



# KUCOIN RESEARCH

MONTHLY MARKET  
INSIGHTS REPORT

APRIL  
2024



# KEY TAKEAWAYS

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In March 2024, the cryptocurrency market exhibited diverse dynamics and developmental changes. Firstly, the price of Bitcoin reached historic highs, surpassing the \$70,000 mark. The Open Interest in BTC futures and options continued to grow, with market sentiment being extremely greedy. Meanwhile, core data from the United States in March showed the economy remained robust, with inflation remaining stubborn. The Federal Reserve managed expectations of interest rate cuts cautiously, reluctant to make premature statements. Given the strong correlation between the overall trend of BTC and crypto assets and the monetary policies of the Federal Reserve and major central banks worldwide, subsequent policy changes are also worth continuous market attention.

Secondly, the deep integration of AI technology with real-world industries and renewed attention to the RWA concept has led to the gradual formation of a new competitive landscape among public chains. Alongside Nvidia's AI conference and the confirmed release date of OpenAI's SORA, the entire AI sector maintained strong momentum until mid-March. However, in the latter half, AI assets that had risen significantly experienced significant pullbacks. The Solana ecosystem remained highly active, MEME fever swept the market, and the Base ecosystem saw significant growth in TVL and user numbers. Meanwhile, projects like Arbitrum and Manta also experienced varying degrees of growth or adjustment.

In the stablecoin sector, USDT and USDC continued to lead in March, with USDT inflows into CEX driving BTC prices to record highs. The circulation of USDe surpassed 1.5 billion by the end of March, making it the fifth-largest stablecoin in the market by circulation. At the current rate of increase, USDe may soon catch up with FDUSD and challenge the scale of DAI. However, the circulation of TUSD and FDUSD both declined, with TUSD trading volume continuing to shrink, warranting attention to their future trends.

In terms of leading projects and critical changes, the launch of BUIDL tokenized investment fund by BlackRock attracted a significant influx of funds, sustaining attention in the RWA field. Meanwhile, discussions about merging projects such as SingularityNET, Fetch.ai, and Ocean Protocol into ASI tokens have pushed forward the development of AI technology into a new stage.

# KEY TAKEAWAYS

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While the Bitcoin inscription market continued to trade sluggishly, Bitcoin NFTs became relatively hotter, leading to a new high in BTC transaction volume on Magic Eden. With Stacks set to undergo the Nakamoto upgrade in mid to late April and introduce new assets like sBTC, the question of whether Merlin Chain, which has been conducting locking and pledging activities for some time, will take further actions, becomes a focal point in the narrative of BTC expansion. Perhaps, this will truly kick off a battle for assets and attention among BTC Layer2 solutions.

In March, both the number and amount of investment and financing projects experienced rapid growth year-on-year and month-on-month, entering a bullish market phase. The primary market has fully recovered, with project valuations showing significant premiums. In March, the dominant investment ecology was occupied by ETH and L2 groups, with OKX Venture being the most active investment institution. The core theme of institutional investment in March was AI.

Finally, for crypto regulatory policies, the Arizona State Senate passed a resolution at the end of March allowing retirement fund managers to allocate to BTC ETFs.

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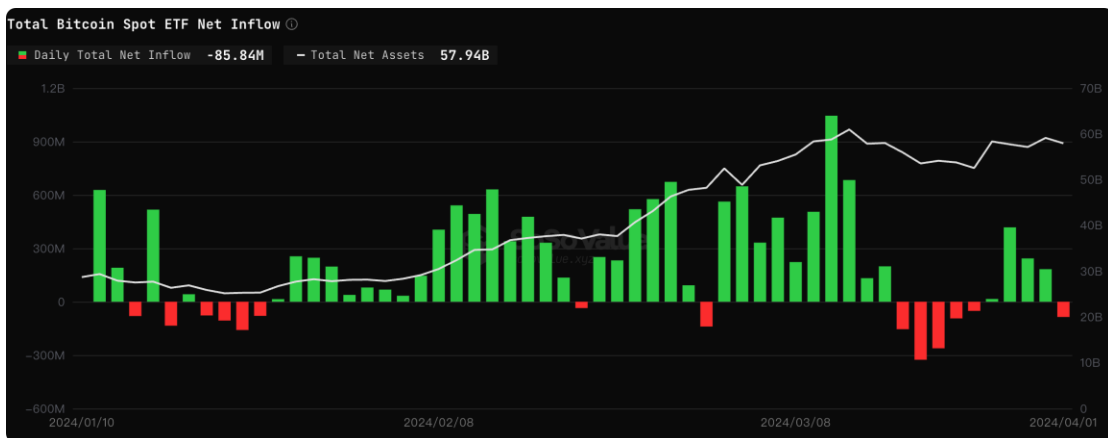
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# MACRO DATA MONITORING AND MARKET SENTIMENT INSIGHTS

## Insight 1: Bitcoin Surpasses Previous Highs to Set New Historical Record, Federal Reserve's Expectations Management Fluctuates, Rate Cut Expectations Delayed

In the first and second halves of March 2024, the crypto market showed significant contrasts. In the first half of the month, the crypto market, led by BTC, advanced steadily, not only breaking through the historical high set in 2021 but also aggressively approaching the 70,000 mark, briefly breaking the high of 73,000 USD. Concurrently, on March 12, Bitcoin's spot ETF recorded a new historical high for single-day net inflows, reaching 1.05 billion USD.



Bitcoin Spot ETF Inflows and Outflows  
Data Source: SoSoValue , As of Apr 01, 2024



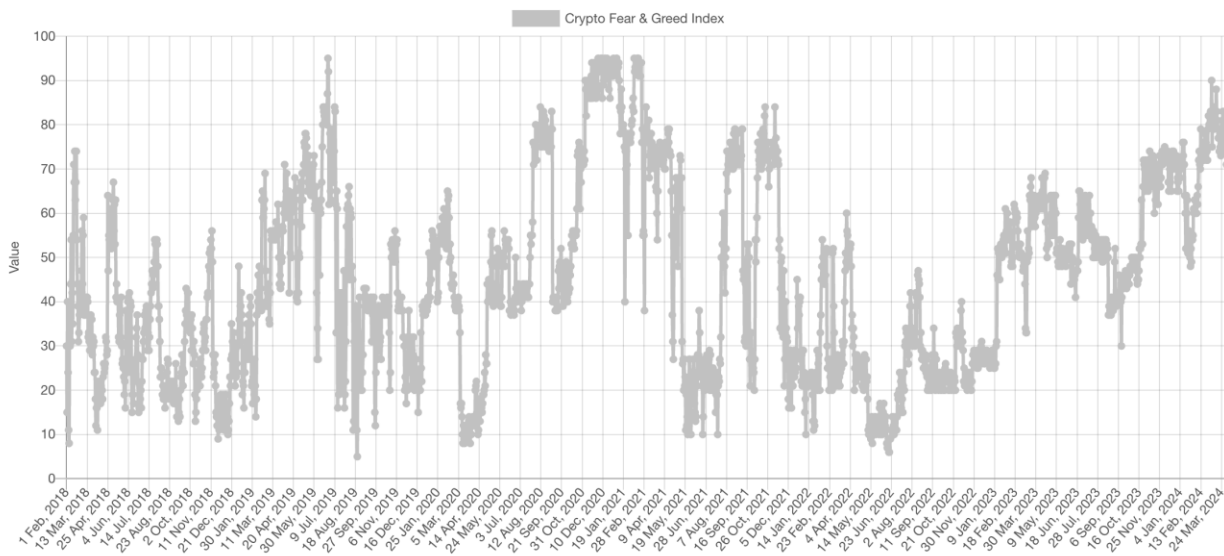
CEX (including CME) BTC contract positions  
break through the high point of the bull market in 2021  
Data Source: CoinGlass , As of Apr 01, 2024

Looking at the overall contract position, as BTC's price breaks through previous highs, BTC's futures' and options' Open Interest continue to rise significantly, meaning that more capital is entering the market this round.

Although there was a significant delivery in the options market on March 29 causing the OI to slide, if there is no significant negative news in the market subsequently, capital will continue to pour in.



CEX (including CME) BTC option positions set a new historical high  
Data Source: CoinGlass, As of Apr 01, 2024



Fear and Greed Index at its highest level in 2 years  
Data Source: alternative.me, As of Apr 01, 2024



Under the heated market, the crypto Fear and Greed Index entered the extreme greed range of 90 points at the beginning of March. Compared to historical values, it is already relatively high. Given such aggressive market sentiment and high leverage, it is likely to be accompanied by intense market fluctuations subsequently.

From a macro perspective, some core data in the US in March show that the US economy is still strong, inflation remains stubborn, but it is not flawless, and the high-interest environment will always have a negative impact on some production and living activities.

The FOMC meeting's dot plot revealed a spreading optimistic sentiment about three rate cuts this year at the beginning, but by the end of March, Federal Reserve officials did a 180, stating they were not in a hurry to act.

It's evident that the Federal Reserve is very cautious about overall rate cut expectations management, not wanting the market to be too pessimistic or overly optimistic in advance, hence the back-and-forth discourse. Since the overall trend of BTC and crypto assets is highly related to the Federal Reserve's monetary policy and the M2 growth rate of major central banks worldwide, subsequent policy changes are also worth the market's continuous attention.

## **Insight 2: AI Popularity Deeply Tied to Real-world Industries, BlackRock Reignites Interest in RWA Concept, New Competitive Landscape Forms Among Public Chains**

In March, the narrative of the crypto world's AI was still deeply tied to every move of real-world AI giants. Alongside NVIDIA's AI conference and the confirmation of OpenAI SORA's release time, the AI sector's assets maintained strong popularity from early to mid-March.

However, in the latter half of the month, many AI assets that had risen significantly experienced considerable pullbacks. This could be related to NVIDIA's stock reaching a temporary peak during the same period and consolidating at its high level.

Furthermore, the wealth effect of MEME assets in Solana and Base this month further highlighted the differences in the narrative and competitive landscape of public chains. Solana attracts large-scale investments with high financing, strong endorsements, and compelling narratives. At the same time, it continually draws retail investors and small funds with its continuous stream of MEME and new narratives. The ecosystem is flourishing and has sparked a major discussion about whether there will be a final showdown between SOL and ETH.

On the other hand, Base directly benefited from the straight-line reduction in Gas Fee after the ETH Dencun Upgrade, reducing the trading threshold for assets led by MEME and attracting investors who were hesitant about the EVM ecosystem.

Additionally, through deep cooperation with external protocols like Farcaster, it has also created some new narratives and assets, fully demonstrating the vitality of the overall ecosystem. In comparison, a considerable portion of other established public chains/ecosystems that lack new narratives and new mechanisms are slightly overshadowed.

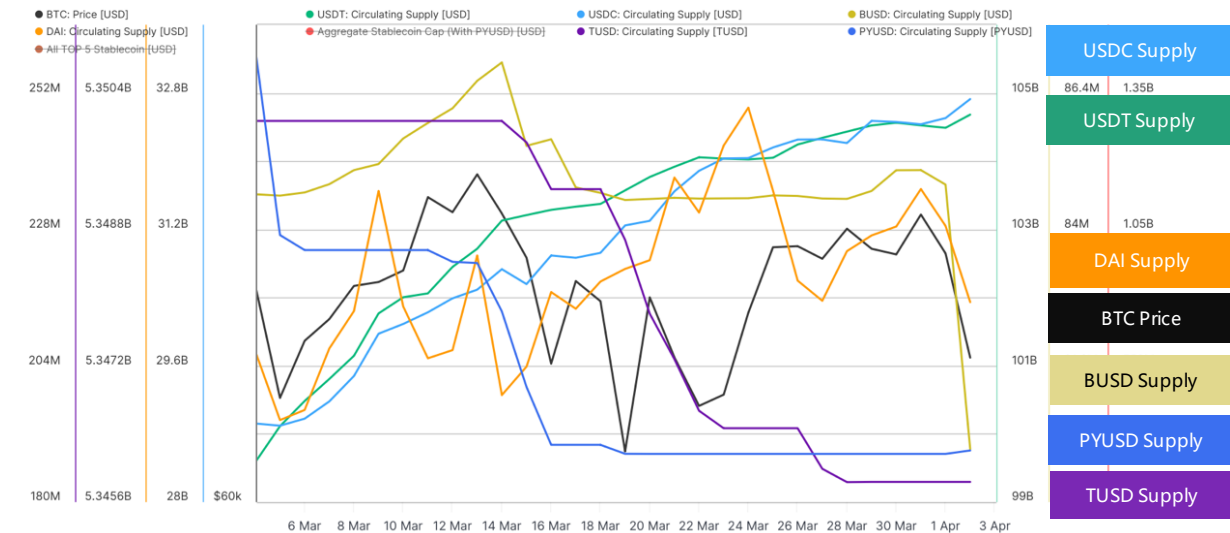


Ondo Experienced Significant Price Fluctuations in March  
Data Source: CoinMarketCap, As of Apr 01, 2024

On March 20, BlackRock announced the launch of its Real World Asset (RWA) tokenization fund, BUIDL, bringing the RWA concept, which had been quiet for a while, back into market focus. By the end of the month, as a relatively independent sector, the prices of multiple assets soared.

# Insight 1: USDT and USDC Continue to Lead in Total Issuance, Inflows of USDT into CEX Helps Push BTC to Historical High, USDe Becomes the Fifth Largest Stablecoin

Stablecoins: Seperate Supplies



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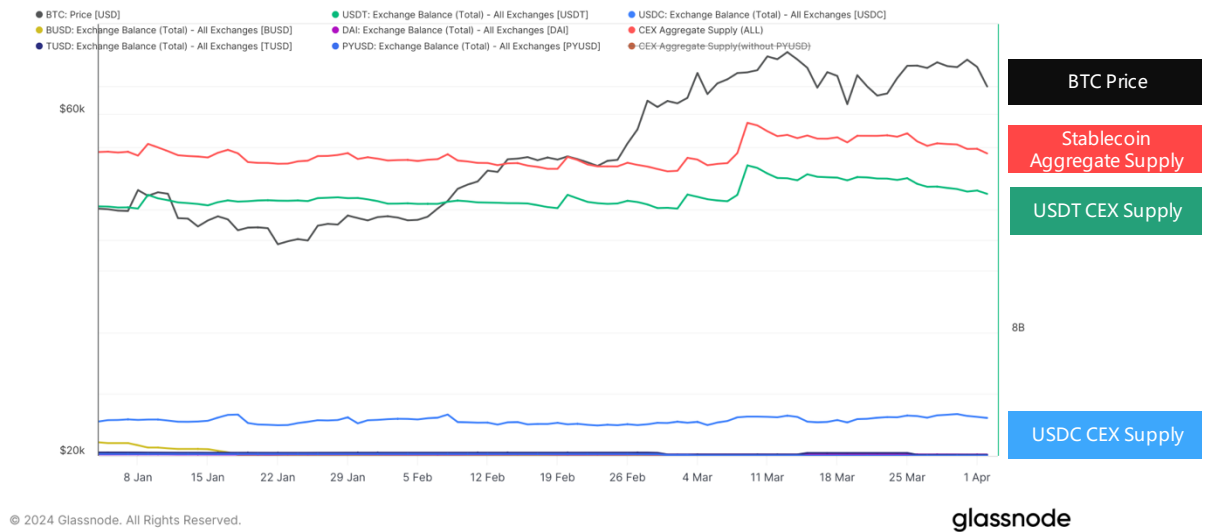
glassnode

USDT and USDC Lead in March, PYUSD, TUSD Decline  
Source: Glassnode, As of Apr 01, 2024

According to Glassnode data, the issuance of USDT increased by 5.825 billion in March, and USDC issuance increased by 3.803 billion, showing a significant increase compared to the previous month.

Particularly, the growth rate of USDC has become stronger, reflecting the further rise in enthusiasm for crypto assets from European and American funds. On the other hand, the market also saw declines in the issuance of BUSD, TUSD, and PYUSD, with TUSD's decline being the most notable.

### Stablecoins: Supply on Exchanges (+PYUSD)



USDT inflows into exchanges increased significantly in early March, followed by BTC hitting a historical high, with a strong correlation thereafter.

Source: Glassnode, As of Apr 01, 2024

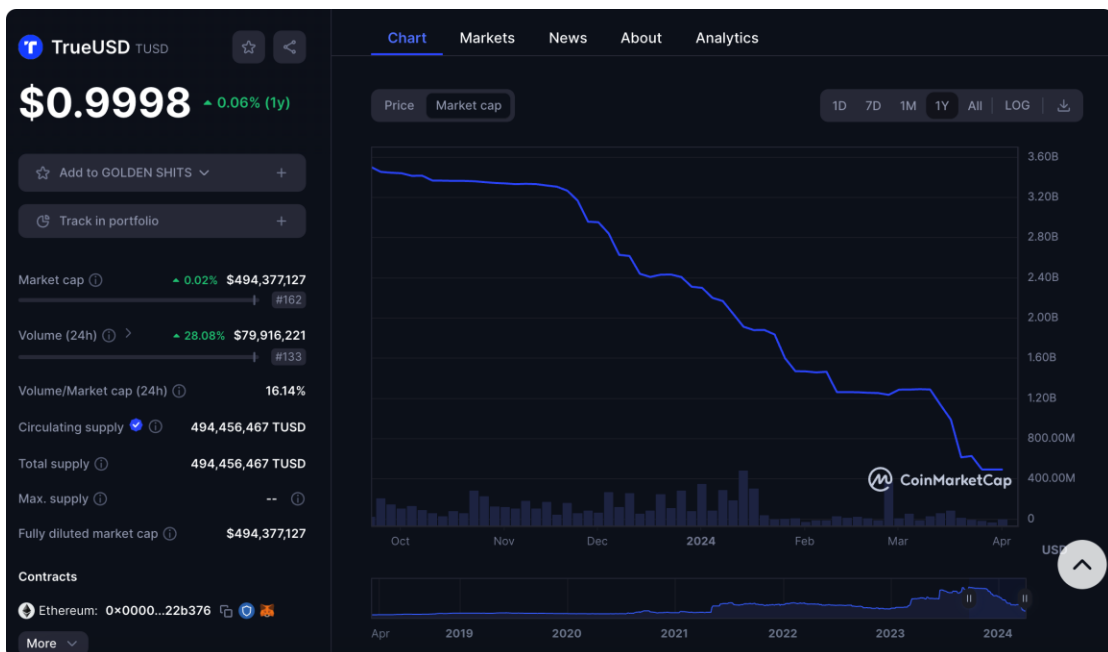
In early March, after a large amount of USDT suddenly flowed into CEX, BTC's price hit a historical high, and then USDT flowed out, and BTC's price fell back. During this period, compared to other stablecoins, the correlation between USDT in CEX and BTC's price was higher.

USDe has been continuously increasing in issuance in the four months since its inception. As of March 31, the issuance has exceeded 1.54 billion, making it the fifth-largest stablecoin in circulation in the market. Given its current growth rate, USDe is likely to catch up with FDUSD soon and challenge DAI's scale.

## Insight 2: TUSD and FDUSD Issuance Both Decline, TUSD Trading Volume Continues to Shrink



Trading Volume of BTC/TUSD Trading Pair Continues to Decline  
Data source: Binance, As of Apr 01, 2024



TUSD Issuance Continuously Declines After November 2023  
Data source: CoinMarketCap, As of Apr 01, 2024

Despite the overall upbeat market conditions and TUSD's price restoring its peg with USDT last month, TUSD's issuance still experienced a significant decline in March, quickly sliding from an initial size of 1.28 billion at the beginning of the month to 494 million, with a decrease of 61.4% during the period.

Not only has the issuance significantly declined, but TUSD's trading volume on Binance is also continuously shrinking.



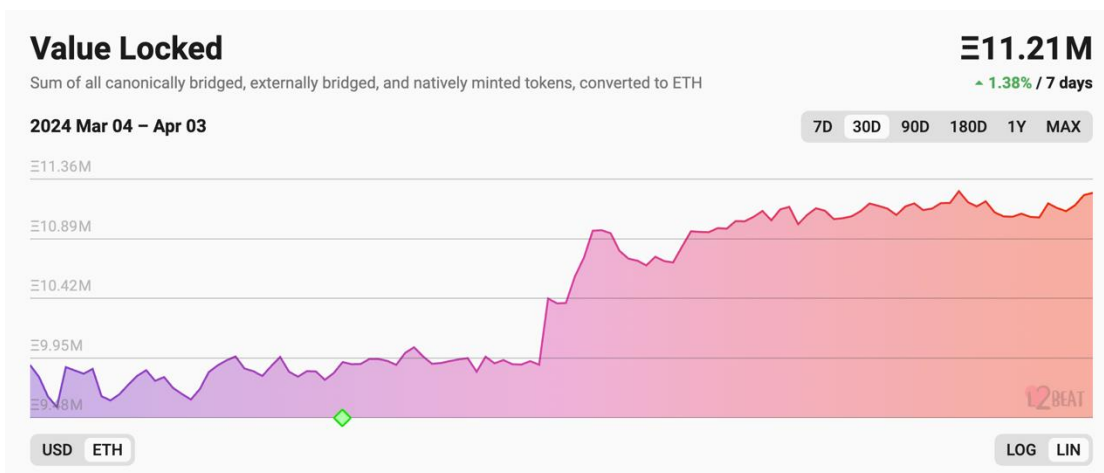
FDUSD Issuance Trend  
Data source: CoinMarketCap, As of Apr 01, 2024

On the other hand, despite FDUSD's confirmed status in the Binance ecosystem and its continuous empowerment through Launch Pool, FDUSD's issuance also saw a significant decline in March, sliding from 3.28 billion to 2.56 billion, a drop of 21.95%. The overall issuance has returned to the level of early February.

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# CHANGES IN THE TREND OF PUBLIC CHAINS AND LAYER2

**Change 1: The Dencun upgrade was activated on the Ethereum mainnet on March 13th. In March, the Layer2 TVL measured in ETH increased by 13.66%, while the TVL measured in USD fluctuated with the price of ETH, growing by only 7.44%**



ETH-denominated Layer2 TVL



USD-denominated Layer2 TVL  
 Data Source: L2BEAT, As of Apr 03, 2024

In March, market funds continued to be highly active on Solana, while the ETH to BTC exchange rate remained low, without entering a period of rapid rebound. The ETH Restaking sector was active, and the total value locked in ETH measured Layer2 increased by 13.66% to around 11.21 million.

After the successful completion of the Dencun upgrade on the main net, there was a significant decrease in gas fees on Layer2, but the activity level of the ETH L2 ecosystem mostly remained low. The price of ETH also decreased slightly from \$3530 at the beginning of the month to \$3300, a decline of 4.7%. Coupled with the decline in ETH L2 native tokens, the TVL in USD terms on Layer 2 experienced a decrease of approximately 7.3%.



**Change 2: The activity level of the Base ecosystem reached a historic high, securing the third position in TVL among ETH Layer2 solutions. Arbitrum unlocked 1.11 billion \$ARB tokens, leading to a corresponding increase in TVL of approximately 1.7 billion. Manta Pacific opened withdrawals for the New Paradigm event, resulting in a TVL decrease of over 0.65 billion**

#	NAME	TOTAL
1	Arbitrum One	\$14.28B
2	OP Mainnet	\$8.17B
3	Blast	\$2.30B
4	Manta Pacific	\$1.92B
5	Starknet	\$1.28B
6	Base	\$1.08B
7	Metis	\$857M
8	zkSync Era	\$811M
9	Mantle	\$783M
10	Linea	\$350M

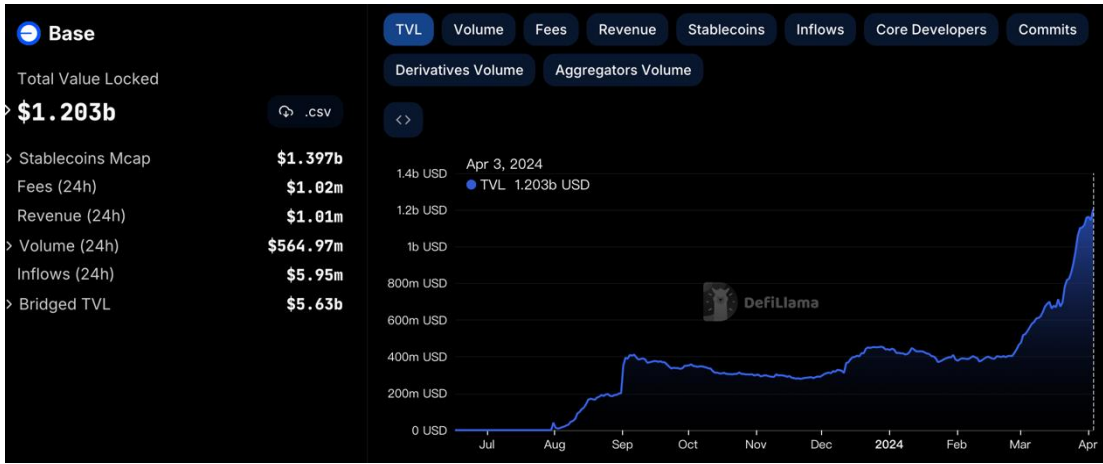
ETH Layer2 TVL Situation on March 3, 2024

#	NAME	TOTAL
1	Arbitrum One	\$16.01B
2	OP Mainnet	\$7.54B
3	Base	\$3.54B
4	Blast	\$2.51B
5	Starknet	\$1.38B
6	Manta Pacific	\$1.27B
7	Mantle	\$873M
8	Metis	\$734M
9	zkSync Era	\$708M
10	Linea	\$434M

ETH Layer2 TVL Situation on April 3, 2024

Data Source: L2BEAT

Looking at the top ten changes in ETH Layer2 in March 2024, the most noteworthy developments include the latest progress in ecosystems such as Base, Blast, and Manta.



Base's TVL Change Chart

Data Source: DeFiLlama, As of April 3, 2024

Base's TVL growth this month is particularly noteworthy, with significant inflows of market funds (in native USDC and ETH) within the ecosystem, and Dapp TVL also showing a clear upward trend. The main source of TVL growth comes from the price increase of native tokens within the ecosystem. Specifically, AERO and DEGEN saw the most significant increases, with Aerodrome's price rising by 202% this month and its TVL increasing by 154%, still ranking first in the ecosystem, significantly outperforming others, and playing a leading role.

Name	Category	TVL	1d Change	7d Change	1m Change
1  Aerodrome 1 chain	Dexes	\$558.17m	+0.55%	+12.68%	+154%
2  Uniswap 15 chains	Dexes	\$201.31m	+28.92%	+65.99%	+216%
3  Extra Finance 2 chains	Leveraged Far...	\$75.99m	+2.86%	+4.71%	+190%
4  Overnight Finance 7 chains	CDP	\$53.14m	+0.36%	+28.76%	+276%
5  Compound V3 4 chains	Lending	\$52.9m	-10.05%	-14.59%	-7.54%

The TVL status of top protocols in the Base ecosystem

Data Source: DeFiLlama, As of April 3, 2024

In addition, Base saw a surge of nearly 850,000 new users last week, reaching an all-time high. Meanwhile, speculation on MEME coins on Base Uniswap was hot, with LP pool representing TVL experiencing a 216% monthly increase. Assets like DEGEN attracted capital inflows to seize wealth opportunities.

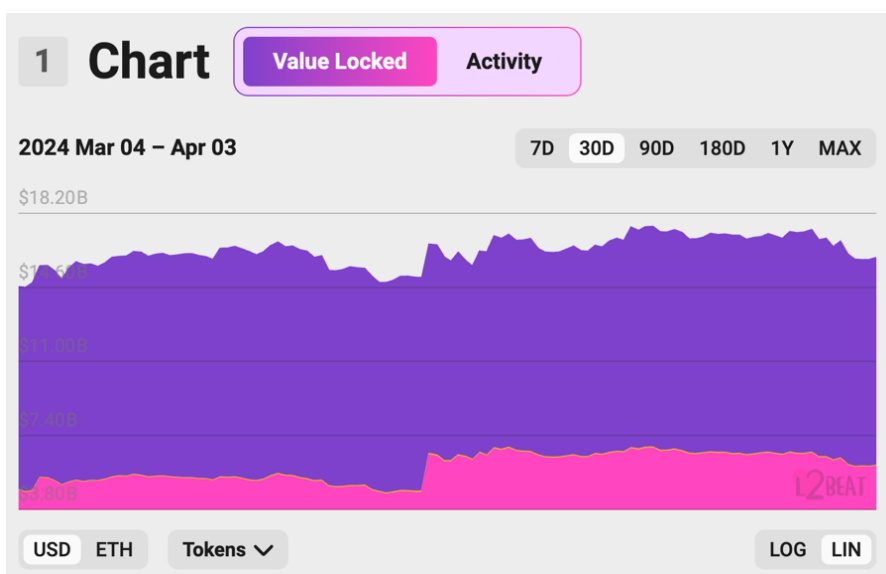
Blast's main net launched on February 29th, with plans to distribute 50% of the airdrop to Blast Point (users) and 50% to Blast Gold (Dapps). Due to subsequent point plans, users must continue to interact with Dapps in the ecosystem to maintain the point rewards for their early Bridge assets. DAU skyrocketed to over 6000 after the main net launch. Additionally, TVL surpassed 2.5 billion, with the top protocol in the ecosystem being the native DEX protocol Thruster (287M), with a 1 million increase of 468%. It serves as a major trading venue for MEME assets within the ecosystem despite not issuing coins yet.

Name	Category	TVL	1d Change	7d Change	1m Change
1  Thruster 1 chain	Dexes	\$287.54m	+2.55%	+55.55%	+468%
2  Ring Protocol 1 chain		\$252.84m	-0.24%	-10.80%	+108%
3  Pac Finance 1 chain	Lending	\$241.89m	-0.51%	+0.47%	+297%
4  Orbit Protocol 1 chain	Lending	\$216.59m	+0.76%	-28.34%	+142%
5  Hyperlock Finance 1 chain	Yield	\$171.97m	+6.51%	+82.62%	

The TVL status of top protocols in the Blast ecosystem

Data Source: DeFiLlama , As of April 3, 2024






The main increase in TVL on Arbitrum this month came from its Natively Minter Token. The market capitalization of its native token, \$ARB, grew from \$2.58 billion to \$3.92 billion. This increase was not due to price appreciation but rather stemmed from the unlocking of 1.11 billion ARB tokens on March 16th.



Arbitrum's TVL Change Chart

Data Source: L2Beat , As of April 3, 2024

In addition to this, Pendle has become the largest DAPP in terms of TVL on Arbitrum, with a monthly increase of 51%, reaching 717.32 million. Amidst the unprecedented popularity of Restaking protocols, Pendle, as a crucial DeFi protocol, saw a 56% increase in token price in a single month.

Name	Category	TVL	1d Change	7d Change	1m Change
1  <b>Pendle</b> 6 chains	Yield	\$717.32m	-0.59%	+5.94%	+51.08%
2  <b>AAVE V3</b> 12 chains	Lending	\$533.35m	-1.92%	-6.18%	+9.65%
> 3  <b>GMX</b> 2 chains	Derivatives	\$498.87m	-0.84%	-5.64%	-16.12%
4  <b>Hyperliquid</b> 1 chain	Derivatives	\$340.68m	-1.24%	-2.26%	+39.62%
> 5  <b>Uniswap</b> 15 chains	Dexes	\$269.09m	-0.82%	-7.83%	-1.75%

The TVL status of top protocols in the Arbitrum ecosystem

Data Source: DeFiLlama , As of April 3, 2024

Mantle's native token \$MNT was listed on Upbit on March 27th, with a monthly price increase of over 47%, leading to a significant TVL increase of over 11% in the ecosystem. On the other hand, the reduction in TVL for OP this month is primarily attributed to a price decline of approximately 19%.

### Change 3: The activity level in the Solana ecosystem continues to remain high, with both MEME and DeFi leading the way. Meanwhile, the TVL of SUI and BNB Chain has increased along with the rise in their respective token prices

Name	Protocols ↕	Addresses 🗺 ↕	1d Change ↕	7d Change ↕	1m Change ↕	TVL ↕
> 1  Ethereum	2739	411,909	+1.07%	-5.43%	+7.62%	\$57.747b
2  Tron	30	1.66m	-0.02%	-5.19%	-2.98%	\$9.446b
> 3  BSC	768		+1.52%	-1.99%	+16.96%	\$5.785b
4  Solana	134	1m	+6.03%	+5.01%	+76.62%	\$4.787b
5  Arbitrum	587	328,695	+1.36%	-5.53%	-3.06%	\$3.161b
6  Base	242		+5.04%	+13.22%	+124%	\$1.203b
> 7  Avalanche	377		+1.96%	-1.84%	+9.56%	\$1.174b
> 8  Polygon	544	948,757	0%	-6.50%	-4.56%	\$1.017b
> 9  Bitcoin	27	953,501	+1.07%	-6.51%	+2.17%	\$921.09m
10  Sui	29		+1.22%	-3.44%	+20.67%	\$686.31m






The TVL situation of the top ten public chains (including ETH Layer2)

Data Source: DeFiLlama, As of April 3, 2024

Looking at other public chains, the TVL of the top ten public chains, represented by emerging forces like Base in Layer2, shows particularly remarkable performance, while Solana remains firmly entrenched as the top popular public chain narrative.

The vibrancy of the Solana ecosystem is evident in various aspects: the MEME frenzy has created countless wealth legends, leading in trading volume and number of transactions, making it the hottest public chain at present.




After experiencing core capital adjustments, Solana has rapidly risen in this round of the market cycle, relying on its comprehensive infrastructure, ultra-high execution performance, and ultra-low on-chain costs. Since BOME completely ignited the MEME market on the Solana chain, its trading volume has been surpassing that of mainstream public chains like Ethereum for nearly two weeks. Its trading volume level, active user count, and other dimensional data have comprehensively surpassed the previous bull market. The future development is promising.

Name	Category	TVL	1d Change	7d Change	1m Change
> 1  <b>Marinade</b> 1 chain		\$1.98b	+5.81%	+4.77%	+42.77%
🔖 2  <b>Jito</b> 1 chain	Liquid Staking	\$1.795b	+4.63%	+5.18%	+61.95%
> 3  <b>Kamino</b> 1 chain		\$1.325b	+1.31%	-4.79%	+143%
> 4  <b>marginfi</b> 1 chain		\$850.29m	-5.10%	-2.96%	+31.31%
🔖 5  <b>Raydium</b> 1 chain	Dexes	\$760.48m	+6.84%	+25.32%	+268%

The TVL status of top protocols in the Solana ecosystem

Data Source: DeFiLlama, As of April 3, 2024

In addition, Solana's top lending protocol Kamino has announced its first snapshot time as 3/31. Its TVL surged rapidly under the stimulus of this news, with a monthly increase of over 146%, now ranking in the TOP3 position within the ecosystem, with a TVL exceeding \$1.325 billion. MarginFi's coin distribution plan is also in progress, with current TVL at \$845.71 million, ranking temporarily fourth in the ecosystem.

Name	Category	TVL	1d Change	7d Change	1m Change
> 1  <b>NAVI Protocol</b> 1 chain		\$158.59m	-0.75%	+3.32%	+39.30%
🔖 2  <b>Scallop Lend</b> 1 chain	Lending	\$126.05m	-12.63%	-17.55%	+3.73%
🔖 3  <b>Cetus</b> 2 chains	Dexes	\$116.1m	-0.13%	-2.10%	+26.64%

The TVL status of top protocols in the Sui ecosystem

Data Source: DeFiLlama, As of April 3, 2024

Under the stimulus of a weekly Launchpool, BNB saw a growth of over 34% this month, and the TVL of related ecosystems on-chain followed suit, rising accordingly.

Similar situations occurred with SUI, which saw a price increase of over 11% this month. The leading project in the ecosystem by TVL, Navi Protocol's NAVX, experienced a price increase of 191% this month. As a result, SUI's TVL saw a monthly increase of over 20%.

## HIGHLIGHTS AND KEY TRANSFORMATIONS IN TOP PROJECTS

**Event 1: The tokenized investment fund BUIDL by BlackRock received approximately \$240 million in inflows within a week, maintaining the market's continued attention on RWA track**

### Event Overview

BUIDL is a stable asset pegged to the US dollar, and BlackRock distributes daily accrued dividends as new tokens directly to investors' wallets. The fund invests 100% of its total assets in cash, US Treasury bonds, and repurchase agreements, allowing investors to earn returns while holding tokens on ETH.

According to Bloomberg, BlackRock's tokenized investment fund BUIDL received approximately \$240 million in inflows within a week. Nathan Allman, the founder of the crypto startup Ondo Finance, stated that he has invested a total of \$95 million in BlackRock's BUIDL. The BlackRock BUIDL tokenized fund serves three main purposes: it targets cryptocurrency companies seeking to manage finances on the blockchain, including DAOs; for crypto projects focusing on creating derivatives of US Treasury bonds, the fund can serve as the underlying asset for developing these products; and as an alternative to stablecoins, it can be used as collateral for lending and trading purposes.

### Analysis and Commentary

Since the release of this news, the RWA sector has remained a hot topic in the cryptocurrency market, with the ecosystem showing a vibrant development trend and continuously producing various types of asset projects. The leading player in this field, Ondo Finance's native token ONDO, saw a weekly increase of over 110%, leading the entire RWA sector protocols, with multiple project tokens continuously reaching new all-time highs. It is evident that traditional finance entering the crypto industry through RWA is highly attractive to funds seeking stable income. With more traditional finance entering this track and providing continuous capital injection, it will continue to drive the popularity of this track, pushing up the token prices of projects within this sector.

## **Event 2: SingularityNET, Fetch.ai, and Ocean Protocol, three blockchain AI protocols, are discussing merging their tokens into a single token called ASI. The fully diluted value of this token is estimated to be around \$7.5 billion**

### **Event Overview**

The native tokens of blockchain AI concept projects Fetch.ai, SingularityNET, and Ocean Protocol are currently under intense discussion for a merger plan known as the "Artificial Superintelligence Alliance." The new merged token will be named Artificial Superintelligence (ASI). At the same time, these three projects have submitted integration proposals to their respective governance communities and initiated a 14-day consultation period. It is expected that the proposal voting will take place between April 2nd and April 16th.

### **Analysis and Commentary**

After the merger, the three projects will establish a team called the Superintelligence Collective, with the CEO being the founder of SingularityNET. Fetch.ai, Ocean Protocol Foundation, and SingularityNET Foundation will continue to operate as independent entities but will closely collaborate within the shared ASI token ecosystem and the operations of the Superintelligence Collective.

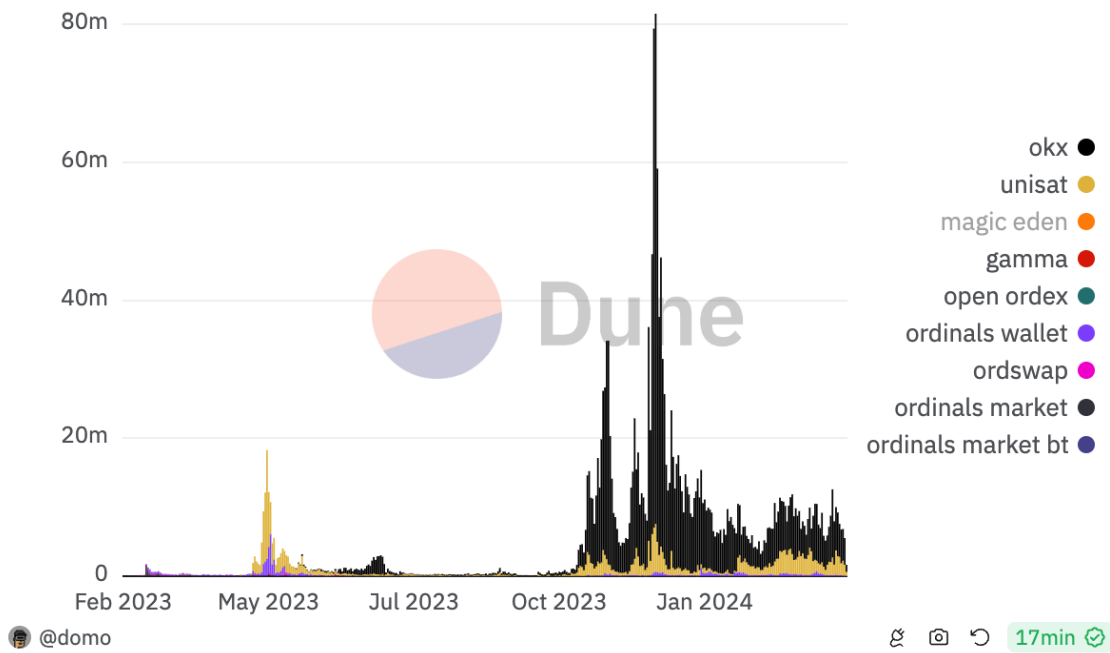
The merger announcement issued by the three teams did not provide much detail about the new business activities to be carried out after the merger. According to Ben Goertzel's statement on his social media platforms, the future direction of work will revolve around AGI and ASI, which is also the reason for naming the merged token ASI. Fetch.ai's token \$FET will be converted to \$ASI at a ratio of 1:1, SingularityNET's \$AGIX and Ocean Protocol's \$OCEAN will be converted to \$ASI at a ratio of approximately 1:0.433. There may be arbitrage opportunities in the token conversion, attracting a lot of investor attention.



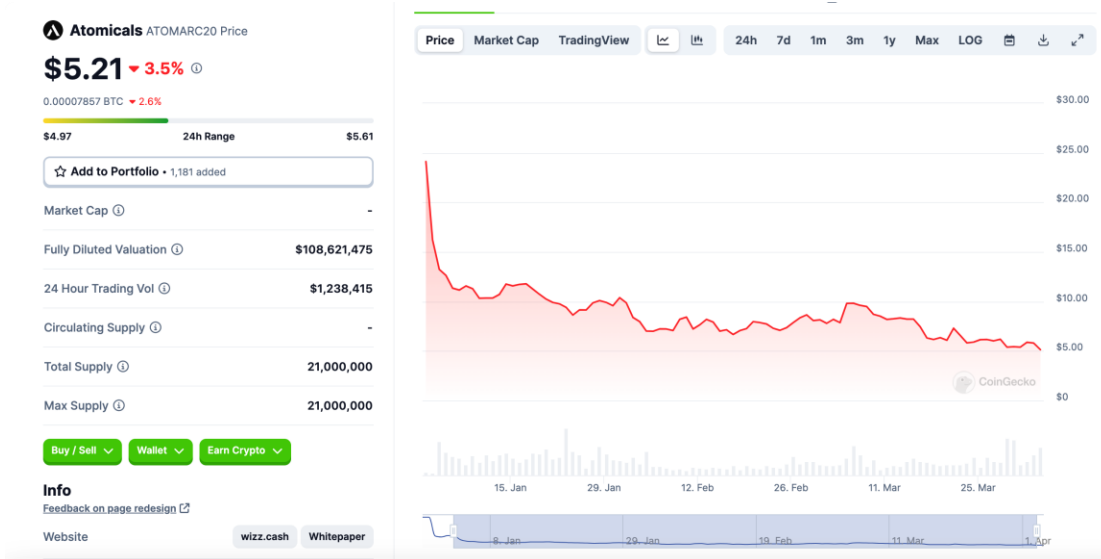
# OBSERVATIONS ON BITCOIN ECOSYSTEM AND INSCRIPTIONS

## Insight 1: Bitcoin Inscriptions Lack Substantial Positive Stimulus, Bitcoin NFTs are Relatively More Popular

Volume by Marketplace \$ marketplace2

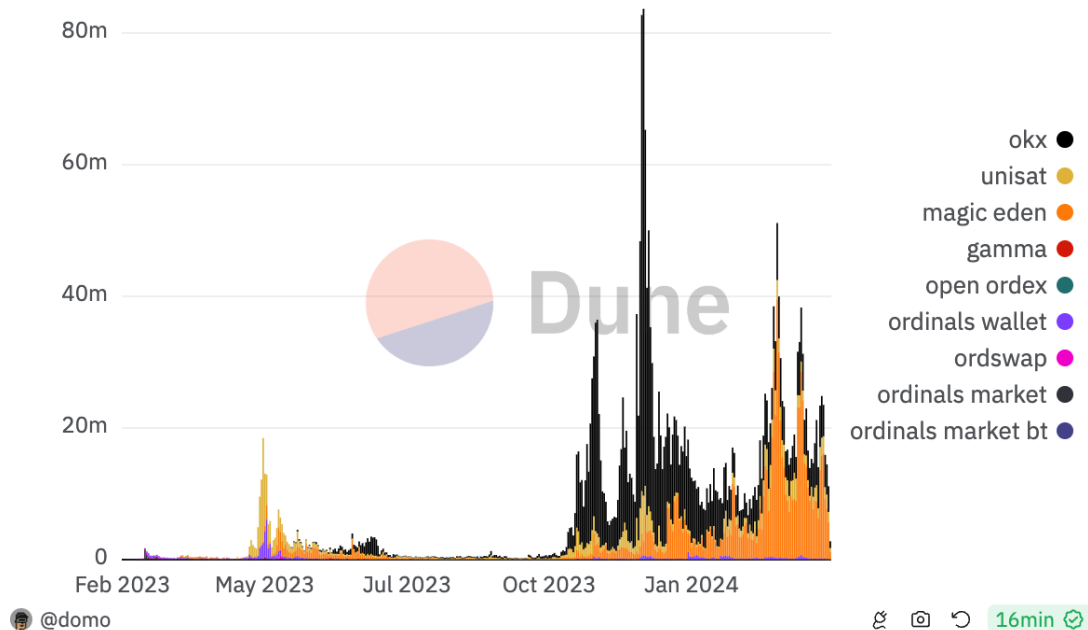


BRC20 inscription-based market trading still hovers at a low level  
Data Source : DuneAnalytics, As of Apr 01, 2024



The price of ARC20 leader ATOM remained sluggish in March  
Data Source : CoinGecko, As of Apr 01, 2024

### Volume by Marketplace \$ marketplace2



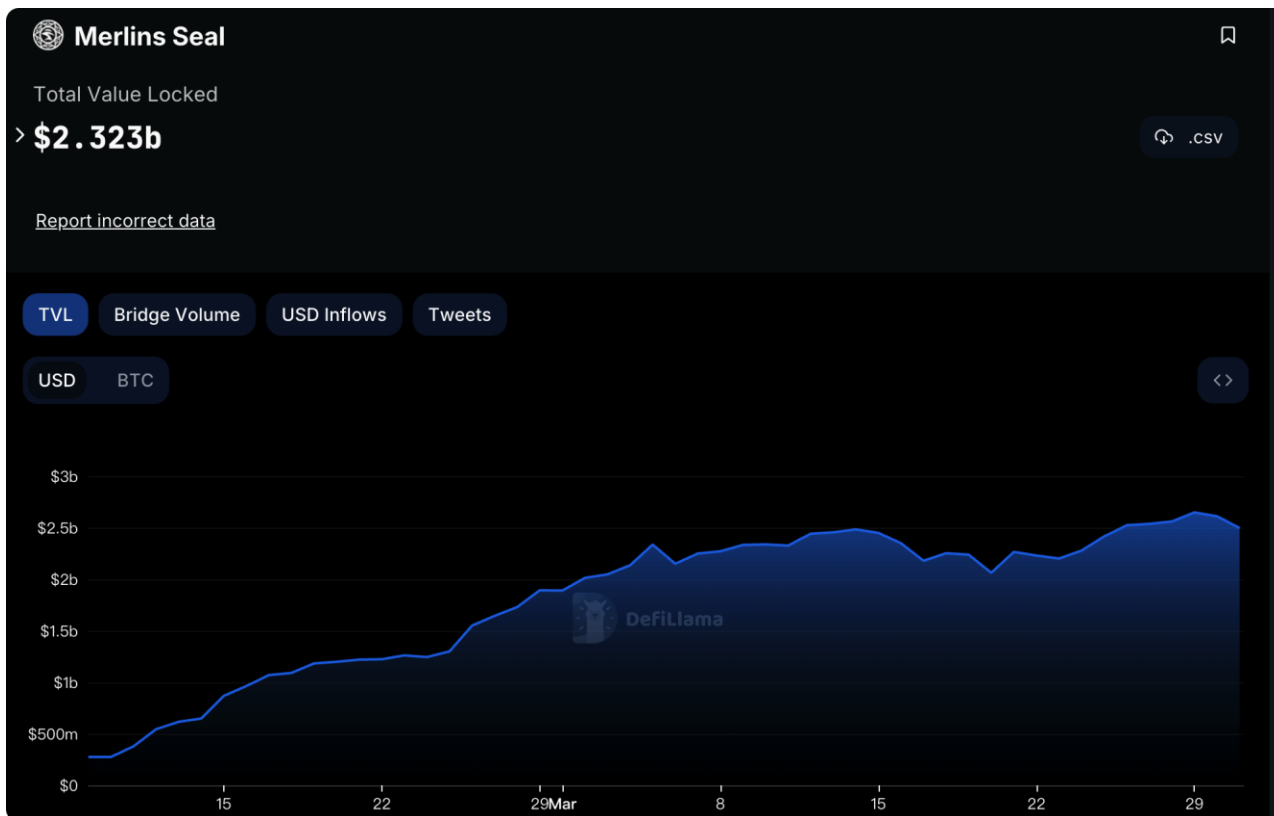
The popularity of BTC NFTs led to Magic Eden's BTC class trading volume hitting a new high  
Data Source: DuneAnalytics, As of Apr 01, 2024

According to DOMO's Dune dashboard, the trade volume of markets primarily based on BRC20 was average in March. The reasons behind this include the lack of innovation in the themes, narratives, and technology of BRC20 inscriptions themselves.

Externally, they face the wealth effects of new assets in BTC Layer2, Solana/Base, and the scramble for funds and attention due to various airdrop projects going live under the heated market conditions.

This has led to BRC20, ARC20, and other BTC inscription concepts remaining at a low level without much fluctuation. In the BTC ecosystem and narrative, BTC Layer2, BTC NFTs, and other infrastructures and expansions have evidently become the more popular sectors in the market.

## Insight 2: BTC Layer2 Controversy Gradually Expands, Old and New Capital, Developers Face Different Choices



Merlin Chain and Stacks' DeFi projects hit new highs in TVL, Merlin significantly outpaces Stacks in terms of fund size.

Data Source: DeFiLlama, As of Apr 01, 2024

Merlin Chain maintained a high level of Total Value Locked in March, reaching a peak of 2.64 billion USD. On the other hand, although Stacks's DeFi TVL also saw a significant increase in the past two months, the overall scale only reached 180 million, currently far less than Merlin Chain.



Merlin Chain and Stacks' DeFi projects hit new highs in TVL, Merlin significantly outpaces Stacks in terms of fund size.

Data Source: DeFiLlama, As of Apr 01, 2024

Of course, as Stacks will welcome the Nakamoto upgrade in late April and introduce the new asset sBTC, whether Merlin Chain, which has been carrying out lock-up staking activities for some time, will take any other actions in response, has become a focus of the BTC expansion narrative. At that time, a real battle for assets and attention might kick off among BTC Layer2s.

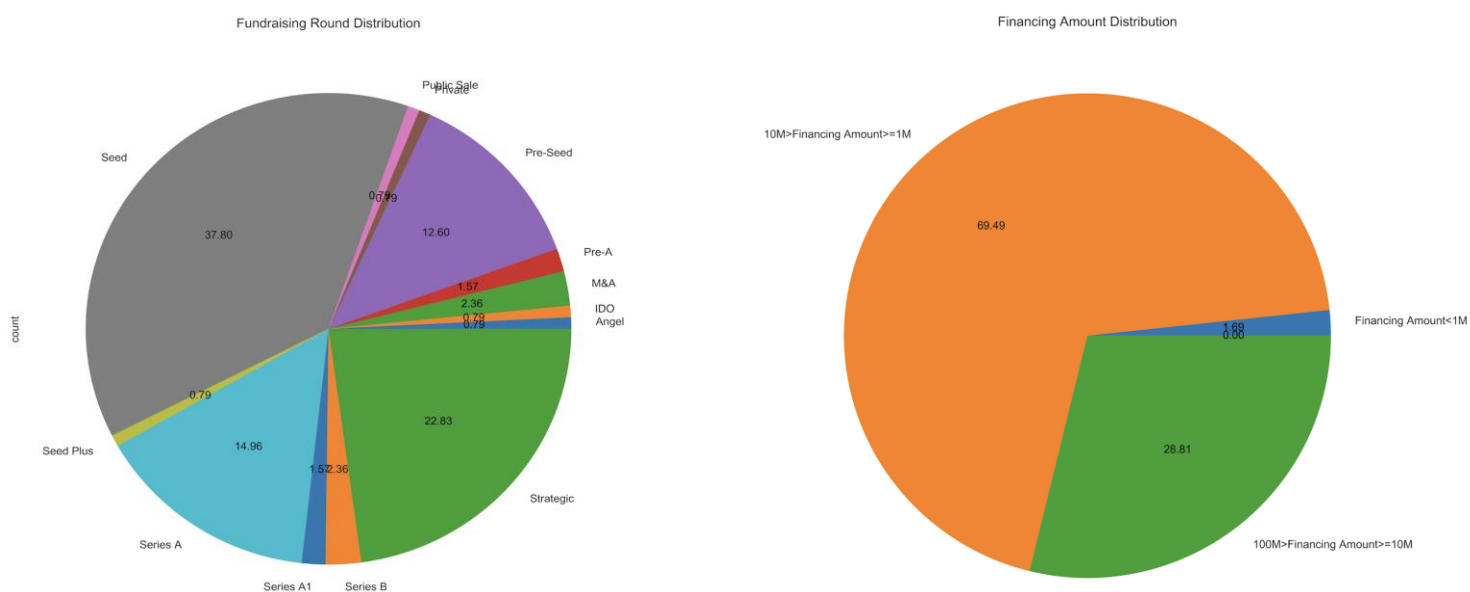
## Insight 1: In March, the Number of Financing Projects in the Crypto Market Increased Month-on-Month, total Financing Scale Showed Significant Growth, Indicating a Strong Resurgence in the Primary Investment Market of the Current Crypto Market Compared to Last Year

In March 2024, a total of about 180 investment and financing projects were disclosed, continuing the trend of increasing project numbers. The overall financing scale was 1.16 Billion, showing a significant increase of 50% by month. Compared to last year, the number and scale of investment and financing projects have continued to grow, indicating a strong resurgence in the primary investment market of the current crypto market.



Data Source: RootData, compiled by KuCoin Research.

## Insight 2: In March, Both the Proportion of Strategic Financing Rounds Projects and Projects with Financing Scale Between \$10 and \$100 Million Increased, Indicating that the Current Bullish Market Environment is Driving Capital Enthusiasm for Primary Project Listings and Improvement of Project's Valuation Capability



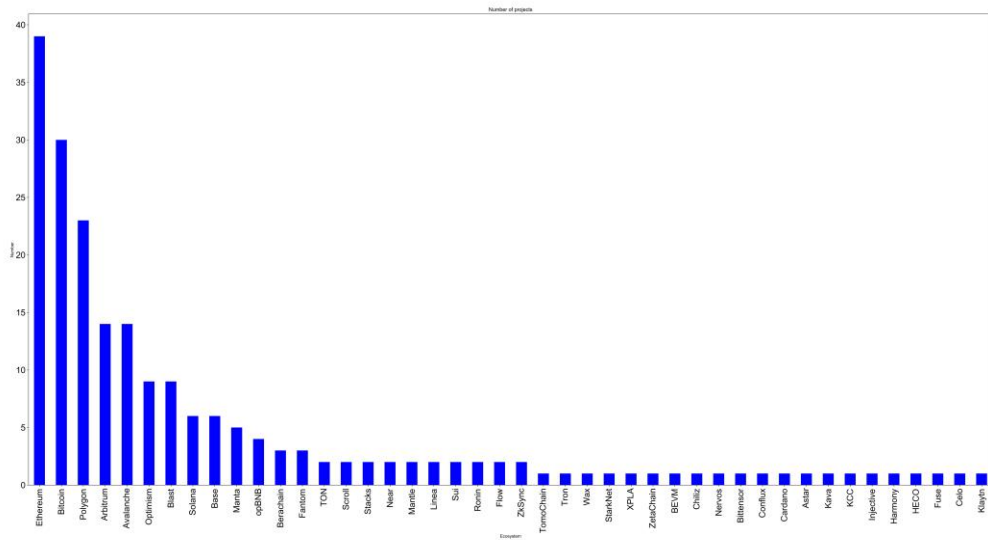
Data Source: KuCoin Research

The proportion of financing in the seed stage financing projects decreased from 40.86% to 37.8%, of which the strategic stage financing projects increased from 16.13% to 22.83%. On the other hand, the proportion of projects with a financing scale between 10 million to 100 million USD also increased from 16.6% last month to 28.81%.

The increase in the number of strategic round financing projects and the amount of financing indicates that the current bullish market environment is driving capital enthusiasm for primary project listings. This leads to an improvement in the valuation premium capability of project owners.

### Insight 3: After the Dencun upgrade, Projects in the Ethereum and Layer 2 Tracks Regained Favor from Investors, Bitcoin ecosystem also Remains Strong, Solana Hype is Fading

In March, The top three ecosystems with the highest number of projects in these niche sectors are ETH, BTC, and Polygon. Other than BTC, the top ten ecosystems are predominantly dominated by Ethereum Layer 2 groups.

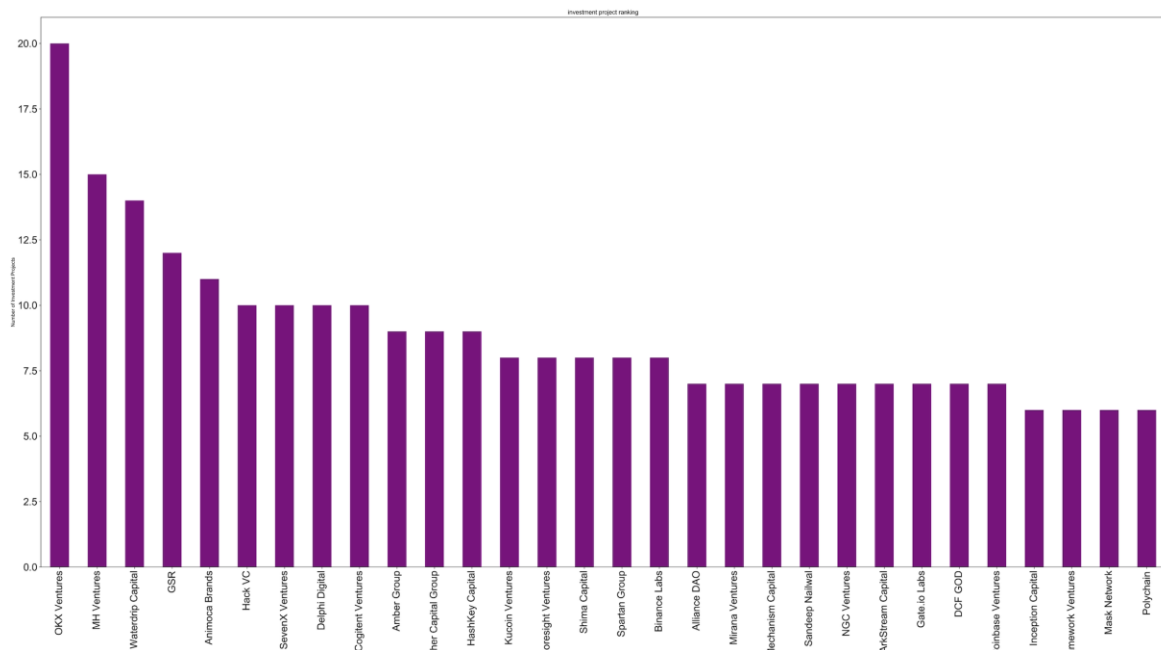


The number of projects in different blockchain ecosystems within various niche sectors varies.

Data Source: KuCoin Research

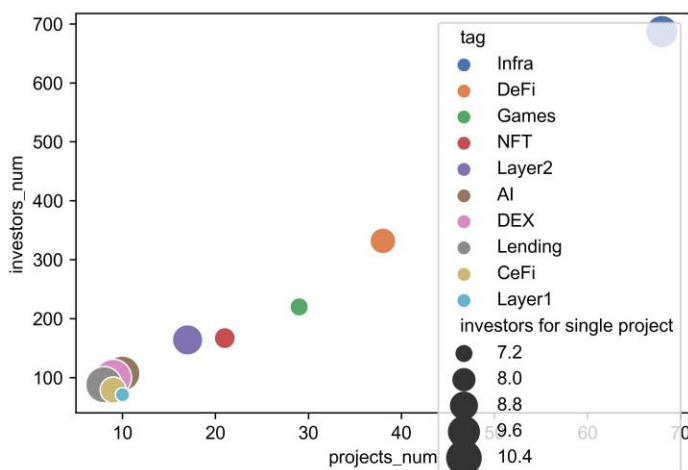
# Insight 4: OKX Ventures Continues to Be the Most Active Investment Institution On a Monthly Basis. In March, the Most Investment Tracks for Institutions was AI

In March, OKX continues to lead in the number of investment projects, investing in a total of 20 Projects, followed by MH and Waterdrip.



Investment institutions project count rankings in March

Infra, DeFi, and Games firmly held the top three positions. However, looking at the comparison of the number of investment institutions betting on individual projects, the most investment themes for March were AI, followed by DEX and Lending.



Comparison of investments theme  
Data Source: KuCoin Research





## CRYPTOCURRENCY REGULATORY POLICIES

### **Key Policy Change 1: The Arizona State Senate has Introduced a Resolution Urging Lawmakers and State Retirement Fund Managers to Consider Allocating a Portion of the Investment Portfolio to Bitcoin ETFs**

The resolution aims to "encourage" retirement fund managers to consider cryptocurrency in their allocations. The resolution was passed by the state Senate at the end of last month with a vote of 16 to 13 and has now been submitted to the state House Appropriations Committee for review. The vote passing signified that more old money would enter the Bitcoin market through ETFs.

# ABOUT KUCOIN RESEARCH

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