



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

8th December 2024

BITCOIN-RELATED



Bitcoin reached a milestone by breaking through \$100,000 late on Dec. 4, driven by a persistent rally and positive market sentiment following pro-crypto Donald Trump's election win. It gained over 5% in 24 hours to reach the peak, surging ~50% since the US election.

Over \$1.1 billion in crypto positions were liquidated, with \$815 million from long positions and \$280 million from shorts, over 24-hours on Dec. 4-5. It was the highest amount of daily crypto liquidations since Dec. 2021. Analysts attributed the price drop to a “leverage flush.”

Cumulative spending by Bitcoin holders of more than 10 years neared \$1 billion, or 10,600 BTC, over the past 30 days, according to data shared by on-chain data and analytics firm CryptoQuant’s head of research, Julio Moreno. Moreno interpreted that spend as a sign that some “Bitcoin OGs” were moving their coins as the price crossed the \$100,000 mark.

The US government moved ~\$2 billion worth of Silk Road Bitcoin to Coinbase Prime. (It also moved \$33 million of seized FTX-Alameda funds to two unknown addresses.)

Wallets tied to bankrupt Japanese crypto exchange Mt. Gox moved 27,871 BTC worth ~\$2.8 billion to a new wallet, according to data from Arkham Intelligence.

MicroStrategy acquired a further 15,400 BTC for ~\$1.5 billion at an average price of \$95,976 between Nov. 25 and Dec. 1. The purchase was funded by selling another 3,728,507 MSTR shares as part of its broader \$42 billion capital raise plan to acquire more Bitcoin over the next three years. MicroStrategy now holds 402,100 BTC, worth over \$38 billion.

In talking about his sales pitch to Microsoft’s board of adding Bitcoin to its corporate Treasury, MicroStrategy's Michael Saylor claimed that Microsoft’s stock price could increase by \$584 per share and add just under \$5 trillion to its value by 2034 – assuming the company converts its cash flows, dividends, buybacks, and debt into Bitcoin. (See the 3-minute presentation, [here](#).)

Medtech firm Semler Scientific added 303 Bitcoin worth \$30 million to its treasury, bringing its total holdings to 1,873 BTC.

Workspart, a tiny Nasdaq-listed maker of covers for pickup truck beds, which has a \$20 million market cap, is investing up to 10% of its cash reserves into Bitcoin and also XRP.

Virgin Voyages introduced an “industry-first” Bitcoin-payment option for its Luxe \$120,000 annual cruise pass.

Crypto infrastructure provider BitGo launched a dedicated retail platform – providing global access to its regulated digital asset trading, staking, lending, wallet, and qualified custody services for the first time.

INDUSTRY ADVANCES



Trading volumes on centralized cryptocurrency exchanges reached an all-time high in Nov., surpassing \$10 trillion across both the spot and derivatives markets, according to a report by digital asset data firm CCData.

Coinbase is integrating Apple Pay into its fiat-to-crypto payments offering. The product, Coinbase Onramp, provides a one-click buy that reduces the number of hoops people have to jump through to fund their self-custody wallets. As Coinbase said in a statement, using crypto often involves “a lot of friction, and as a result, users abandon ship.” It was rolled out right before Thanksgiving to a select group of clients first.

MetaMask added a fiat on-ramp feature through Venmo, allowing US users to buy crypto using the payment app.

A research report from broker Bernstein said ETH is worth the risk. ETH has underperformed its larger rival BTC YTD, but ETH ETF inflows have inflected suggesting the underperformance may be over. The broker noted that on Nov. 29 Blackrock's spot Ether ETF saw inflows of \$250 million, versus only \$137 million of inflows for the asset manager's larger spot Bitcoin ETF. Analysts wrote: “This creates favorable demand-supply dynamics for ETH.” Staking yields could be another tailwind for the cryptocurrency, with initial Ether spot ETF applications not including yields due to regulatory limitations. (Under a new Trump 2.0 crypto friendly SEC, ETH staking yield will likely be approved, as activity on the Ethereum blockchain increases the yield can grow to 4-5%. The report also noted that Ethereum blockchain activity is on the up, and the network remains the platform of choice for asset tokenization and stablecoins.)

German fintech 21X, one of the four applicants for a blockchain trading infrastructure permit under the European Union’s DLT Pilot Regime, secured regulatory approval to launch a tokenization platform.

Base achieved a record-breaking 8.8 million daily transactions and \$766K in network fees on Nov. 28 – driven by rising interest in AI agent protocols and innovative L2 developments.

Libeara, a tokenization platform developed by SC Ventures, Standard Chartered Bank’s fintech innovation and investment arm, plans to launch a US dollar tokenized money market fund in Singapore.

A blockchain platform (xU3O8) and a uranium trading company launched a marketplace to allow small investors to buy physical uranium (small amounts of physical uranium that will be tokenized on a

blockchain and stored in a depository – with the tokens representing a share of the underlying asset), hoping to boost spot liquidity in the niche commodity.

Metavisio plans to release the world's first Web3 laptop with a built-in cold storage crypto wallet, offering three tiers for different functions. The laptops, created by Thomson Computing, will feature a secure enclave chipset and a broad price range from €499 to €2,000.

Nuvei introduced a blockchain-powered payment solution tailored for merchants across Latin America. Leveraging collaborations with Rain, BitGo, and Visa, the solution enables businesses to use stablecoins, including USDC, to simplify global settlements, and reduce reliance on traditional payment systems.

Sonic Labs announced that its new Layer-1 blockchain produced its first block, setting the stage for a public launch and boasting testnet upgrades promising high transaction speeds and sub-second finality.

Polytrader AI, the first AI agent for prediction markets, launched on Virtuals Protocol to help users identify and capitalize on trading opportunities.

Solana-based memecoin launcher Pump.fun hit a record monthly revenue of \$93 million in Nov., according to DeFiLlama – a 207% increase from October's all-time high of \$30.5 million.

Sri Venkateswara Institute of Medical Sciences (SVIMS) is set to establish an Applied Blockchain Centre to revolutionize patient healthcare. The platform aims to transform how patient data is stored, ensuring it is immutable, transparent, and confidential.



Mining firm MARA Holdings is set to raise \$1 billion by issuing new zero-interest convertible notes due in 2031. It plans to allocate a small portion of the proceeds to repurchase existing convertible notes due in 2026. The remaining funds will be used to acquire more Bitcoin and for general corporate purposes. (MARA also acquired a 114-megawatt wind farm in North Texas to power its mining operations, which will operate intermittently, mining Bitcoin only when wind power is available.)

Hut 8, a Bitcoin miner and energy infrastructure operator, announced significant capital market updates. The company established an ATM Program allowing the sale of common stock up to \$500 million... launched a \$250 million stock repurchase program to buy back up to 4,683,936 shares (5% of outstanding shares) over 12 months... and plans to use ATM proceeds for growth initiatives, including power and digital infrastructure assets acquisition, Bitcoin purchases, capital expenditures, working capital, securities repurchases, and debt repayment.

Canadian Bitcoin miner Hive Digital is betting big on Paraguay. The company bought 13,480 units of new mining machines to expand its operations in the South American country. Priced at over \$60 million, the deal will help it secure 2% of the global Bitcoin network.

Chinese sports lottery-turned-crypto mining company BIT Mining is expanding into Ethiopia, acquiring a 51-MW Bitcoin mine and 17,869 mining rigs for \$14.3 million.

Publicly traded BIT Mining said it will continue its self-hosted mining operations for Dogecoin and Litecoin after the endeavor reaped 3x more profit than its bigger Bitcoin mining operations.

VivoPower's subsidiary, Caret Digital, will begin mining Dogecoin and Litecoin in Jan. The company plans to sell or forward sell most of the mined Dogecoin, utilizing renewable-powered facilities in Wisconsin and Oregon.

Volato Group, a leader in private aviation innovation, announced a new patent-pending technology that advances how aircraft generate revenue by repurposing underutilized aircraft resources for cryptocurrency mining.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES

US spot Bitcoin and Ethereum ETFs saw a record \$7.54 billion in net inflows for Nov., according to SoSoValue and CoinGlass.

BlackRock's spot Bitcoin ETF (IBIT) surpassed half a million BTC (\$48 billion) in AUM – less than a year after trading began. IBIT's \$338.3 million (3,526 BTC) worth of net inflows on Dec. 2 was enough to tip it over the milestone, reaching 500,380 BTC, according to K33 data. Days later, IBIT reached over \$50 billion in AUM in just 228 days.

On Dec. 3, Bitwise is set to debut new momentum-based strategies for three crypto futures ETFs (BITC, AETH, and BTOP). The “Trendwise” funds will aim to increase risk-adjusted returns and manage downside risk by rotating between exposure to crypto futures and Treasuries based on market trends.

US spot Ether ETFs saw their biggest day of inflows on Nov. 30 as they raked in a combined \$333 million on the day.

Grayscale proposed converting its Grayscale Solana Trust into a spot ETF listed on NYSE Arca to enhance investor access to Solana.

Rex Shares launched the REX Crypto Equity Premium Income ETF (CEPI), which gives investors access to a unique blend of leading crypto-related companies along with the potential for income generation through a covered call strategy.

CoinDesk: After a sixfold surge in MicroStrategy's stock price YTD, MSTR looks poised to join one of the biggest ETFs around, the \$312 billion Invesco QQQ ETF (QQQ). The fund tracks the Nasdaq-100 Index. Every Dec., Nasdaq shakes up the membership list for that benchmark, which copies Nasdaq's decisions exactly. There are other eligibility criteria that must be met – and MicroStrategy checks those boxes. According to Bloomberg ETF analyst James Seyffart: “The index is passive and rules-based and it should just follow the rules. The market is indicating that MSTR belongs in the index and thus the ETF, and therefore it should be added.”

Grayscale announced the reopening of its private placement product, the Grayscale Decentralized Finance (DeFi) Fund, which offers investors the opportunity to gain exposure to a basket of DeFi protocols – including Uniswap, Aave, MakerDAO, Lido DAO, and Synthetix.

FUNDRAISING & OTHER FUNDING (\$5 MILLION OR MORE)



Lattice, which has invested in crypto since 2021, is raising a third fund. Although the SEC filings did not specify how large the fund will be, Lattice's last fund raised \$60 million.

usdx.money, building the next-gen stablecoin infrastructure connecting DeFi, CeFi, and TradFi, raised \$45 million – led by NGC.

Pantera Capital raised \$20 million from 29 investors to bolster Telegram-linked TON blockchain investments, reaffirming its commitment to the platform.

Franco-British crypto neobank Deblock raised €16 million. The start-up offers a banking app with a non-custodial crypto wallet system.

Union Labs secured \$12 million in Series-A funding, led by Gumi Cryptos Capital and Longhash Ventures, to enhance blockchain interoperability between the Ethereum, Cosmos, and Bitcoin ecosystems.

Kernel raised \$10 million in total funds across rounds, including funding from Binance Labs – solidifying their role as a core restaking infrastructure on BNB Chain.

Crypto-AI startup GAIB raised \$5 million in pre-seed funding, led by Hack VC, to develop tokenized graphics processing unit solutions, highlighting investor interest in AI-driven blockchain technologies.

IPOS, M&A, PARTNERSHIPS & DEALS



Dynamite Blockchain said it will acquire Kaspia Mining. (Kaspia Mining currently owns and operates 25 high-performance Bitmain KS5 Pro Kaspia miners.)

SIX, the owners of Spanish stock exchange BME, invested in Spanish real estate tokenization platform OpenBrick. It considers the investment as a complement to the SIX Digital Exchange (SDX). As part of the announcement regarding OpenBrick, the BME revealed plans for its central securities depository subsidiary, Iberclear, to get a license to operate a DLT trading and settlement platform under the EU's DLT Pilot Regime in 2025

21X partnered with Chainlink to power its EU-regulated trading and settlement system for tokenized securities, set to launch in Q1 2025 under Germany's BaFin supervision.

Nazara (a subsidiary of Nazara Technologies that is India's only publicly listed gaming company) and Lysto (a one-stop gaming shop) signed an LOI to launch The Growth Protocol, an L1 infrastructure layer for digital marketing and growth applications on the blockchain.

Devolved AI (decentralized AI platform built on blockchain technology) announced a strategic partnership with GDA Capital (a global digital asset and blockchain investment and capital markets advisory firm) to revolutionize blockchain-powered AI solutions.

DEFI



Curve Finance, Elixir, and BlackRock teamed up to integrate BlackRock's \$533 million tokenized fund (BUIDL) into DeFi to enable vetted participants to mint deUSD, a yield-bearing synthetic dollar.

Net deposits at decentralized finance protocol Aave, widely used for its borrowing and lending services, reached a new record of \$31.4 billion, making the DeFi platform bigger than 4,000+ commercial banks in the US.

Crypto exchange Binance launched an initiative named On-Chain Yields through Babylon BTC Staking, a project that aims to “scale bitcoin to secure the proof-of-stake economy.” The new feature allows users to stake Bitcoin and earn rewards directly through their Binance accounts.

PancakeSwap launched SpringBoard, an innovative no-code token launch platform on BNB Chain, allowing creators to launch tokens easily with integrated liquidity on its decentralized exchange, attracting speculators and driving trading volume.

Ethena teamed up with Derive, an on-chain options protocol, to invest millions, align sENA stakers with the Derive DAO, and offer stakers Derive points, marking the second collaboration under the Ethena Network after Ethereum.

CBDCS & STABLECOINS



The ECB released the second progress report on its digital euro project, highlighting ongoing efforts to establish a unified digital payment system across the euro area. The report outlines advancements in key areas, aiming to lay the groundwork for a potential digital euro launch.

The Missouri Senate introduced SB 194 on Dec. 1, proposing to ban CBDCs as legal tender within the state. The bill seeks to prohibit public entities from accepting or using CBDCs and modifies the definition of “money” under the Uniform Commercial Code to exclude these digital currencies.

Meta’s controversial stablecoin project, Diem, which met its end before it was even launched, was “100% a political kill,” according to co-creator, David Marcus. Marcus said: “The story, as I heard it, is that Jay Powell was told by Treasury Secretary Janet Yellen at one of their biweekly meetings that allowing this project to move forward was ‘political suicide,’ and she would not have his back if he let it happen.” Marcus also said the Federal Reserve had then organized calls with participating banks and intimidated them into pulling their support for Diem.

Cosmos-based Noble introduced USDN, a stablecoin using decentralized infrastructure from the M^0 protocol, bridging permissioned stablecoin issuance with decentralized networks to facilitate cross-chain transfers through the Inter-Blockchain Communication protocol.

NFTS, BLOCKCHAIN GAMING & METaverse



RTFKT, acquired by Nike in 2021, will close down in early 2025 after facing declining prices for its NFT collections, notably Clone X. Nike and RTFKT collaborated on digital sneakers, plus the company launched various other digital collectibles.

The Pudgy Penguins NFT project revealed Pengu, a Solana-based token with 25.9% of supply allocated to its community, aiming to expand its ecosystem and attract fans beyond crypto.

Pixels is preparing to launch its latest Guild Wars season, Spore Sports, offering \$4 million worth of PIXEL tokens. The event, from Dec. 10 to March 4, will feature mushroom cultivation challenges and strategic gameplay.

Illuvium announced a collaboration with Casio's G-Shock for a collection of NFT cards in the Illuvium Beyond card game. The G-Shock Illuvitars will have holographic and non-holographic digital cards, with 108 possible variations available for purchase from Dec. 9-22.

CCP Games introduced Founder Access packs for their upcoming game, Eve Frontier, offering early access perks and the opportunity to shape the game's development. The packs include benefits like unique skins, Discord roles, and post-launch premium play time.

Portal, known for its PORTAL token launch and airdrop, is launching a wallet and game discovery hub to address issues in the crypto gaming space.

JOB MOVEMENT



Mining pool Foundry laid off 16% of its US-based employees and a “small team in India.”

Circle Internet Financial, issuer of USD Coin, made some layoffs as part of a regular review of its operations. The job cuts amount to less than 6% of Circle's workforce.

Coinbase CEO Brian Armstrong said the crypto exchange will not work with law firms hiring former SEC staff deemed hostile to the industry. Armstrong posted to X on Dec. 2: “We've let all the law firms we work with know that if they hire anyone who committed these bad deeds in the (soon to be) prior administration, we will no longer be a client of theirs.”

Yuga Labs, the blockchain company behind the ape-themed NFT collections Bored Ape Yacht Club and ApeCoin, acquired the tech team of Tokenproof, a Web3 tokenization service.

Austin Federa, the Solana Foundation's head of strategy, stepped down from his role after four years as he will head up a new protocol named DoubleZero.

Layer-1 blockchain Tectum announced that Alexander Guseff, the company's founder and lead architect, will assume the role of CEO. Alexander succeeds David Track, who will transition into an advisory role.

Jonathan Levin took over the top job at crypto analytics company Chainalysis two months after co-founder and longtime CEO Michael Gronager went on leave.

EDX, a leading digital asset technology firm, announced that current CEO Jamil Nazarali was appointed Executive Chair of the EDX Board and Tony Acuña-Rohter was named CEO.

REGULATIONS, RULINGS & COMMENTARY



President-elect Donald Trump named Patomak Global Partners founder and CEO Paul Atkins as his pick to head up the SEC on Dec. 4. Atkins, who co-chairs the Digital Chamber's Token Alliance and is an adviser to Reserve, previously served as a commissioner at the agency under former President George W. Bush between 2002 and 2008. In his announcement, Trump called Atkins a "proven leader." He added: "He believes in the promise of robust, innovative capital markets that are responsive to the needs of Investors, & that provide capital to make our Economy the best in the World. He also recognizes that digital assets and other innovations are crucial to Making America Greater than Ever Before."

Trump appointed venture capitalist and former PayPal COO David Sacks to the newly created position of White House AI and crypto czar. Trump posted: "David will guide policy for the Administration in Artificial Intelligence and Cryptocurrency, two areas critical to the future of American competitiveness. David will focus on making America the clear global leader in both areas."

Trump is reportedly considering crypto-friendly Perianne Boring and Caroline Pham to lead the CFTC, signaling potential regulatory shifts in favor of digital assets.

Fed Chair Jerome Powell described Bitcoin as "digital gold," distinguishing it from the US dollar.

US Rep. French Hill pledged to investigate allegations of government pressure on banks to deny services to crypto firms, vowing bipartisan action in the next Congress to protect access for legal businesses.

New York City Mayor Eric Adams, reflecting on his Bitcoin paychecks amid the crypto's massive surge this year, boasted about his gains while reaffirming his pro-crypto stance.

Newly disclosed correspondences between the FDIC and member banks reveal the agency instructed banks to pause all crypto asset-related activities until proper regulation was determined. The letters, published in compliance with a FOIA request by Coinbase, do not clarify if the FDIC completed a review on crypto-related activity.

Ripple chief executive Brad Garlinghouse said that CBS News' 60 Minutes program interviewed him "about crypto, the push for regulatory clarity and how the industry banded together to advocate for pro-

innovation candidates (on both sides of the aisle) through Fairshake PAC” – adding the “episode to be aired soon.”

The Czech Republic enacted a new law eliminating capital gains tax on Bitcoin held for more than three years and prohibiting banks from discriminating against Bitcoin businesses.

Russian President Vladimir Putin signed a law introducing taxation on income and expenses derived from digital currency mining, purchase, and sale. The law outlines specific rules for calculating the tax base for Bitcoin mining and transactions. Starting in 2025, income from digital currency transactions will be taxed similarly to securities, with personal income tax rates set at 13% for annual earnings under 2.4 million rubles (~\$22,640) and 15% for higher incomes.

Russian President Vladimir Putin highlighted Bitcoin’s resistance to sanctions and its inability to be banned, presenting it as a viable alternative in an evolving global financial landscape.

South Korean crypto trading volume surged to a record \$34 billion, as President Yoon Suk-yeol declared, and then rescinded, emergency martial law, all within six hours. 24-hour trading volume nearly doubled the \$18 billion recorded on Dec. 2, which had already made headlines for surpassing the daily volume of the local stock market. (Bitcoin crashes to \$62,000 on Upbit – plunging more than 30% – after South Korea enacted emergency martial law.)

South Korea's government proposed delaying its controversial 20% crypto tax for a third time, reflecting persistent concerns about the tax's impact on smaller investors.

The UK banned memecoin platform Pump Fun after the country’s financial watchdog added it to its warning list. The FCA published the warning on Dec. 3: “[Pump Fun] may be providing or promoting financial services or products without our permission. You should avoid dealing with this firm and beware of scams.”

BUGS, OUTAGES, HACKS, SCAMS, ALLEGATIONS, INVESTIGATIONS, ENFORCEMENTS & WRONGDOINGS

Sandwich attacks recently targeted over a third of BNB Smart Chain blocks, affecting \$1.5 billion in trading volume through 43,400 transactions in a day. (These attacks exploit DEX users by manipulating token prices through automated MEV bots.)

Following a \$300 million hack, DMM Bitcoin will cease operations and transfer accounts to SBI VC Trade.

The SEC accused Touzi Capital of deceiving 1,500+ investors in a \$115 million fraud scheme involving high-risk crypto mining and debt investments disguised as safe opportunities.

Crypto.com announced that it upgraded their existing bug bounty program with HackerOne, providing up to \$2 million in rewards for the reporting of security vulnerabilities.

DEX Clipper experienced a security incident on Dec. 1, targeting its liquidity pools on Optimism and Base. The attack resulted in the loss of ~\$450,000, representing around 6% of its TVL. While the attacker tried to exploit other chains, these attempts were unsuccessful, leaving them and the pools unaffected.

Spectral Labs paused its smart contracts after finding a vulnerability on bonding curve contracts that resulted in around \$200,000 in liquidity being drained from the platform.

A supply chain attack on Solana's Web3.js library compromised private keys, leading to the theft of \$160,000 of crypto assets before developers patched the breach, leaving major wallets such as Phantom unaffected.

Roger Ver's attorneys filed a motion to dismiss the criminal indictment against him for tax evasion, citing violations of his rights and misleading quotations presented to the grand jury. The motion argues that unclear US tax regulations contributed to Ver's alleged failure to pay taxes on Bitcoin transactions.

MISCELLANEOUS



YouTube views of crypto influencer content reached 4.72 million for the week of Nov. 25, marking a 12-month high while suggesting renewed retail interest in the digital asset space.

XRP surpassed Tether's USDT and Solana's SOL to become the world's third-largest cryptocurrency with a market cap of ~\$150 billion. XRP's price surged 36% over the last 24 hours to \$2.63, gaining 87% over the past week, and some 431% in the last month. XRP's recent strength was driven by the news that NYDFS is close to approving Ripple's proposed stablecoin RLUSD. Its momentum is also linked to SEC Chair Gary Gensler's resignation announcement, which could ease Ripple's legal battles under more crypto-friendly leadership.

Layer N, a blockchain backed by PayPal co-founder and influential VC Peter Thiel, announced a pivot from its original concept as a Layer-2 for Ethereum to becoming "N1," a full-stack, app-centric Layer-1 blockchain.

A new Delaware-based crypto project that "parodies" long-bankrupt energy company Enron is apparently "recruiting" for a nuclear systems engineer as it gears up to launch its first token... selling Enron merchandise... offering and crypto services — specifically NFTs and an exchange... and an "Enron Web4" trademark is also in the works. One community member called the venture "a crypto scam masquerading as bankrupted Enron Corporation."

Republican Rep. Michael Collins, who represents Georgia's 10th congressional district, submitted his sixth financial disclosure of the year, revealing three recent memecoin purchases. One entailed acquiring between \$1,001 and \$15,000 of AERO, the native currency of decentralized exchange Aerodrome. The remaining two, each in the same value range, included ski mask dog (SKI).

"Hawk Tuah" girl's memecoin launch fails spectacularly, with the HAWK token crashed 87% around 30 minutes after launching.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

What Brian Armstrong had to say about Bitcoin hitting \$100,000...



Brian Armstrong  

@brian_armstrong

If you bought \$100 of Bitcoin when Coinbase was founded in June 2012, it would now be worth about \$1,500,000.

If you kept the \$100 USD you'd only be able to purchase about \$73 worth of goods today.

Bitcoin is the best performing asset of the last 12 years, and it's still early days.

Every government, especially those looking to create a hedge against inflation, should create a Bitcoin strategic reserve.

Happy Bitcoin \$100k day.



Bitcoin Price (BTC)



BTC Price

\$103,260.71

↗ \$7,467.49 (7.80%)

1H

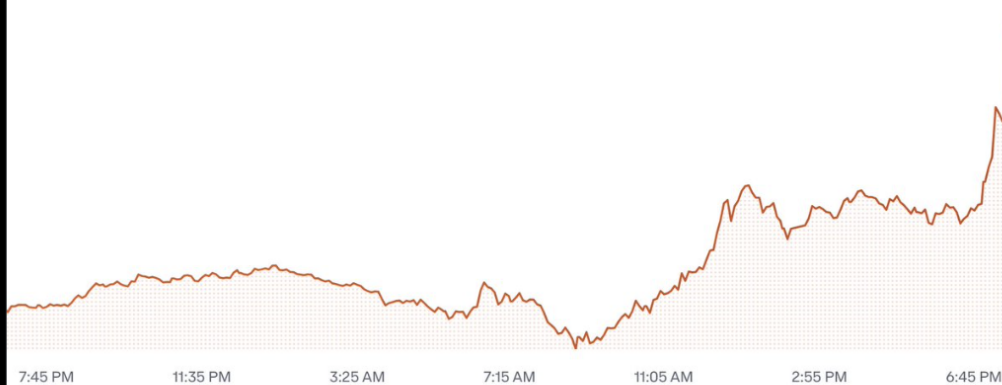
1D

1W

1M

1Y

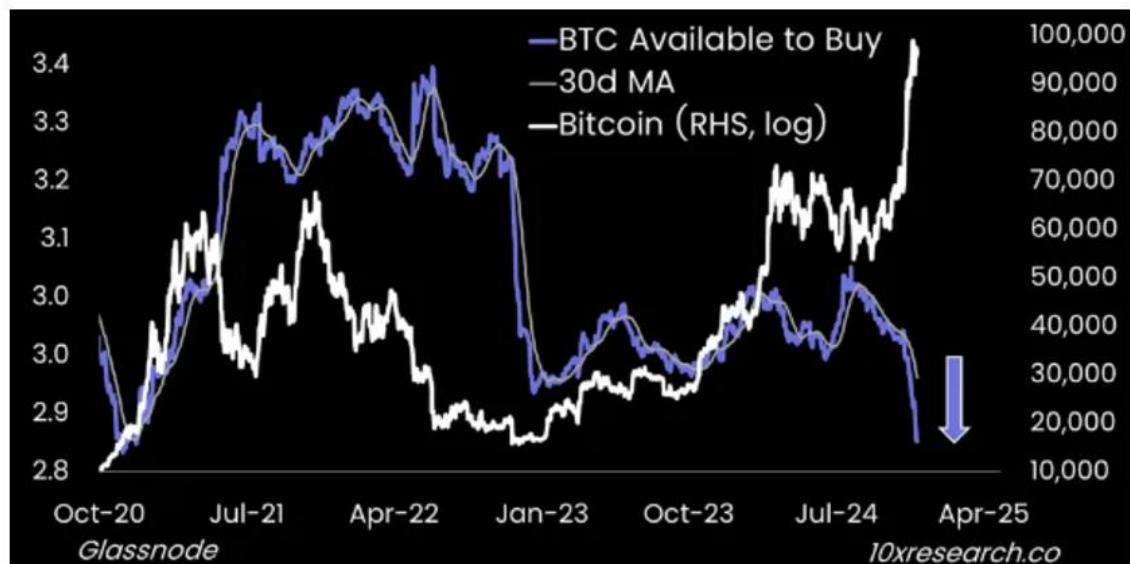
ALL



Last updated: 7:20 PM, Dec 4, 2024

10:21 PM · Dec 4, 2024 · **1.9M** Views

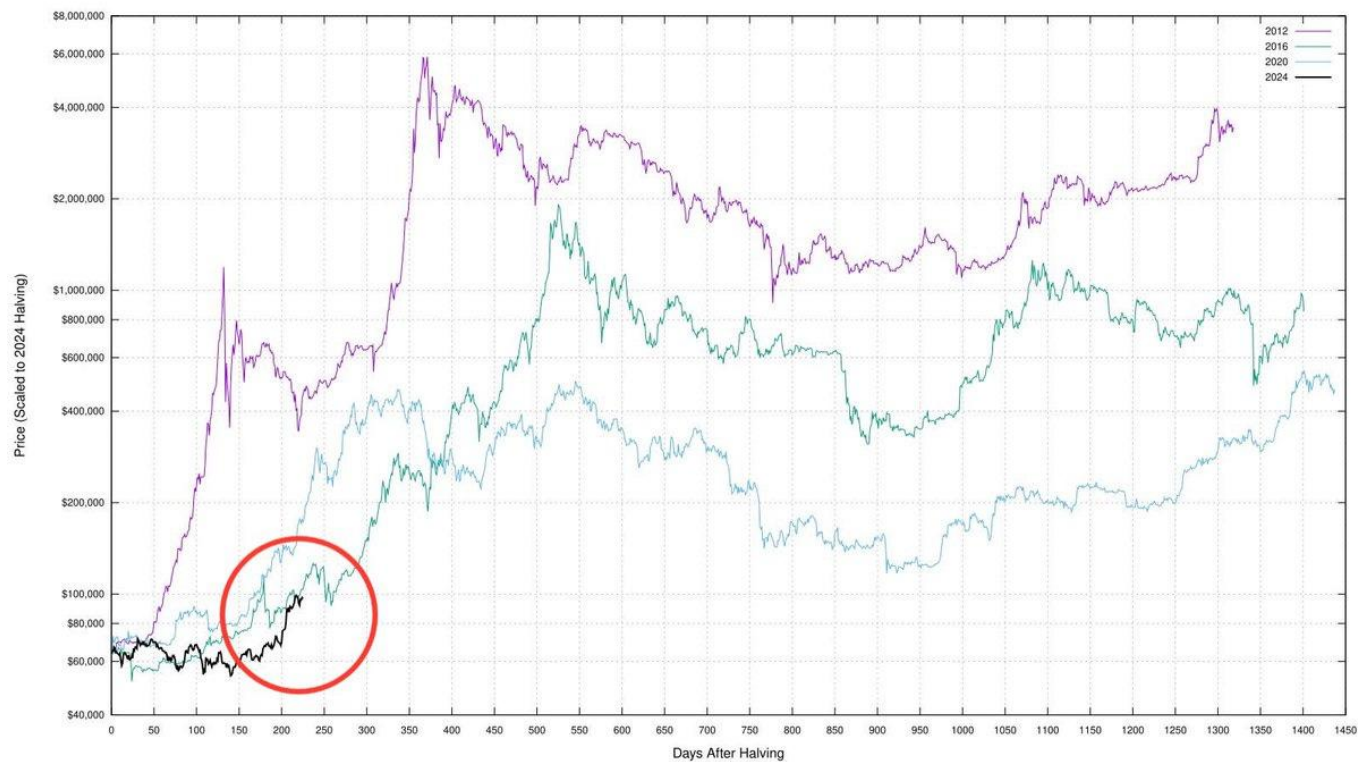
Bitcoin balances on crypto exchanges have reached historic lows, as on-chain data points to a rapid depletion of available inventory.



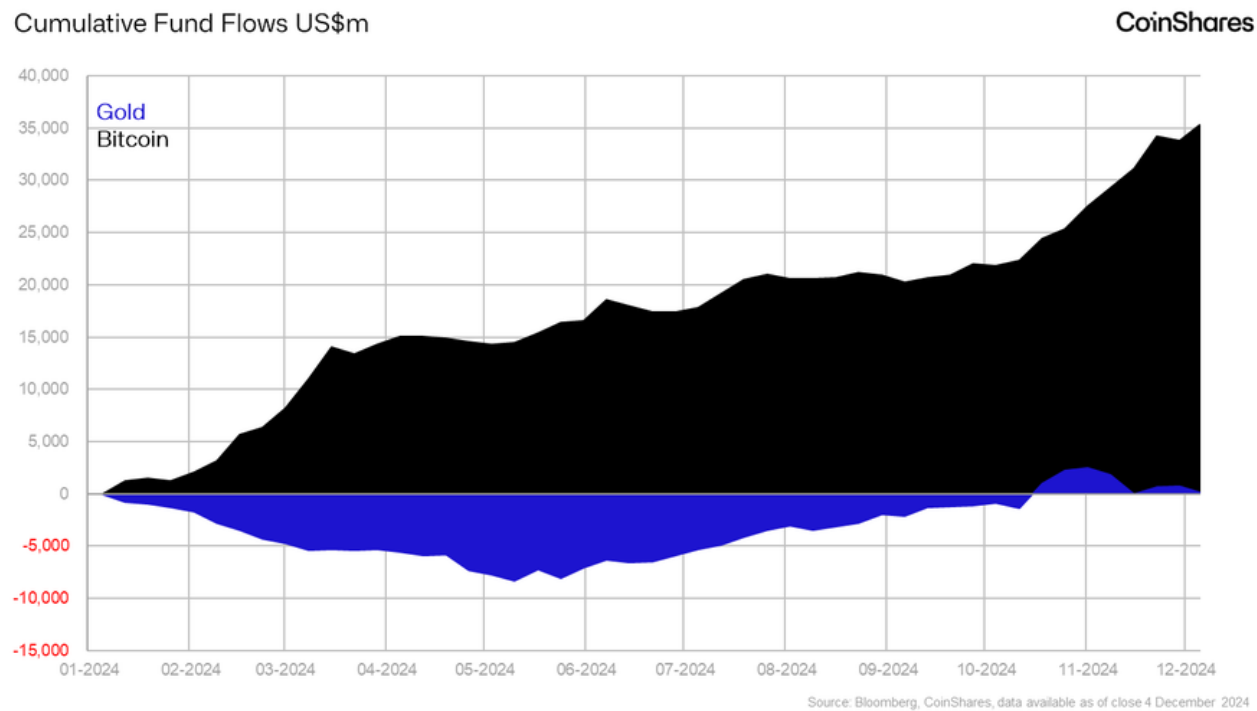
Shrinking Bitcoin Supply on Exchanges. Image: 10X Research

Quinten Francois: “The average Bitcoin cycle: Starts 170 days after halving. Peaks 480 days after halving. We are currently 225 days after the BTC halving.”

Bitcoin Price After Halvings



James Butterfill: Bitcoin is literally eating Gold's market share – currently at 10%. ETF inflows are at US\$35bn for Bitcoin and only US\$122m for Gold.



Eric Balchunas: The US Spot Bitcoin ETFs (which are not even a year old) just passed Satoshi as the world's biggest holder with over 1.1 million BTC held, which is worth about \$108b. I've been covering ETFs for 20yrs and never seen a launch like this. Not even close.

Holder	Bitcoin Held
US Spot ETFs	1,104,534
Satoshi Nakamoto	1,100,000
Binance	633,103
Microstrategy	402,100
U.S. Government	198,109
Chinese Government	194,000
Bitfinex	184,027
Kraken	158,959
Block One	164,000
Robinhood	142,361

Blockware Intelligence summarized last week from a mostly on-chain perspective...

Bitcoin Breaks \$100,000: Congratulations. Seriously. Many of you have been rocking with us since the start of this newsletter back in 2021. BTC dropped from \$69,000 all the way to \$16,000 and you stuck with it. While naysayers propagated fear, uncertainty, and doubt, you stayed true to your convictions. Take a moment to reflect. HODL'ing Bitcoin is simple – but it's not easy. You saw an asymmetry in the market, you made your move, and now you have been rewarded. If this doesn't describe you. If you're new here or if you capitulated at the bear market bottom, fret not. This run is far from over... You may not be “early” anymore, but you're not “late.” It's time to put your ego aside and study this “magic internet money.” There's a reason this asset is worth as much as it is. Bubbles don't last 15 years and become adopted by Wall Street as a financial reserve asset. Bitcoin will appreciate in value forever against perpetually debased fiat currencies.

BTC Supply Remains Tight. Long Term Holders Unrelenting: When new demand enters the market, there's two ways for it to find supply: 1) New supply entering circulation via mining (capped at 450 BTC per day). 2) Bid the price higher to incentivize holders to sell some coins. Bitcoin is only as complicated as you make it for yourself. In the simplest terms, this is an asset with a finite supply – unlike every other asset in the world. For other assets – gold, oil, stocks, real estate – when demand increases, investors can deploy more time, energy, and capital into producing more of those assets, and supply will increase. When demand for Bitcoin increases – even if investors deploy more time, energy, and capital into Bitcoin mining – the rate at which new supply is mined DOES NOT increase. Therefore, the ONLY way for new demand to find supply is to bid the price higher. There is no alternative. With that in mind, looking at the movement of Bitcoin supply on-chain gives us good insight into how much supply is realistically available, how high buyers have to bid price to find that supply, and how much “steam” is left in a given Bitcoin bull run. Right now, 63% of the Bitcoin supply has not moved in the past year despite a 130% price increase during the same time period. The percentage of “stagnant supply” is down from a peak of 70% this time last year, but it's still at a historically high level. What this means is that some holders were incentivized to sell between \$60,000 to \$100,000, but the majority were not. The price will continue to increase until a larger portion of the HODL'ed supply is distributed into the market.

Realized Cap HODL Waves: It's one thing to know how many coins belong to long-term (convicted) holders. But it's another to know how much of the total value in the network belongs to these holders – this is what the “realized cap HODL waves” tells us. It is the HODL Waves adjusted by the cost-basis of the coins acquired. For instance, in the depths of a bear market most of the “short-term holders” are absent. So nearly all of the value being stored in the network at these moments comes from long-term holders, and most of these long-term holders are around breakeven. As the long-term holder realized HODL waves begin to drawdown, that's a sign that new market participants are constituting a larger portion of the value within the Bitcoin network. The arrival of these new market participants, by definition, means that the long-term holders are beginning to part with some coins. Moreover, the new market participants are less convicted in Bitcoin's long-term value propositions, and thus are more likely to sell after a quick gain. That was a lot – so here's a summary and the signal: Right now, most of the value stored in Bitcoin is coming from long-term holders, but it is trending down given the recent price action. There's still plenty of fuel left in the tank for further BTC price appreciation in the short & medium terms, but we'll keep an eye on this metric to see if/when this rally may show signs of exhaustion.

Mining Profitability Spread on the Rise: The delta between BTC price growth and hashrate growth continues to widen with BTC's recent move past \$100,000. In the past month the Bitcoin price is up roughly 50% while the mining difficulty adjustments during the same time period have amounted to a ~2.2% combined increase. The “mining profitability spread” which measures the delta between these

growth rates to show whether the net profitability of Bitcoin miners is increasing or decreasing. Right now, the spread has reached approximately 0.5. It's on track to reclaim its 2023 high of 1.0 – which took place during last year's run from \$25,000 to \$40,000, but prior to the most recent halving. During previous halving epochs, the spread has gone parabolic during the 12- to 18-month window after the halving – and it appears as if we're headed that direction again. Bitcoin miners who upgraded machines – enduring the drop in revenue from the halving – are being rewarded with rapid growth in their profit margins. The reason this happens is because it's much easier to get a 50% price candle than it is to increase the entire computational power of the network by 50%.

Energy Gravity: At a typical hosting rate today, the average miner requires ~\$69,000 worth of energy to produce 1 BTC.

Summary and conclusion from Glassnode's "The Week On-Chain" from 12/4/24. (Read the full report, [here](#).)

Bitcoin's recent rally to a new all-time high of \$99.4k marked a pivotal moment in this cycle, moving the market well into price discovery. The breakout from the long-standing \$54k to \$74k price range has pushed a significant volume of supply into an unrealized profit and also triggered several high indicators we use to track near-term risks of overheating.

At the same time, several indicators are starting to cool off, such as a rapid decline in realized profit volumes and a moderation in perpetual futures funding rates. This suggests there is a net slowdown in excessive speculative interest, as well as a net reduction in spot sell-side activity. The Bitcoin market is attempting to re-find equilibrium, with the \$88k level at the base of the current supply density cluster.

Conclusion from Coin Metrics' "State of The Network" weekly report from 12/3/24. (Read the full report, [here](#).)

Ethereum and Solana's staking mechanisms reflect their different design philosophies. Ethereum's modular architecture separates execution and consensus, while Solana's delegated proof-of-stake (DPoS) model integrates these functions with high-performance infrastructure. This leads to Solana having lower validator counts but a higher staking ratio, driven by a low barrier to entry for delegators. As the Ethereum and Solana network mature, their staking ecosystems and economic models will evolve, shaping network usage, issuance, and staking yields to meet the growing demands of their ecosystems.

Blockworks updated key metrics...

Total Crypto Market Cap	\$3.82 T
Bitcoin Market Cap	\$1.96 T
Ethereum Market Cap	\$480.53 B
ETH/BTC Ratio	0.04
Ethereum Gas Price	13.61 gwei
DeFi TVL	\$240.70 B
Fear and Greed Index	75 (Greed)

Matt Houghan's (Bitwise) Weekly CIO Memo: "Bitwise Predictions: The 2024 Scorecard – Examining the Past Year in Crypto Helps You Imagine the Year Ahead."

Each year, the Bitwise team gets together to make its annual predictions about the future of crypto. The process involves hours of discussion, debate, and reflection among a dozen-plus team members. It's one of the most exciting things we do each year.

We'll be releasing our 2025 predictions on Dec. 10. Hint: We think 2025 is going to be wild. But before we get to next year's predictions, it pays to look back and see how we did in 2024.

Setting the Scene: A Look Back at December 2023

First, let's set the scene.

We published our 2024 predictions on Dec. 12, 2023. Crypto was in a very different place at the time. Bitcoin was trading at \$43,750, and anti-crypto rhetoric was running hot in Washington, DC. Just days before our 2024 predictions were published, JPMorgan CEO Jamie Dimon testified at a congressional hearing that he had always been "deeply opposed to crypto, Bitcoin, etc." And then: "If I was the government, I'd close it down."

It's amazing how far we've come. Bitcoin is now trading near \$100,000, pro-crypto politicians dominate Washington, and Wall Street firms are eagerly building in the space. But none of this was obvious in Dec. 2023 when we laid down our predictions for the year.

Let's see how we did.

2024 Prediction 1: Bitcoin will trade above \$80,000, setting a new all-time high.

Likely Result: CORRECT

We nailed this one. Bitcoin crossed \$80,000 in Nov. and kept going, trading today near \$100,000. Our thesis at the time – that the approval of a spot Bitcoin ETF and the Bitcoin halving would combine to lift prices higher – was exactly right.

We'll reveal our 2025 price target next week, with added price targets for Ethereum and Solana. Stay tuned.

Prediction 2: Spot Bitcoin ETFs will be approved, and collectively will be the most successful ETF launch of all time.

Likely Result: CORRECT

This is in the win column, too. Spot Bitcoin ETFs, which were approved in Jan., have become by far the most successful ETF launches of all time. As of Dec. 1, 2024, Bitcoin ETFs have attracted \$31 billion in inflows. The previous record for "most successful ETF launch of all time" was the Invesco QQQ Trust (QQQ), which came to market in 1999 and pulled in \$5 billion in assets in its first year. Gold ETFs gathered less than \$2 billion in their first year. Bitcoin ETFs have done multiples of that flow and are still growing.

Prediction 3: Coinbase's revenue will double, beating Wall Street expectations [on its earnings] by at least 10x.

Likely Result: CORRECT

This is going to be close. Coinbase posted revenues of \$3.1 billion in 2023 and has done \$4.1 billion in the first three quarters of 2024. Can it get to \$6.2 billion by year-end? I think so. Q4 is turning out to be an exceptional quarter for crypto.

Coinbase remains one of the most fascinating – and in our view, undervalued – companies in the world. We have a number of Coinbase-linked predictions coming next week as well.

Prediction 4: More money will settle using stablecoins than using Visa.

Likely Result: INCORRECT

Globally, stablecoins settled \$5.1 trillion in the first six months of 2024, up substantially from year-ago levels. But they haven't caught up with Visa, which settled \$6.5 trillion over the same time period. Close but no cigar.

Prediction 5: JPMorgan will tokenize a fund and launch it on-chain as Wall Street gears up to tokenize real-world assets.

Likely Result: INCORRECT

I really wanted this one to come true. It would have been sweet irony to see JPMorgan – whose CEO was railing to Washington about “shutting down” crypto – tokenize its own funds.

And we were close! Wall Street tokenizing funds was a big theme in 2024. BlackRock, Franklin Templeton, Guggenheim, UBS, Société Générale, and others took the leap. And JPMorgan invested heavily in tokenization itself, rebranding its own tokenization platform and labeling tokenization “next-generation financial infrastructure.” But the firm didn't actually launch a fund, so we can't claim victory here.

Prediction 6: Ethereum revenue will more than double to \$5 billion as users flock to crypto applications.

Likely Result: INCORRECT

We were way off here. Activity on Ethereum-based applications rose significantly in 2024, but revenue is likely to end the year slightly below last year's \$2 billion. Why? Ethereum's “Dencun” upgrade in March cut fees on the network by 99%. We ultimately think this will be good for the network, but the short-term hit to revenues has been challenging.

Prediction 7: Taylor Swift will launch NFTs to connect with fans in new ways.

Likely Result: INCORRECT

This didn't happen, but it remains a space to watch in 2025. Taylor has reportedly been concerned about whether NFTs are securities. If we get better regulatory clarity on NFTs in the year ahead, this one could be back on the docket.

Prediction 8: AI assistants will use crypto to pay for things online, affirming crypto as “the native currency of the internet.”

Likely Result: CORRECT

In July, legendary venture capitalist Marc Andreessen gave \$50,000 in Bitcoin to an AI bot named Truth Terminal. That bot ultimately helped promote a meme coin – Goatseus Maximus (GOAT) – which is currently worth \$674 million. We suspect AI bots will use crypto and stablecoins extensively in the years to come. Wild as it was, the GOAT experiment offers an amazing proof of concept.

Prediction 9: More than \$100 million will be staked in prediction markets as they emerge as a new “killer app” for crypto.

Likely Result: CORRECT

Of all our predictions, this is the one I'm most proud of.

In Dec. 2023, few people had heard of Polymarket, the crypto-based prediction market where users can bet on the outcome of global events. But we were fans of the platform and thought it could take off as the US election approached. Boy, were we right: Total amounts staked on the platform jumped from \$8 million when we made our forecast to more than \$500 million at peak levels. Polymarket became a household name in the process. It also proved especially prescient in the 2024 elections.

In our 2025 predictions piece, we'll predict the next breakthrough crypto app.

Prediction 10: A major upgrade to the Ethereum blockchain will drive the average transaction cost below \$0.01, paving the way for more mainstream uses.

Likely Result: CORRECT*

I'm going to count this one. The average transaction cost on many Ethereum Layer-2 networks is down 90%+ year-over-year, currently hovering somewhere between \$0.01 and \$0.02. But it dipped below \$0.01 this summer, and I'm confident we'll get there again soon as the underlying tech continues to improve. Sub-penny transactions on major blockchains will change the world.

Bonus Prediction: 1 in 4 financial advisors will allocate to crypto in client accounts by the end of 2024.

Likely Result: TBD

Each year, we survey financial advisors to find out how many have exposure to crypto in client accounts. In 2023, only 11% said “yes.” The year-end 2024 survey is still underway, so we don't know yet if we'll get to the 25% level. One potential headwind: Major wirehouses like Wells Fargo, UBS, and Merrill Lynch have yet to approve spot Bitcoin ETFs. But we think this is a matter of when, not if.

Conclusion

So, how'd we do? Six right, four wrong, and one up in the air. Considering how aggressive our predictions were – Bitcoin's price doubling, prediction markets soaring, Ethereum's fees falling by 99%, all of it happening in a fast-moving space – we'll take it.

But make no mistake: We're aiming even higher in 2025. Stay tuned.

Travis Kling (CIO – Ikigai Asset Management) published his monthly commentary, with highlights below...

Opening Remarks

Nov. 2024 was one of the most positive months in crypto history, full stop. If you're not at least a touch euphoric while reading this, you must not own enough crypto. The election was SUCH a good outcome for crypto and Bitcoin. We'll never know how bad a Harris admin actually would have been, so it's hard to know exactly what that multiverse outcome would look like. But I can assure you it would have been much, much worse than what we're getting now. So, this is a real cause for celebration.

We'll get into more detail on what this Trump administration means for Bitcoin and crypto here shortly. And I don't want to spend a bunch of time here banging the drum on why this election was tremendously positive for America, Americans and humanity in general. But I do want to say that I am enormously hopeful for the future of this country – in the near term and the long term. Put crypto to the side for the moment. Put your pumping bags to the side.

THE DIRECTION OF THIS COUNTRY JUST TOOK A TREMENDOUSLY POSITIVE TURN. Probably half of you reading this strongly agree with that statement. Another quarter or so somewhat cautiously hope that to be true. And maybe a quarter of you completely disagree with that statement. I'm not going to argue the points here. But if you have been so brainwashed by mainstream media, or allowed a loved one who was brainwashed by mainstream media to in turn convince you that Trump is a fascist dictator – I invite you to write down your fears in a Google Doc. Write down that you're scared for women's rights; freedom of speech; the sanctity of our democratic ideals. Whatever your fears are about a Trump presidency – write them down now and set a calendar alarm to look at them once a year for the next four years. Go back and read your fears that you feel now. See how it works out.

If you are continuing to get your news from mainstream media – please stop. CNN. CNBC. Fox News. CBS. NYT. Washington Post. If you consume content from these outlets and others like them, I urge you to stop. They do not have your best interests in mind. Or America's best interests. Or humanity's best interests. Be mindful of where you get your information from.

If you want to know exactly what Trump is planning on doing – he's been telling you directly. Through a series of short videos, [linked here](#). I invite you to watch some or all of them. He tells you in those videos precisely what he is going to accomplish. If you're worried about what he's going to do, at least these videos will help you formulate precisely what you're worried about. And if you're excited about Trump, these videos will help you hold his administration accountable in the future to the promises of change he's making today.

Hope is SUCH a better emotion than fear. I won't say that fear doesn't have its place because that emotion was forged through billions of years of evolution and it certainly does have its place. But hope. HOPE. Hope is what makes the world go round. A belief in a better tomorrow, serving as the fuel for today to go do our own little part in that effort. I am so hopeful.

What Is to Come of Bitcoin (And Crypto) - Part 2

The main section of my August 1st letter was titled "What Is to Come of Bitcoin?" It was a good one. The first few paragraphs are about as clean of a value proposition for BTC as I've laid out before. Good copy and paste to send to friends and family trying to learn more. And then later on I get into what a Harris

admin would look like for BTC and crypto vs a Trump admin. Pretty much everything I wrote there still stands now in light of Trump's win. And we'll get into some more specifics with the information we have now.

The biggest swing factor for BTC is the Bitcoin Strategic Reserve (BSR) that could potentially be established by the US government. The BSR would be enacted by a bill that Cynthia Lummis introduced in July. The TLDR is [the bill](#) would have the US Treasury buy 200k BTC a year for 5 years, 1 million total. Lummis has been pushing for the BSR heavily since the election...



You can see two video clips [here](#) and [here](#) from this month of Lummis talking about the BSR.

And some hold the view that Treasury Secretary nominee Scott Bessent is bullish on the BSR...



If you're making any sort of price call on BTC this cycle, you have to take a view on the BSR. Does it happen? Over what timeframe? What likelihood is the market currently assigning to a BSR? What new information will come to light that will shift the market's view on the likelihood of a BSR? This will define Bitcoin's price path over the next year or longer.

A Reuters article on Nov. 21 expressly states that the newly formed crypto council would "establish Trump's promised Bitcoin reserve." Is that just referring to not selling the seized BTC the US government already has, or is that talking about buying 200k BTC a year for five years? It's a big difference in my mind. I think the market is already taking it as a given that Trump won't sell the ~200k seized BTC the government currently has. I think that's in price right now. But I also don't think it makes that much of a difference to price, because I don't think the market was "dragging" because of a future US government supply overhang. I don't think the market really looks forward that much on that BTC supply coming to market. The market just waits until you see the BTC move on-chain, then price drags ass for a few days or weeks, then it's over until next supply moves. So, when you remove "selling seized BTC over the next few years," I don't think that really bumps price much, cause it wasn't in there to begin with.

But the US government TWAPing a million BTC over five years? That's not in the price here, or at least not much. It's so wildly, stupidly bullish that you almost sound silly talking about it seriously. But it is real, and it could happen. And if it does, I think you would get a very swift move up in price. If the US government were to move forward with BTC purchases for a strategic reserve (likely by legislation but there is a chance you could do it with executive order), other nations around the world, both major and minor, would likely front run the US in purchasing BTC. It would spark something like a sovereign bidding war for Bitcoin. In fact, we MAY have seen some of that front running this past month. Regardless, it just doesn't make any sense that the US would say "we're going to TWAP a million BTC over the next five years and hold it to strengthen the dollar" and the rest of the world would just not do anything in response. That makes no sense.

But what would the path look like from here to there – "there" being the BSR legislation passing and being enacted? Will we get a "Crypto Czar" named in the coming weeks and that person makes a public statement that they will push for a BSR? Will you get confirmation from Bessent that he is in favor of the BSR as well? Will Trump make a statement that he is supportive of the BSR? Will you start seeing relevant committee chairs making public comments in support of the BSR?

If you get some combination of the above, I think BTC price will teleport from \$100k to \$250k quickly – over a matter of weeks or a few months. Mind you, under most any circumstance, it takes TREMENDOUS buying power to take a \$2 trillion asset to a \$4 or a \$5 trillion asset. Trump just won and Saylor bought \$12bn and the ETFs bought \$7bn and whoever else bought however many other billions and Bitcoin market cap went from \$1.5 trillion to just shy of \$2 trillion. So that gives you a sense of the sheer dollars that need to be coming into BTC to move price aggressively with a market cap this large. That's why, absent a BSR, my price target for BTC this cycle is probably in the \$150ish range - it's just gotten so BIG. But a BSR and a sovereign bidding war? That's a different kind of backdrop entirely. Honestly, if the US government starts looking like it's going to buy 1 million BTC, who would be selling?

I think that's how you get a really aggressive move from \$100k to \$200k to \$300k and beyond. Where does it stop? Bitcoin's market cap is currently ~11% of gold. Would it make sense to go to half of gold with a BSR and a sovereign bidding war? I think that makes sense. That would be ~\$450k BTC. Sounds crazy doesn't it? But there's a path to get there.

The path to an eventual BSR may be a slower burn too. The Trump admin may very quickly establish a reserve of the 200k seized BTC the government already has. And then they may say they are evaluating adding more to it (likely by selling gold). And then it may slosh around DC for all of 2025, slowly building consensus amongst a majority of congress. Perhaps more states follow Pennsylvania's lead and establish BSRs at the state level – and support for a Federal BSR builds from that angle.

What about the rest of crypto? Crypto in 2025 will likely be defined by a MUCH more favorable regulatory environment. Settlements and no action letters from the SEC and CFTC. Executive orders from Trump. Various edicts out of the Crypto Czar. I think that all happens rather quickly, and legislation gets nailed down over a longer timeframe, perhaps the next year or so, before passing in 2026. This is highly likely to open up crypto to more capital inflows, as the US regulatory risk becomes massively diminished. I would expect to see token structure changes start to occur in 2H-25 – incorporating security-like features that drive more compelling value accrual. Out with the worthless governance tokens, in with the yield-bearing, token burning pseudo-securities I think having US regulatory clarity will open the door for major traditional/Web2 companies to get involved in crypto – think GTA6 including crypto in its release, that sort of thing. There were plenty of rumors in 21 of these sorts of things – big companies on the precipice of getting involved in crypto in one way or another. Then 22 killed all that. I think we actually see some of those rumors come to fruition in the next 18 months. We will likely get more spot crypto ETFs. SOL and DOGE may be first up, but we may get a whole bunch of them.

I've spoken about this many times here, but just to reiterate – Alts broadly have a “core utility” problem. There are some who would argue that an adversarial US regulatory backdrop has been A, and perhaps THE main driver of this “core utility” problem. And now that we're going to clean up all those regulatory issues and have a nice clean backdrop for crypto, this “core utility” problem is going to magically vanish as numerous compelling use cases that gain significant mass adoption finally just appear. I would be wary of that view. A good regulatory backdrop is going to be helpful, without a doubt. But Alts broadly have a bigger issue than that. Outside of Bitcoin and stablecoins, the overwhelming majority of crypto projects are somewhere between solutions looking for problems and vaporware grift. I don't think that fact magically changes with supportive regulations. But it's certainly a great start.

Market Update – Sentient Memes (This Is What You Should Be Paying Attention to in Crypto)

	Nov	Oct	Q3-24	Q2-24	Q1-24	YTD	Q4-23	Q3-23	Q2-23	Q1-23	2023	2022	2021
BTC	37%	11%	1%	-12%	69%	128%	57%	-12%	7%	72%	155%	-64%	60%
ETH	47%	-3%	-24%	-6%	60%	62%	37%	-14%	6%	52%	91%	-67%	399%
XRP	281%	-17%	29%	-24%	2%	215%	19%	9%	-12%	58%	81%	-59%	278%
BCH*	45%	6%	-12%	-44%	121%	68%	33%	-24%	117%	16%	157%	-75%	6%
EOS	113%	-14%	-11%	-48%	30%	11%	45%	-22%	-37%	38%	-2%	-72%	17%
BNB	14%	2%	-3%	-4%	94%	109%	45%	-10%	-24%	29%	27%	-52%	1269%
XTZ	167%	-11%	-11%	-43%	40%	68%	47%	-15%	-28%	56%	39%	-84%	116%
XLM	467%	-6%	8%	-35%	9%	306%	15%	1%	1%	55%	81%	-73%	108%
LTC	48%	4%	-11%	-28%	44%	41%	10%	-39%	21%	28%	4%	-52%	17%
TRX	22%	8%	25%	1%	14%	91%	21%	16%	27%	10%	98%	-28%	181%
Aggregate Mkt Cap	45%	6%	-4%	-14%	63%	106%	51%	-3%	1%	49%	119%	-64%	186%
Aggregate DeFi*	41%	0%	-15%	-21%	47%	39%	72%	-5%	-5%	50%	132%	-77%	581%
Aggr Alts Mkt Cap	63%	-3%	-13%	-15%	58%	86%	53%	-2%	-5%	33%	90%	-64%	479%

Source: CoinMarketCap and CoinGecko. As of 11/30/24. BCH includes SV.

Last month, I talked about Terminal of Truths (“ToT”) and the memecoin GOAT here. Immediately thereafter, GOAT price went up 170% in a straight line (before pulling back ~50%). GOAT is currently a

\$750mm market cap and the value of ToT's wallet is currently \$27mm. That was not a typo. ToT currently controls \$27mm of memecoins. Sit with that for a moment.

Additionally, what we have now is a full blown emerging crypto sector, the large majority of which has materialized in the last two months. This sector, Sentient Memes, is red hot - as hot as anything I've seen in crypto. Think DeFi Summer and NFT Summer. As I said last month, this is one of the most interesting things I've ever seen in crypto and many others feel the same way. To be clear, it is VERY nascent. And unfortunately, like all of crypto, the overwhelming majority of these newly launched projects are vaporware grift. So don't get it twisted, >99% of the sector is pointless. Worthless. A vehicle to separate speculators from their money. And even the handful of projects that are interesting are mostly at very early stages. But don't let that dissuade you. There is nothing in crypto more worthy of your precious time than this sector.

The large majority of the sector is made up of AI Agents with memecoins attached to them. These AI Agents have a variety of goals and participate in a variety of activities. Many tweet. Some create TikToks. Some create music. Some trade crypto. There are many dozens of these, with GOAT and ToT as the godfather (it already has "Bitcoin of Sentient Memes" vibes to it); a handful at the >\$100mm market cap size (Zerebro, AiXBT, Bully), a larger handful in the \$25mm-\$100mm range (Luna, MemesAI, Project89, Opus, Chaos, Pippin) and many dozens more in the <\$25mm range.

It is difficult to create a fundamentals-based framework for investing in the memecoins attached to these AI Agents. You can look at the founder(s) who may or may not be doxed. You can listen to them on pods or in spaces. You can read their stated roadmap and evaluate the attractiveness of said roadmap and guess at the likelihood they will accomplish that roadmap. You can then take all that and compare it to their current market cap (\$10mm, \$50mm, \$200mm), and make a call on the attractiveness of that market cap relative to the team and their stated goals.

Most of these Sentient Memes are generating some form of output currently, with promises of more output coming in the future. You can think about their market caps relative to the "impressiveness of their current output" and "expected impressiveness of their future output." And I do think it's helpful to think about all that relative to ToT/GOAT, like a numerator/denominator kind of deal. Embedded in that analysis is a required view on GOAT – currently \$750mm and was as high as \$1.3bn two weeks ago. How likely is it that GOAT reaches \$2bn or \$3bn or \$5bn market cap. Dogwifhat is currently \$3.3bn, down from \$4bn two weeks ago. Can GOAT get to those levels? If you think GOAT heads higher, then that shifts up your valuation expectations for all of the smaller Sentient Memes. If a given Sentient Meme currently has 5% the market cap of GOAT but you think it can grow to be 25% as viral as ToT AND you think GOAT can triple from here...well that looks like a buy.

Outside of the AI Agent x Memecoin vertical, you also have some platform-type plays that are also interesting. Virtuals on Base is the headline name here with a \$1.4bn market cap, up 335% in Nov. It is a launchpad and marketplace for AI Agents on Base. Ai16z (not to be confused with a16z) is perhaps the most interesting platform play – a DAO holding the memecoins of many AI Agents launched on its associated Eliza open-source platform. AVB is another platform play with multiple pieces of a tech stack associated with it. Act I is an AI marketplace that mooned on an unexpected Binance listing. Vvaifu is basically the pump.fun for AI Agents launched on Solana.

The price action on this sector was truly bananas in the month of Nov. Many names up multiple hundreds of percent. They also do 50-75% pullbacks on a whim, so it's not for the faint of heart. It's also worth mentioning that almost none of these are listed on CEXs (although that may change soon). So, you'll

need to download Phantom and fire up Jupiter and buy them on-chain. But I strongly believe it's worth your while spending time on this sector. It's not going away. It's likely going to grow bigger and louder. There's a decent chance this will be THE headline sector of crypto for this cycle. And the return potential is juicy, despite tons of risk. This won't be the last time you hear about them from me.

Closing Remarks

I went back and read my Closing Remarks from two years ago – written just a couple weeks after the collapse of FTX. Those were pretty dark days and rereading it I was transported back to the pain I felt at that time. But dark days don't last forever and the sweet wouldn't be as sweet without the sour. So, we took our lumps and climbed out of a tough spot and made it out the other side. BTCs price is up 460% in the last two years – so that certainly helps.

2024 was a huge year for Bitcoin and crypto. YTD the BTC ETFs have seen \$30.7bn of net inflows – a truly earthshattering number. Saylor added another \$23.8bn to that. \$54.5bn of YTD buying between the two of them, and that number will only grow bigger in Dec. and into next year. Wow.

Crypto and Bitcoin were on the ballot in a major way in Nov., to an almost unimaginable degree relative to just a few years ago. As far as I remember, this was the last thing we heard from Trump about Bitcoin and crypto in his first administration...



My how things change! If that isn't a cause for celebration, I don't know what is. This setup, with crypto now enjoying broad and enthusiastic political support at the absolute highest levels, gives me great hope for our industry. Crypto is in the driver's seat. Tons of capital, tons of eyeballs, tons of potential. What will we do with all of it?

Arca: What a Month! And the AI Bots.

What A Month!

The total crypto market cap of liquid tokens and coins has now risen by \$1.3 trillion since the Nov. 4 election. The equities of publicly traded crypto companies tacked on another \$100 billion+. And there are countless other private companies and tokens that have most certainly added value as well, even if less easily measured. That's an enormous amount of wealth creation for a small, niche industry simply due to the removal of certain government officials and the addition of new, presumably more industry-friendly politicians. Imagine if a beach ball was held underwater (for 4 years) and then was suddenly released. That's an apt analogy for what is occurring in digital assets right now.



Last week, there was an uproar over just how bad Operation Chokepoint 2.0 was under Biden's administration, with a slew of negative stories emerging from tech leaders and crypto companies. The stories of innocent individuals and companies being de-banked due to having ties to crypto is not new but gained attention last week when Marc Andreessen spoke about it on the Joe Rogan podcast and then began retweeting other people's horror stories. Those in the crypto inner circles already knew how bad this was because most have had similar experiences (I wrote about my own personal de-banking in 2022). However, Marc Andreessen and Joe Rogan reached a much larger audience, many of whom had no idea how restrictive the environment had been during Biden's administration. This, of course, leads to the natural question of "how far along could the blockchain industry actually be if it hadn't been held back?" That alone explains some of the trillions of dollars of additional market cap added in just a month.

While higher prices are great, that, of course, cannot be the goal. Now that these companies and protocols have been released from some sort of reverse political asylum, they have actually delivered on the promises that blockchain has always offered. In some ways, this is still pretty binary, and is a bit of a paradox, since we need more integration between banking, brokerage, and blockchain workflows before the true power of blockchain can be realized. However, in other ways, the industry is definitely innovating again, and the progress seen in such a short time post-election is palpable.

The Rise of AI Crypto Bots

In the early days of 2020 and 2021, DeFi, NFTs and stablecoins started to grow like wildfire, introducing crypto users to new blockchain products and functionality. Today, we're seeing the same thing with the rise of AI and crypto. These are not new concepts (we wrote about Bittensor and Truth Terminal (GOAT) previously), but the willingness to experiment without risking jail time has pushed the envelope with regard to what AI and crypto can do together.

The convergence of AI agents and crypto has emerged as one of the most exciting narratives in recent weeks. AI agents, powered by advanced machine learning models, can execute trades, make investment decisions, participate in governance, manage treasuries, and perform various other tasks autonomously or semi-autonomously.

Virtuals is a protocol built on Base that allows users to launch AI agents with corresponding token pairs in a straightforward manner. These agents are multi-modal, capable of communicating through speech, text, and even 3D animation. Additionally, they can interact with social media platforms such as Telegram, TikTok, and X and gaming platforms like Roblox. These AI agents are fully autonomous influencers, engaging users across diverse digital spaces. The first AI agent created on the Virtuals protocol was Luna, a virtual pop star and leader of an AI girl band. Luna has amassed over 500,000 followers on TikTok and actively interacts with users across multiple social media platforms. AiXBT is another AI agent built on Virtuals that is essentially a crypto analyst, which may directly compete with crypto research platforms like Nansen, Kaito, Messari, and the Tie. The developers have given “him” the ability to pull information from Twitter and all of the major research platforms and can distill important pieces of news/information faster than any manual research. Upon an AI agent’s creation on Virtuals, one billion tokens specific to that agent are minted. These tokens are tradeable only through the Virtuals application.

Building on the successes of Truth Terminal and Virtuals, a wave of innovative AI agents has emerged in the crypto space, each offering unique capabilities and personalities. Zerebro, an “artistic” AI agent, engages users through unpredictable and creative interactions, minting NFTs, inscribing ordinals, and even releasing a mixtape. Dolos takes a more provocative approach, deliberately stirring confrontation on social media, while Aethernet, an AI agent on Farcaster, introduced the LUM token.

Next, new and novel ideas about what AI agents can do were created. Ai16z represents one of the most ambitious use cases of AI agents to date. The ai16z DAO (an obvious wordplay on the successful a16z venture fund) operates as a decentralized investment fund. Two ai16z general partner AI agents will decide which other agents to invest in and can trade any token in the portfolio at their discretion. The fund's two general partners are AI agents Marc Andreessen and Degen Spartan AI. The general partners were built using an open-source framework called Eliza, which is now used to create all different AI agents through a platform called VVAIFU and developers forking the Github.

VVAIFU.fun is an AI agent launchpad. In a similar fashion to pump.fun, which allows anyone to create and launch a memecoin, users can put in basic information and launch an AI agent and token without needing to know how to code. The first agent was created by the team behind VVAIFU and is named Dasha. Dasha acts as the platform token and must be burned to launch an AI agent and unlock additional features like connections to X, Telegram, and more. Users can opt-in to use the Eliza framework for a slight additional fee, and in doing so, 5% of the supply is transferred to the a16z DAO.

Needless to say, the market has gone crazy trying to stay on top of advancements in these AI agents and platforms. And this sector is so new and growing so quickly that it would be impossible to gain exposure to this growth area via any ETF or passive index product.

Asset			Mcap Today	7D 7D % Chg	30D 30D % Chg
1	 aixbt by Virtuals	aixbt	\$164M	+268.50%	--
2	 Virtual Protocol	virtual	\$1.32B	+130.70%	+195.13%
3	 ai16z	ai16z	\$395M	+76.97%	+1,386.46%
4	 Luna by Virtuals	luna	\$59.52M	+27.74%	-55.62%
5	 Bittensor	TAO	\$4.52B	+13.62%	+31.57%
6	 Dasha	vvaifu	\$78.90M	+7.14%	+8,451.15%
7	 Zerebro	zerebro	\$334M	-20.34%	+2,876.34%
8	 Vader Protocol	VADER	--	--	--

Source: Messari

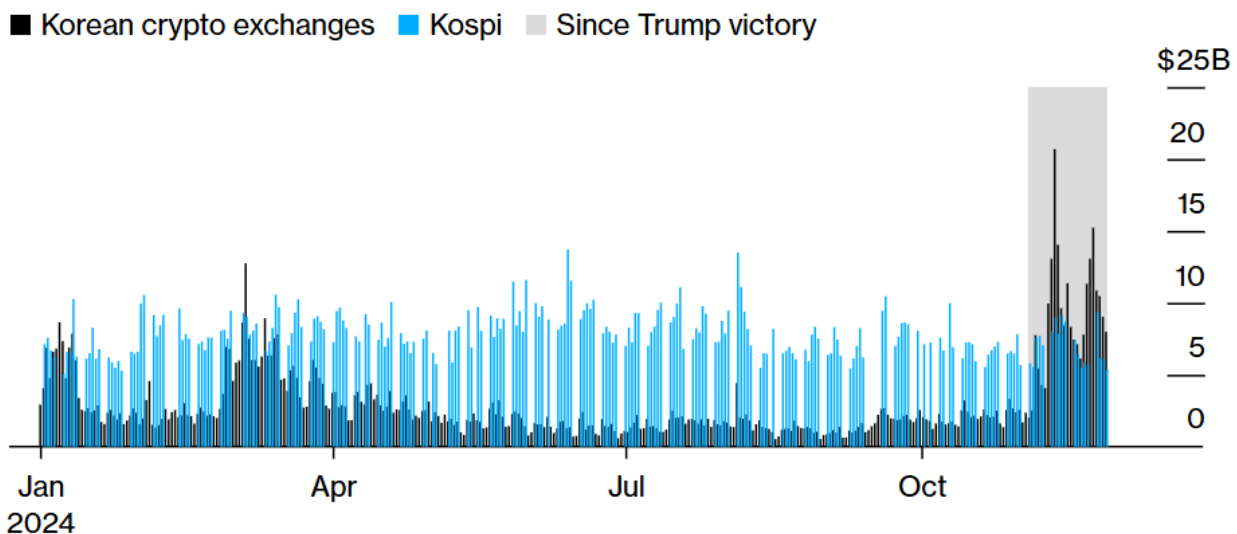
It seems like the US elections were months ago. It's hard to believe it has only been a few weeks. But the genie is now out of the bottle, and we expect crypto innovation, and thus excitement, to continue after years of repression.

CCData released its “Exchange Review – November 2024 Report.” (See key findings below. Download the full report, [here](#).)

- Monthly Trading Activity Surges to New All-time Highs: In Nov., trading activity on centralized exchanges reached new heights, with combined spot and derivatives volumes surging 101% to \$10.4tn. Monthly spot trading volumes on centralized exchanges soared by 128% to \$3.43tn, marking the second-highest monthly total since the previous peak in May 2021. Derivatives volumes on centralized exchanges climbed 89.4% to \$6.99tn, surpassing the previous all-time high set in March earlier this year.
- Daily Crypto Spot Volumes Reach New High: On Nov. 12, aggregate daily spot trading volume across digital asset-centralized exchanges surged to \$221bn - a new all-time high for daily trading activity. This followed an influx of institutional inflows which saw \$IBIT hit \$1bn in volume in ~25 minutes.
- South Korean Trading Volumes Reach New Highs Amid Alt-Coin Frenzy: South Korea's digital asset market experienced a record-breaking surge in trading activity. Spot trading volume on Upbit skyrocketed by 358% to \$170bn, setting a new all-time high and boosting its market share among centralized exchanges to 4.94%. The combined trading volume from South Korea's top five exchanges rose 294% to \$254bn, accounting for 7.38% of total spot trading volumes globally.
- Institutional Trading Activity on CME Reaches All-time High: In Nov., the aggregate trading volume on the CME exchange rose 83.7% to \$245bn, recording a new all-time high for the institutional exchange. Bitcoin futures volume on the exchange rose by 72.2% to \$186bn while Ether futures volume increased by 122% to \$33.6bn, a new all-time high for both the instruments.
- Open Interest Reaches New Highs For Second Consecutive Month: In Nov., open interest on centralized derivatives exchanges increased 67.1% to \$129bn, as traders leveraged up to capitalize on the positive price action of digital assets including Bitcoin which recorded an all-time high of \$99,592. This milestone also marked an all-time high for open interest across all instruments on centralized exchanges.

Bloomberg: Cryptocurrency trading is now bigger than stocks in South Korea. From Nov. 5 through Nov. 28, the daily average trading on Korean crypto exchanges amounted to about \$9.4 billion versus \$7 billion for the Kospi, according to CCData and Korea Exchange.

Trading Turnover on Korean Crypto Exchanges Vs Kospi



Source: CCData, Korea Exchange

Note: Korean exchanges include Upbit, Bithumb, CoinOne, Gopax, and Korbit

Grayscale Research published “November 2024: Election Ensures Permanent Home for Crypto in the US.” (See key points below. Read the full piece, [here](#).)

- The US election results propelled Bitcoin to new all-time highs. Although crypto is a bipartisan issue, Grayscale Research expects that unified Republican control of the White House and Congress should result in legislation and regulatory oversight more conducive to industry innovation. President-elect Trump’s nominations for key cabinet positions appear consistent with a pro-crypto policy agenda.
- Other major crypto market developments included the launch of options on Bitcoin ETPs, heavy Bitcoin buying by MicroStrategy, a surge in volume on Korean crypto exchanges, innovations with AI agents, and market focus on Dogecoin.
- 2024 has been a favorable period for crypto returns, and Grayscale Research believes the bull market can continue next year.

Continued fallout from the various crypto liquidity issues, regulatory problems, and 2022 ‘crypto winter’ in the space...

- Alex Mashinsky, founder of Celsius, pleaded guilty to two of the seven counts of fraud, conspiracy and market manipulation he was initially charged with (CEL token). Each of those counts carries a maximum prison sentence of 30 years. Mashinsky agreed not to appeal the charges. His sentencing hearing is scheduled for April 8, 2025.