Tokenomics Research On Aptos by Rubiks Hub 21-OCT-2022

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In every Blockchain, there is a difference between Token Economics, Tokenomics, and Token Economy. A project might have a good Tokenomics but with a bad Token Economy, causing a rift in the project value. Thus, don't make a decision based on the paint, but the chemicals. As such, none of my thread statement is a Financial Advise, just a reference to what the project is built upon. Make a wise decision.

Aptos Foundation was created with the mind-set to envisage scalability. According to it's whitepaper, their model is based on cloud infrastructure,, as scalable and cost-effective platform for building widely used application. They raised $150M funds in July. Raised more before then, all amounting to $600M.

Aptos Token Design Policy

Aptos as said earlier, is built with the use case of scalability. However, there are several use cases behind the existence of $APT. They are:

1. Security.

2. Native integration of Move.

3. Modular Transaction Processing.

4. Latency Decrease.

Other Use cases involves architecture and its scaling solutions. You can read more at CoinMarketCap or the project's PDF whitepaper. Aptos foundation business model is to raise a wide adoption of Web3 and Blockchain to the universe. $APT is built for both a Utility and Governance reasons. It's Utility functions are:

1. Interoperability > To Increase Compatibility.

2. Rich On-Chain Properties > Flexibility (Allow Users to define their own token properties.).

Valuation

Currently, $APT is valued is cost at +/-$7, with a market cap of $950M, It's FDV is currently at $1.36B.

Aptos Token Valuation

Current Price value: Using the formula P(e)^rt -P, we calculate value of the changes in the token price since launch, given as;

7(e)^0.1 – 10.43 = (-2.66).

The price valuation came out negative due to the drastic drop that effected from the massive Airdrop by the @AptosFoundation The general Token Value (Asset value) is calculated as:

{10.43+ (1.89-10.43) * 0.1 * (1-0.03) * 200,000,000 = $429.24M.

The estimated token value from inception is calculated to be $429M. With this, the Aptos foundation is built with several ecosystem incentives around validators, public full node, indexer full node, explorer, dApps, ANS, etc. The current staking ROI is also valued at 7%.

Aptos Foundation Token Architecture

A. Supply

The $APT total supply is valued at $1.03B with a circulating supply of +/-$200M (yesterday at $130M), and $800M+ staked. The information above implies that by nature, $APT is Deflationary. With the $APT airdrop, supply overshadowed demand. However, other ecosystem activities started to create balance right after the airdrop. Activities such as Aptos Nfts, Aptos Name Service (ANS). These would structure Aptos Foundation demand structure in the early period. From the Tokenomics, 80% of $APT is locked via staking, with majority being early investors and Private firm/sale allocation. This is done with a 6.25% of the token to be released after a year, 1 month. The unlock mechanism for the token would create a supply shock. The supply shock specified above is due to the release structure of 6.25% monthly release until the 18th month, that is, on a 6 month roll. No matter what the percentage 9f release is, 6.25% of a firm's withdrawal is going to grow an effect on the secondary market. After A year and a half, monthly, 2% of the token gets released monthly until 4 years is done.

The question that lie here is the staking rewards structure, which in details have not been released yet. Only that 7% rewards are allocated. Is it a sustainable reward?

After 18 months and beyond, the new supply changes can be calculated using the formula below;

T= {S0 (1+E/R)-1}:

S0- Initial $APT Supply.

E- New cost payable to get the $APT token

R- $APT token Reserve Ratio.

Aptos Token Demand Structure

The structure built upon the Aptos Token to curate demand is based on the Protocol Activities. Lately, there have been a surge in the NFT projects of Aptos foundation. Thus created a demand for $APT again allowing supply to create its own demand. However, very important is it to note that only consistency would create catalysts for solidity to exist on the Blockchain. This would always allow for a structural equilibrium measures to be built.

B. Burning

There is no specific burning model for $APT. Transaction fees are burnt.

C. Distribution

According to the distribution, majority of the tokens were purposed for the community. After launch, a few percentage of the circulating supply stipulated for the community were directed towards Airdrop, 20M $APT, some will be used for grants, others as planned.

Personally, Aptos over incentivized it's community. However, the structure of distribution shows that they have to start rewarding other incentives. The emission structure for Aptos is too big and too long.... For a period of four years, on a monthly basis, they would keep emitting the tokens of people that invested in them during presales and staked... And also larger investors. 80% of their supply are for investors. Killing sustainability. Eventually, there is no way to structure incentives now as we speak.

Thank you.

Read more and match up images with my thread

Signed

Rubiks.