



According To CMC

Q3

CoinMarketCap
Research

2023

According to CMC Q3 2023

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CoinMarketCap Research aims to leverage CMC's data analysis and bring unique insights into the crypto market. We look to collaborate with other industry-leading voices and create a platform for people to learn and share their passion for crypto.

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- Compared with Q2, the market in Q3 has experienced several strong growth narratives: real world assets (RWAs), the success of Base and other leading L2s, and the stronger implementation examples of SocialFi.
- Trade volume has decreased to a historical low level, and the liquidity is thin in the market.
- RWA, Generative AI, Oracles, Media, and Lending/Borrowing sectors have experienced the most positive [market cap growth](#) in Q3. Other trending sectors such as Telegram Bots and Base Ecosystem have also grown substantially.
- Meme, DeFi, and Smart Contracts remain the top 3 [most popular sectors on CMC](#). The pageview number suggests that the communities are still actively engaging in the top coins in these sectors.
- [Top gainers](#) in Q3 are around oracles, RWA, telegram ecosystem, interoperability, cross-chain liquidity, and decentralized stablecoin.

Chapter 1.

TOTAL CRYPTO MARKET CAP

Global Crypto Market Cap Q1-Q3 2023



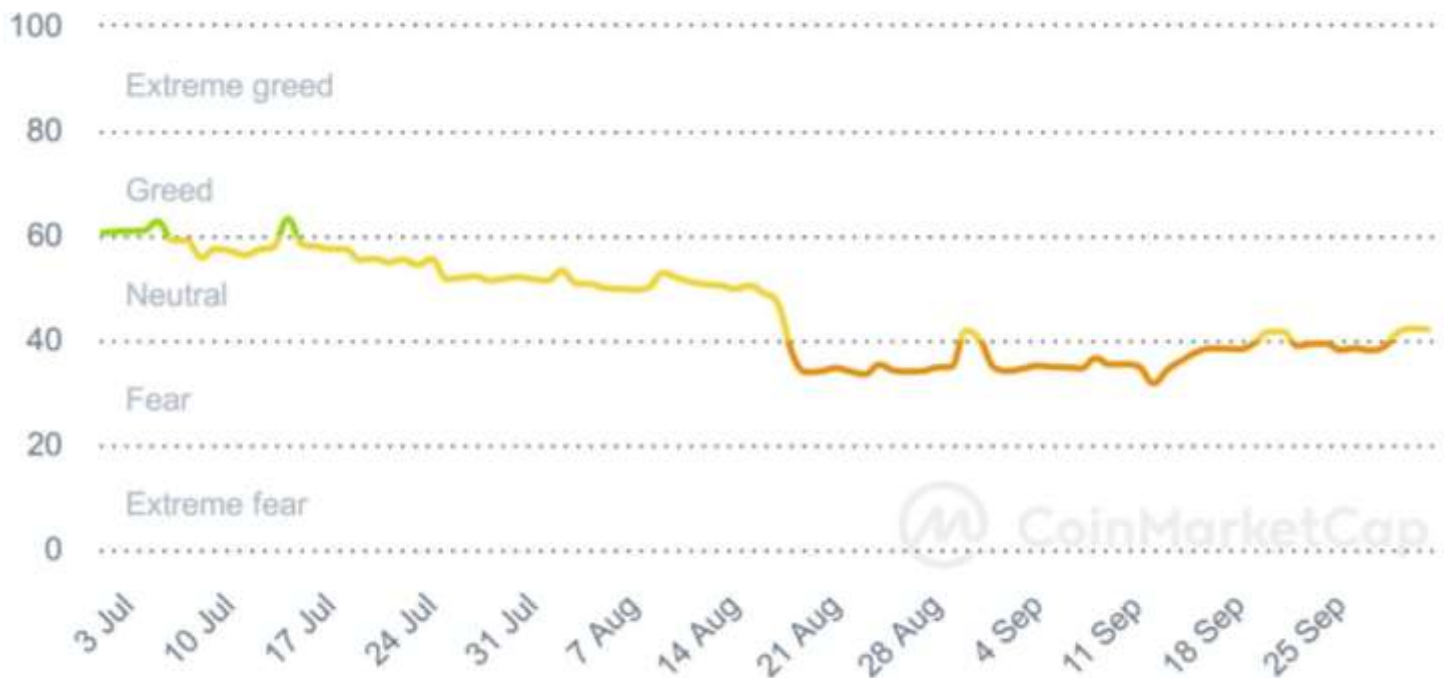
Source: <https://coinmarketcap.com/charts/>

The total crypto market cap at the end Q3 is at \$1.07 trillion USD, representing a drop of 8.56% in Q3, but is still up 34.95% YTD. A few factors have led the market growth this quarter:

In Q3 2023, the crypto market witnessed significant growth narratives compared to Q2. These included the emergence of onchain Real World Assets (RWAs), the successful implementation of Base and other leading Layer 2 solutions, and notable examples of SocialFi gaining stronger traction. Throughout this quarter, a common underlying theme has been the drive to onboard more Web2 users into Web3.

Moreover, there has been notable participation from traditional finance (TradFi) in the crypto space. The US market, in particular, has seen applications for BTC Spot ETFs and ETH Futures & Spot ETFs, signaling a clear desire from traditional financial institutions to invest in cryptocurrencies through regulated instruments. Additionally, major banks and trading houses have made announcements about establishing their own crypto desks, further demonstrating the growing interest and involvement of institutional players in the crypto market.

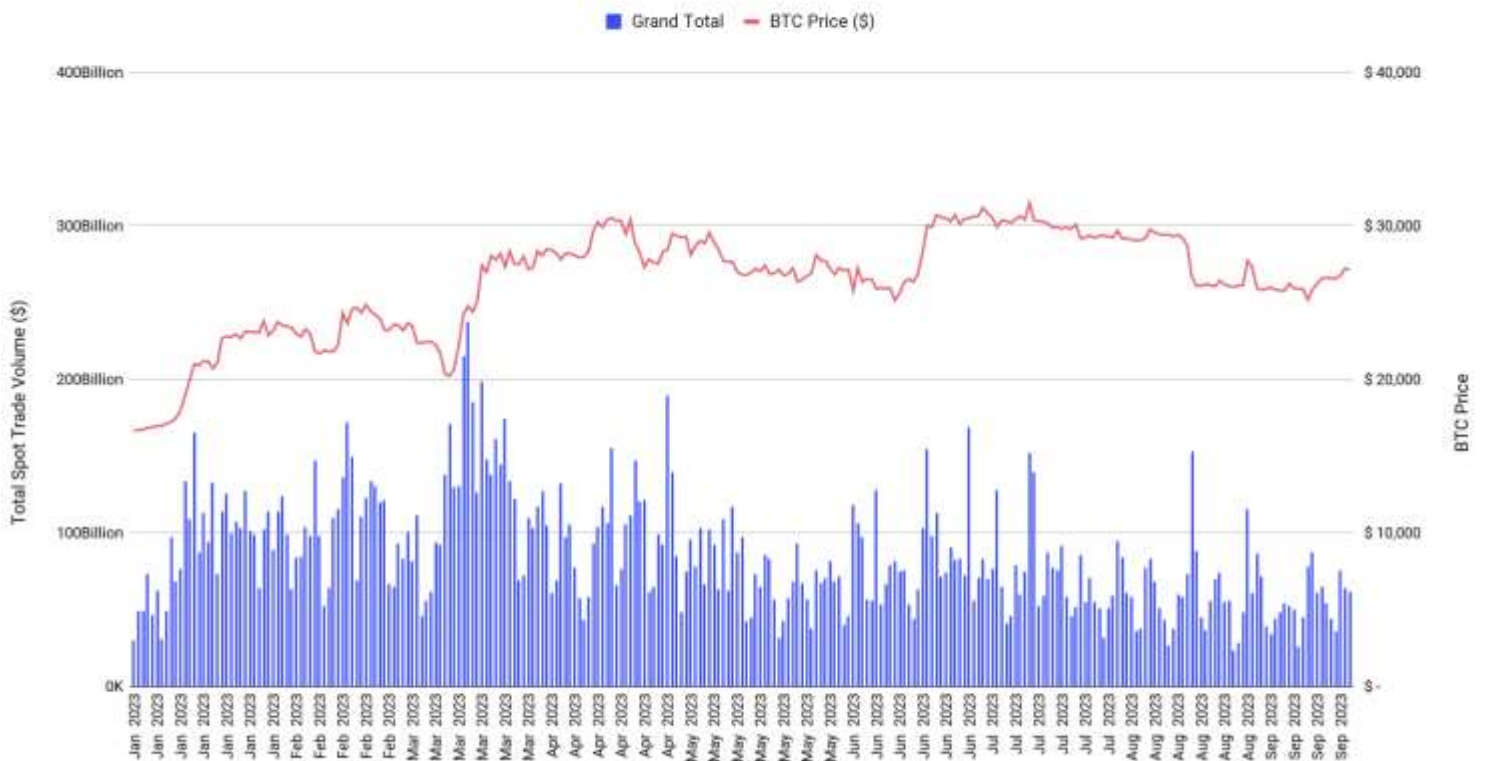
CMC CRYPTO FEAR AND GREED INDEX



Market sentiment has trended towards Fear in Q3, and the CMC Crypto Fear and Greed Index has dropped from 60 to 42. A few events have impacted the market sentiment, including BTC's sideways price actions throughout Q3, the exploit on Curve Finance and its cascading effect in DeFi, FTX asset sell, and general macro uncertainties.

LIQUIDITY AND TRADE VOLUME

Top 15 CEX Total Trade Volume vs BTC Price



The liquidity in the market has continuously decreased this quarter and the total spot trade volume of the top 15 centralized exchanges has dropped by another 30.59% in Q3. Even though the BTC price is similar to May 2023 level, the liquidity in the current market is only a third of what it was.

GROWING SECTORS

These sectors have experienced positive market cap growth in Q3: RWA, Generative AI, Oracles, Media, and Lending/Borrowing.

Sector Name	No. of Crypto	Q3 End Trade Volume(24h) \$	Q3 End Market Cap \$	YTD Market Cap % change	Q3 Market Cap % change	Q3 No. Listing Change
Real World Assets	16	446.0 million	6.7 billion	new	210.81%	-16
Generative AI	9	18.2 million	194.0 million	new	37.17%	-4
Oracles	14	379.0 million	5.0 billion	49.40%	17.26%	-14
Media	17	300.0 million	10.2 billion	52.01%	1.78%	-19
Lending & Borrowing	13	322.0 million	5.1 billion	155.22%	1.58%	-16

Some trending sectors in Q3 such as Telegram Bots and Base Ecosystem have also grown significantly:

Sector Name	No. of Crypto	Q3 End Trade Volume(24h) \$	Q3 End Market Cap \$
Base Ecosystem	5	36.4 million	160.0 million
Telegram Bot	12	10.6 million	78.5 million

<https://coinmarketcap.com/cryptocurrency-category/>

We'll deep dive into these trending narratives in [Chapter 4](#).

Chapter 2.

BITCOIN AND ETHEREUM KEY EVENTS

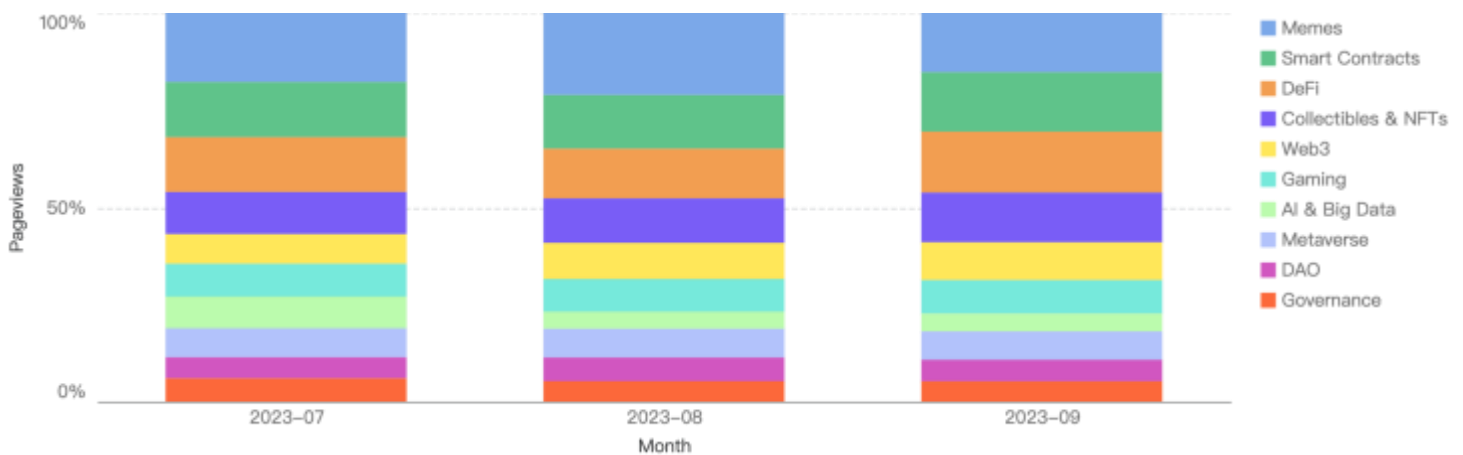




Chapter 3.

UNDERSTANDING CRYPTO THROUGH CMC

Most Viewed Sectors in Q3

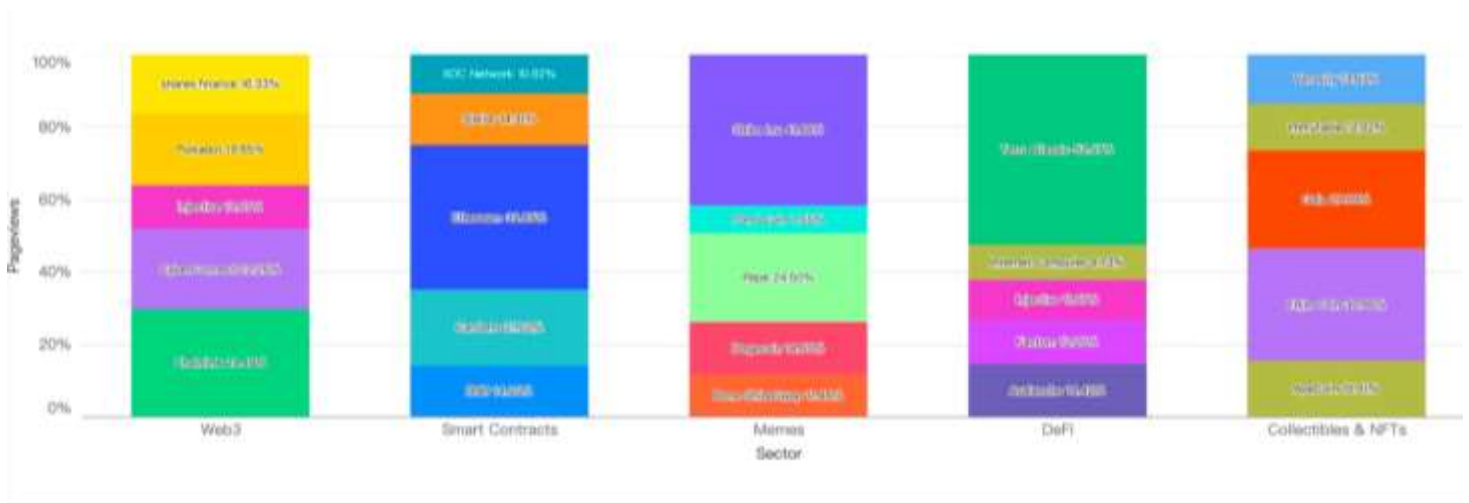


[Memes](#) remains the most popular sector, continuing the trend from Q2 2023. However, its dominance fell 53% on average, as the memecoin hype faded.

[Smart Contracts](#) ascended to be the second most viewed sector, with increasing interest towards the end of Q3. This could be likely due to the muted volatility of Bitcoin, which [hit an all-time low](#), drawing attention to more volatile altcoins.

[DeFi](#) rounded up the top three, dropping one position from Q2. Numerous events in Q3 involved established DeFi protocols, most notably the [\\$61M Curve hack](#) which left founder Egorov's [CRV](#) loans at risk. [Maker](#) also recorded a two-year high in revenues, and unveiled the final phase of the "Endgame" roadmap designed by co-founder Rune Christensen.

Top Coins in Most Viewed Sectors



Within the Memes sector, [Pepe \(PEPE\)](#) lost its dominance after price fell over 51% in Q3. The leading memecoin of 2023 crashed following rug pull allegations. [Shiba Inu \(SHIB\)](#), on the other hand, led the sector after launching its Ethereum layer-2 network Shibarium on August 16. Despite having to relaunch due to network issues and a faulty bridge, [almost 3 million transactions were completed](#) less than two months after going live.

[Ethereum \(ETH\)](#) continues to dominate in the Smart Contracts sector, following the launch of the first Ethereum Futures exchange-traded funds (ETF) on October 2. However, the highly anticipated [Ethereum Cancun-Deneb \(DenCun\) upgrade](#), which includes EIP-4844, could be postponed to next year.

Within the web3 sector, [Chainlink \(LINK\)](#) leads after launching the Cross-Chain Interoperability Protocol (CCIP). Chainlink partnered with Swift and traditional financial institutions like BNY Mellon, Citi and BNP Paribas to test CCIP, which could lead to increased institutional adoption. [CyberConnect \(CYBER\)](#), a web3 social network, is a new entrant in this sector. It launched on August 15.

Most Added to Watchlist in Q3 2023

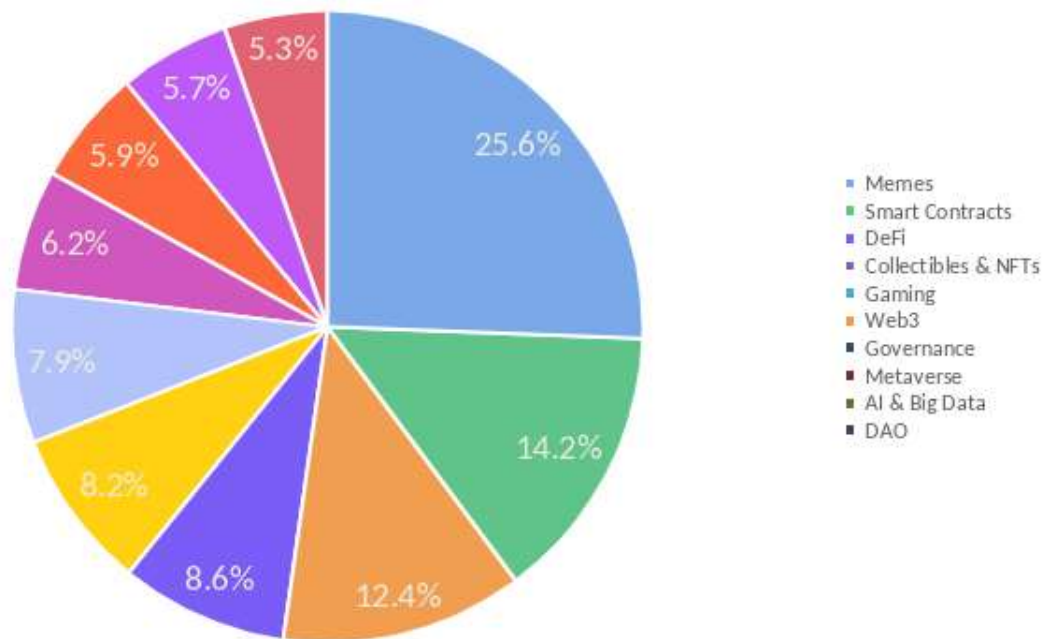
Crypto Name	Market Cap Rank	Added to Watchlist
Bitcoin	1	127,997
Ethereum	2	88,587
XRP	5	88,464
Solana	8	58,538
Dogecoin	9	52,040
Polygon	14	51,389
Shiba Inu	19	49,728
BNB	4	48,974
Cardano	7	48,595
ChainGPT	948	45,647

Crypto assets that were most added to the watchlist by CMC users remain largely unchanged from Q2, with blue-chip cryptocurrencies like Bitcoin, Ethereum and XRP retaining top spots. XRP surged over 90% after its [partial victory over the SEC](#) on July 13.

PEPE dropped out of the top ten following a dismal Q3, while [ChainGPT \(CGPT\)](#) is a new entrant to the list. CGPT is an AI model designed specifically for blockchain and crypto, and offers AI features such as blockchain analytics and smart contracts generation. It has been awarded grants by Google and BNB Chain.

Most Engaged Communities in Q3 2023

Sector Breakdown by CMC Community Engagement



The memes sector increased in dominance with the most engagement (account likes, posts, comments) on [CMC Community](#), despite its declining lead as the most viewed sector. This could suggest that memecoin communities and holders are still active, even as prices and trading volumes dip.

Top Gainers in Q3 2023

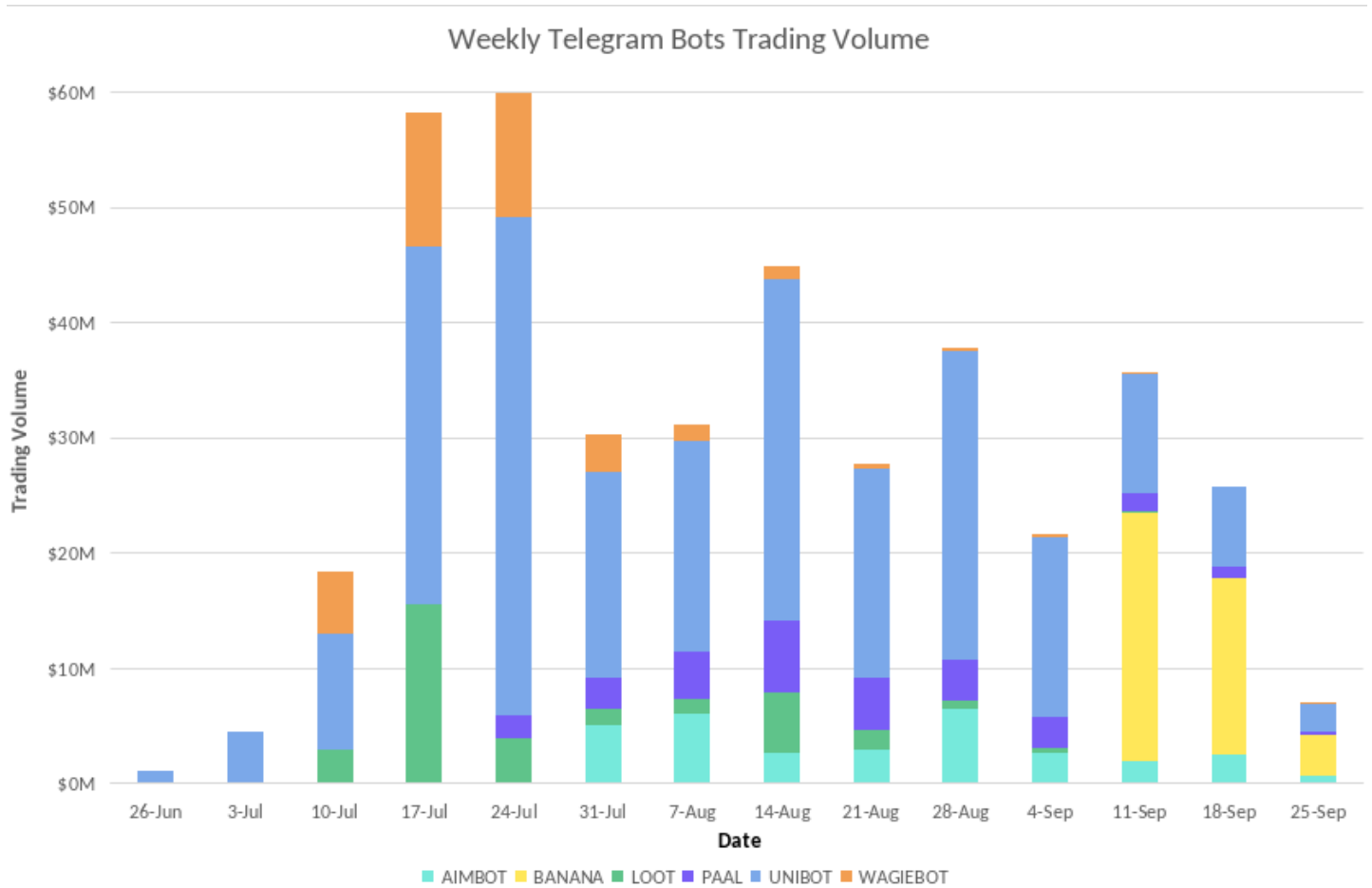
Crypto Name	Ticker	Description	Price Change in Q3	Market Cap (\$)	# Rank
Tellor	TRB	Oracle	379.24%	78.89M	198
Loom Network	LOOM	Interoperability	204.86%	182.93M	152
Maker	MKR	Decentralized Stablecoin	81.95%	1.42B	33
THORChain	RUNE	Cross Chain Liquidity	81.43%	677.86M	53
Merit Circle	MC	Gaming DAO	72.29%	143.51M	166
XDC Network	XDC	RWA infrastructure	63.07%	687.54M	46
Toncoin	TON	Telegram Layer-1	50.69%	6.75B	11
STP	STPT	Identity and DAO Infrastructure	48.00%	128.30M	178
Akash Network	AKT	Cloud Computing	45.70%	195.96M	138
aelf	ELF	Multi-chain infrastructure	30.55%	227.03M	113

Top gainers for Q3 2023 span across a wide range of categories. The highest gainer, [Tellor \(TRB\)](#), is a decentralized oracle protocol, although its rally could be attributed to market maker and venture fund DWF Labs. [Loom Network \(LOOM\)](#) is a multi-chain developer platform and experienced a rally after listing on centralized exchange Gate.io. Rounding up the top three is [Maker \(MKR\)](#), behind decentralized stablecoin [DAI](#). Maker introduced several initiatives as part of its “[Endgame](#)” roadmap, including allocating reserves to US T-Bills and other real world assets (RWA) and introducing the Dai Savings Rate (DSR) of 8%. [Cumulative DSR deposits](#) are almost \$1.4 billion.

Chapter 4.

KEY THEMES IN Q3 2023

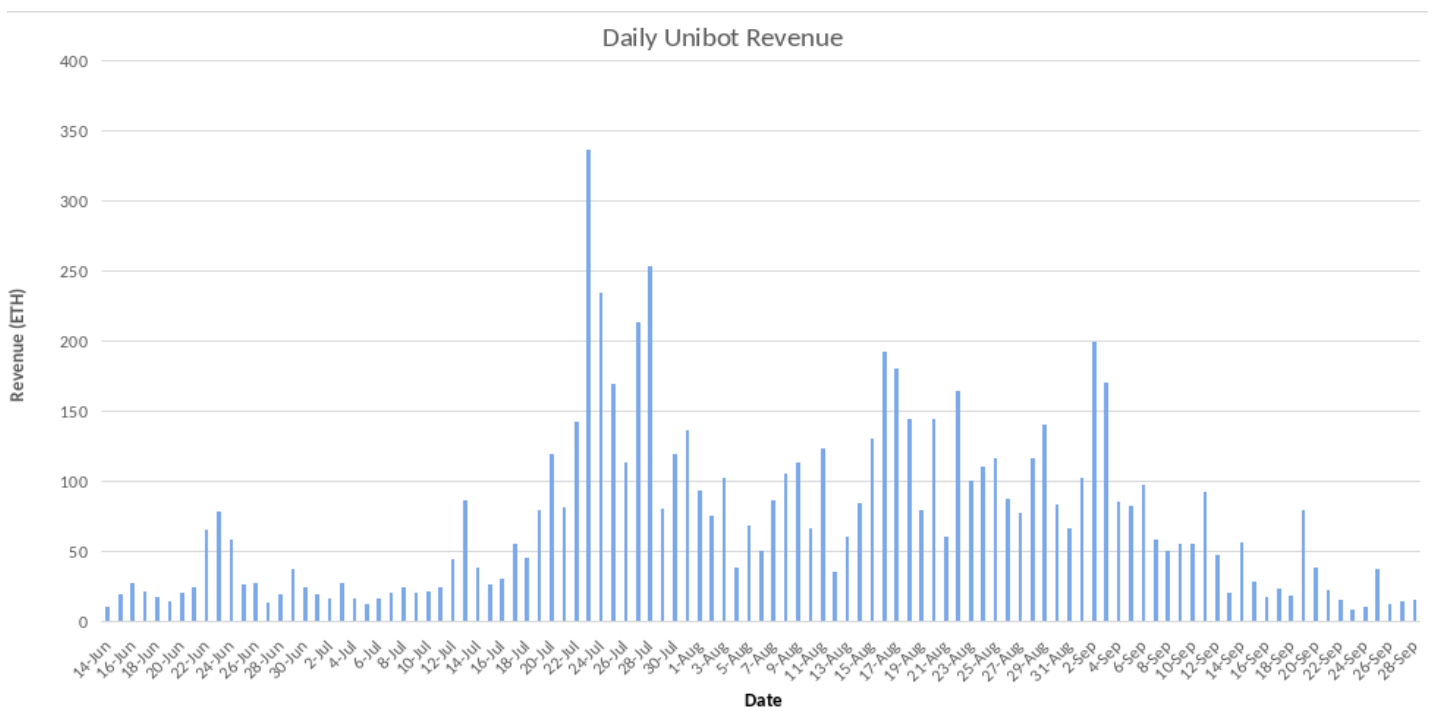
Rise of Telegram Bots and Ton Ecosystem



Source: <https://dune.com/tk-research/telegram-bots>

- Telegram bots sector is one of the main trending narrative in Q3 2023, mainly led by trading-focused [Unibot \(UNIBOT\)](#)

- Unibot is a trading bot which offers buy, sell, limit orders, copy trading and sniper features natively on the Telegram messaging app. It surged in popularity following the memecoin season.
- The bot offers on-chain traders a smoother mobile experience. However, there were security concerns about the way private keys were stored on Telegram directly. Although keys are now stored on Unibot Cloud, there are still [concerns](#) about third-party exposure.
- Other bots/applications flooded the market, ranging from airdrop farming bots to AI bots. Total fully diluted value (FDV) of this sector rose to \$232M.



Source: https://dune.com/whale_hunter/unibot-revenue

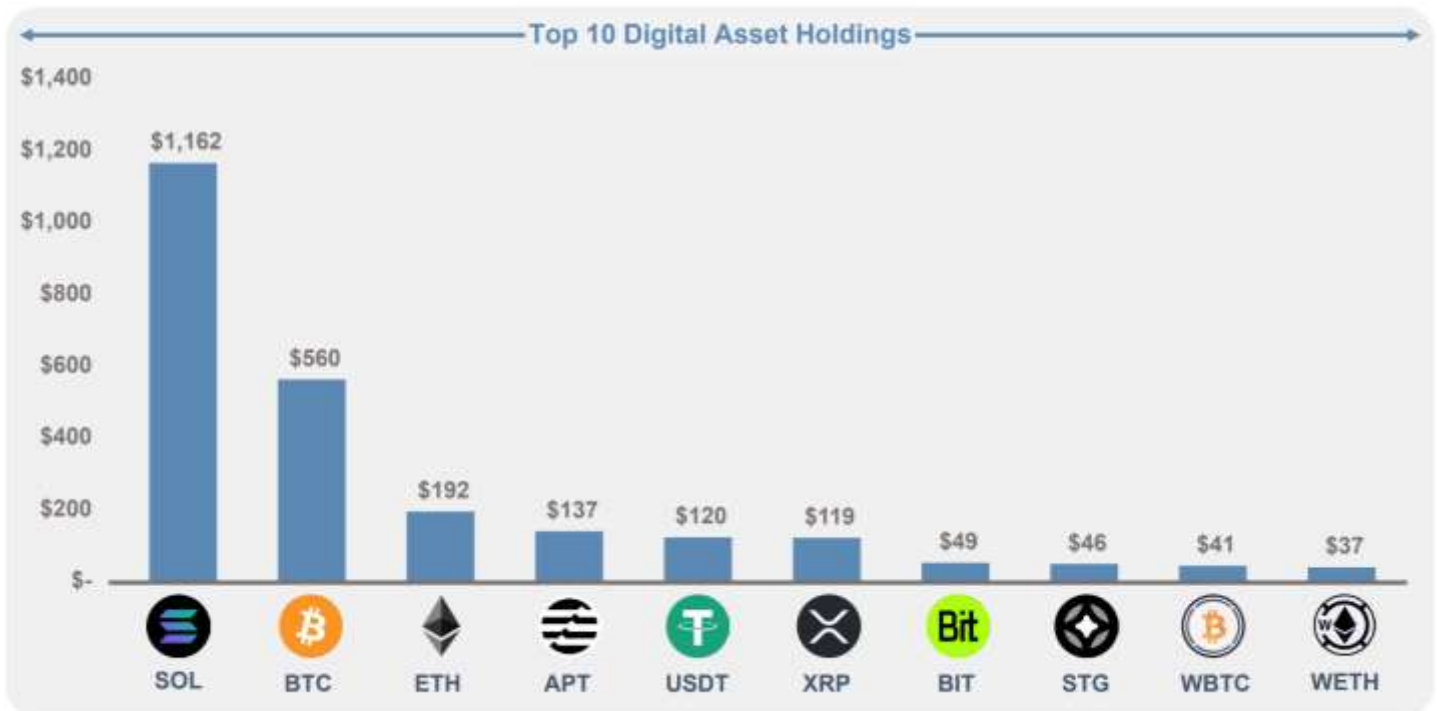
- One of the main reasons for the token rally is revenue share to token holders. UNIBOT holders get 40% of all transaction fees and 2% of UNIBOT volume traded. At its peak, Unibot reached 337 ETH in revenue in one day, around \$629K at [ETH price on that day](#).
- However, as [on-chain DEX volumes](#) and memecoin trading hype faded, revenues took a hit, falling as much as 95% from its peak. The sector's FDV is currently \$248 million, dropping as much as 53% from its highs.

- Despite this, the Telegram bots sector is still in the early stages with potential to onboard mainstream users. Recent developments include Banana Gun bot, which launched a token pre-sale, [albeit to some controversy](#). It is currently doing [\\$2.27M in daily volume](#). Trading “sniper” bot Maestro, one of the earliest in the market, has generated [\\$22.4M in lifetime fees](#) and has yet to launch a token.
- One thing to note is the Telegram bots sector is not built on the [Toncoin ecosystem](#), which is a layer-one blockchain network on Telegram built by the TON Foundation. TON recently announced [native wallet integration](#) and web3 apps, bringing web3 services to Telegram’s 800 million users. [Toncoin \(TON\)](#) gained 56% in Q3 on the back of the announcement.

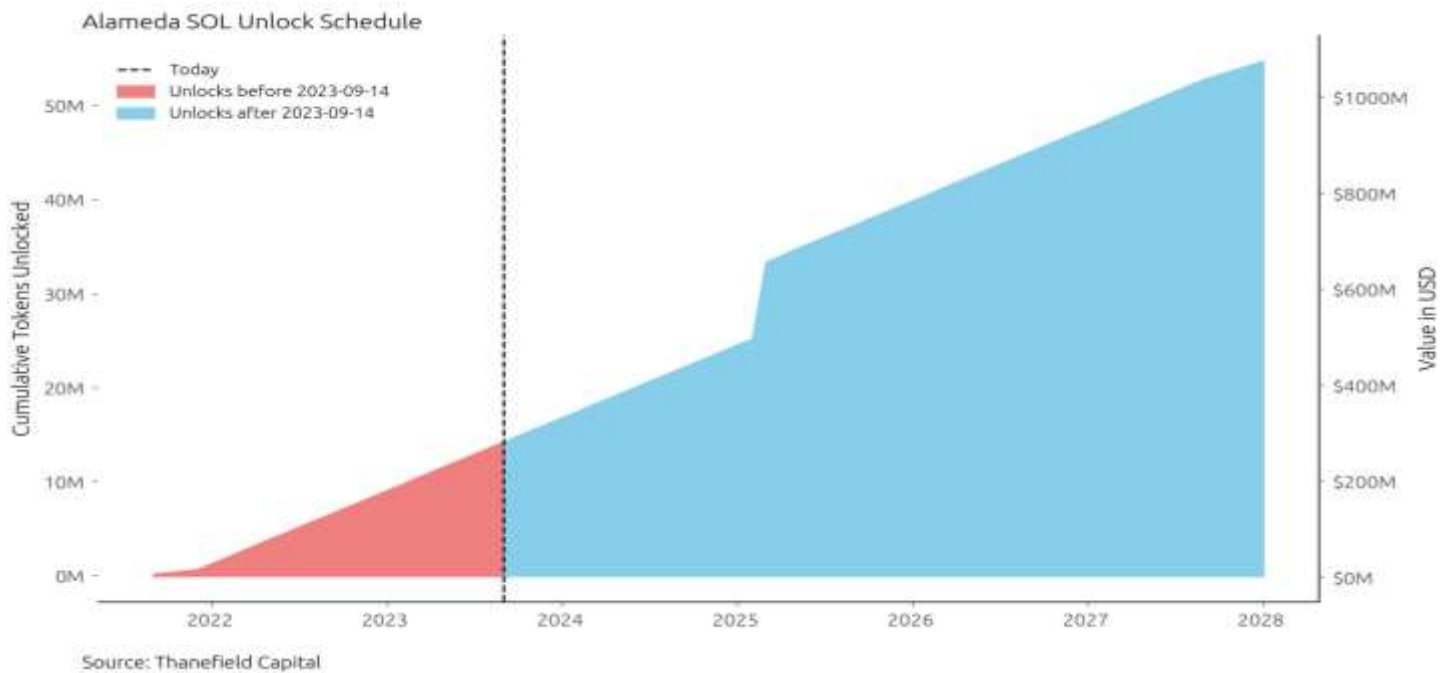
FTX Asset Sale

\$3.4 billion of Digital Assets A marshalled to date at August 31 pricing

The below includes all FTX.com, FTX.US, and Alameda Digital Assets A. Top 10 holdings currently represent ~72% of Digital Asset A market value¹.



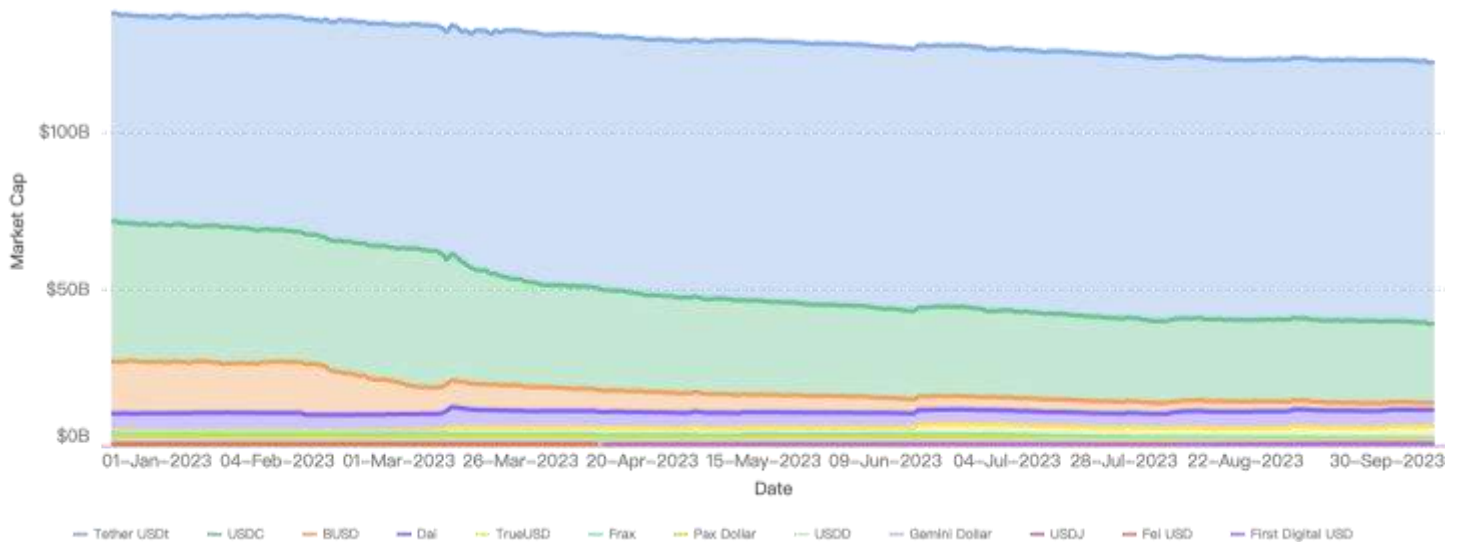
- According to [restructuring documents](#), FTX, FTX US and Alameda Research together still hold around \$3.4 billion worth of crypto assets.
- They also control over 1,300 smaller tokens categorized as “Category B” tokens with limited liquidity, such as Serum, MAPS and Oxygen.
- On September 13, FTX [received](#) approval to sell \$100 million of crypto assets per week to repay creditors, and up to \$200 million if creditors approve.
- While this has caused fears of downward pressure on the affected token prices, [Messari](#) noted that only SOL, APT and TRX have the highest selling pressure based on daily trading volume.



Source: https://twitter.com/apes_prologue/status/1702744692574560448

Moreover, for SOL and APT, 76% and 100% of the tokens are locked in staking contracts respectively. The tokens will be unlocked in phases over the next few years until 2028, making the short-term impact on the market muted.

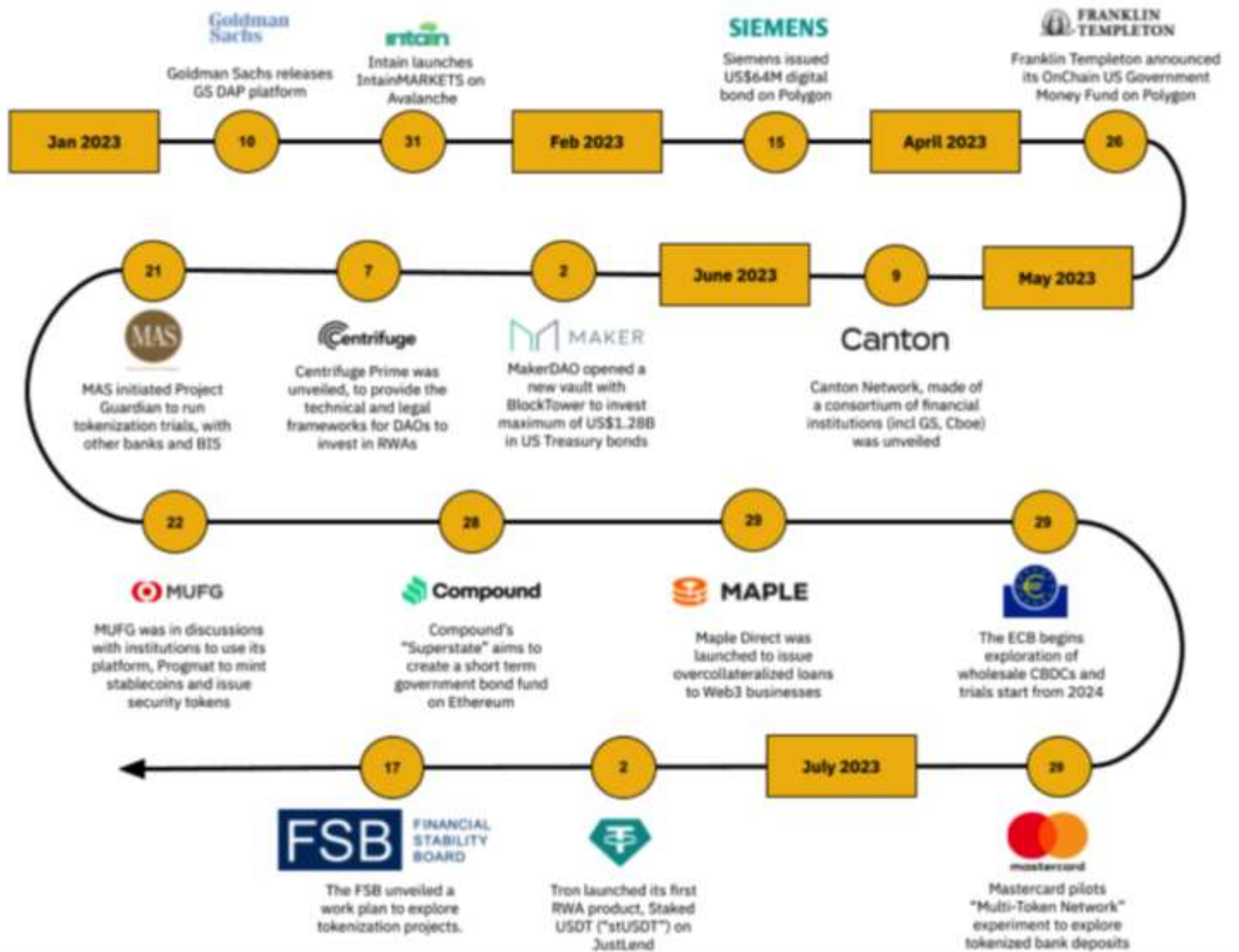
The Evolving Stablecoin Market



- In Q3, the trend continues: USDT remains the dominating stablecoin, gaining market share from USDC and BUSD. The [stablecoins market transaction volume has already](#) surpassed Mastercard and Paypal combined since 2022.
- [In Q2](#), Tether reported over \$1 billion in operational profit, with \$72.5 billion in US Treasuries in reserves, making it the 22nd largest holder of treasury bills.
- Circle, the issuer of USDC, currently has [\\$25.6 billion in reserves](#), with \$1.8 billion in cash. The remaining 93% is in the BlackRock-managed [Circle Reserve Fund](#), which holds mainly US Treasury repo agreements and short-dated US Treasuries, yielding 5.29%.
- With the high volumes and revenues generated, major institutions are taking notice. In August, payments giant Paypal launched its own stablecoin, PYUSD.
- So far, PYUSD struggled to gain adoption, with only 44 million PYUSD circulating.
- However, PYUSD is now available on Venmo (70 million active users). Paypal itself has 435 million users. [1% of adoption](#) by Paypal users would see an 84% growth in blockchain users and 432% growth in Ethereum users.
- Visa, which has 4.2 billion cards globally, is also exploring stablecoin services. It [expanded its stablecoin settlement capabilities](#), however choosing to use Circle’s USDC instead of issuing its own stablecoin.

Real World Asset On-Chain

Real-world assets (RWAs) are tangible and intangible assets like real estate, bonds, and commodities, which are traditionally located off the blockchain. In Q3, RWAs has become increasingly popular and began to gain the attention of some large institutional players: there have been a few projects developed to provide better infrastructure for institutional adoption with increased credibility and legitimacy. A quick summary on some highlighted developments below:



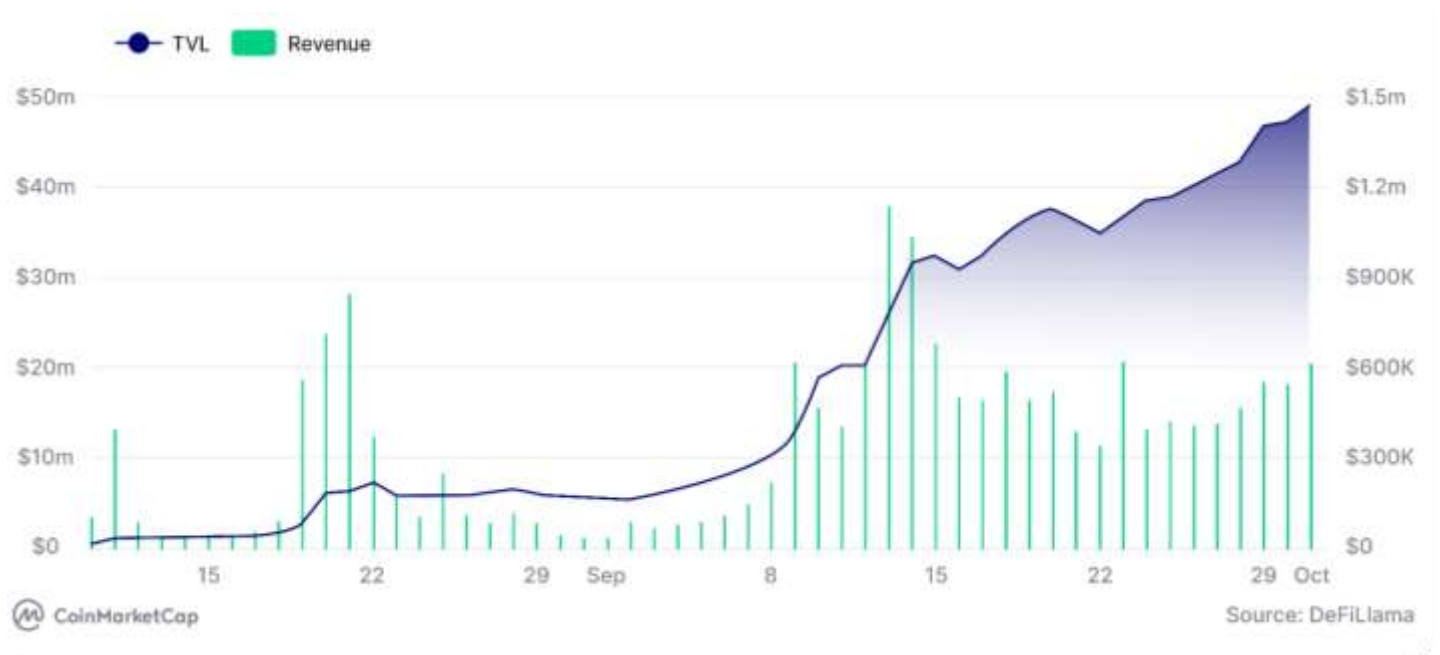
Source: [Binance Research](#)

Friend.Tech Leads the Growth in Socialfi

The trend sparked by Friend.tech's success has led to the emergence of similar platforms on various blockchains, suggesting a promising start for the SocialFi sector.

Launched in August and quickly gaining viral attention, Friend.tech allows users to purchase access keys to private chat rooms associated with specific profiles on the platform. The prices of these keys increase as more are bought, following a bonding curve. When these keys are resold on the secondary market, both Friend.tech and the owner of the tokenized profile receive a 5% residual.

When it regained another wave of popularity in late September, its TVL had increased dramatically and the highest Daily Revenue reached \$1.14 million on September 14th, whereas the total revenue on Ethereum was only around \$3.4 million on that day.



Source: DeFiLlama <https://defillama.com/protocol/friend.tech>

Chapter 5.

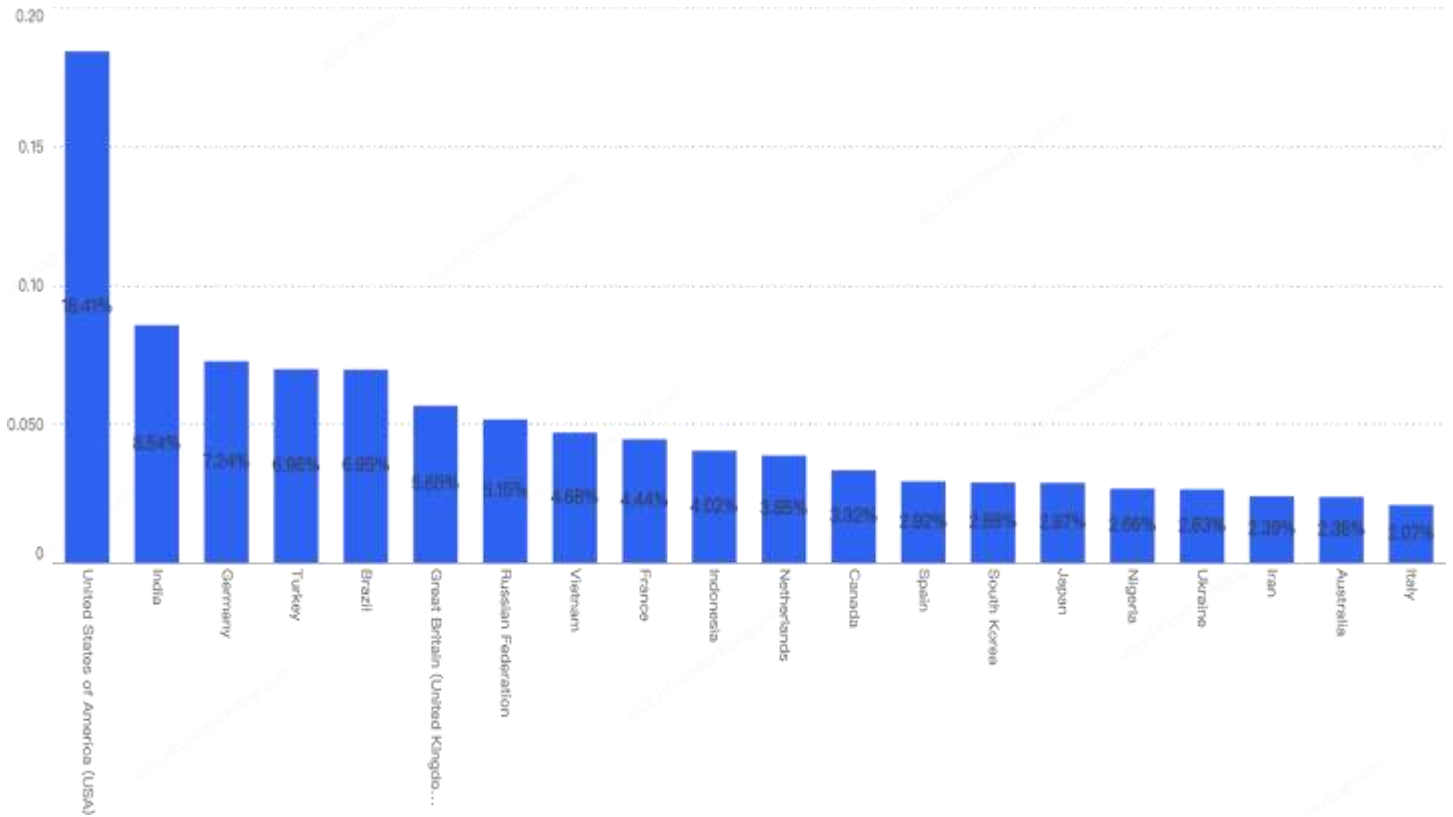
CRYPTO USERS AROUND THE WORLD

Top Viewed Coins By Region



Compared with last quarter, [XRP](#) has made it into the top viewed coins in Q3. This is largely driven by the price surges as Ripple scored [a major win against the SEC](#). In addition to the coins listed, we've also identified material traffic increase on [CyberConnect \(CYBER\)](#) and [Ordinals \(ORDI\)](#).

Top Countries By Users On CMC



While the United States and India maintained their respective top positions, Germany has overtaken Turkey to round up the top three. [Europe’s largest economy is currently facing a recession](#), facing high energy costs and manufacturing challenges. The weakening of the German economy could drag down the Euro, and potentially benefit cryptocurrencies. Furthermore, the Markets in Crypto-Assets (MiCA) regulations, set to take effect in December 2024, will provide clear rules for crypto providers in Europe. Meanwhile, the United Kingdom moved up to 6th place. The UK is also pushing to be a global crypto hub, attracting moves from [a16z](#), [Coinbase](#) and other firms to expand in the UK.

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Alice works as the Research Lead at CMC, publishing monthly reports on the top crypto topics in the space. Prior to joining CMC, she worked as investment professional at WisdomTree, Coutts, and J.P. Morgan. She has been involved in the cryptocurrency space since 2019.



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About

CoinMarketCap is the world's most-referenced price-tracking website for cryptoassets in the rapidly growing cryptocurrency space. Its mission is to make crypto discoverable and efficient globally by empowering retail users with unbiased, high quality and accurate information for drawing their own informed conclusions.

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