jlabs digital

The Token Ratings Manifesto

March 2024

Table of Contents

Token Ratings Report: Issue #1 - March 2024

Welcome to the March issue of Jlabs Digital Token Ratings Report — a data-driven analysis rooted in the Jlabs Digital token framework.

This issue focuses on seven layer-one network tokens. Each token is analyzed to showcase what is driving any recent strengths or weaknesses as it relates to its token.

These discussions include how certain upgrades, network changes, or upcoming catalysts might impact its rating, which in turn is closely tied to how price will be influenced. This is a key difference as you'll see in just a moment.

This report also uncovers any new projects that are likely to influence a layer-one network's rating. In this way, the report helps find long-term trends alongside new, upcoming smaller projects.

The layer-one tokens analyzed here are: BTC, ETH, SOL, BNB, MATIC, AVAX, and FTM.

What makes this report unique is Jlabs Digital's method for fundamental analysis, it focuses on what moves price. This might seem like an obvious method, but every report our team has read in the market neglects this. Discussion is typically centered on how more transaction per second or cheaper gas fees makes a blockchain network more advanced, and in turn the value of the network should rise.

Whereas Jlabs Digital's models would show a reduction in blockspace cost lowers the token's demand and price level for its economy, all else equal.

This focus on price means we take a token-centric stance to deliver more actionable insights to readers.

To better understand the Token Ratings Report, it's important to note that each token's rating is 1-100, with 100 being the strongest possible rating. This rating is taken on the last day of the previous month. Meaning these ratings are all from February 29, 2024, and the report helps us look forward to the coming months.

The numerical rating also includes a discretionary rating. This word is determined by our research team for how we interpret some of the scores based upon how we expect these ratings will change in the coming month.

This means there might be a rating of 80, which is a very good rating, followed by "neutral". Both the rating and the word deserve attention, and these two ratings are summarized at the start of each token's respective analysis. This means the score and the team's sentiment need to be considered together for holistic understanding on the team's analysis.

As for how each numerical rating is determined, it's based upon three categories. These are Monetary, Network, and Technical. Then within each category, there are three subcategories. This creates nine subcategory ratings which are determined by their respective models. Each model relates to the subcategory's influence on price. Taken collectively, these models help determine if the token is strengthening or weakening as it relates to price.

The Jlabs Digital Research team is proud to share this report with you. If you have any questions, please don't hesitate to send us an email at askus@jlabsdigital.com or reach out to us directly.

If you want to know more about the various subcategories for each rating model, please read our deck and Manifesto, available on tokenratings.jlabsdigital.com. This is where the team takes the time to break down the ratings methodology in greater detail.

I'll go ahead and break down some high-level market discussion on what we saw in the market for March before giving a summary of each token. Followed by a full breakdown on each token.

Exhaustion is near.

That's the theme of this report. Many tokens have shown very high ratings for various categories again this month. Much of this is a result of all the positive sentiment surrounding the Bitcoin ETF approval, creating nearly $6 billion of net flow into Bitcoin for the month of February.

This positive news is great, but looks to be at exhaustive levels. Ethereum for instance has the strongest ratings for March. Yet, many of the stats like token usage, leverage, sentiment, price strength, users, price level, and demand shock are perfect 10 of 10 readings.

But digging a bit deeper and looking forward, we can see these ratings are set to pull back. It's a trend we've seen unfolding in other tokens of late and expect this to soon translate to softness in the market at large.

This is despite how strong price is climbing on various charts.

Neglecting the price activity of late, the cost of capital in general is becoming prohibitive as well. Borrowing rates for stablecoins are nearing 40% APY in certain situations. MakerDAO is even weighing a decision to raise rates as this report goes to publishing.

The combination of elevated and unsustainable market rates, the token ratings themselves looking exhaustive, and even OTC desks lending Bitcoin at elevated levels means market activity is getting restrictive. These are the warning signs.

Pricing in the options market is showing overzealous call buying, yet another warning sign. This type of call buying creates massive premiums as measured by implied volatility that becomes lucrative to anybody willing to hedge their spot positions. It's another sign of the market getting ahead of itself and needing a cooldown.

With this backdrop of the market, here is a quick one to two sentence summary of each token in this report. Each token's full write up will follow.

Rank	Token	Current Rating	7dMA	30d Ago
1	ETH	91	87	65
2	MATIC	79	72	50
3	BNB	73	58	69
4	AVAX	66	56	56
5	SOL	62	59	69
6	FTM	58	52	38
7	BTC	49	49	69

ETH - Has the highest score across all tokens tracked by Jlabs Digital this month. However, there is cause for some concern as all technical metrics are showing bearish divergences and/or signs of exhaustion.

MATIC - If network metrics start to decline or the market enters a consolidation phase, MATIC could very well underperform.

BNB - BSC ecosystem are not as significant as they were in the last bull market. Until this changes, BNB remains a risky bet.

AVAX - The technical ratings for Avalanche are strong, and user activity is picking up. However, the user base isn't as sticky as it was in 2021; data indicates that users tend to leave the network quickly as the price declines, which is why user demand needs to remain high for longer.

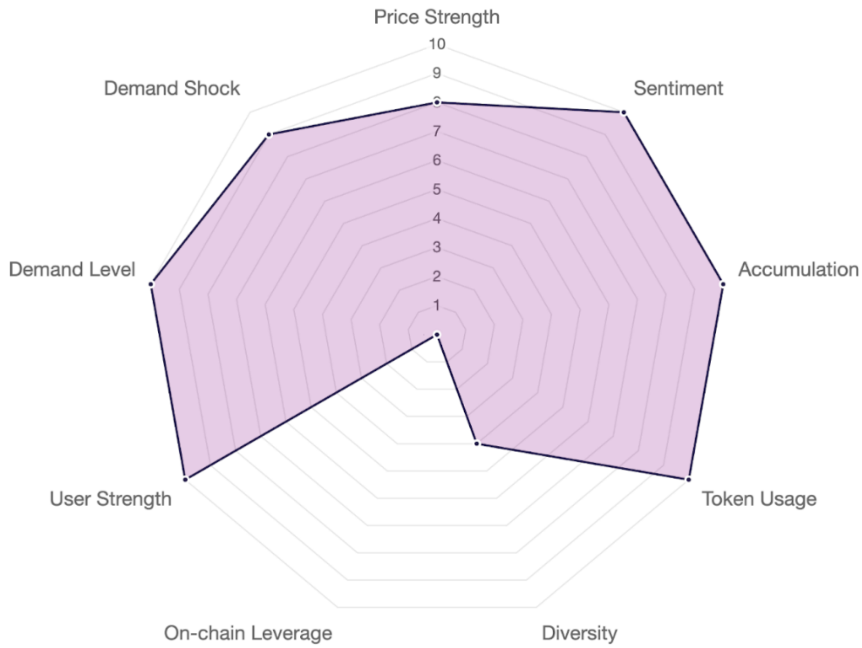
SOL - The technical metrics look strong, but recently, the network and monetary metrics have dipped slightly.

FTM - If the Fantom team delivers on their new promises and the upgrade proceeds smoothly, Fantom is likely to re-emerge as a major Layer 1 contender.

BTC - If additional on network usage doesn't manifest, the Bitcoin network won't accrue as much value relative to its smart-contract-based counterparts. Price action will continue to be determined by flows to ETFs and the "digital gold" narrative.

Ethereum: ETH

Score 91: Neutral



Ethereum has the highest score across all tokens tracked by Jlabs Digital this month.

The main theme when it comes to Ethereum's native token is how it keeps finding new use cases. It's a store of value, its liquid staking tokens are now entering a new era via liquid restaking tokens, and ETH can be used to collect airdrops via new protocols thanks to projects like Pendle and Gearbox.

The rush to these new protocols is starting to show signs of exhaustion. Pairing this up with some of the bearish divergences emerging on the technical, it's reasonable to anticipate a period of consolidation for ETH's price.

If ETH does go through a consolidation period, its current rally is not being driven by excessive onchain leverage, which is a positive for a move higher on the heels of a consolidation period.

Technical: Price: 10, Strength Sentiment: 10, Accumulation: 9

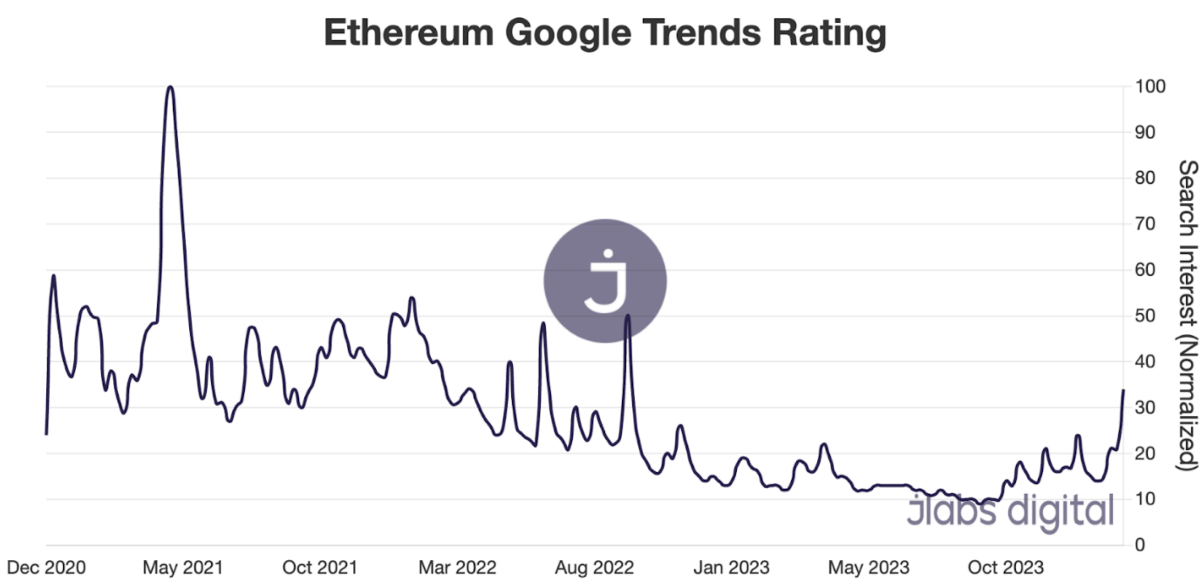
Ethereum posted a 45% gain in February, the best month since the rally leading into the Merge in July 2022. This strong month has translated to the price strength model standing at a 10.

The strength is great, but on the daily and weekly RSI for Ethereum there is a divergence, which suggests consolidation or a pullback at some point soon. While assets can remain overbought for extended periods during bull markets, this data suggests that price strength for Ethereum may be lower in subsequent months.

The accumulation model currently has a rating of 9, which is very strong. However, looking deeper into the data shows that larger investors, such as whales and sharks, are decreasing their holdings. Meanwhile, smaller investors, known as fish and shrimp, are gradually increasing their positions. This suggests that as we look ahead, we expect the accumulation rating to fall next month.

Ethereum's sentiment model currently boasts a rating of 10, marking an improvement from the previous month. One of the key factors contributing to this positive shift is the steady increase in Google searches over time---a week-over-week increase since start of 2024. Additionally, Google Trends details search volume for Ethereum has reached its highest level since 2022, suggesting that interest in the platform is peaking. The current Google Trend level, while high and a positive sign of interest, is still well below all-time sentiment high recorded in May of 2021.

Looking ahead, the upcoming Ethereum upgrade, Dencun, and the potential approval of an Ethereum ETF are likely to drive even more attention to the platform, further fueling the growth in search activity and overall sentiment.



Data Source: Google Trends

While Ethereum's technical indicators remain strong, there are some initial signs of fatigue in the market.

Monetary: *Token Usage: 10, Diversity: 3, Leverage: 10*

Token Supply for Ethereum strength stands at its peak level of 10. The main drivers are Liquid Restaking, Liquid Staking, and yield tokenization protocols. Some of the projects that have gathered more Total Value Locked (TVL) in the past few months include Eigenlayer, Pendle, and Liquid Restaking projects like ether.fi, Puffer Finance.

	ETH TVL (Jan 1st)	ETH TVL (Mar 1st)	Growth
Eigenlayer	480,000	2,880,000	500%
Pendle	100,000	580,000	480%
Liquid Restaking	120,000	1,000,000	733%

Data Source: DefiLlama

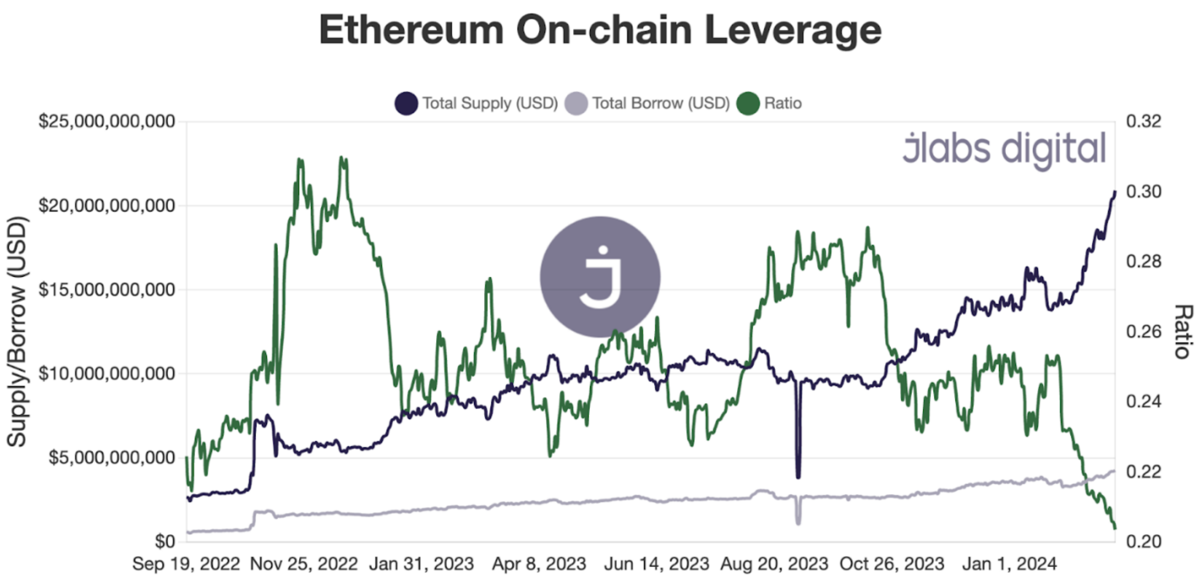
The emergence of re-staking as a new primitive expands exciting possibilities for innovation and is likely to be the main driver for ETH usage on mainnet for the foreseeable future.

The balance of ETH on centralized exchanges continues to decrease, currently at 13.7 million ETH. Meanwhile, as previously mentioned, the amount of ETH staked keeps increasing; 31.7 million ETH is currently staked, or 26% of the current circulating supply. Moreover, as the bull market continues, ETH is becoming more deflationary. If the network activity remains consistent with the past month, the projected yearly reduction in ETH in circulation is estimated to be 0.7%. In total, this suggests the possibility of a demand shock, especially if an ETH ETF is approved. The influx of institutional capital would likely compete for the limited available supply, potentially leading to a significant increase in the price of ETH.

The diversity model for Ethereum is at 3, suggesting an unequal distribution of tokens across the top protocols by TVL. This is likely in response to the rise in TVL of Liquid Restaking protocols, particularly Eigenlayer. Eigenlayer has become the second protocol by TVL on Ethereum, with $12 billion, compared to Aave and Maker in the third and fourth spots with around $10 billion each. Lido is still the leading protocol by TVL by far, with almost $40 billion.

In early phases of growth, it is typical for diversity to decrease as wealth is concentrated in a handful of protocols that will drive the growth of the Ethereum economy---a recognizable market pattern. For example, a handful of companies concentrated much of the growth creation for a few years in the early years of Web2 (Google, Amazon, Facebook, etc).

Ethereum's leverage model currently boasts a rating of 10 due to a combination of factors. The rising value of ETH as collateral has outpaced the growth in borrowing, resulting in a decreased ratio between borrowed funds and the total supply.

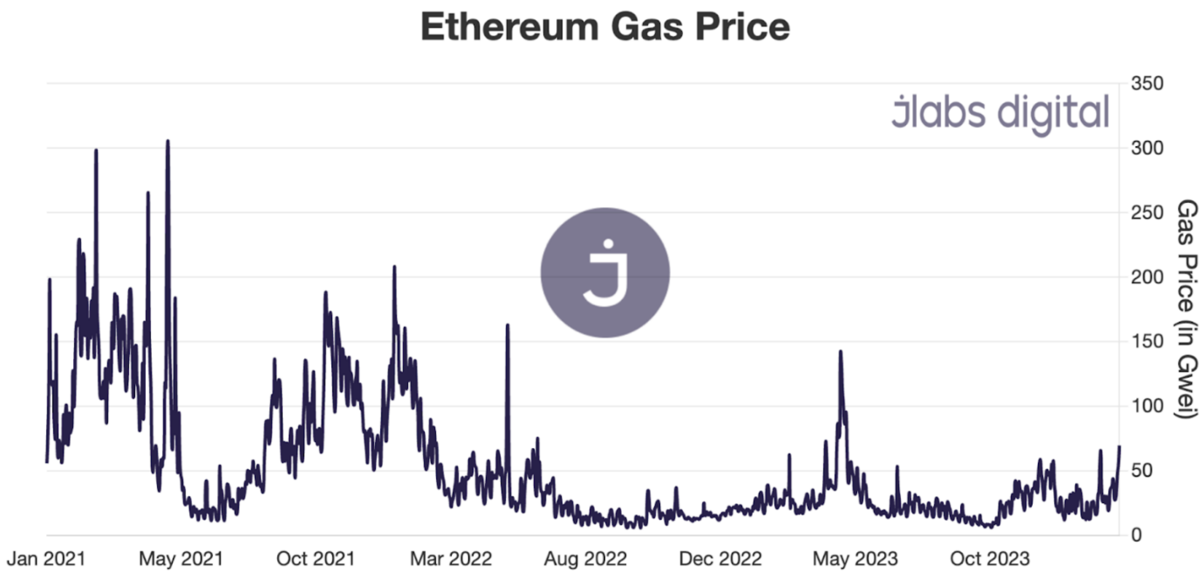


Data Source: DefiLlama

This is the lowest we've seen leverage in 18 months, a good sign for sustainable and continued growth. This signals that the current uptrend is likely in its first innings.

Network: User Strength: 10, Demand Level: 10, Demand Shock: 10

Demand Level for Ethereum is strong, a rating of 10. This strength suggests rising demand for transacting on the Ethereum network, via minting NFTs, trading ERC20 tokens, or deploying new contracts. Gas prices have been increasing from minimal levels (20 gwei) at the start of the year then substantially rising by late February (50 gwei and up). For perspective, this equates to a swap costing approximately $60 and an NFT sale $105.



Data Source: [Dune]

These levels are comparable to late 2023 but are still far from the 2021 bull market frenzy when gas often stayed above 200 gwei for days or weeks.

We expect gas to remain steady over the next few weeks and months, even if ETH experiences a pullback or consolidation.

Demand Shock for Ethereum has a rating of 10, signaling that the necessary spark for sustained activity is present and confirms the elevated ratings we are seeing for Demand Level.

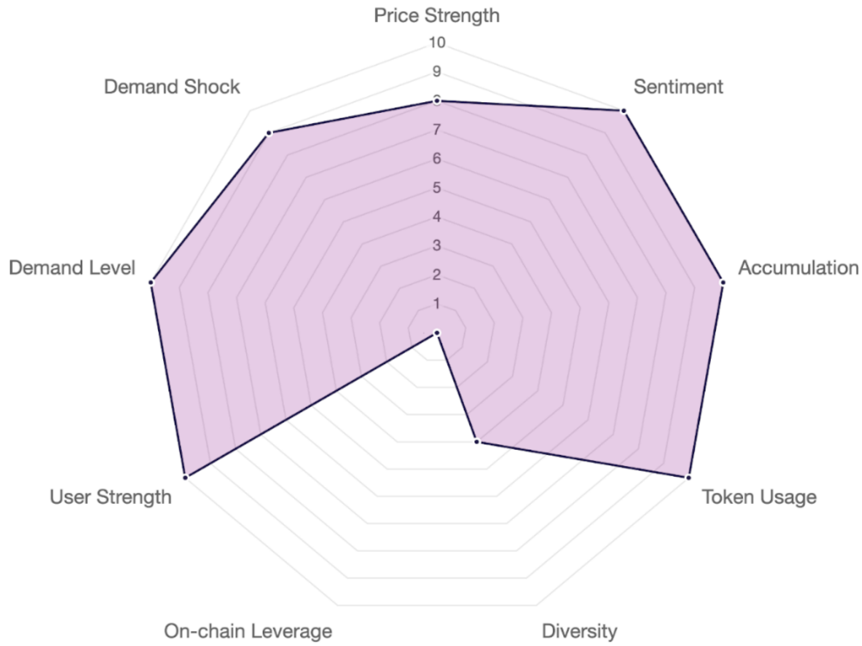
Demand Shock and Demand Level go hand in hand, both measuring on-chain activity in slightly different ways. Demand Shock is a short-time metric and quantifies outbursts in demand while Demand Level aims to measure this sustained demand and works better as a long-term indicator.

User Strength stands at a rating of 10. Contrarily to gas prices, the number of active users does not fluctuate much in Ethereum. However, data shows a small uptick over the last few weeks as activity picks up. We expect a tug-of-war between gas fees increasing, and how willing users are to pay these hefty fees during the bull market.

Ethereum boasts about 400,000 daily active wallets, a number that has been rather stable over the past two years. User Strength may experience a modest increase over the coming months but will probably remain at relatively subdued levels due to the rise in gas fees. Roll-ups should be the main beneficiary, as they will attract users for whom transacting on mainnet is too expensive. This trend will relieve some pressure felt from longer term rising Demand Levels for the network.

Ethereum in the coming months will experience a push and pull via its gas fees, users, and even usage of its tokens. It's important we track Ethereum through its growing pains as layer-one users will seek out lower fees on L2 solutions like Base, Arbitrum, Optimism, and more.

Polygon: MATIC Score 79: Neutral



Technical and network data on Polygon look strong. User Strength is particularly positive since the recent surge in active users from 400,000 to over 1 million. Demand Level is also at high levels and should keep marching higher if the surge in users is sustained.

However, its monetary metrics are causing some lagging for the network relative to ETH, BTC, and other major cryptocurrencies. Moreover, TVL has barely increased in recent months and is down in MATIC terms, and the latest move in MATIC's price might have been fueled by overleverage, as indicated by our Leverage metric. If network metrics start to decline or the market enters a consolidation phase, MATIC could very well underperform at large.

Technical: Price Strength: 8, Sentiment: 10, Accumulation: 10

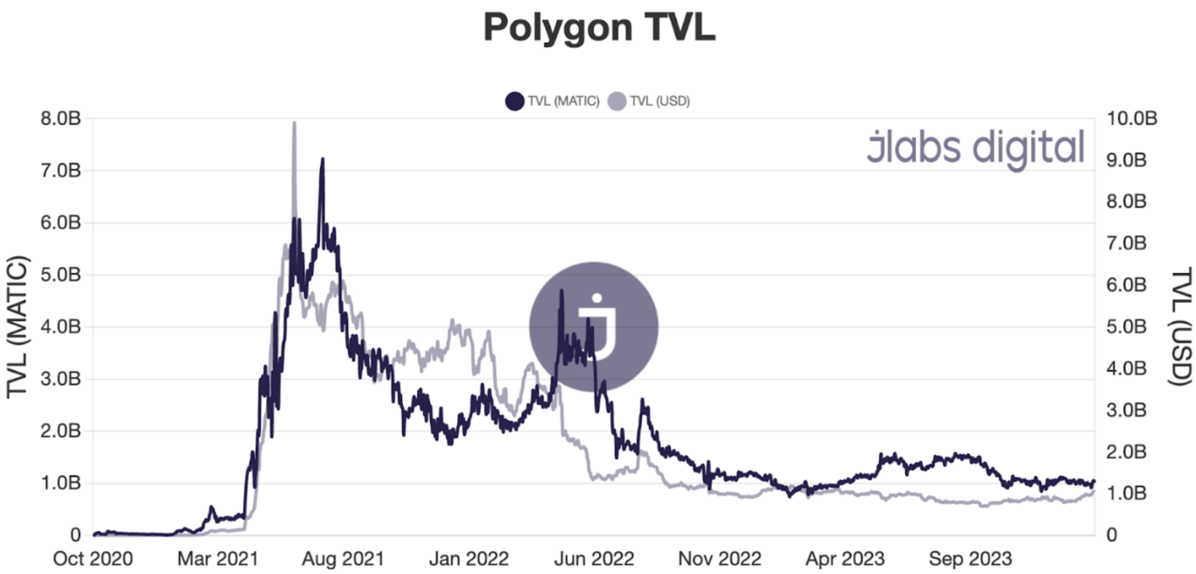
MATIC saw a strong 27% gain in February. The monthly close above the $1 level is good sign as that level has proved to be resistance in December and January. This has helped generate a Price Strength rating of 8. Expect MATIC to keep performing well as long as that level holds.

Sentiment has a rating of 10. Reviewing Google Trends, Polygon has been in constant uptrend beginning in October 2023, though it still stands at around half of the interest seen in the previous peaks of March 2022 and May 2021. Nevertheless, sentiment and attention towards Polygon have kept at very healthy and rather high levels over the bear market, and we should expect the Sentiment Rating to keep being high as the bull market develops.

The accumulation rating of 10 underscores that whales have been and are still accumulating MATIC, expecting prices to grow in the future.

Monetary: Token Usage: 10, Diversity: 4, Leverage: 0

Token Usage sits at a rating of 10. This is due to an increase in TVL (from $800 million to just over $1 billion). Notwithstanding its high current rating, the long-term trend for usage of MATIC is worrisome. Since mid-2023, TVL priced in MATIC has gone down from around 1.5 billion MATIC to 1 billion.



Data Source: DefiLlama

TVL needs to start increasing in MATIC terms soon, because if not, then analysis suggest there is not much demand to use MATIC and DeFi on the network and would point to a weak on-chain economy.

Diversity has a rating of 3. Aave, the leading protocol by TVL on Polygon, has a much higher TVL than any other protocol . The difference between Aave and the rest is very steep. Similarly, the difference between the other top protocols by TVL (Quickswap, Uniswap and Compound) and the rest is also sizeable.

Name	Category	TVL	1m Change
1 AAVE 12 chains	Lending	$497.95m	+10.08%
2 Quickswap 5 chains	Dexes	$110.01m	+7.32%
3 Uniswap 14 chains	Dexes	$93.28m	+3.43%
4 Compound V3 4 chains	Lending	$65.94m	+14.81%
5 Tangible 5 chains		$44.29m	+2.66%

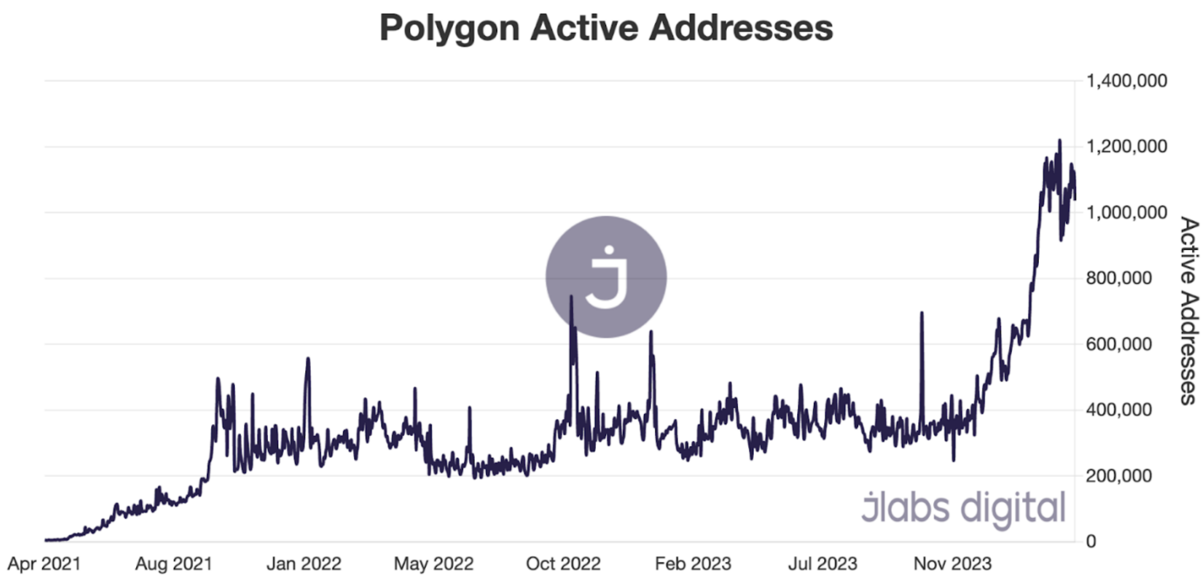
Source: DefiLlama

For Diversity metric to rise we would like to see a variety of different protocols increase their TVLs, and ideally for new protocols to spring up.

On-chain leverage has a rating of 0, indicative of an over-leveraged ecosystem prone to unwinds and liquidations if prices start going down. It is maybe expected that leverage would be high on Polygon, as the top protocol by TVL by far is Aave, a lending protocol. If more diverse protocols spring up, for instance yield, RWA or SocialFi (social finance) protocols, maybe on-chain leverage comes down as users would have more use-cases available for their MATIC tokens.

Network: User Strength: 10, Demand Level: 10, Demand Shock: 9

User Strength stands at a rating of 10. Polygon has had a consistently elevated number of active addresses, in part due to its lower gas costs when compared to Ethereum mainnet. User numbers on Polygon have jumped 2.5x since the start of 2024, from 400,000 to over 1,000,00. This increase in user base is very positive.



Data Source: [Dune]

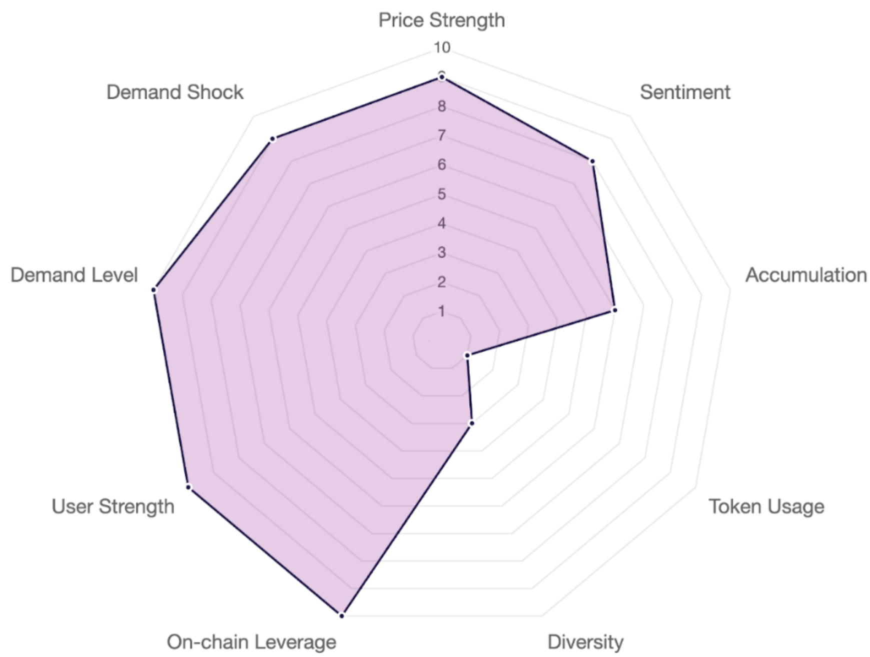
Demand Level for Polygon also has a rating of 10. Currently gas fees are oscillating around 70-120 gwei and in a steady uptrend from 40 gwei. For reference, at the start of 2023 gas was consistently above 150 gwei, with additional periods between 300-400 gwei for extended periods.

Demand Shock has a very healthy rating of 9. This indicates that on-chain activity is surging in Polygon and is a very good indicator of sustained activity in the future.

The monetary ratings articulate a network with healthy usage but a somewhat lacking and unhealthy token economy for DeFi. Healthy development of the monetary ecosystem for MATIC and other tokens within the network would include increased token usage toward productively and not just to gain leverage.

Polygon network metrics suggest the network has experienced sudden growth with remaining room to grow. The increase in users is particularly positive.

Binance: BNB Score 73: Strong



Binance Smart Chain (BSC) is a blockchain network launched by the exchange Binance. It is compatible with the Ethereum Virtual Machine (EVM), and was launched as a Proof of Stake (PoS) network. BNB is the token used as gas on BSC and garnered a lot of users in 2022 when Ethereum's gas fees went parabolic.

When we pair this use case with the fact Binance is still the most widely used exchange in crypto, it is no wonder that the network metrics for BSC look positive. However, some metrics like sentiment or token usage tell us that flows to Binance and the BSC ecosystem are not as significant as they were in the last bull market. Unless this changes, BNB remains a risky bet.

Technical: Price Strength: 9, Sentiment: 8, Accumulation: 6

Price Strength has a rating of 9. BNB has rallied over 80% since Binance founder Changpeng Zao stepped down as CEO in November 2023 as part of Binance's settlement with US agencies. In February alone, BNB rallied 33%.

The accumulation rating has a value of 6, pointing to moderate purchasing by whales. Since BNB is heavily owned by insiders, this could point to an increase in price shortly.

While sentiment sits at a rating of 8, Binance and the BSC network do not command nearly as much attention as they did in 2021. Referencing May 2021 as the peak in interest as measured by Google Trends with a value of 100, the current value is only 30. On the other hand, interest has been increasing with price, and Sentiment not at peak levels could indicate that the uptrend in BNB has some time to go.

Monetary: Token Usage: 1, Diversity: 3, Leverage: 10

Token Usage sits at a rating of 1. Akin to Polygon, TVL on BSC has been going up in USD terms but not in BNB terms. However, it looks like the downtrend in TVL (when priced in BNB) might be coming to an end. Ideally, the line in the chart below will start ticking upwards as users deposit their BNB in different protocols across BSC.

Data Source: [DefiLlama]

On-chain leverage rating sits at, 10 as BNB users are not leveraged. This points to a healthy uptrend so far.

Diversity for BSC sits at a rating of 3. The two leading protocols by TVL (PancakeSwap and Venus) hold 60% and are the same ones as the last bull market. Fortunately, a new crop of protocols are gathering TVL in BSC.

Name	Category	TVL	1m Change
1 PancakeSwap 9 chains	Dexes	$1.998b	+20.86%
2 Venus 2 chains	Lending	$1.518b	+30.55%
3 Binance staked ETH 2 chains	Liquid Staking	$604.87m	+17.24%
4 Lista DAO 1 chain		$272.56m	+0.12%
1 Helio Protocol 1 chain	CDP	$257.86m	+53.77%
2 Synclub Staked... 1 chain	Liquid Staking	$164.86m	+57.69%
5 PinkSale 6 chains	Launchpad	$243.02m	+36.51%

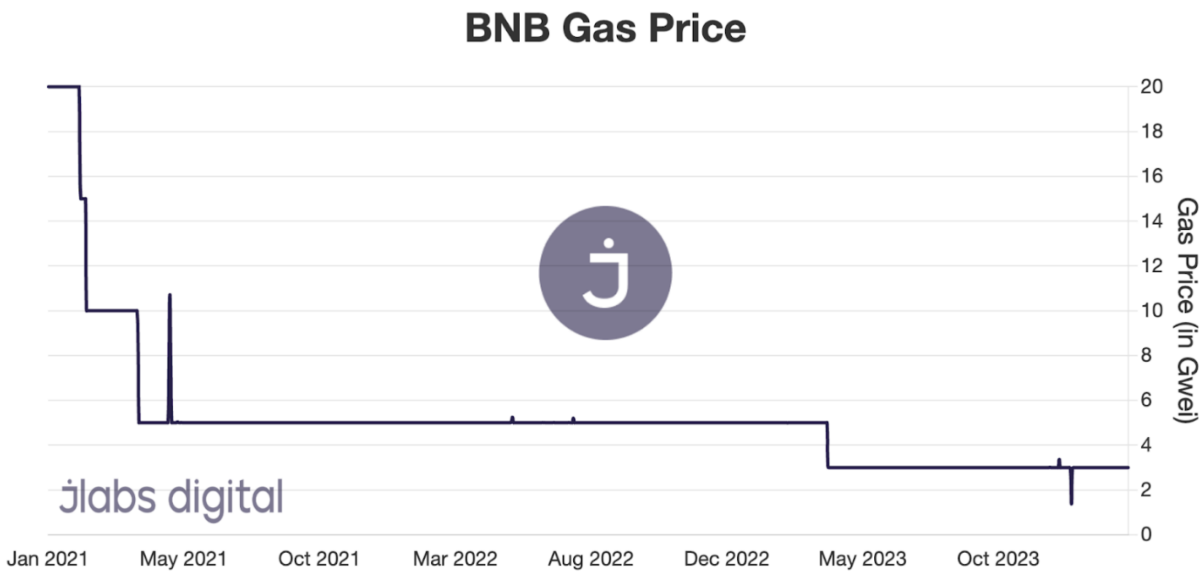
Source: DefiLlama

Emerging protocols include the following: Binance staked ETH and Synclub for liquid staking, PinkSale as a launchpad, and Helio as a collateralized debt position protocol (CDP). Having new protocols that gather TVL is a huge positive for the network.

Network: User Strength: 10, Demand Level: 10, Demand Shock: 9

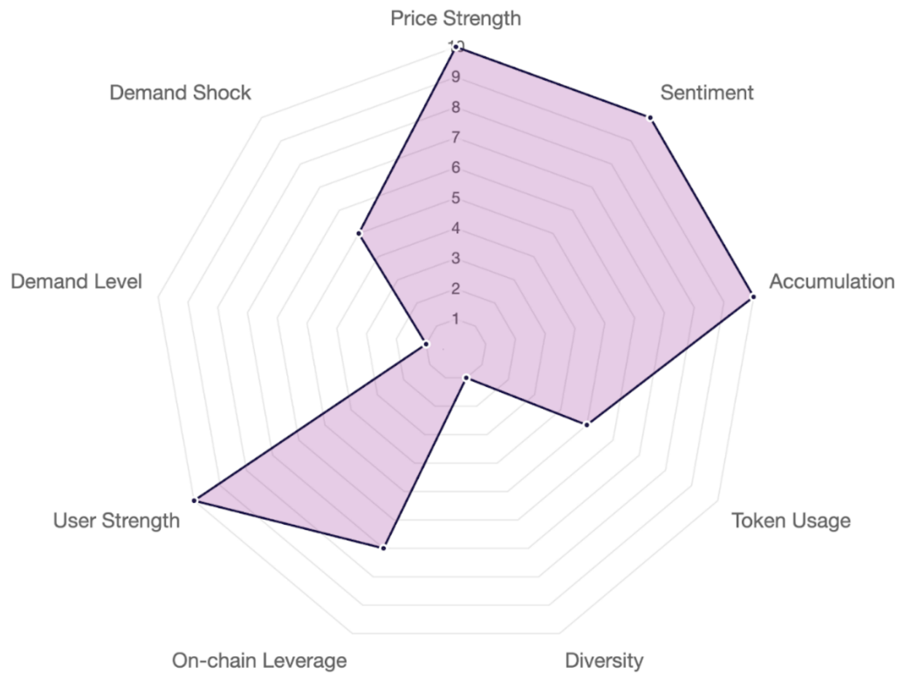
User Strength sits at a rating of 10. BSC has a consistently high number of users---upwards of 1,000,000 for months straight---largely due to fees in BSC being much lower than on Ethereum and because Binance has funneled its users towards BSC. Since reaching a plateau of around 900,000 daily users around October/November 2023, the number of users has been steadily marching upwards and is now around 1,400,000. We expect this to continue as the bull market develops.

Demand Level has a rating of 10, with Demand Shock at 9. Gas fees in BSC work a bit differently than in other chains as they are decided upon by BSC validators. Validators change fees according to the health of the ecosystem; the last time they changed fees was in April 2023---a drop of 5 gwei to 3 gwei with the intention of stimulating growth.



Data Source: [Dune]

Avalanche: AVAX Score 66: Bearish



The technical ratings for Avalanche are strong, and user activity is picking up. However, the user base isn't as sticky as it was in 2021; data indicates that users tend to leave the network quickly as the price declines. For Avalanche to improve its ratings, token usage needs to increase, and the number of users and network demand must grow and remain high for longer periods. Additionally, sentiment and attention around Avalanche are not rising in tandem with the price. If these factors don't improve, the positive price action is unlikely to be sustained.

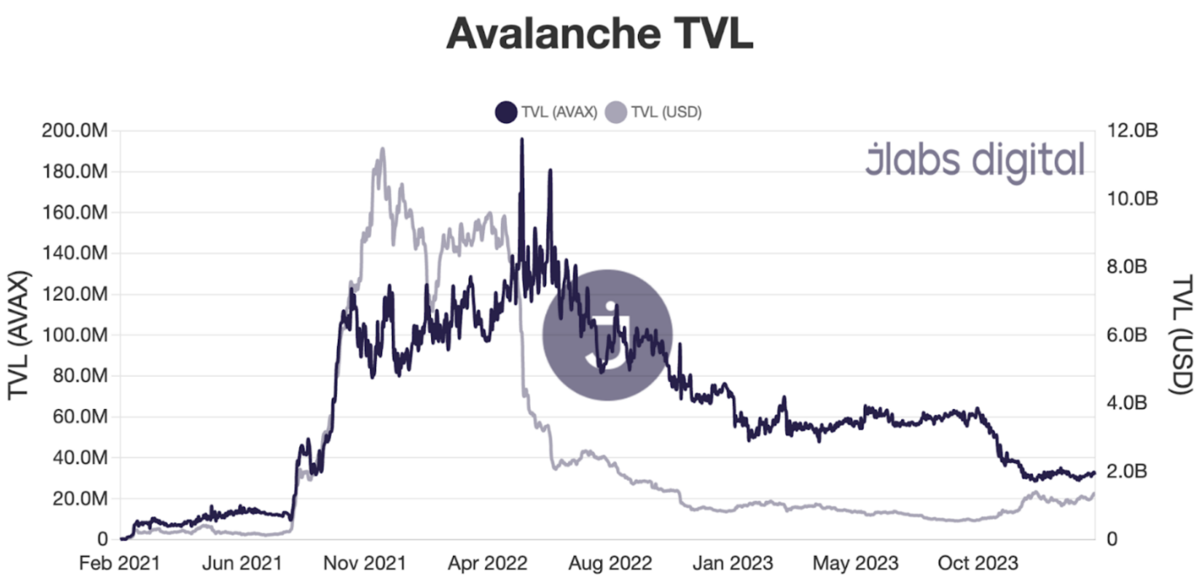
Technical: Price Strength: 10, Sentiment: 10, Accumulation: 10

Price Strength for Avalanche stands at a rating of 10. The 23.5% gain for AVAX is rather modest when compared to ETH (underperforming by 15%), BTC, and other major and L1s. Price is still below the local peak of December 24, 2023. Ideally, we would like to see AVAX break above those highs with conviction and catch up to other majors.

Accumulation and Sentiment are also at a peak rating of 10, showing whales accumulating AVAX with an increase in interest by the broader market. Sentiment, however, is at a lower level than the previous local top when measured by Google Trends. These readings came off the back of a 450% surge off the lows, thus sentiment measures are biased. Still, Avalanche passing those highs would indicate that the interest in Avalanche is growing as the bull market progresses.

Monetary: Token Usage: 5, Diversity: 1, Leverage: 7

Token Usage for Avalanche has a respectable rating of 5. The rise in price for AVAX means that TVL has more than doubled to $1.2 billion since the trough in October 2023. However, if we look at TVL in AVAX terms, the picture becomes rather bleak.



Data Source: [DefiLlama]

TVL measured in AVAX has dropped by more than half since the start of the rally. This needs to pick up as TVL asymmetric to prices may indicate that the monetary side is not in line with the price increase and, therefore, this move does not have legs.

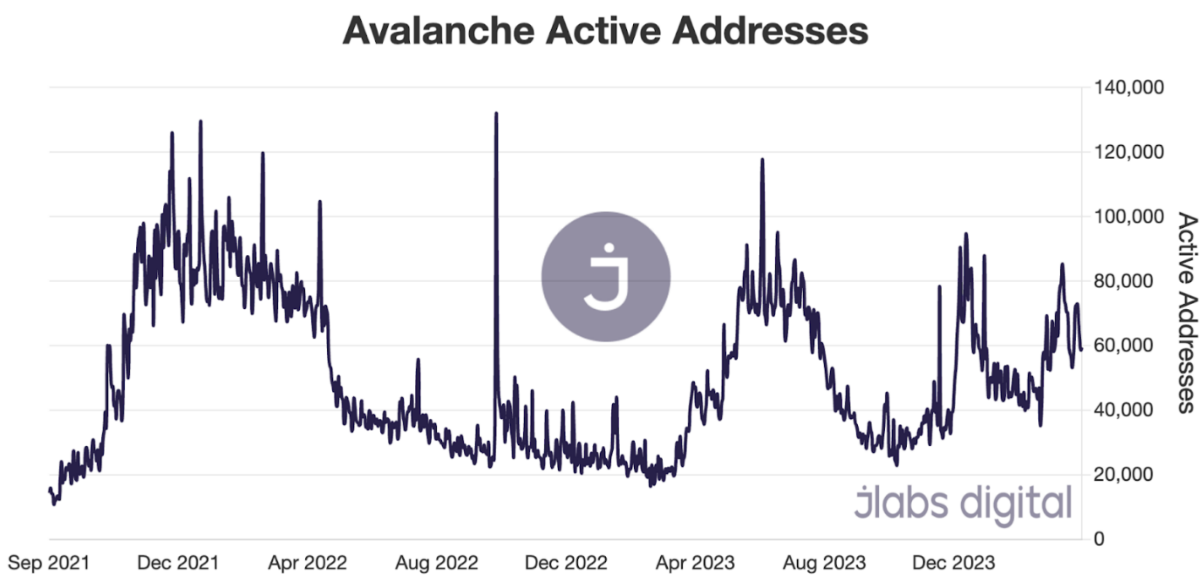
On-chain leverage sits at a rating of 7, suggesting that the market is not overleveraged, and the rally is healthy.

Diversity has a rating of 1. The avalanche ecosystem has several differentiated protocols with high TVL: at the top, BenQI for lending and liquid staking; Aave only for lending; Trader Joe as Avalanche's main DEX; and GMX for derivatives---all launched two or three years ago. The principal issue is the lack of new protocols with sizable TVL. The avalanche ecosystem would benefit from innovation and new protocols launched on Avalanche as the bull market progresses.

Network: User Strength: 10, Demand Level: 1, Demand Shock: 5

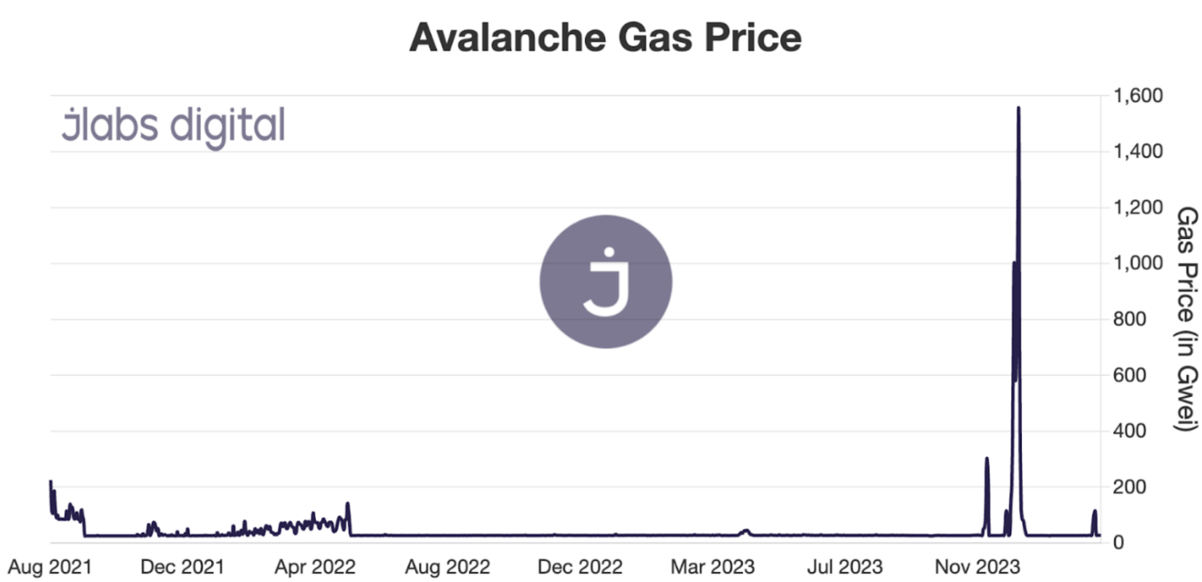
User Strength stands at a rating of 10. Users have come back to Avalanche, a positive development. Back in the summer of 2023, user levels matched the levels of the previous bull market, and again in late December 2023 (although for a shorter period this time).

User activity on Avalanche seems to be trending positive, especially after the bouts of activity in 2023. Data suggests that active users per day dropped to 20,000, surged, then dropped again to around 40,000. The current number of users moved higher again; if sustained, this may be a sign of things to come and would bode well for the health of the network.



Data Source: [Dune]

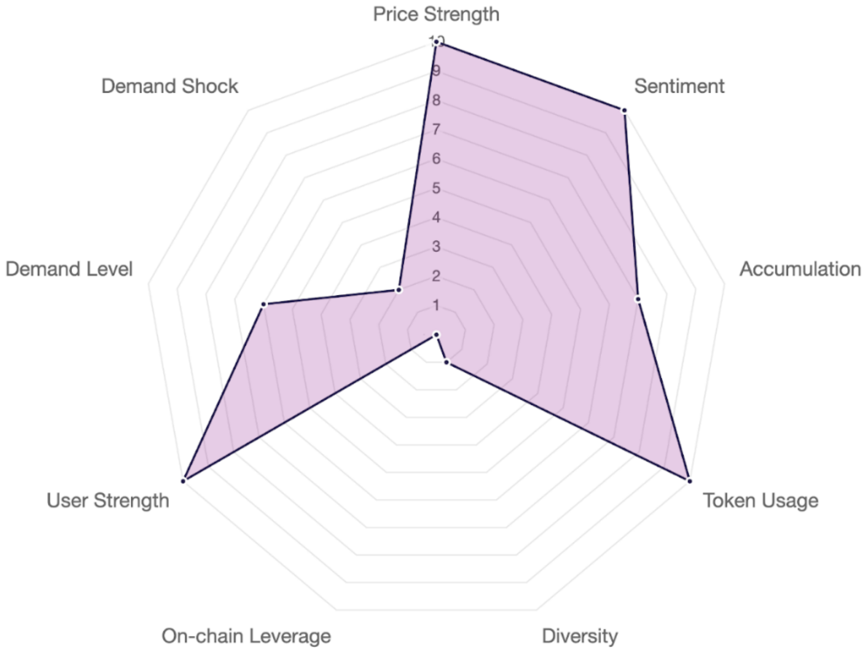
Demand Level has a rating of 1. This metric needs to rise to confirm usage of the Avalanche network is increasing. Low gas fees the past two years indicate low demand. The only times when they have increased dramatically were from a wave of inscriptions, like those seen on the Bitcoin network. In these instances (the spikes in December 2023 and February 2024) inscriptions dominate more than 90% of all transactions. In February, inscriptions resulted in the network being halted as the block production was interrupted.



Data Source: [Dune]

Demand shock has a rating of 5. This indicates that there has been a moderate uptick in activity on Avalanche. However, this is probably not enough to drive a long-term pick up in usage of the network. A bigger surge in activity, as reflected by the Demand Shock rating, is probably needed to a higher level of sustained activity.

Solana: SOL Score 62: Neutral



The technical metrics look strong, but recently, the network and monetary metrics have dipped slightly. After maintaining high levels since October (9-10 for most ratings), metrics like Diversity, Demand Level, and Demand Shock have started to decrease even as the price rises again. This could explain the underperformance compared to BTC and ETH. If network metrics begin to rise again, and monetary metrics and the number of users continue to grow, it would indicate a stronger network and likely lead to higher prices.

Technical: Price Strength: 10, Sentiment: 10, Accumulation: 10

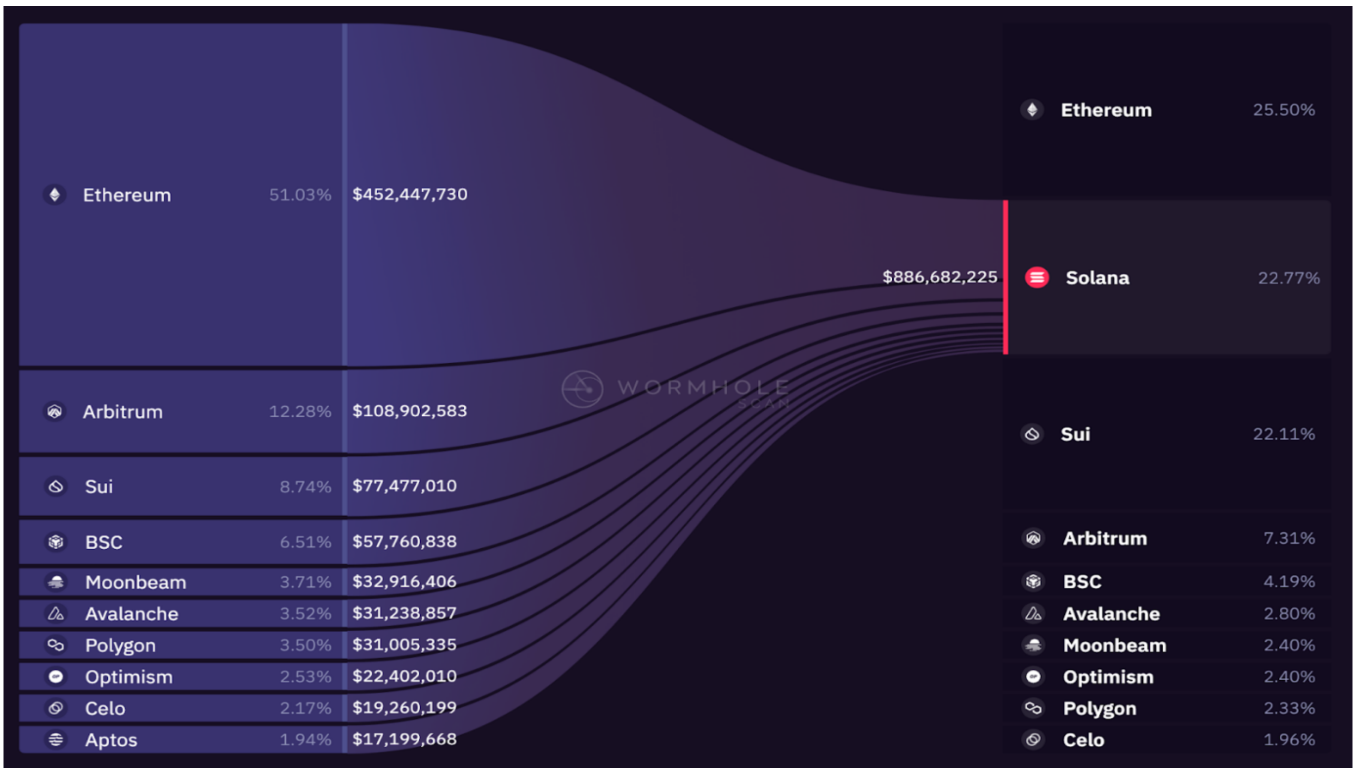
Price Strength has a rating of 10 for Solana. February saw a 30% gain, underperforming ETH and BTC by 10% but in line with other majors and L1s. At the end of the month, SOL just managed to rise above the highs set in late December. If SOL can stay above the highs at $125, the consolidation phase should be over, and Solana will continue the rally towards $200.

Both Accumulation and Sentiment are also at a rating of 10. Whales keep accumulating even as price inches higher. Sentiment made a new all-time high when measured in Google searches back in December 2023; currently it is now inching higher after a period of consolidation. Should Sentiment follow price and rise above the recent local top, a confirmation that interest in Solana is growing. Were sentiment data not to do so would indicate that interest is waning and the rally in SOL may be short-lived.

Monetary: Token Usage: 10, Diversity: 1, Leverage: 0

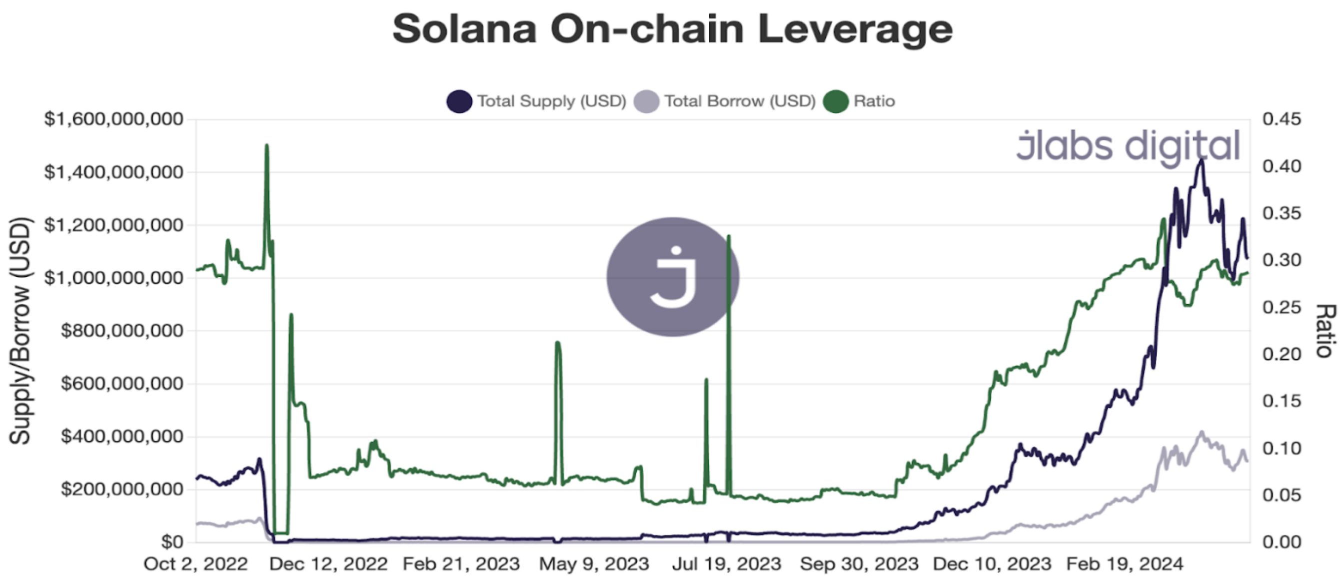
Token Usage sits at a rating of 10. All data available indicate that the monetary activity is strong in the Solana ecosystem. TVL is up in both USD and SOL terms, up from $200 million at the bottom in early 2023 (after the FTX debacle) up to $4 billion now. In SOL terms, TVL has gone from 10 million SOL to 20 million SOL

A net inflow of assets from other chains are channeling into the Solana ecosystem: through Wormhole, a net flow of $120 million from Ethereum to Solana in the past 3 months; through DeBridge, a net flow of $30, $15 and $10 million from Ethereum, Arbitrum, and BNB respectively. The only sizable outflows from Solana have been to Base, approximately $2 million over the past 90 days.



Source: [Wormhole]

On-chain leverage has a rating of 0. Simply stated, the SOL market is too leveraged. Overleveraging could spell trouble ahead, especially if SOL price starts inching lower as that would force borrowers to deleverage and could lead to liquidations.



Data Source: DefiLlama

Diversity has a rating of 1. Over one-third of all Solana TVL is concentrated in the two top protocols, Marinade and Jito; both are staking and liquid staking providers. Other liquid staking providers also represent a sizable chunk of the TVL. Two examples of protocols not related to liquid staking are Kamino (lending and liquidity management) and Pyth (an oracle). Hopefully an increase in protocols arrive and gather popularity in Solana and help spread TVL.

Network: User Strength: 10, Demand Level: 6, Demand Shock: 2

User Strength has a rating of 10. Users have come back *en masse* to the Solana network since the bottom in the 2023 summer. The number of users has grown 6x (from 200,000 to 1.2 million at the recent peak), and rivals the numbers from the previous bull market. For the number of users to keep growing or stay around recent highs in the coming weeks would indicate that the growth in user base is sticky.

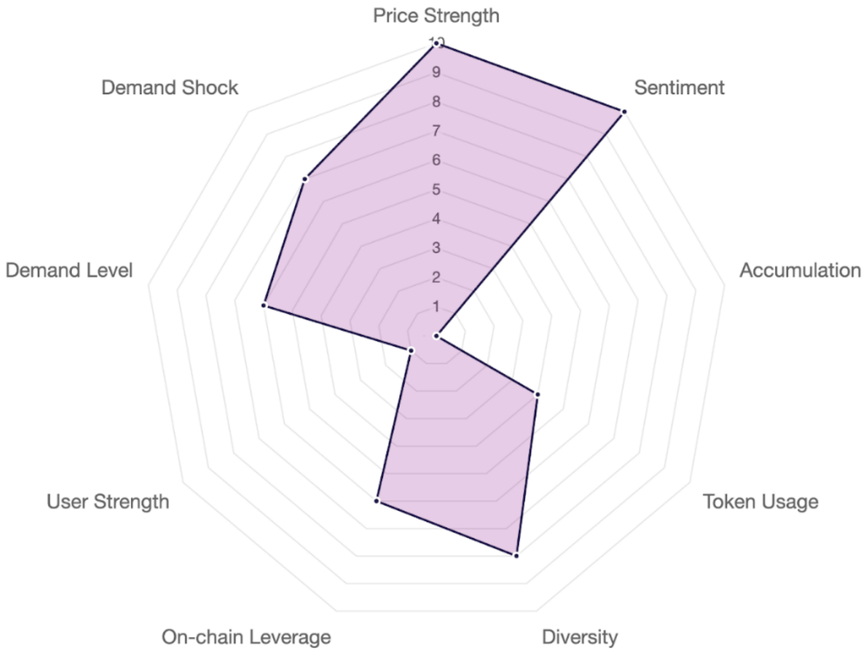
Source: [Artemis.xyz]

Demand Level sits at a rating of 6. Although demand level has been on the rise in past weeks, it is still rather low and does not signal a meaningful increase in demand for transacting on-chain.

Demand Shock has a rating of 2. Ideally, this would inch higher in the coming weeks days and weeks and signal that on-chain activity has rebounded once again in Solana.

Fantom: FTM

Score 58: Neutral



Fantom is trying to stage a comeback for the history books, and it looks like it might pull it off. Attention and sentiment are rising as the price surges, and the team hints at a major overhaul that would greatly increase Fantom's performance. Users are coming back to the network, although the money flows are still muted.

If the Fantom team delivers on their promises and the upgrade proceeds smoothly, Fantom is likely to re-emerge as a major Layer 1 contender.

Technical: Price Strength: 10, Sentiment: 10, Accumulation: 0

Price Strength for Fantom sits at a rating of 10, posting a 31% gain in February. With daily RSI at 70, however, it still has room to grow.

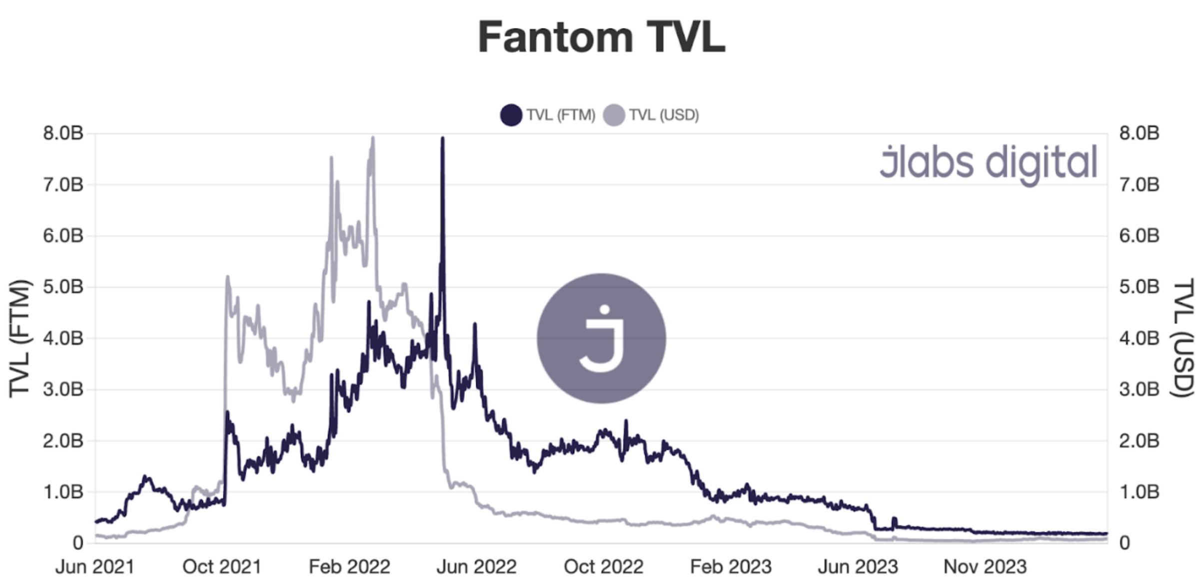
Accumulation has a rating of 0. This is quite the anomaly, but perhaps not that surprising: Fantom experienced the hack of its largest bridge (Multichain) which resulted in most of the stablecoins in Fantom being unpegged. The total market cap of all stablecoins on Fantom went from almost $5 billion by the end of the last bull market to around $300 million by the end of 2023.

The hack, coupled with the fact Fantom had rather high on-chain leverage that had to be unwound during the bear market, turned most of Fantom users and developers away from the chain. This was exemplified by SpiritSwap, the second largest DEX by volume and TVL, shutting down.

Sentiment sits at a rating of 10. Andre Cronje, founder of Fantom, has been [sharing](#) news of up-and-coming Sonic upgrade that would increase Fantom's speed to rival that of Solana and other high-performance chains. The excitement for Sonic is likely driving attention towards Fantom.

Monetary: Token Usage: 4, Diversity: 8, Leverage: 6

Token Usage sits at a rating of 4. The low value is rather expected, as DeFi in Fantom has been lackluster since the Multichain hack in July 2023. Indeed, if we chart TVL in FTM terms it has been in a steady downtrend for all of 2023 and 2024. Still, Fantom is up three-fold in USD terms from the bottom.



Data Source: DefiLlama

On-chain leverage sits at a rating of 6. This is healthy, as on-chain users are not too overleveraged. In this case, the rating may point to the fact that Fantom DeFi is not being used much currently.

Diversity has a rating of 8. TVL in Fantom is well distributed across different protocols, with quite a few having sizable TVLs (relative to the total of the chain). However, most top protocols are DEXs and yield aggregators. An expansion of diversity in the type of protocols that exist in Fantom would be a positive for the network.

Network: User Strength: 1, Demand Level: 6, Demand Shock: 7

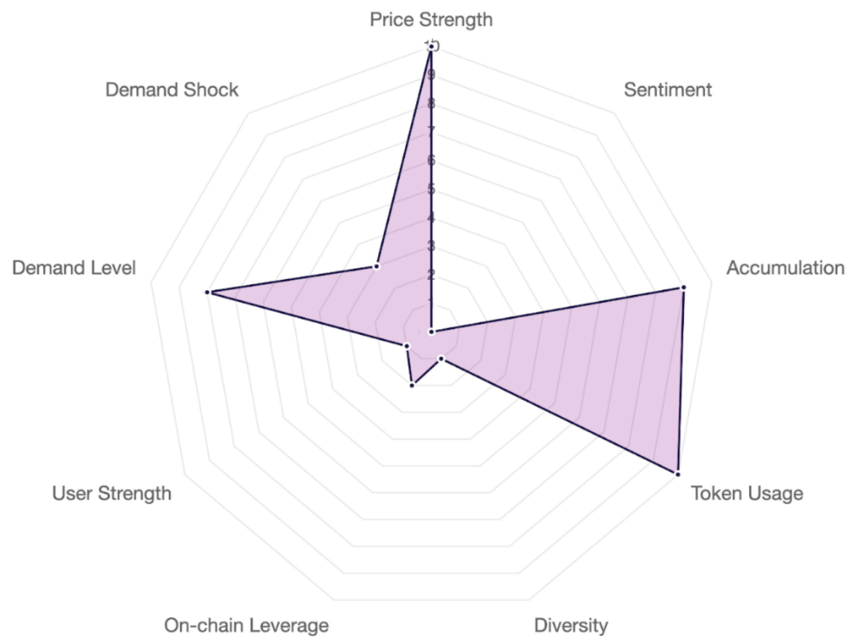
User Strength has a rating of 1. This very low rating points to the fact that users have not come back to Fantom since the hack. A rise in this rating to would indicate users are coming back, otherwise the recent FTM rally might be unsustainable.

Demand Level sits at a rating of 5. On-chain usage has been in a steady uptrend for February and gas fees stand at around 100 gwei currently. With room to grow, an expectation of a higher Demand

Level rating would be a positive development and signify users returning to Fantom in earnest.

Demand Shock has a rating of 7, suggestive of a modest and rapid increase in on-chain activity. However, this needs to inch higher to indicate a more robust uptick that would probably lead to more sustained activity.

Bitcoin: BTC Score 49: Neutral



Bitcoin's technical ratings are looking good, particularly Price strength. However, Sentiment being this low as price increases is usually a bearish indication.

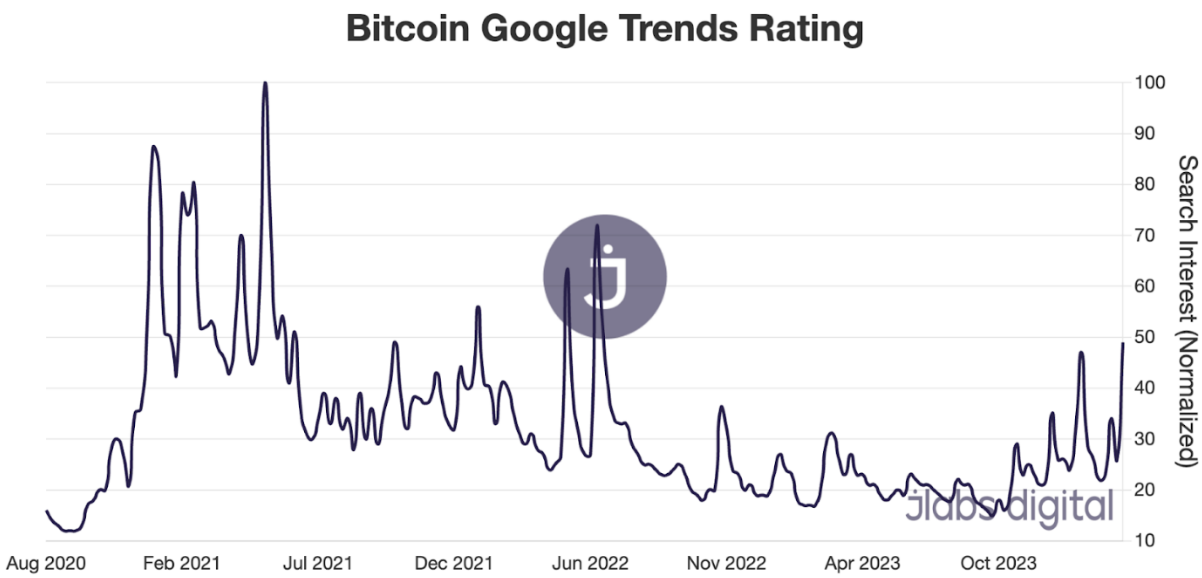
The network ratings indicate good demand but still need an increase in users for more robust ratings. The use of BTC and Ordinals being used in the ecosystem is a positive. However, if additional on network use cases don't manifest, the Bitcoin network won't accrue as much value as its smart-contract-based counterparts. This means price action will be dependent on flows to ETFs and the "digital gold" narrative.

Technical: Price Strength: 10, Sentiment: 0, Accumulation: 9

Price Strength rating stands at a level of 10. February saw a 43.5% gain, reminiscent of the rally in November 2020 of 42.8% just before Bitcoin surpassed its all-time high. This was the best monthly performance in 4 years, even outpacing the 39.8% recovery from the FTX implosion.

Some indicators are showing signs of possible exhaustion/overheating. For instance, the weekly RSI sits at 87 currently. The last time that the weekly RSI was at similar levels was before it broke ATHs in December 2020. Once the previous peak was broken, Bitcoin more than doubled over the following two weeks before its first correction came. During bull markets, understanding that assets can remain overbought for prolonged periods is fundamental.

Sentiment has a rating of 0. While interest and attention on Bitcoin have been rather high, Sentiment has probably reached a peak for now and has since taken a downturn. This happens often around local tops or periods of consolidation. Nonetheless, we expect the Sentiment rating to pick up again in the coming weeks as Bitcoin gathers more attention from the broad public. Google Trends data shows that sentiment levels are still far off from the levels seen in 2021.

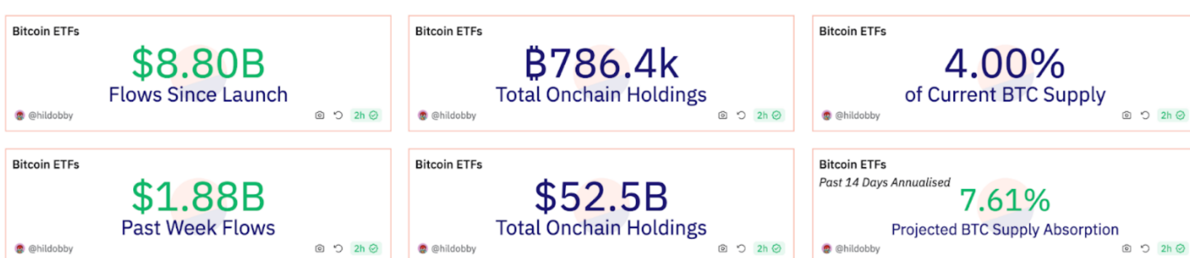


Data Source: [Google Trends]

Taking May 2021 peak as 100, the current level is around 50. Interestingly, this level of attention is comparatively higher than what we saw the last time Bitcoin broke all-time highs, potentially suggesting a growing interest in the cryptocurrency space.

The Accumulation metric has a rating of 9. While whales and sharks are decreasing their holdings, smaller investors smaller investors are stepping up.

Importantly, the talk of the town and indeed the main driver of the market are the Bitcoin ETFs. Since their launch, Bitcoin ETFs have seen a staggering $8.8B in inflows, with no signs of slowing down. The last week of February alone saw an impressive $1.8B in inflows.



Source: Bitcoin ETFs Dune dashboard by @hildobby

As of now, ETFs hold 376,000 Bitcoin, and including Grayscale's holdings, that number jumps to 786,000 BTC---approximately 4% of the total Bitcoin supply. ETF flows are the key factor in Bitcoin's current price action and are likely to continue shaping the market in the upcoming bull run.

The technical metrics for Bitcoin are elevated and taking a bit of a well-deserved breather in the case of Sentiment. The expectation is that these metrics stay elevated at high levels if BTC breaks out above ATHs decisively in the coming weeks.

Monetary: Token Usage: 10, Diversity: 1, Leverage: 2

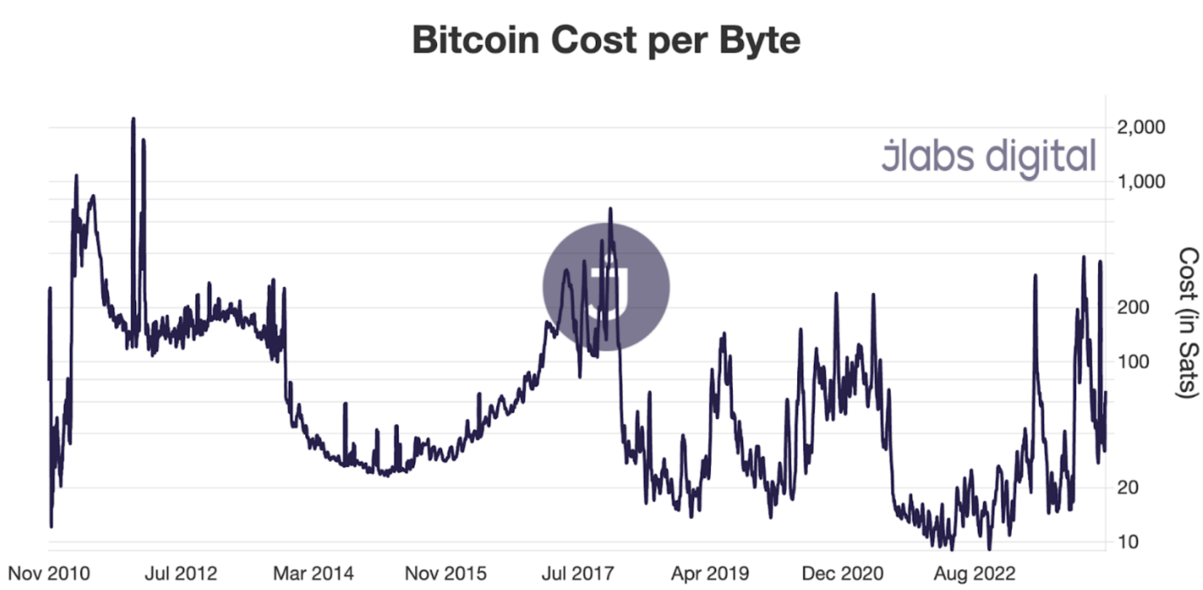
Token Usage has a rating of 10. While there are not many different protocols on the Bitcoin network, users are increasingly deploying BTC at the few that exist. Users are also bridging and using BTC in other chains, such as with wrapped Bitcoin on Ethereum. Because users and developers alike have taken an interest in Bitcoin unseen in years, this metric will more than likely remain at elevated levels.

Diversity stands at a rating of 1. A low rating is expected for this metric since there are a few different opportunities to use BTC on the Bitcoin network, though with the increase in developer interest this may change. Aside from Ordinals, a few Bitcoin L2s like Merlin's Seal are set to launch soon. This should drive usage of BTC and diversity on the Bitcoin network and its L2s and sidechains higher.

Leverage has a rating of 2. A rating of 2 indicates a high value of borrowed assets versus the value of supplied assets and hence a dangerous spot in the markets, where a dip in BTC price might cause forced selling and liquidations. As such, this indicates that users have been borrowing more assets from their BTC holdings that are supplied to lending protocols on-chain.

Network: User Strength: 1, Demand Level: 8, Demand Shock: 3

Demand Level has a rating of 8, indicating a high demand for transacting on the Bitcoin network, but with some room to grow. The cost to transact on the Bitcoin network has already surpassed the peak of the last bull cycle and is reaching levels not seen since 2017-2018.



Data Source: [Dune]

This surge in transaction costs can be attributed to the increasing adoption of Ordinals and Bitcoin NFTs. When Ordinals first appeared, there were doubts about whether they were a fad or a permanent addition to the Bitcoin ecosystem. These doubts have now all but disappeared. Should the adoption of Ordinals continue, Demand Level will likely stay at very elevated levels over the coming months and the fees on Bitcoin will likely rise to levels not seen in the last 5 years.

Demand Shock has a rating of 3. This is rather low; seeing this rating more higher would indicate that on-chain activity is increasing on Bitcoin. The last period in which demand shock was high was in November and December 2023, the time leading up to the BTC ETF launch. This rating has been subdued and down-trending ever since the ETF was approved, signaling that this recent rally was due more to flows (ETF) than organic demand to use the network.

User Strength has a rating of 1. The number of unique daily addresses has remained relatively constant at around 500,000 over the past 2 years. This suggests a solid base of users interacting with the Bitcoin network that does not oscillate much. It will be interesting to see if the drivers of this bull market (Ordinals, the ETF, Bitcoin L2s) succeed in attracting more users to the Bitcoin network.