-26.5%

Top DEX Pool Trends

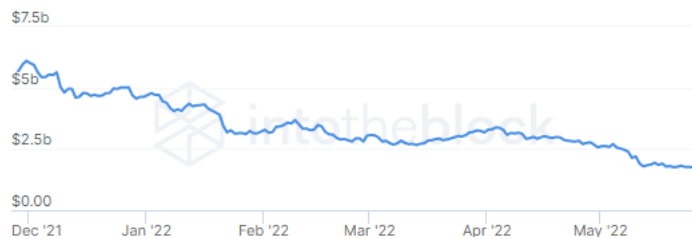
- Liquidity remains depressed after depeg saga, reflecting market sentiment

Uniswap

Top Pairs ?

#	Pair/Pool	Liquidity	Volume	Fees	ROL
1	USDC - ETH	\$161.62m	\$12.63m	\$37.89k	8.56%
2	WISE - ETH	\$144.92m	\$6.54k	\$19.62	0.00%
3	FEI - TRIBE	\$117.13m	\$250.69k	\$752.06	0.23%
4	DAI - USDC	\$96.96m	\$289.02k	\$867.05	0.33%
5	ETH - USDT	\$91.67m	\$5.73m	\$17.19k	6.85%
6	FXS - FRAX	\$68.7m	\$4.53m	\$13.59k	7.22%
7	MC - ETH	\$30.58m	\$288.25k	\$864.76	1.03%
8	FNK - USDT	\$29.88m	\$176.42	\$0.53	0.00%
9	UNI - ETH	\$23.03m	\$993.42k	\$2.98k	4.72%
10	PAXG - ETH	\$22.97m	\$479.26k	\$1.44k	2.28%

Liquidity Provided



Curve

Top Pools ?

#	Pool	Liquidity	Volume	Fees	ROL
1	steth	\$1.95b	\$47.4m	\$9.33k	0.17%
2	3pool	\$1.56b	\$40.85m	\$3.5k	0.08%
3	frax	\$1.38b	\$11.22m	\$2.84k	0.11%
4	tricrypto2	\$611.2m	\$110.24m	\$18.53k	1.11%
5	mim	\$292.66m	\$4.38m	\$960.95	0.14%
6	ib	\$192.55m	\$385.62k	\$5.75k	1.07%
7	ren	\$113.16m	\$148.6k	\$35.76	0.01%
8	compound	\$101.44m	\$0.00	\$0.84	0.00%
9	alusd	\$98.79m	\$8.73m	\$3.38k	1.29%
10	susd	\$94.29m	\$3.9m	\$818.60	0.35%

Liquidity Provided



SushiSwap

Top Pairs ?

#	Pair/Pool	Liquidity	Volume	Fees	ROL
1	ILV - ETH	\$171.76m	\$404k	\$1.21k	0.26%
2	USDC - ETH	\$81.53m	\$7.16m	\$21.49k	9.62%
3	WBTC - ETH	\$61.54m	\$567.55k	\$1.7k	1.01%
4	ETH - USDT	\$40.85m	\$2.07m	\$6.2k	5.54%
5	OHM - DAI	\$40.17m	\$3.41m	\$10.22k	9.28%
6	TOKE - ETH	\$35.87m	\$1.3m	\$3.9k	3.97%
7	DAI - ETH	\$26.05m	\$1.27m	\$3.82k	5.35%
8	BIT - ETH	\$20.36m	\$249.58k	\$748.73	1.34%
9	SUSHI - ETH	\$20.16m	\$4.27m	\$12.81k	23.20%
10	AAVE - ETH	\$15.64m	\$892.63k	\$2.68k	6.25%

Liquidity Provided



Top DEX Pool Trends – Luckcluster trading activities as sentiment remains fragile/ Curve stETH pool imbalanced

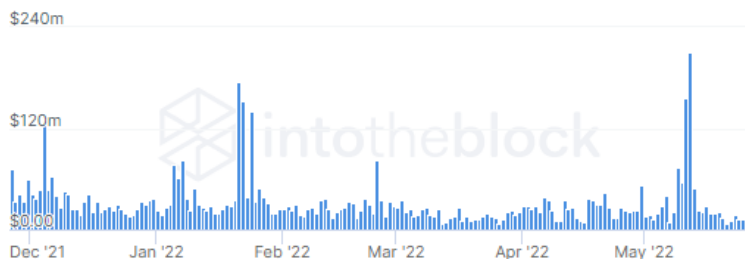
Uniswap

Top Pair Data: USDC - ETH

Total Liquidity, USD



Volume Traded



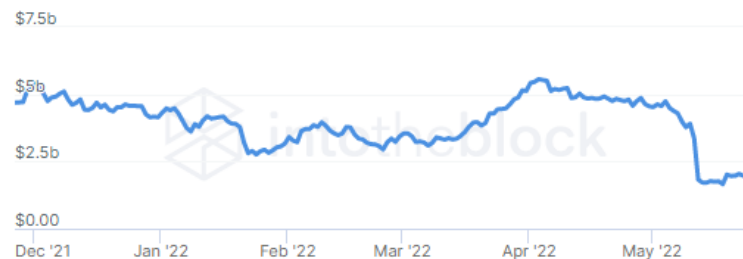
Fees per Liquidity



Curve

Top Pair Data: steth

Total Liquidity, USD



Volume Traded



Fees per Liquidity



SushiSwap

Top Pair Data: ILV - ETH

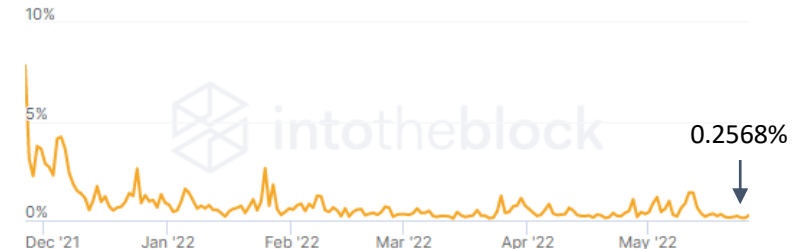
Total Liquidity, USD



Volume Traded



Fees per Liquidity (ILV - ETH)



Top Yield Farming Pools - TVL

Name	Protocol	Base	Reward	Rewards	APY	7d ago	TVL
ETH	Lido Ethereum	4.00%	-		4.00%	3.80%	\$8,181,156,433
USDC	Aave Ethereum	0.91%	-		0.91%	1.75%	\$2,411,448,261
WETH	Aave Ethereum	0.57%	-		0.57%	0.65%	\$2,377,557,607
stethETH stETH	Convex Ethereum	2.98%	2.40%	CRV CVX LDO	5.38%	4.90%	\$1,572,800,000
ETH	Compound Ethereum	0.03%	0.05%	COMP	0.09%	0.23%	\$1,535,316,734
fraxFRAX 3Crv	Convex Ethereum	0.16%	6.37%	CRV CVX FXS	6.53%	5.83%	\$1,374,500,000
WBTC	Aave Ethereum	0.02%	-		0.02%	0.08%	\$1,201,343,869
WBTC	Compound Ethereum	0.06%	0.08%	COMP	0.14%	0.14%	\$1,022,944,902
USDT	Aave Ethereum	1.93%	-		1.93%	2.18%	\$983,603,544
USDC	Compound Ethereum	0.87%	0.48%	COMP	1.35%	1.33%	\$672,615,170

TVL for Lido continues to drop due to Terra exposure and ETH prices

Consistent TVL drop across the board, further reflecting unwinding and deleveraging

Top Yield Farming Pools - APY

Top APY pool (TVL > 100m)

Name	Protocol	Base	Reward	Rewards	APY	7d ago	TVL
DUSD DFI	DefiChain Defichain	-	57.15%	DFI	57.15%	61.04%	\$140,792,176
ATOM OSMO	Osmosis Osmosis	48.65%	-		48.65%	64.49%	\$138,135,317
BTC DFI	DefiChain Defichain	-	44.00%	DFI	44.00%	47.98%	\$276,308,188
USDC	Vires Waves	43.33%	0.09%	VIRE	43.43%	43.81%	\$292,609,601
USDT	Vires Waves	42.67%	0.09%	VIRE	42.76%	41.88%	\$249,411,002
WBTC WCRO	VVS Cronos	0.47%	37.96%		38.43%	39.01%	\$150,140,000
WCRO WETH	VVS Cronos	0.61%	31.42%		32.03%	32.67%	\$150,060,000
MEX EGLD	Maia Elrond	0.18%	27.82%	MEX	28.00%	29.00%	\$194,392,230
USDN	Vires Waves	17.70%	0.07%	VIRE	17.77%	14.94%	\$670,973,318
wstETH WETH	Balancer Ethereum	0.10%	13.57%	stETH Max BAL Min BAL Rewards	13.67%	9.01%	\$185,293,421

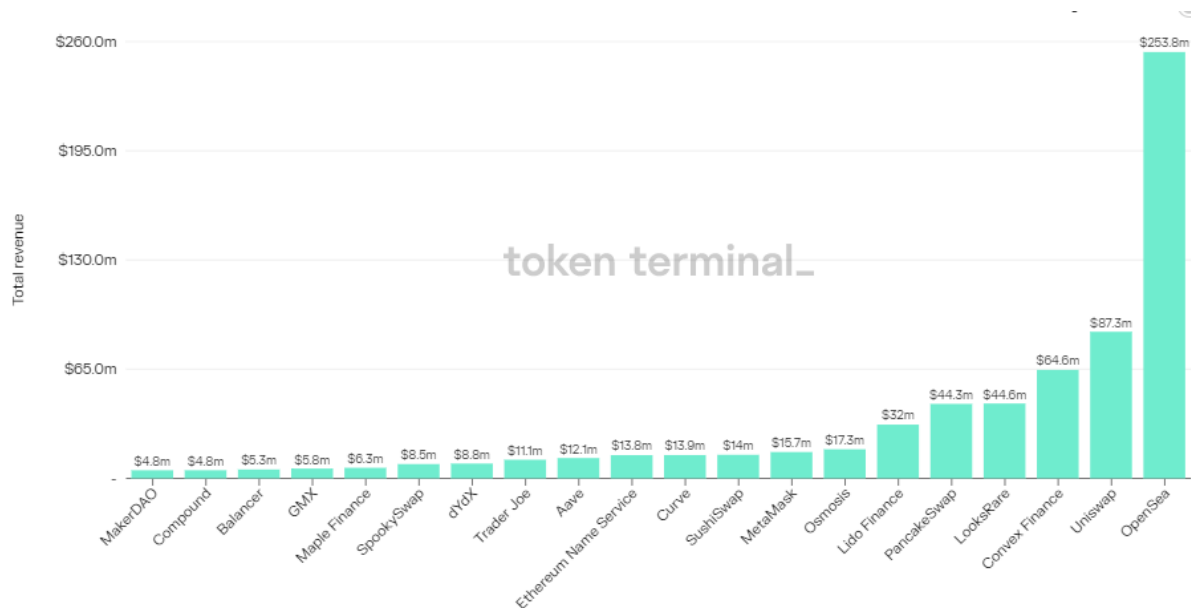
Top APY pool (TVL > 10m)

Name	Protocol	Base	Reward	Rewards	APY	7d ago	TVL
BADGER WBTC	Balancer Ethereum	1.84%	355%	Max BAL Min BAL	357%	0.60%	\$15,929,870
USDC OSMO	Osmosis Osmosis	140%	-		140%	388%	\$25,314,311
VVS WCRO	VVS Cronos	0.72%	119%		120%	120%	\$50,230,000
HEC	Hector Fantom	-	101%	sHEC	101%	103%	\$21,585,455
QQQ DUSD	DefiChain Defichain	-	60.58%	DFI	60.58%	64.57%	\$10,995,564
TSLA DUSD	DefiChain Defichain	-	59.97%	DFI	59.97%	63.97%	\$12,531,495
DUSD DFI	DefiChain Defichain	-	57.15%	DFI	57.15%	61.04%	\$140,792,176
FTM BOO	SpookySwap Fantom	7.55%	48.70%	BOO	56.25%	74.05%	\$10,375,213
USDC FTM	SpookySwap Fantom	49.46%	3.26%	BOO	52.73%	64.84%	\$49,744,061
SPY DUSD	DefiChain Defichain	-	52.18%	DFI	52.18%	58.71%	\$19,142,692

Overall
average APYs
decline

DeFi Revenue - DeFi Protocols

- DeFi and NFT activity cools down significantly, reflecting risk-off sentiment across market
- ENS continued its positive momentum



Project	Revenue 7d (US\$)	Revenue 30d (US\$)	Revenue 180d (US\$)	7d Trend	30d Trend
OpenSea	\$ 19.9m	\$ 266.5m	\$ 1,865.6m	-32.7%	-31.7%
Uniswap	\$ 11.3m	\$ 88.7m	\$ 640.8m	-61.3%	9.6%
Convex Finance	\$ 12.1m	\$ 67.6m	\$ 680.0m	-9.3%	-26.3%
LooksRare	\$ 3.0m	\$ 47.2m	\$ 572.8m	-38.2%	-44.4%
PancakeSwap	\$ 8.9m	\$ 44.6m	\$ 326.4m	-36.7%	-3.8%
Lido Finance	\$ 6.7m	\$ 32.3m	\$ 166.7m	1.5%	-10.2%
Osmosis	\$ 0.8m	\$ 17.4m	\$ 60.9m	-90.2%	61.0%
Metamask	\$ 1.0m	\$ 16.1m	\$ 95.1m	-85.6%	91.6%
Sushiswap	\$ 1.5m	\$ 14.2m	\$ 135.0m	-76.1%	6.2%
ENS	\$ 1.1m	\$ 14.0m	\$ 34.7m	2.5%	366.7%
Curve	\$ 0.9m	\$ 13.9m	\$ 74.4m	-87.0%	216.9%
Aave	\$ 2.0m	\$ 12.7m	\$ 129.7m	-19.5%	-40.6%
Trader Joe	\$ 1.3m	\$ 11.3m	\$ 123.2m	-72.7%	6.7%
DyDx	\$ 1.3m	\$ 9.0m	\$ 130.6m	-59.6%	-39.6%
SpookySwap	\$ 1.2m	\$ 8.7m	\$ 107.0m	-56.4%	-2.8%
GMX	\$ 0.9m	\$ 5.9m	\$ 34.3m	-54.0%	-8.0%
Maple Finance	\$ 0.8m	\$ 5.5m	\$ 29.5m	-59.1%	-13.5%
Balancer	\$ 0.4m	\$ 5.4m	\$ 42.0m	-70.5%	-20.2%
Compound	\$ 0.8m	\$ 5.0m	\$ 85.5m	-8.6%	-54.0%
MakerDAO	\$ 0.9m	\$ 4.9m	\$ 48.6m	-17.5%	-18.6%

Note: As of 26 May 2022

Loss of Confidence – A Comparison of Major DeFi Protocols

- Following the collapse of Terra, there has been a notable decline in DeFi metrics that indicate a loss of user confidence – people have been unwinding and deleveraging.

TVL

TVL (USD b)	11 May	25 May	% Chg
MakerDAO	11.92	9.85	-17.3%
Curve	15.45	9.12	-41.0%
Aave	9.75	8.74	-10.4%
Lido	11.6	8.44	-27.2%
Uniswap	6.58	5.92	-10.1%

TVL (ETH '000)	11 May	25 May	% Chg
MakerDAO	5,082	4,974	-2.1%
Curve	6,590	4,647	-29.5%
Aave	4,158	4,384	5.4%
Lido	4,945	4,264	-13.8%
Uniswap	2,805	3,017	7.6%

- Curve** – Its largest pool by TVL is the stETH pool which, due to the stETH depeg has led to a pool imbalance (see next page). As the DEX for stablecoin trading, the 41% drop in TVL was compounded by spike in stablecoin volume during and after Terra's collapse (see page 33),
- Lido** – Similarly, ETH2.0 liquid staking protocol had a 27% decline (in terms of USD) as a result of drop in price of ETH. New deposits took a nose-dive as investors factor in stETH depeg risk. It also had exposure to the Luna ecosystem with the ability to stake LUNA, which saw its respective TVL vanish.
- MakerDAO** – Under market panic, DAI supply fell by ~2b as users burned DAI for USDC through its PSM in a bid to safety.
- Aave and Uniswap** – Least affected out of the top five, though TVL (in USD) dropped along with broader market at it is still at the very least connected to other platforms (e.g. leveraged strategies). Its TVL (in ETH) has increased in the past two weeks.

Loss of Confidence – A Comparison of Major DeFi Protocols (Cont'd.)

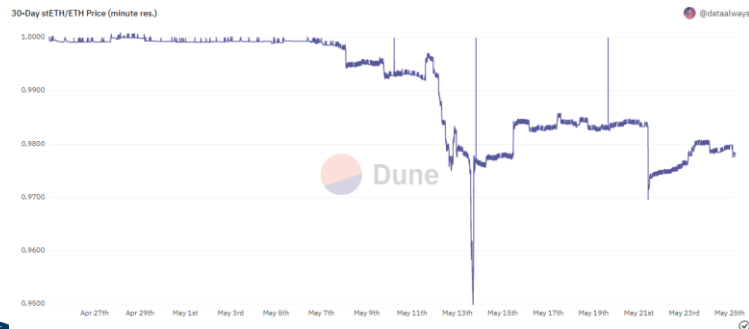
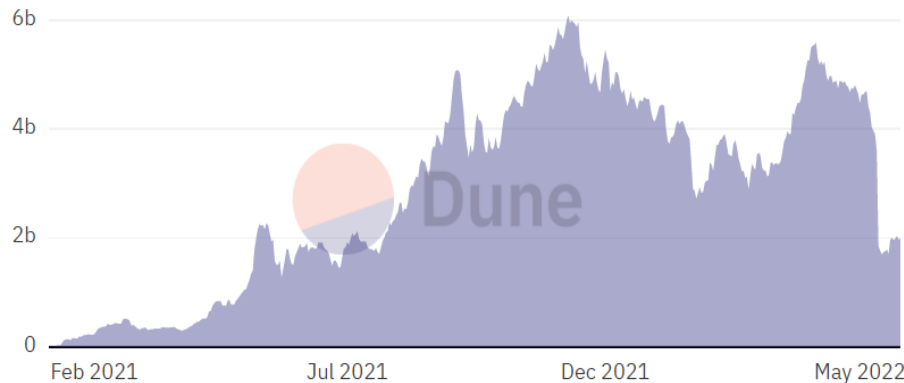
TVL

Lido: Fear-Driven Market Leads to Massive Deleveraging and Unwinding

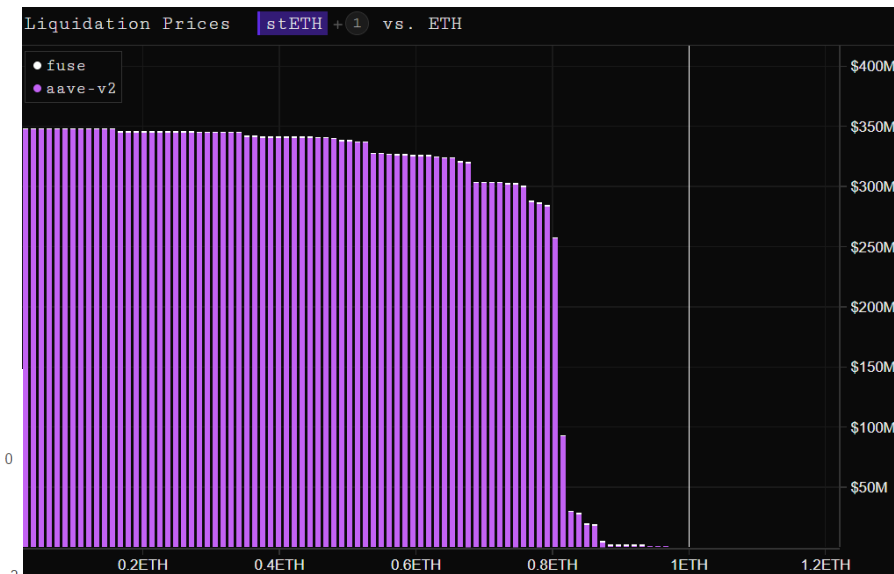
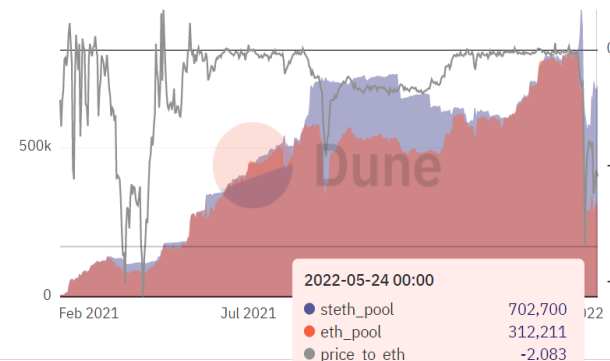
- stETH is popular as a collateral (e.g. on AAVE, Curve) among leveraged yield farmers. Borrowers will start to get liquidated should the stETH:ETH price ratio fall to 0.95. Due to the depeg and liquidation risk, borrowers have adjusted their liquidation level from 0.85 previously to 0.80.
- With the prolonged depeg of stETH-ETH, it is apparent that no incentive solution would be enough to alleviate the broader market's worries and preference for a more liquid ETH compared to locked stETH.

Curve ETH/stETH pool TVL

@LidoAnalytical



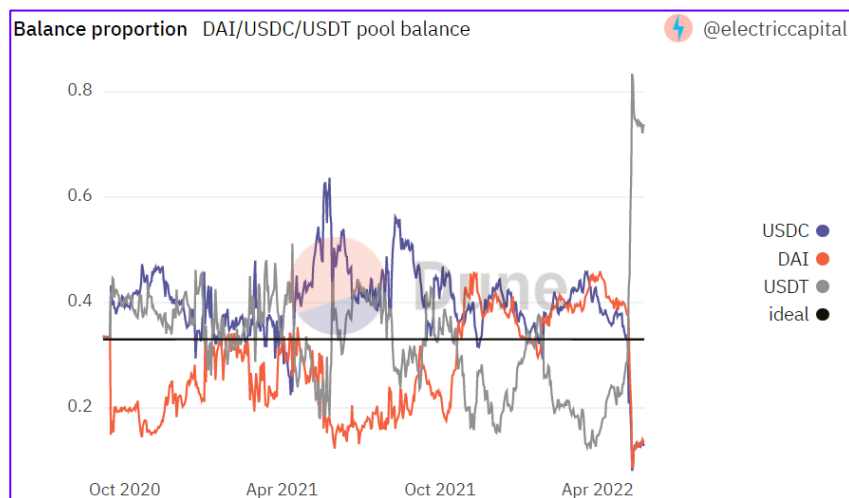
Curve ETH/stETH balance v1



Loss of Confidence – A Comparison of Major DeFi Protocols (Cont'd.)

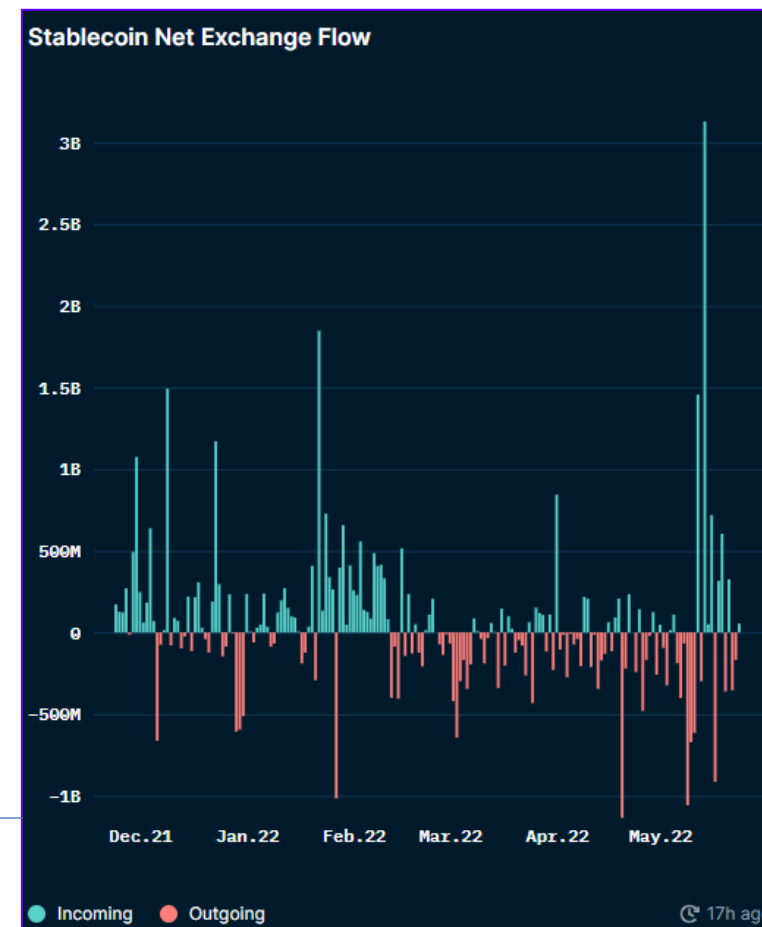
Stables & Pools

The loss of market confidence is reflected in the proportions of major pools, as investors de-risk by either flocking to safety or remove themselves from leveraged positions.



3pool remains heavily imbalanced, with USDT at ~74% of the pool. It has remained at similar proportions after recovering from ~83% during peak hysteria.

There has been large-scale stablecoin flow into exchanges, most notably Binance. During the week of USDT depeg, ~1.9b exited Curve and ~1.3b into Binance. Investors are possibly unwinding defi positions and moving stables to exchanges for fiat money under dampened market sentiment.

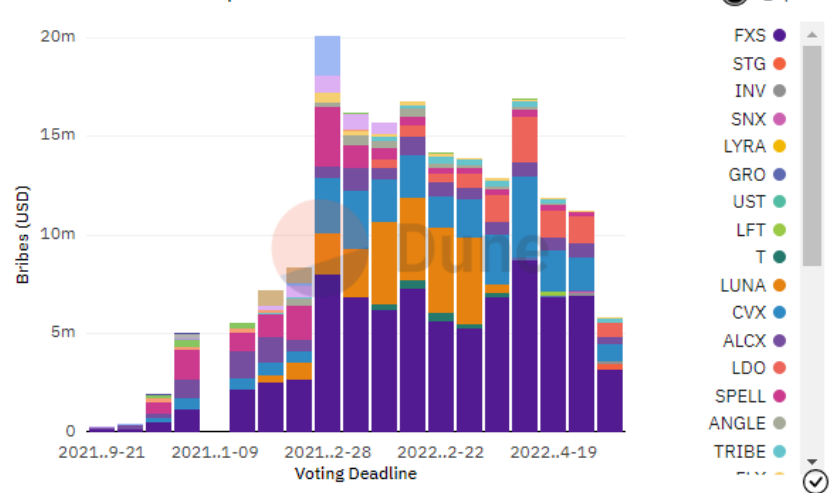


Loss of Confidence – A Comparison of Major DeFi Protocols (Cont'd.)

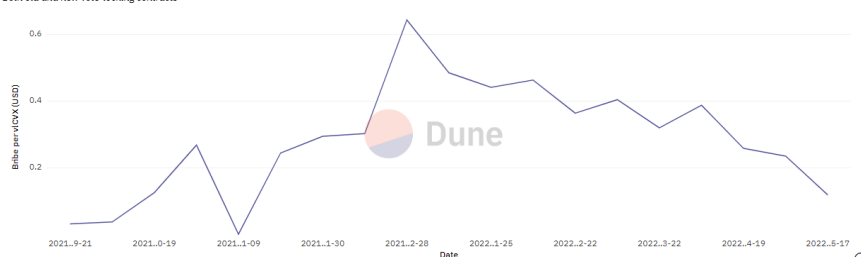
Curve & Convex

- Most recent Votium bribes (17 May) roughly half of the week before. USD bribes per vICVX continues decline to US\$0.118 in the most recent round.

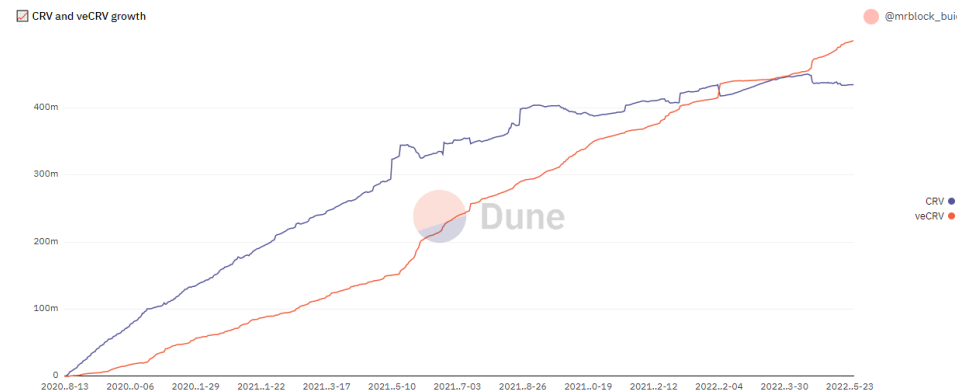
Votium Bribes Over Time per Token



USD Bribes per vICVX
Both old and new vote-locking contracts



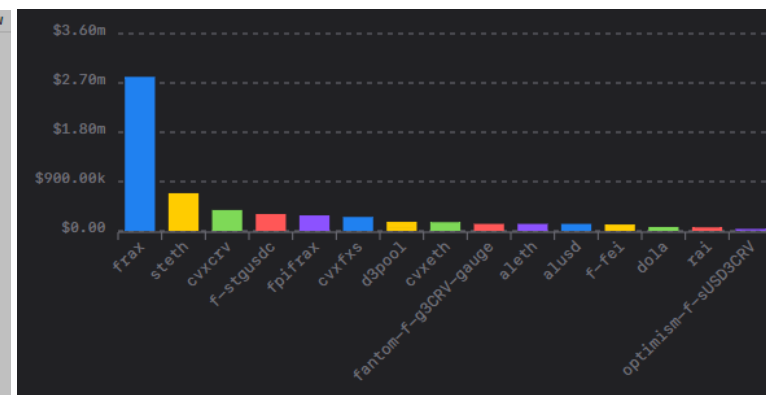
- CRV locking continues increase, while CRV and veCRV growth divergence has maintained since April; suggesting selling pressure on CRV



Amount of Daily CRV Locked

Date	CRV Locked	% of Daily Circulation Inflow
16/05/2022	3,208,639.52	220.52%
17/05/2022	456,112.73	31.35%
18/05/2022	735,667.17	50.56%
19/05/2022	1,480,377.61	101.74%
20/05/2022	394,250.74	27.10%
21/05/2022	275,947.05	18.96%
22/05/2022	397,994.79	27.35%
23/05/2022	819,897.61	56.35%
24/05/2022	192,671.41	13.24%
25/05/2022	870,447.56	59.82%
26/05/2022	318,927.69	21.92%

Reward Distribution (Round 18)

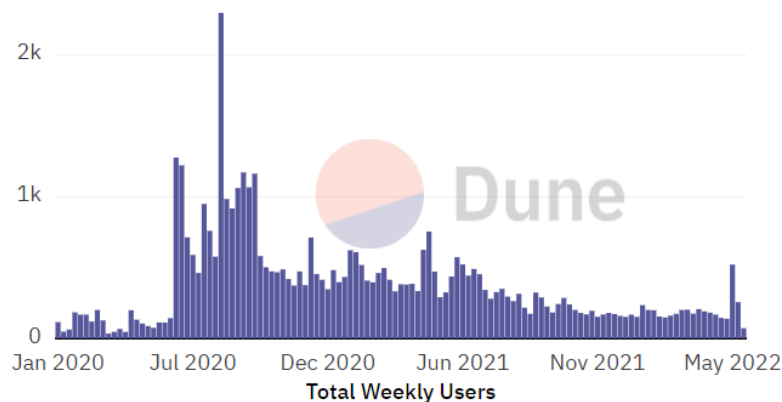


Loss of Confidence – A Comparison of Major DeFi Protocols (Cont'd.)

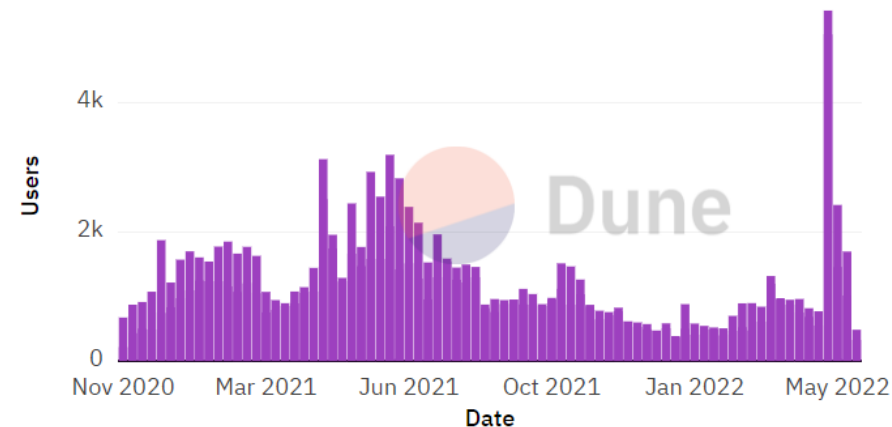
Active Users

While active user data has retreated from the peak of the Terra & USDT depeg events, it is still too early to determine any far-reaching consequences to DeFi from these events. However, it is apparent that DeFi activity has chilled in recent months versus in 2021.

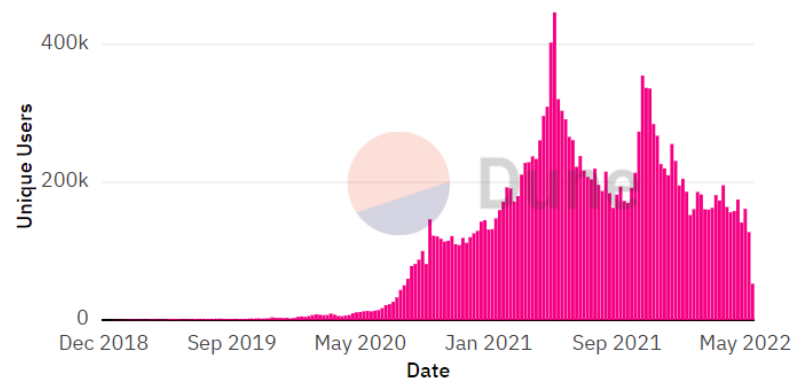
Curve.fi Weekly Users



Aave V2 Weekly Active Users

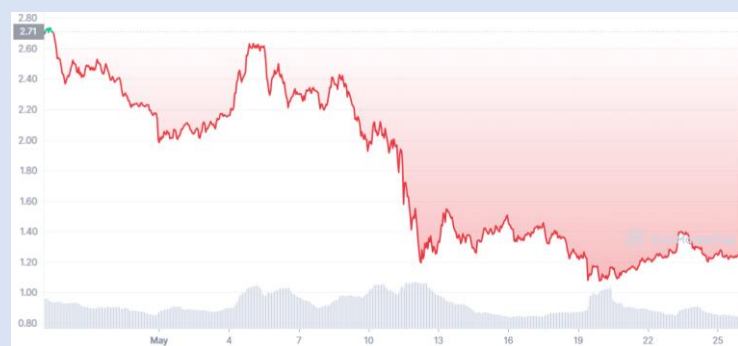


Uniswap Weekly Active Users



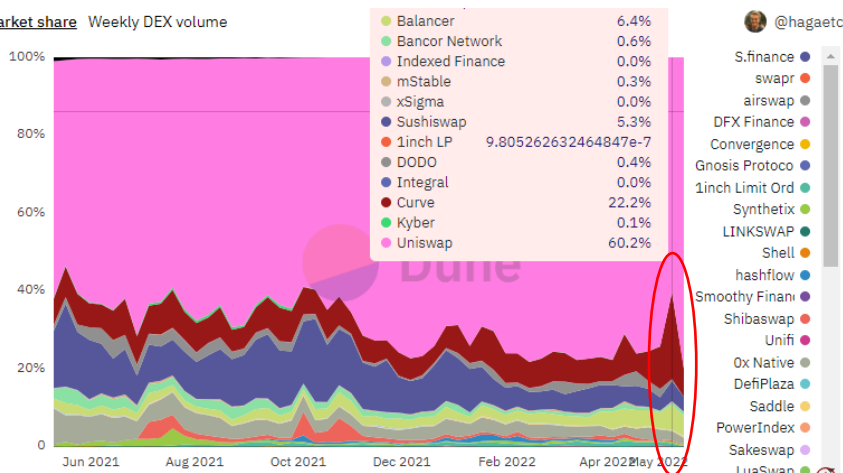
Noteworthy DeFi Protocols – Curve Activity Spikes Amid UST Depeg

CRV 1M performance



- Activity on Curve spiked during the week of the collapse of Terra, taking 22.2% of the weekly DEX volume market share (it has stayed below ~10% previously)
- Major catalysts include:
 - Terra team withdrew liquidity from UST-3Crv in anticipation for 4pool, kickstarting its decline.
 - Subsequent panic of USDT led to heavy imbalance on 3pool (selling USDT for DAI/USDC); weekly volume shot up 22.4x to US\$4.6bn as professional traders took advantage of price arbitrage (Terra was honoring 1:1 redemptions as normal)
 - UST depeg also triggered spike in volumes in other pools (e.g. FRAX GUSD, ironbank, MUSD, LUSD, TUSD, ALUSD, etc.) as investors dumping exposures in algo stablecoins.
 - stETH also depegged from ETH (~-4.7%), which saw trading volumes increase by 4.7x, amid fears of liquidation risk from leveraged positions. Lido deployed an additional Curve pool with LDO incentives to improve stETH/ETH liquidity and peg.

Market share Weekly DEX volume



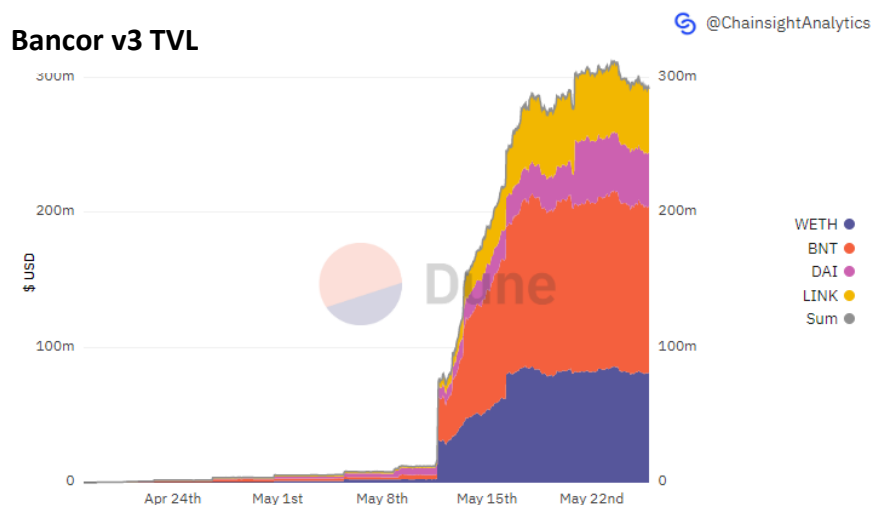
Noteworthy DeFi Protocols – Bancor v3 Launches

BNT 1M performance



- Popular DEX and staking protocol Bancor recently released Bancor 3, building upon its single sided staking and impermanence loss protection.
- It offers a few improvements over v2:
 - Instant Unlimited single sided staking
 - impermanent loss protection
 - Auto-compounding rewards
 - Lower gas fees
- TVL has since risen sharply to US\$311m before retracing slightly to US\$291m. However, a majority is attributable to users migrating from Bancor v2 (v2's TVL declined ~US\$388m over the same period, thus a net decrease in TVL in v2+v3).

Bancor v3 TVL



NFT & Metaverse

NFT & Metaverse Summary

1. NFT Dashboard – NFT prices retrace amid slow ETH NFT volume, Azuki price picks up after earlier sell-off

2. ETH Volume Continues to Decline

3. Is it Time for Solana Summer? – SOL NFT volume and daily users pick up where ETH left off

4. Azuki: Founder Accused of Serial Rugging

5. GameFi & Play-to-Earn

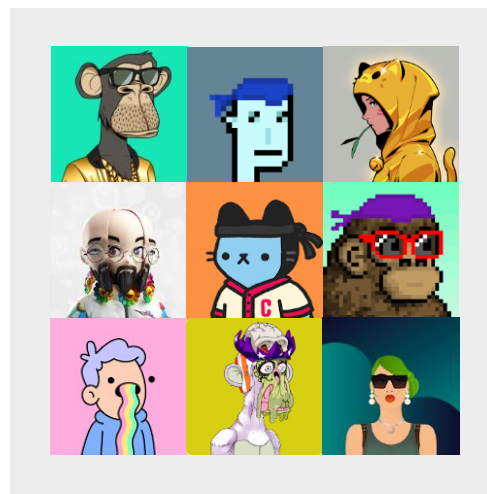
Crabada migrates to AVAX Subnet

StepN Craze Continues

6. News & Headlines

NFT Dashboard

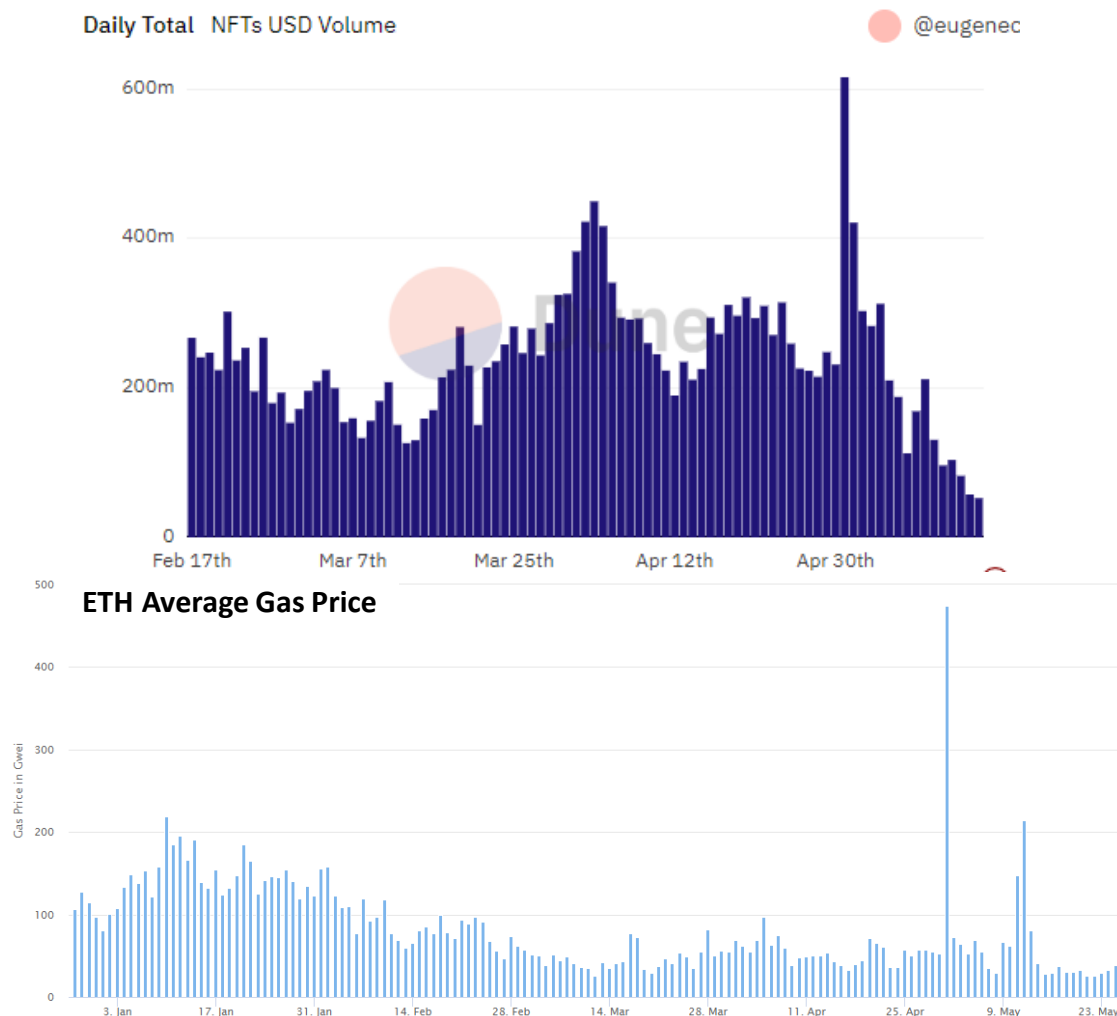
Project	Floor Price	14D	YTD
"Blue Chip" Projects			
Bored Ape Yacht Club	91.0Ξ	-4.7%	43.1%
CryptoPunks	45.7Ξ	-11.0%	-29.3%
Tier-A Projects			
Azuki	12.0Ξ	39.5%	242.9%
Clone X	12.8Ξ	0.1%	221.8%
Cool Cats	3.2Ξ	-18.5%	-76.5%
CyberKongz	2.8Ξ	-30.7%	-40.9%
Doodles	13.0Ξ	-18.4%	97.5%
Mutant Ape Yacht Club	19.1Ξ	1.9%	63.7%
NFT Worlds	3.3Ξ	-33.9%	37.4%
World of Women	4.0Ξ	-6.1%	95.7%



Top Sales of the Week*	Price
Otherdeed #90209	235.0Ξ
BAYC #2664	200.0Ξ
CryptoPunk #3764	190.0Ξ
Otherdeed #98553	179.0Ξ
BAYC #957	175.0Ξ
BAYC #9549	169.7Ξ
BAYC #2716	169.0Ξ
CryptoPunk #5169	155.0Ξ
BAYC #7947	150.0Ξ
CryptoPunk #3468	150.0Ξ

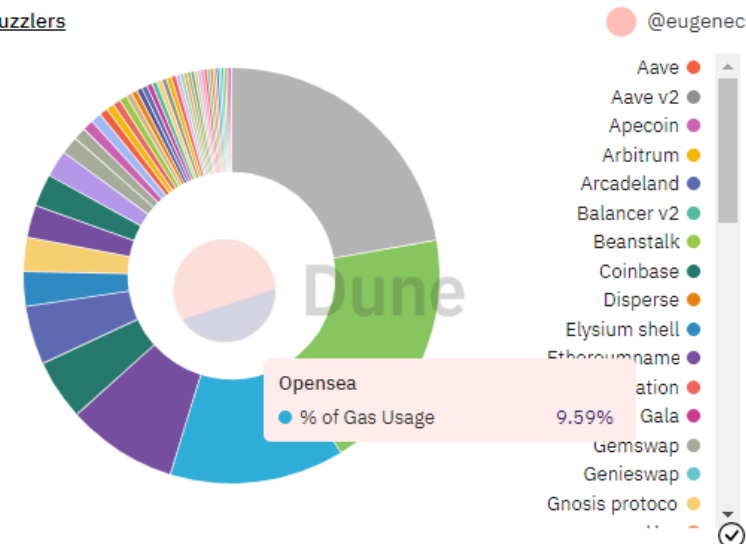
Top Collections of the Week* (by volume)	Volume (USD)
Otherdeed	\$31.2m
goblintownNFT	\$14.5m
Chimpers	\$14.2m
Bored Ape Yacht Club	\$11.3m
Mutant Ape Yacht Club	\$8.0m
Moonbirds Oddities	\$6.8m
CryptoPunks	\$5.0m
Bored Ape Chemistry Club	\$4.9m
Moonbirds	\$4.6m
Degen Toonz	\$4.2m

ETH Volume Continues to Decline

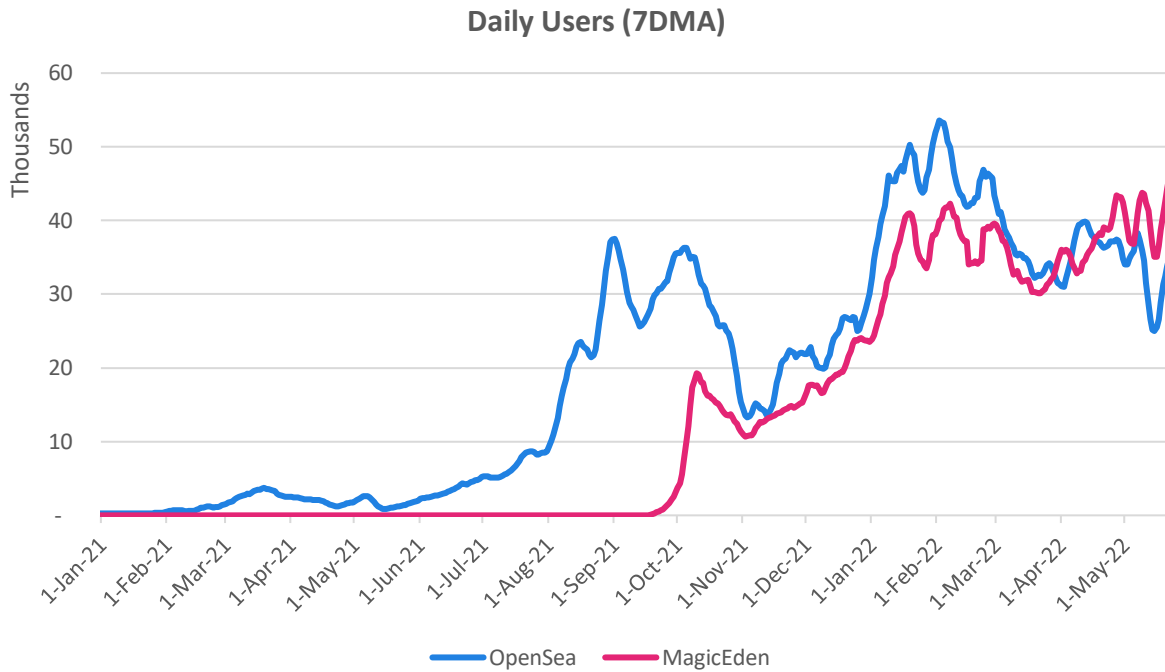


- NFT trading volume retraced to low levels after the Otherdeed drop, with ETH gas prices reaching near July 2021 levels.
- As OpenSea volume declines, its proportion to total gas used (2 months) has now dropped to single-digits (not including Otherdeed at 16%)

ETH Gas Guzzlers



Is it Time for Solana Summer?



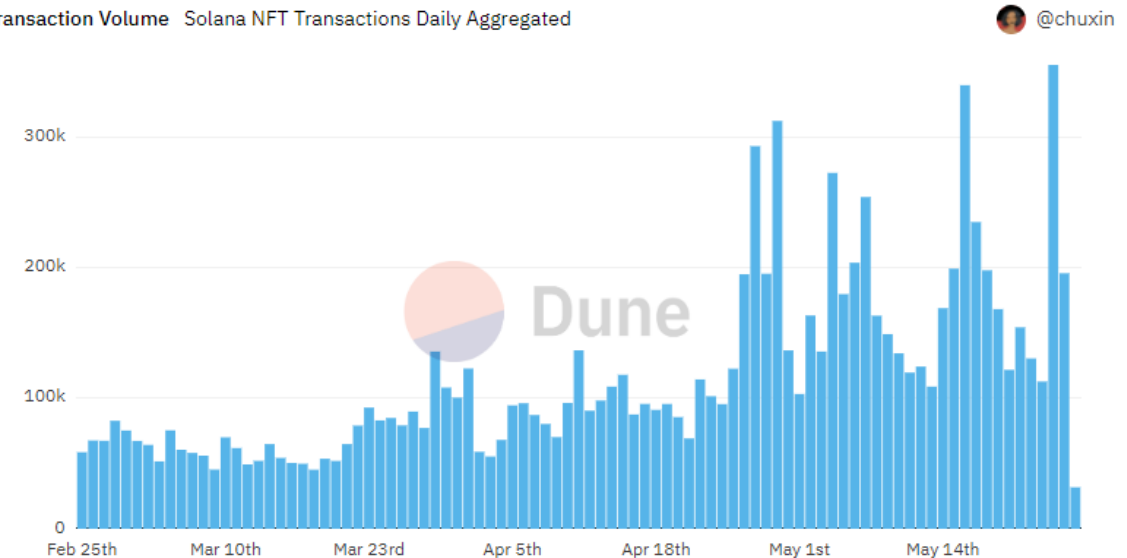
Marketplace	Average Price per Trade*
OpenSea	US\$456.61
MagicEden	US\$165.23

*Notes: 7 days

Source: DappRadar, AMTD Research

- After a brief period of tug-of-war, it is now clear that MagicEden is the leading NFT marketplace in terms of daily users.
- This comes as Solana NFTs continue to rise in popularity relative to OpenSea, as users flock to an ecosystem with lower gas fees and lower average unit prices during periods of market downturn.
- But OpenSea might not benefit much from Solana volume, as MagicEden is still dominant at 95% of daily volume vs OpenSea at ~5%.

Transaction Volume Solana NFT Transactions Daily Aggregated

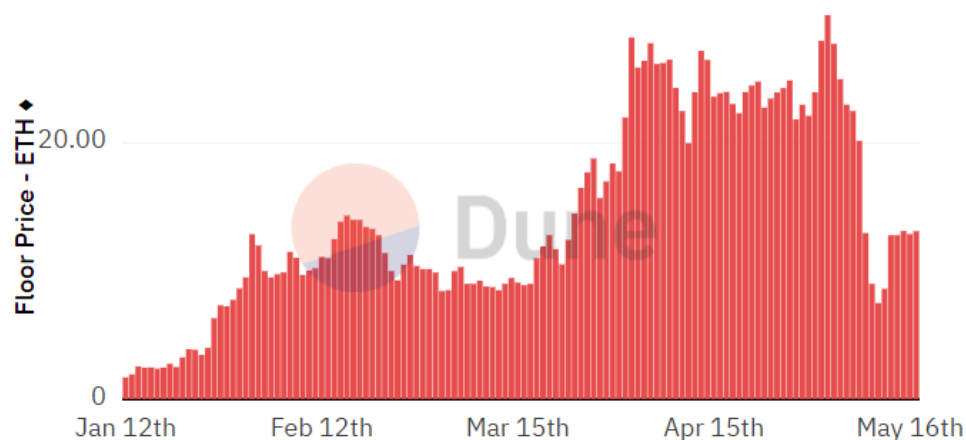


Azuki: Founder Accused of Serial Rugging



Azuki Floor Price, Daily

💡 @cryptuschrist



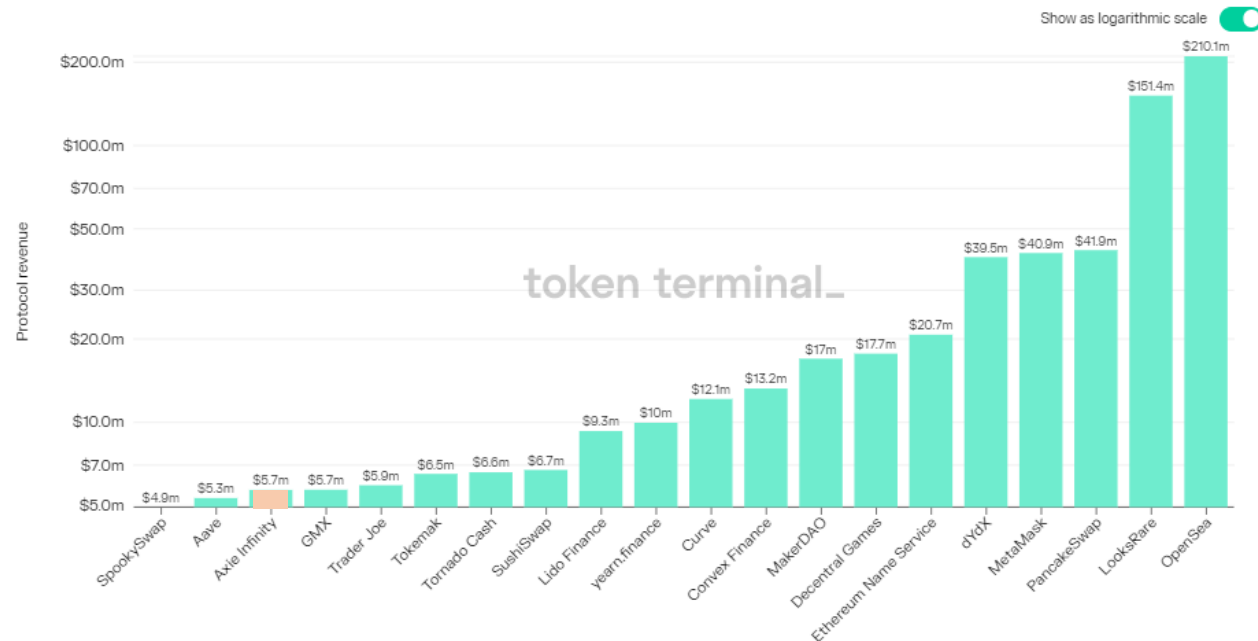
- The founder of Azuki, “Zagabond”, published a post where he admitted to anonymously creating several projects before the wildly successful Azuki – Phunks, Tendies, and Zunks.
- The NFT community went wild with accusations and FUD, since many regarded those projects as a rugpull. Some accusations include:
 - Zagabond abandoned the projects after mint
 - Zagabond rugged and collected royalties from said projects
 - Beanz metadata leaked prior to reveal
- Floor price of Azuki took a nosedive, from 20E to 13E in a day. It further dropped to lows of ~7.2E as FUD brewed. It has recovered to 13E since.
- After much community backlash, Zagabond issued a public apology and planned to hand over control of contracts and distribution of funds back to those communities.

GameFi & Play-to-Earn

Crabada Migrates to AVAX Subnet

- Popular P2E idle game Crabada recently migrated to its own subnet on Avalanche.
- It is the second game to do so, after DeFi Kingdoms in March.
- It has seen a sharp drop in users & transactions since the transition, though volume has ticked up sharply.
- However, following the launch of its Battle Mode on May 16, its game and governance tokens TUS and CRA have declined 72% and 55% respectively due to rampant token inflation concerns.

Dapp 90D Protocol Revenue

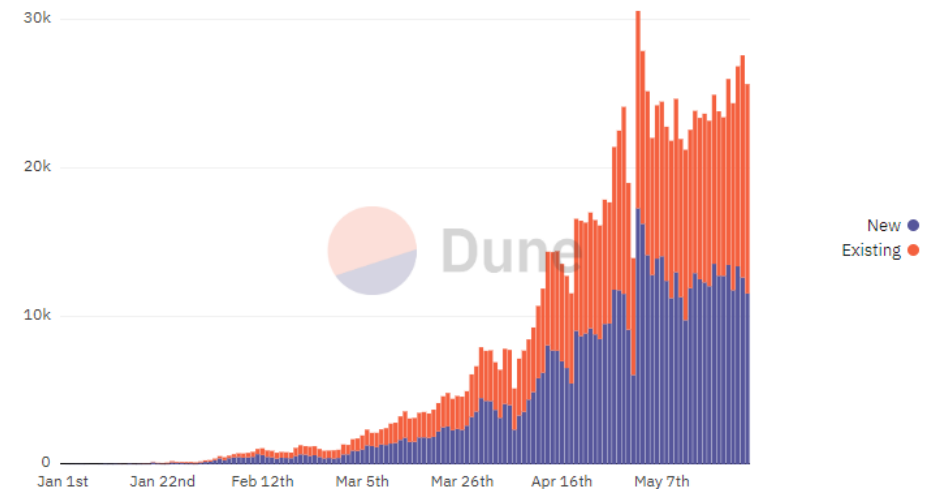


GameFi & Play-to-Earn

The Craze Continues: StepN – Monetizing Moving

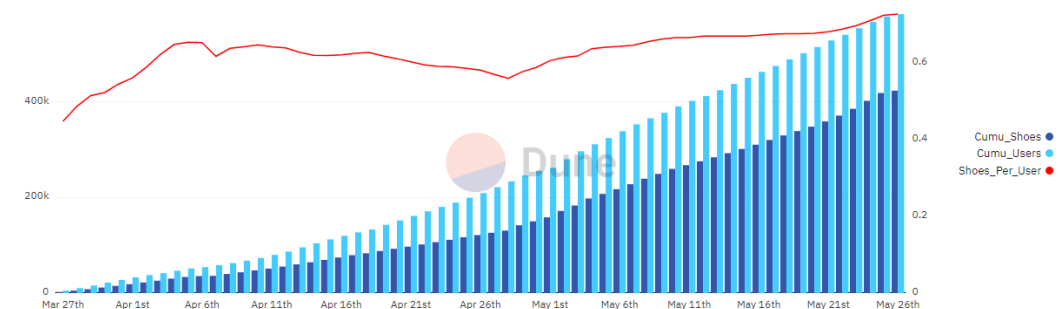
- Popular move-to-earn app StepN's growth has been explosive in recent weeks, with cumulative users nearing 600,000 and nearly 30,000 daily active users.
- Users buy sneakers (NFT) to earn rewards in GST & GMT. The tokens can be burned to level up/repair sneakers.
- Tackling Tokenomics**
 - Many argue that once demand plateaus, its tokens will suffer the same fate of Axie Infinity.
 - There are slight differences between StepN and other P2E games that may alleviate the inflation spiral or at the very least delay the inevitable:
 - Control of new users:** still in open beta, the use of activation codes help to control supply and demand at a more sustainable manner
 - Price stabilization:** dual-token system aims to strike balance between shoe affordability (new users) and incentive to mint shoes (existing users)
 - Real-world usage:** StepN recently introduced real-world token use cases through payment support by Alchemy Pay
 - Besides making money:** unlike Axie Infinity, the creators of StepN argue that people will continue to stay active regardless of diminished financial rewards.

New & Existing Daily Active Users on STEPN

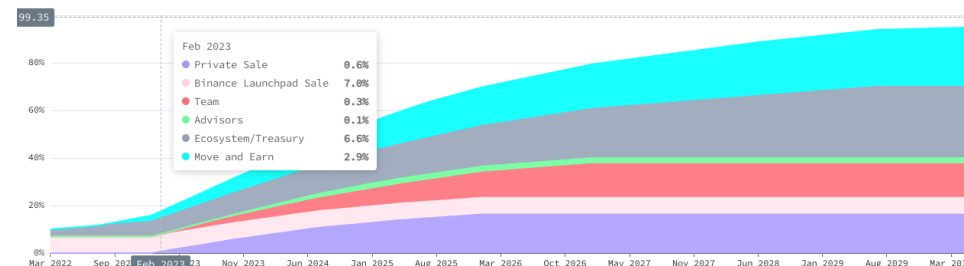


Current invite-only scheme controls gradual user inflow

[STEPN] Shoes Per User



Gradual increase of shoes-per-user needed to control token inflation



Minimal short-term sell pressure since token vesting period ends ~Feb 2023

News & Headlines

NFT Marketplace Zora Raises US\$50m

Zora, an Ethereum0-based NFT marketplace, raised US\$50m which valued the company at US\$600m. The round was led by Haun Ventures, founded by Katie Haun, who formerly helped run Andreessen Horowitz's crypto fund. [[The Block](#)]

Instagram Plans NFT Integration

Instagram announced that it plans to integrate NFTs on for Ethereum, Polygon, Solana and Flow, which will allow users to connect to their wallet to verify ownership and to showcase them on their profiles. The pilot will be initially available for a small group of users. [[Instagram](#)]

Dubai Virtual Assets Regulator Establishes Metaverse HQ

Dubai's Virtual Assets Regulatory Authority recently established its metaverse headquarters in The Sandbox. The entry "seeks to ensure that the regulator is accessible to its industry in their environment". [[Emirates News Agency](#)]

Spotify Begins NFT Trial

It is reported that Spotify is beginning to let artists to promote NFTs on their artist profile, an expansion of a feature that currently allows artists promote merch and tickets. Steve Aoki and The Wombats, both NFT early adopters, are taking part in this test. [[Music Ally](#)]

Index Coop Releases JPG NFT Index on Layer 2

Crypto indices maker Index Coop announced its JPG NFT Index on Argent and ZigZag, allowing users to gain exposure to blue-chip NFT collections through a single token with the low gas costs on layer 2. This comes after a month of launching on Ethereum. [[Index Coop](#)]

News & Headlines

eBay Drops NFT Collection on Polygon

eBay's first NFT collection was launched in partnership with the OneOf NFT marketplace on Polygon. The drop features 3D animated covers of former professional hockey player Wayne Gretzky. [[Crypto Briefing](#)]

GameStop Launches Self Custodial Ethereum Wallet

GameStop has launched its self custodial Ethereum wallet which allows users to store and transact Ethereum tokens and NFTs. It has direct L2 integration with Loopring. [[ZDNet](#)]

Audi Launches Fractional NFT Project

Audi is launching a fractional NFT named The Art of Progress created by Ouchhh Studio. With a mint price of 0.05 ETH, the proceeds from the NFT collection will be raised for UN Refugee Aid Germany. [[The Art of Progress](#)]

Andreessen Horowitz Launches Web3 Gaming Fund

Venture capital firm Andreessen Horowitz launched a US\$600m fund named Games Fund One, which will invest in game studios, consumer applications, and gaming infrastructure, to build out the gaming industry in web3. [[a16z](#)]

Mirror Introduces Writing NFTs

Mirror has launched its Writing NFT feature, allowing people to support writers in the form of NFT purchase and trading. The text-based collectibles is based on Layer 2 solution Optimism, and is free for writers to create. [[Mirror](#)]

Regulatory Updates

Regulatory Updates

- In a statement released by the G7, the group of finance ministers are calling for tougher rules on crypto regarding money laundering and disclosing reserves in light of the earlier Terra collapse.
- Pro-crypto SEC commissioner Hester Peirce suggested that in light of the Terra UST crash, US regulators may be moving quicker towards regulations relating to stablecoins. Separately, U.S. Treasury Secretary Janet Yellen expressed that recent turmoil in crypto meant the need for an appropriate regulatory framework. Yellen linked the UST crash with banks on the US, which are a federally insured depository institution and protects depositors in event of a crisis.
- SEC Chair Gary Gensler stated that his agency is beefing up enforcement efforts as it considers most digital assets fall under its purview. Gensler expressed concern regarding the “commingling” of various divisions of crypto exchanges, such that they are “trading against their customers” because they are often “market-making against their customers.”
- Germany published the first nationwide tax guide for crypto, which issues guidance for coin trading, mining, staking, lending, hard forks, and airdrops. The comprehensive guidance also states that individuals can sell Bitcoin or Ether tax-free after a one-year period.
- The UK Treasury has stated its commitment to regulate stablecoins following the recent Terra meltdown. It aims to ensure financial stability and high regulatory standards for service providers to operate and grow in the UK in a reliable and safe manner.
- According to a leaked document, the European Commission is considering a ban on large-scale stablecoins in order to prevent stablecoins from overtaking the use of fiat currency. This comes as European governments are working on the landmark crypto law, Markets in Crypto Assets Regulations, which aims to provide a legal framework for crypto development within the EU.
- Binance France has been granted a Digital Asset Service Provider (DASP) registration by the French financial regulator, which will allow it to operate in France. The license represents heightened AML/CFT requirements necessitated by the French authorities.

Regulatory Updates (Cont'd)

- The US Office of Foreign Assets Control, for the first time, sanctioned a virtual currency mixer Blender.io. Services like Blender.io allows users to obfuscate their transaction trail. According to OFAC, Blender.io was used by North Korean hacking groups to launder over US\$20.5m related to the Ronin Bridge hack.
- U.S. Department of Commerce's International Trade Administration seeks is seeking public comments on how it can best respond to President Biden's earlier executive order on crypto, so as to ensure its competitiveness in the digital assets space.
- The ECB released a working paper on a central bank digital currency (CBDC), which provides insight into the technical aspects of the digital Euro and how it would fit into the region's existing monetary system. The paper discusses issues such as payment options, privacy, financial intermediation, as well as private currency risks.
- The Governor of California signed a Blockchain Executive Order aimed at fostering responsible innovation in web3, including job market growth, deploying blockchain technology for public institutions, research & development, and consumer protection in the state.
- Nigeria's SEC has released new guidance for the issuance of crypto, which classifies them as securities. The new rules require businesses looking to offer crypto services or products in the country to first obtain a virtual assets service provider license.

Notable Tweets

Musk dons a BAYC pfp



I dunno ... seems kinda fungible

7:03 PM · May 4, 2022 · Twitter for iPhone

32K Retweets 5,237 Quote Tweets 481.6K Likes

Do Kwon gets served



\$LUNA and **\$UST** Korean investors have filed both civil and criminal lawsuit against Do for committing fraud. They also filed to order a provisional seizure (freeze) of his assets.

They are represented by legal firm LKB & Partners.

1:59 PM · May 18, 2022 · Twitter Web App

246 Retweets 59 Quote Tweets 1,216 Likes

Hedging against the safest stable



Dude at my meetup tells me he bought UST to hedge against a black swan event for USDC (which most of his holdings are in)

.....wadafak?

2:12 AM · May 10, 2022 · Twitter for Android

25 Retweets 7 Quote Tweets 818 Likes

Is Chiru Labs for sale?



Replying to @ledgerstatus

i tried to acquire the Azuki company but didnt get a reply lol

ZAGABOND.ETH @ZAGABOND
Human bean @AzukiOfficial @ChiruLabs
1,373 Following 72.7K Followers
Joined August 2021

how much to acquire / buy the rights to @AzukiOfficial ?

Yesterday, 3:42 AM ✓

12:35 AM · May 12, 2022 · Twitter Web App

What does CZ think about the Terra prop?



SMH

2:58 AM · May 17, 2022 · Twitter Web App

2,222 Retweets 410 Quote Tweets 16.9K Likes

Notable Tweets

LFG's failed defense



Larry Cermak 🗨️🔒
@lawmaster

In summary, LFG has gone from having \$3.1 billion in their reserves a week ago to now having roughly \$87M. Which means they spent roughly \$3 billion defending the UST peg and UST still collapsed.

2022		May 16, 2022	
Price	Amount	Asset	Amount
\$35,867	\$2,883,504,461	UST	1,847,079,725
\$72.6	\$122,853,199	AVAX	1,973,554
\$55.9	\$110,380,875	BNB	39,914
\$1	\$26,281,671	BTC	313
\$1	\$23,555,590	LUNA	222,713,007
\$377.0	\$15,045,981		
\$1	\$697,344		
			without
Sum	\$3,182,319,122		
at UST&LUNA	\$3,058,768,579		

Avalanche caving for L2s?



./kevinsekniqi 📈 good vibes only 🔒
@kevinsekniqi

First set of L2s coming to Avalanche soon. Stay tuned.

5:52 AM · May 26, 2022 · Twitter for iPhone

GCR hedges his bet with Do Kwon for 72 cents



GCR 🔒
@GiganticRebirth

English poet Thomas Howell used to have an old idiom; don't count your chickens before they hatch

I have acquired the 120,000 LUNA shares necessary to cover "risk" associated with the 20 million USD in escrow pending March 2023 price

Final cost basis to cover: 72 cents

TFL's legal team quits



Cobie 🔒
@cobie

Might go train as a lawyer, take a fat salary and a bunch of tokens, oh and then quit and run as soon as I'm asked to do my job on something important



db @tier10k · 16h

Terraform Labs' legal team resigns after UST collapse: Block

[Show this thread](#)

8:03 AM · May 18, 2022 · Twitter for iPhone

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