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January 2025

Monthly Market Recap

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Market Performance

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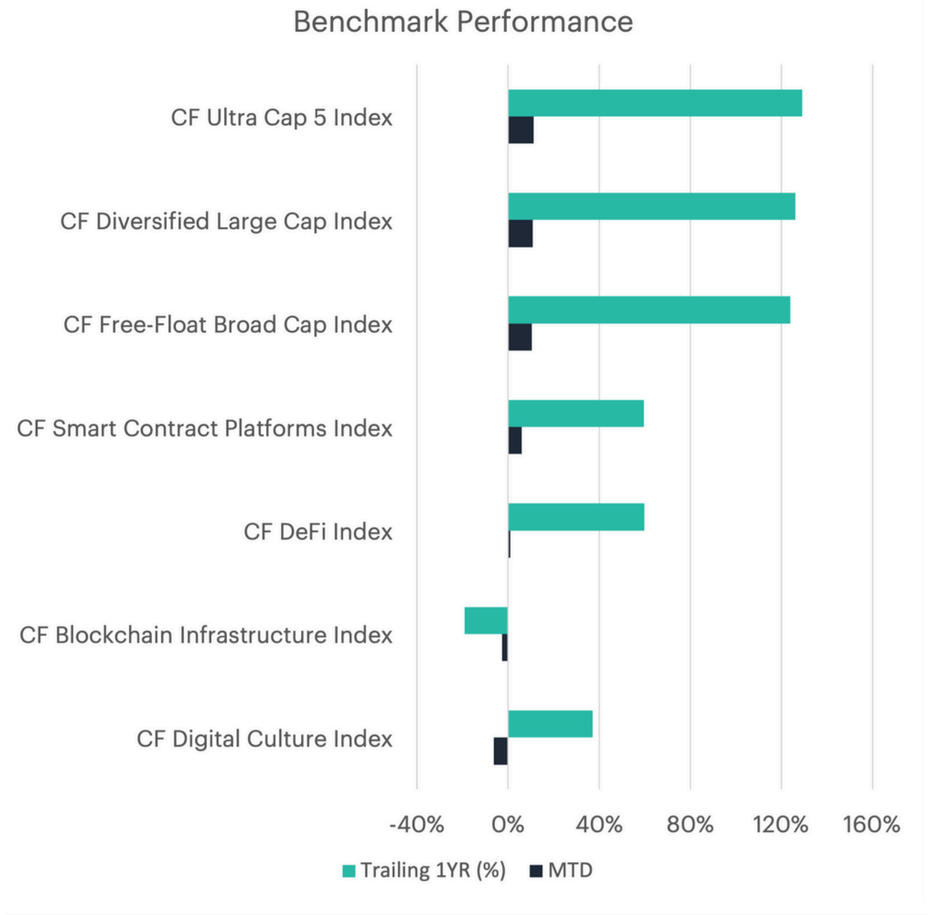
Policy Tailwinds Usher in New Highs as Fed Pauses



All index performance is rebased to 100.
Source: CF Benchmarks, Bloomberg, as of January 31, 2025

Market Summary

Digital assets kicked off the new year on a positive note. President Trump issued an executive order on digital financial technology, establishing a new Presidential Working Group to develop comprehensive federal regulatory frameworks for digital assets. This coincided with the SEC's strategic moves to ease cryptocurrency regulations, including the repeal of SAB 121 and formation of a dedicated Crypto Task Force under Commissioner Peirce's leadership. The cryptocurrency market reflected this favorable regulatory change, with Bitcoin reaching a new high, breaking above $109,000 on the CME CF Bitcoin Real-Time Index. Meanwhile, the Federal Reserve maintained its cautious stance, holding rates at 4.25-4.50% amid ongoing inflation risks considerations.

Our CF Ultra Cap 5 Index led market performance, rising 11.12%, reflecting strong large-cap crypto resilience. The CF Free-Float Broad Cap Index and CF Smart Contract Platforms Index followed, increasing 10.28% and 5.86%, respectively, benefiting from positive investor sentiment. Conversely, the CF Digital Culture Index and CF Blockchain Infrastructure Index lagged, declining 6.24% and 2.68%, indicating weaker investor sentiment in niche digital assets. Meanwhile, the CF DeFi Index finished the month mostly unchanged, closing 0.82% higher.

Gabe Selby, CFA
Head of Research

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Research Analyst

Major Crypto-Pairs

Name	Category	Sub-Category	Segment	1 Month	3 Month	1 Year	30 D Volatiltity
Ripple	Settlement	Non-Programmable	Store of Value and Payment	44.9%	497.8%	502.9%	67.63
Stellar	Settlement	Non-Programmable	Store Of Value And Payment	24.8%	348.6%	276.8%	74.72
Chainlink	Services	Utility	Oracles	24.5%	118.6%	64.3%	75.02
Litecoin	Settlement	Non-Programmable	Store Of Value And Payment	23.7%	86.5%	92.6%	95.70
Solana	Settlement	Programmable	General Purpose Smart Contract Platforms	19.4%	35.9%	137.0%	76.83
Hedera	Settlement	Programmable	General Purpose Smart Contract Platforms	14.2%	562.2%	341.2%	77.06
Algorand	Settlement	Programmable	General Purpose Smart Contract Platforms	13.4%	231.5%	139.2%	90.11
Cardano	Settlement	Programmable	General Purpose Smart Contract Platforms	11.4%	176.9%	90.2%	69.97
Bitcoin	Settlement	Non-Programmable	Store Of Value And Payment	9.0%	46.0%	140.5%	37.79
Aave	Sectors	Finance	Borrowing & Lending	7.9%	132.0%	287.3%	84.83
Ethereum Classic	Settlement	Programmable	General Purpose Smart Contract Platforms	6.6%	45.5%	10.4%	58.89
Dogecoin	Settlement	Non-Programmable	Store Of Value And Payment	3.2%	108.1%	315.7%	74.72
EOS	Settlement	Programmable	General Purpose Smart Contract Platforms	0.4%	79.3%	14.7%	80.54
Ether	Settlement	Programmable	General Purpose Smart Contract Platforms	-0.8%	31.8%	45.7%	53.98
Cosmos	Settlement	Programmable	General Purpose Smart Contract Platforms	-1.3%	48.0%	-30.2%	85.63
Bitcoin Cash	Settlement	Non-Programmable	Store Of Value And Payment	-2.6%	20.6%	81.1%	62.19
Filecoin	Services	Utility	Information & Data Management	-2.7%	36.3%	-2.5%	73.74
Avalanche	Settlement	Programmable	General Purpose Smart Contract Platforms	-3.4%	37.7%	3.8%	72.10
Decentraland	Sectors	Culture	Vr And Ar	-3.9%	55.9%	3.6%	81.88
Polkadot	Settlement	Programmable	General Purpose Smart Contract Platforms	-4.7%	62.1%	-4.2%	71.85
Internet Computer	Settlement	Programmable	General Purpose Smart Contract Platforms	-5.8%	18.2%	-19.1%	85.52
Polygon	Services	Infrastructure	Scaling	-10.3%	27.7%	-48.3%	66.23
Uniswap	Sectors	Finance	Trading	-11.4%	57.8%	98.7%	75.60
Curve DAO Token	Sectors	Finance	Trading	-12.4%	209.3%	74.4%	102.24
Synthetix	Sectors	Finance	Derivatives	-12.9%	224.0%	76.1%	119.04
Chiliz	Sectors	Culture	Social	-12.9%	23.3%	-25.3%	98.46
Stacks	Services	Infrastructure	Computing	-13.2%	-18.9%	-12.8%	79.95
Tezos	Settlement	Programmable	General Purpose Smart Contract Platforms	-14.1%	74.6%	13.4%	62.24
Fantom	Settlement	Programmable	General Purpose Smart Contract Platforms	-17.0%	-13.9%	60.2%	147.30
Apecoin	Sectors	Culture	Social	-18.7%	-0.5%	-29.5%	87.24
Maker	Sectors	Finance	Stablecoin Issuance & Management	-22.8%	-9.4%	-41.4%	55.02

Leaders

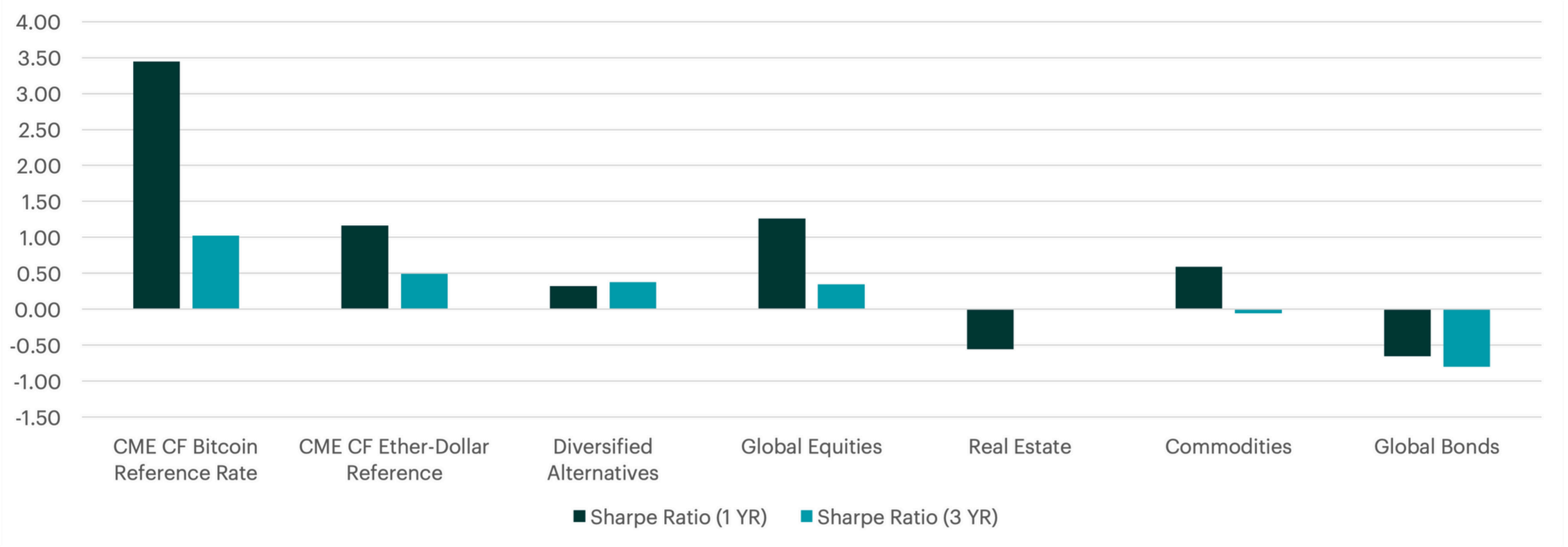
Ripple (XRP) led the gains with a 44.9% increase after several ETF issuers filed applications with the SEC, sparking speculation that an approval is imminent. Stellar (XLM) followed with a 24.8% gain, the Stellar Development Foundation announced a two-year partnership with OpenZeppelin to provide developers with a comprehensive suite of tools focused on security and smart contract standards.

Laggards

Maker (-22.8%) and Apecoin (-18.7%) underperformed this month as investors continued to shift away from small-cap tokens following Bitcoin's move higher.

Source: Returns are based in USD terms, CF Benchmarks, Bloomberg, as of January 31, 2025

Trailing Risk-Adjusted Returns



- When compared to traditional asset classes, both Bitcoin and Ether have delivered above average risk-adjusted performance over both shorter and longer time horizons.

Source: CF Benchmarks, Bloomberg, total return indices are referenced in USD, as of January 31, 2025

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Investor Activity & Sentiment Positioning

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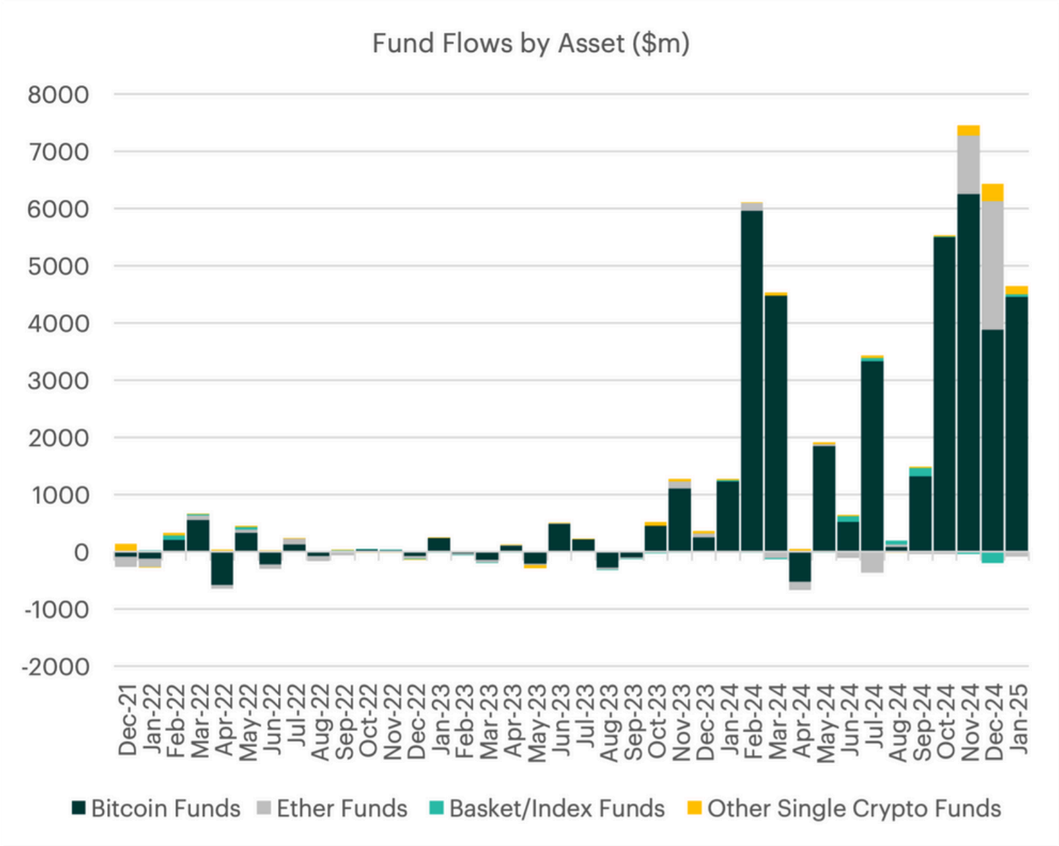
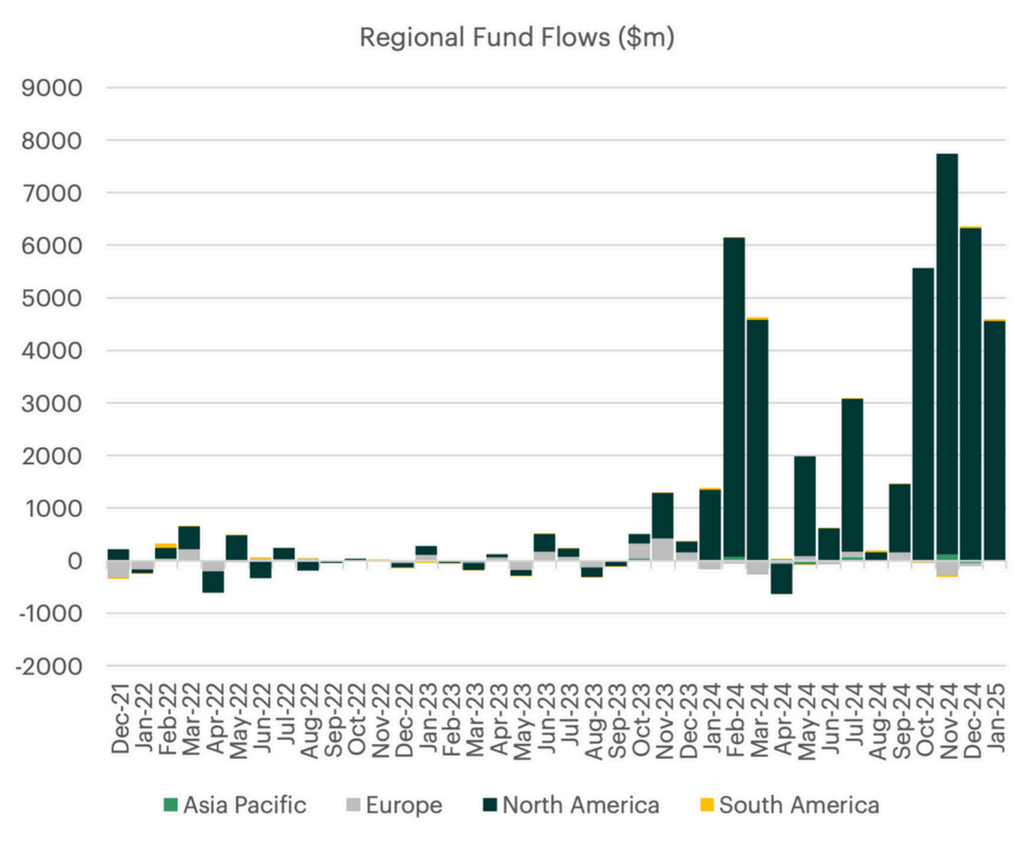
Currency of Flows



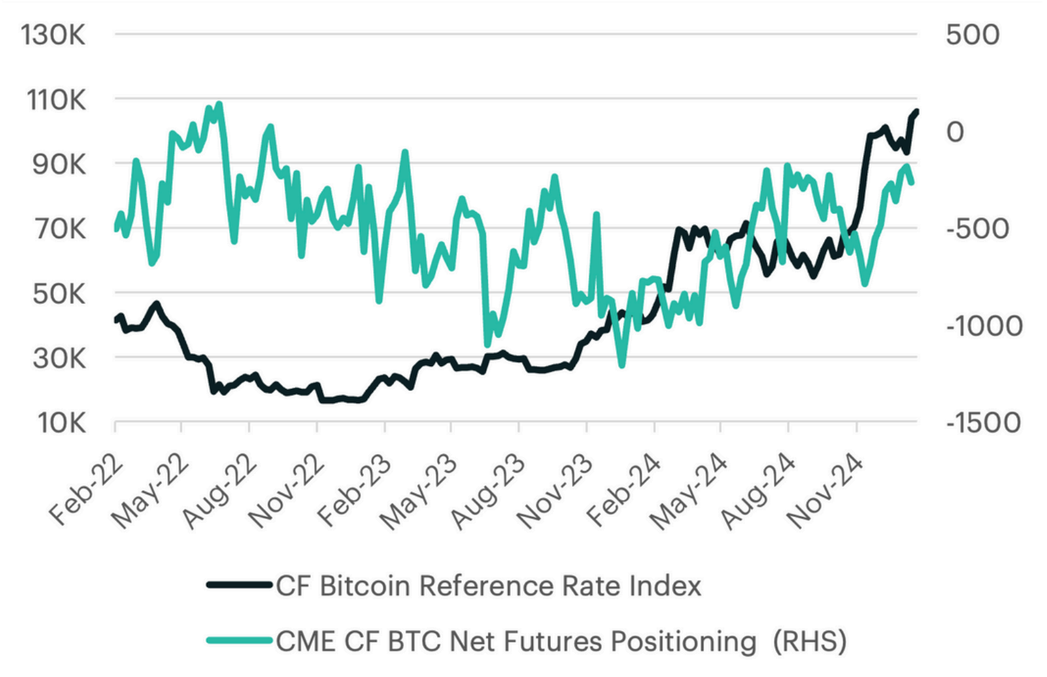


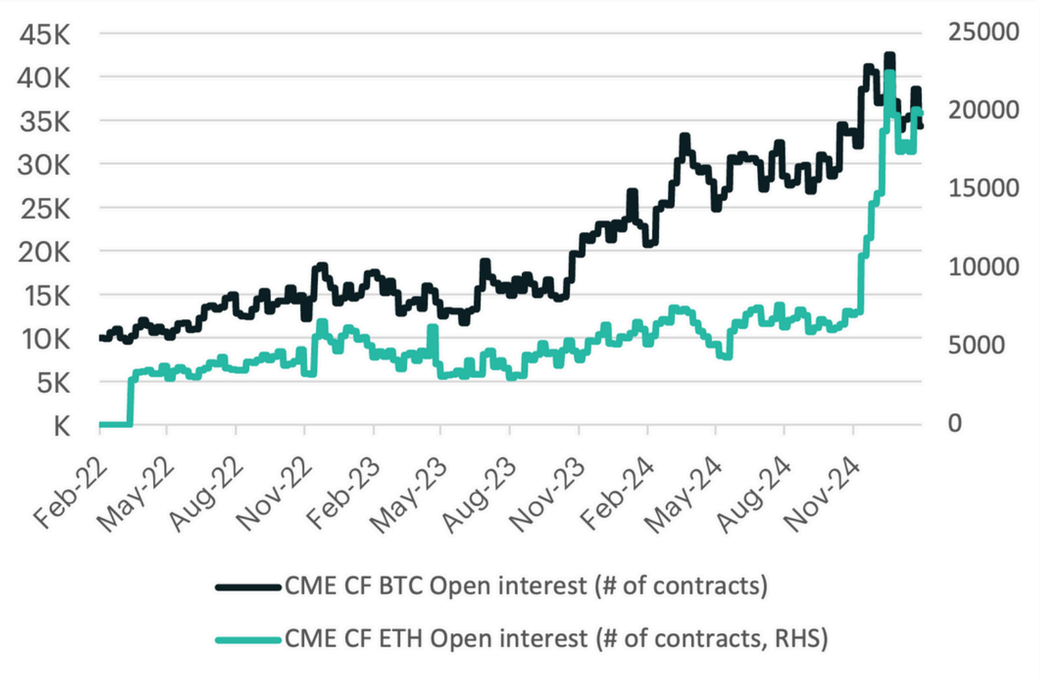
- Fund flows into digital assets continued in January, with investors allocating over $4.5 billion. Bitcoin captured the majority of inflows, exceeding $4.4 billion, while Ether experienced a slight outflow of -$82 million.

- From a regional perspective, fund inflows remained concentrated in North America ($4.5 billion), while investor demand in South America remained modest at $32 million.

Source: CF Benchmarks, Bloomberg, as of January 31, 2025

Futures Positioning and Open Interest



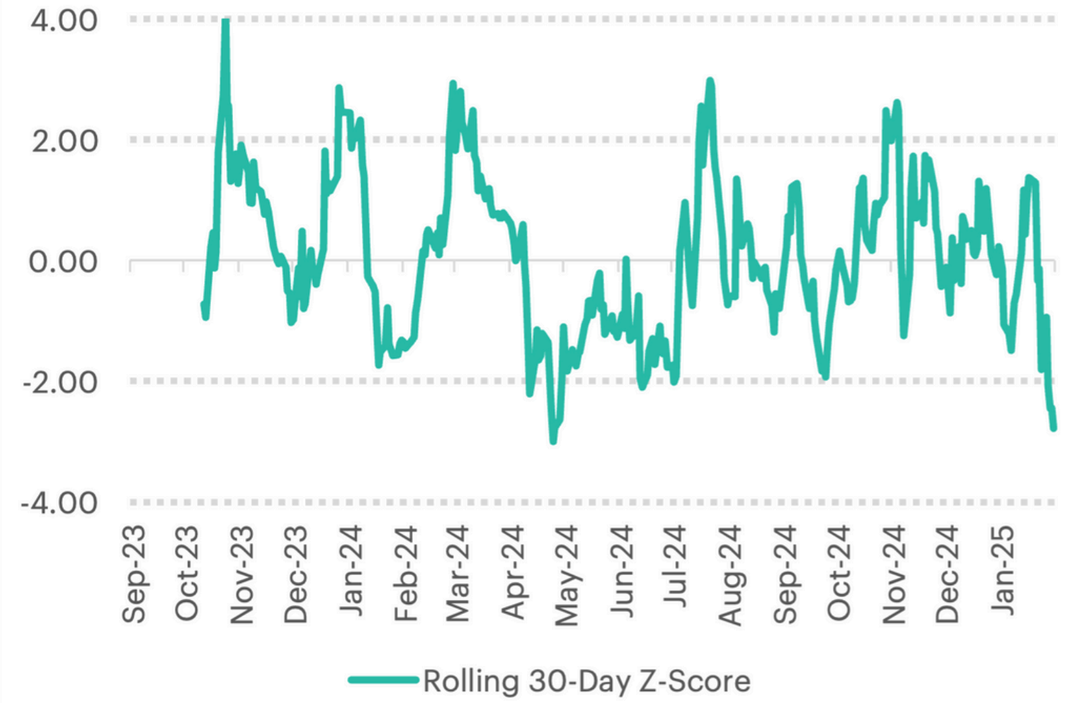


- Net sentiment positioning in Bitcoin increased in January, with long positions outpacing shorts. This resulted in net futures positioning on the CME increasing to -268 from -363 contracts.

- Total open interest in CME Ether futures continued to grow in January, rising nearly 14% from the previous month and reaching new all-time highs. Bitcoin futures open interest also increased, ending the month with a modest gain of 1.3%.

Source: CF Benchmarks, CFTC, Bloomberg, as of January 31, 2025

CF Bitcoin Volatility Index (BVX)



- The CF Bitcoin Volatility Index Settlement Rate (BVXS) is a once a day benchmark representing a forward looking, 30-day constant maturity measure of implied volatility based on CFTC regulated Bitcoin option contracts traded on the CME. The BVX represents the fair strike of a variance swap.

- Over the past month, the BVX fluctuated between a low of 55.18 and a high of 64.17. This period experienced a significant decline in volatility, with the index registering a -2.78 sigma move (as measured by our rolling 30-day z-score) near the end of the month, reaching its monthly low on January 31st.

Source: CF Benchmarks, Bloomberg, as of January 31, 2025

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Network Fundamentals & Reward Rates

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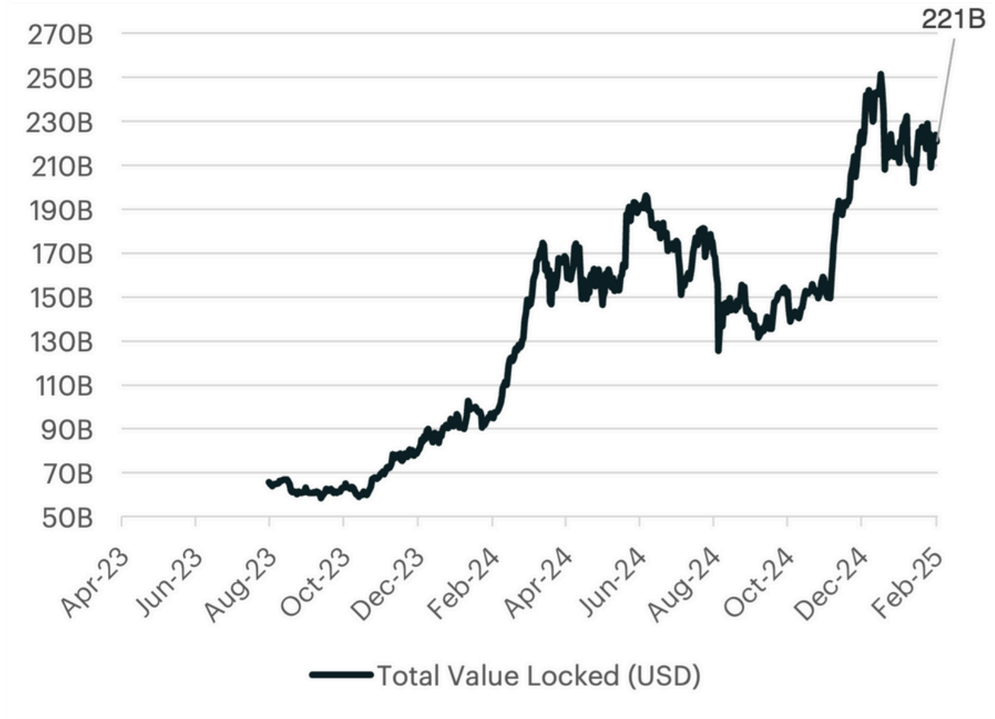
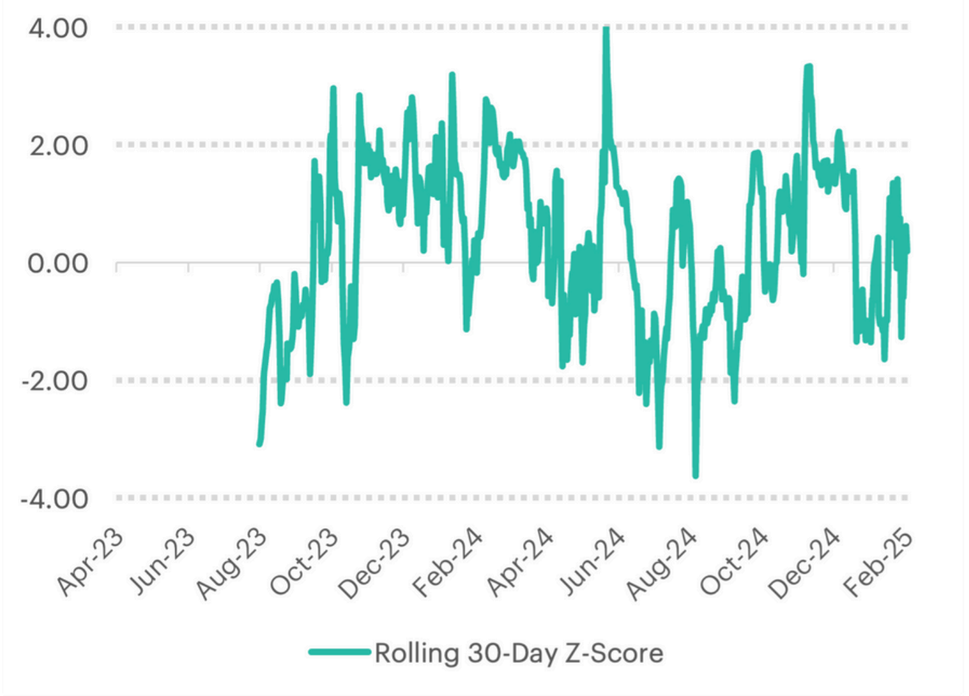
Total Value Locked (TVL) in DeFi Protocols



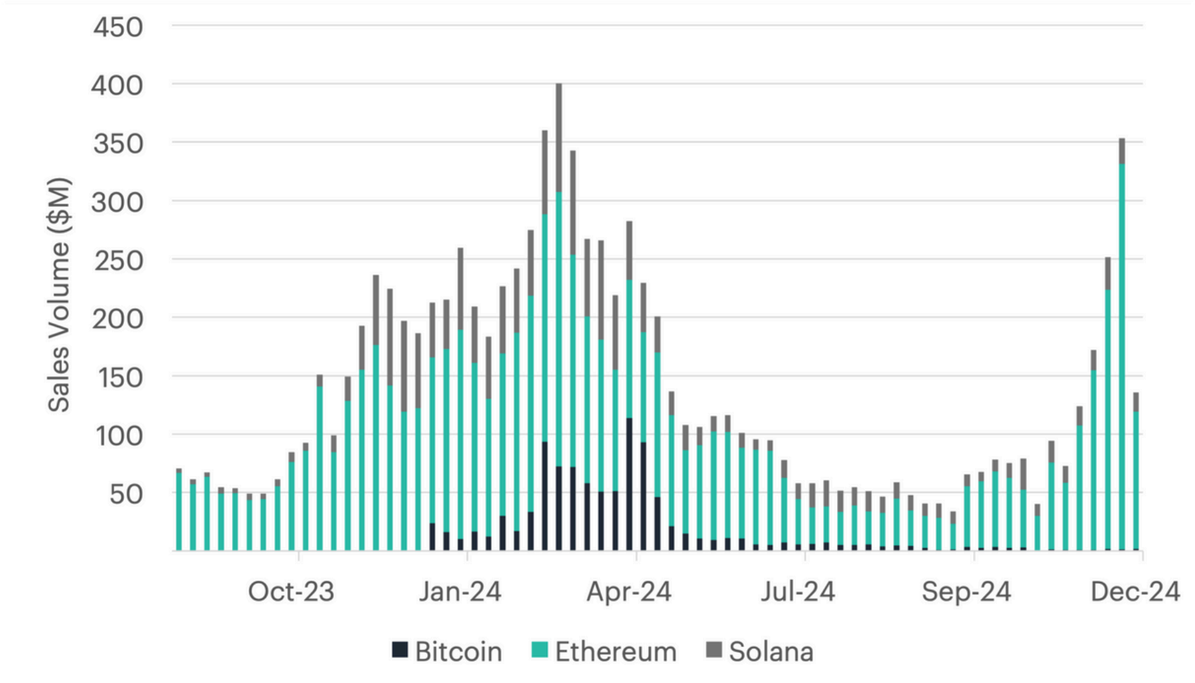


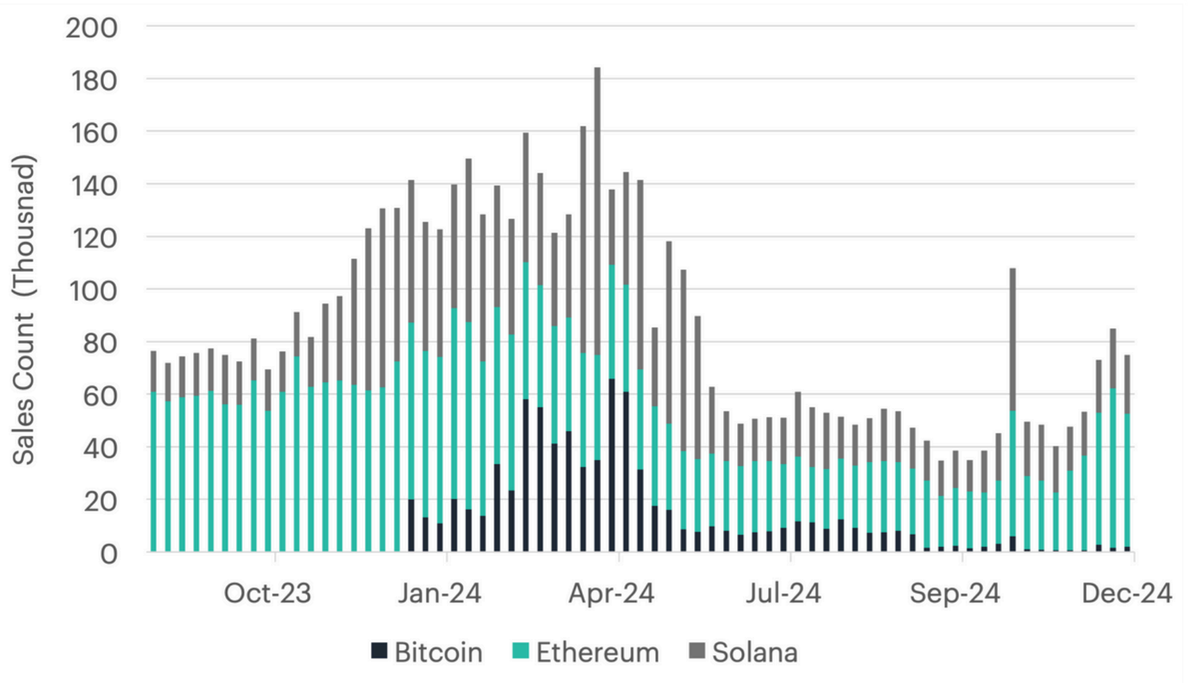
- TVL (Total Value Locked) in DeFi represents the total amount of assets deposited in decentralized finance protocols expressed in USD. It serves as a key metric to gauge the health and growth of the DeFi ecosystem.

- Total Value Locked (TVL) in decentralized finance (DeFi) protocols grew by 3.1% over the past month to approximately $221 billion. This gain was largely attributed to the increased value of tokens locked in liquid staking protocols on Ethereum and Solana.

Source: CF Benchmarks, DeFiLlama, as of January 31, 2025

Weekly NFT Sales by Blockchain





- In January, Ethereum retained the top position on the NFT sales volume leaderboard despite a -44.9% decline in volume. This drop followed heightened trading activity around airdrops in December, leading to a -58.9% decrease in transaction counts.

- The Bitcoin network saw the smallest decline, with sales volume decreasing by 31.3% as the number of transactions fell by 50.9%. Meanwhile, Solana's sales volume plummeted by 81%, accompanied by a 54.5% drop in transaction count.

Source: CF Benchmarks, Dune Analytics, as of January 31, 2025

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Mining Metrics

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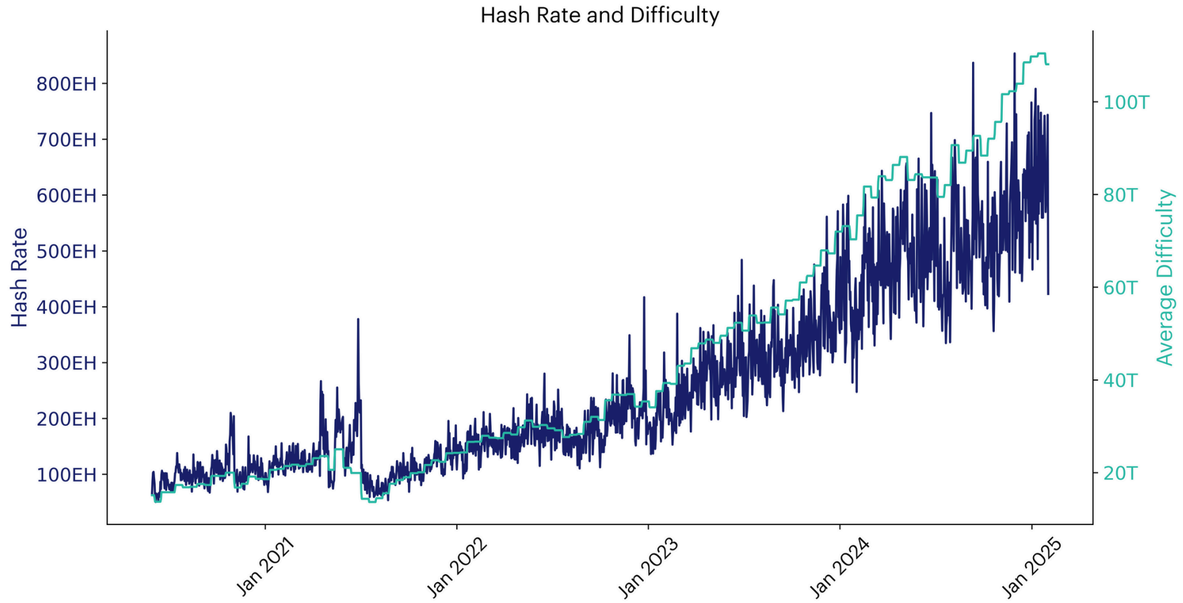
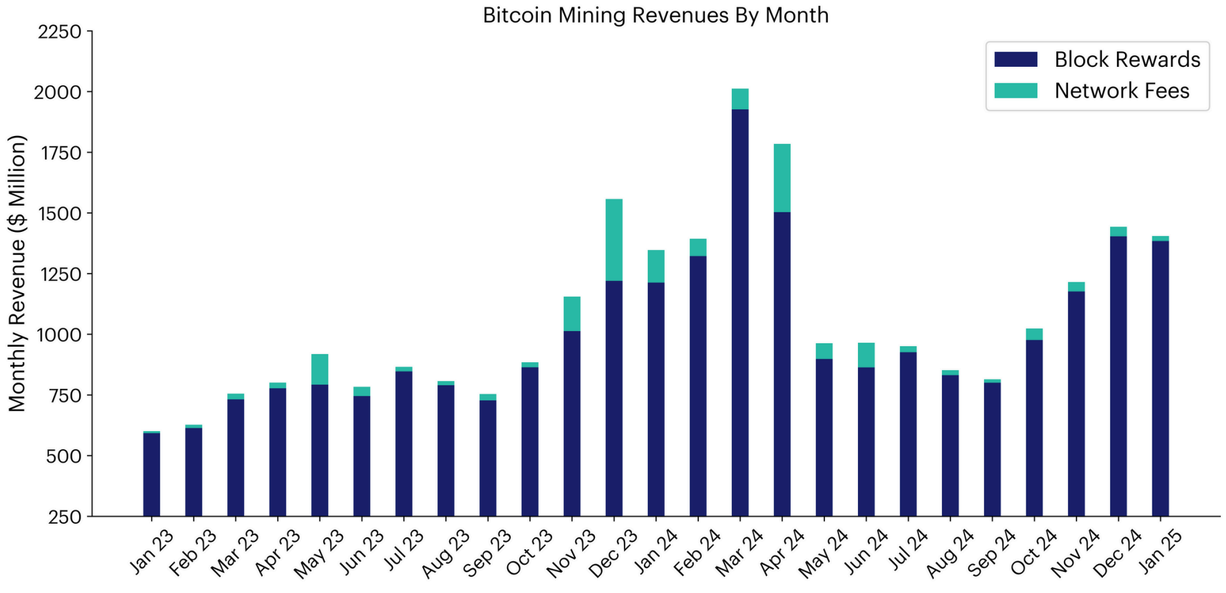
Bitcoin's Hash Rate & Mining Revenue



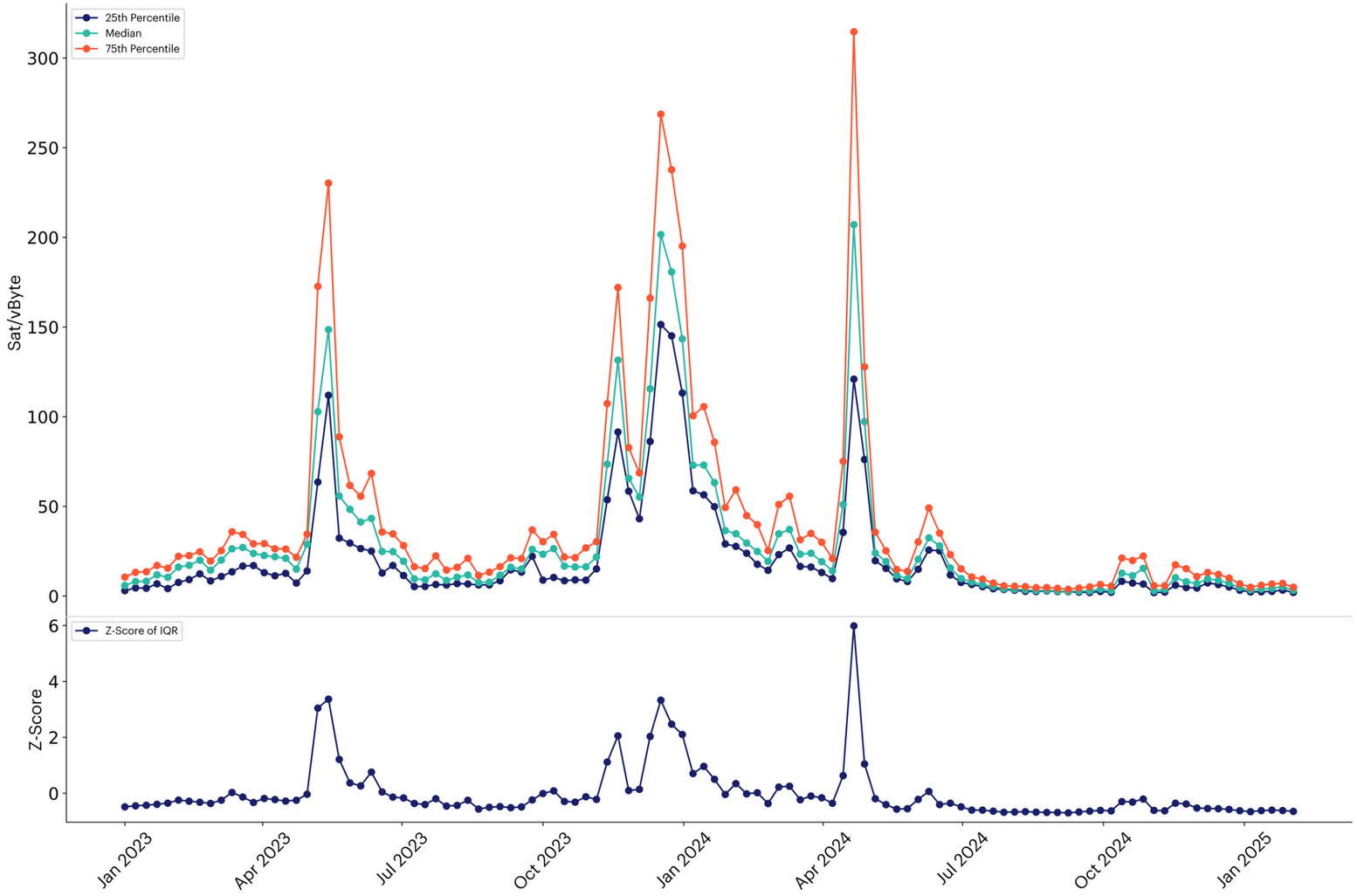


- Bitcoin's average monthly hash rate increased in January, rising 9.0% to reach 646 exahashes per second. Mining difficulty, which measures the computational effort required to mine a new block and adjusts to ensure consistent block creation times, declined by -1.5% over the month. The next difficulty adjustment is anticipated in the first week of February and is trending toward a 7.3% increase.

- Bitcoin miners saw a -2.6% decrease in mining revenues in January. Of the total miner rewards for the month, 1.4% came from fees, down from 2.7% in December. Despite a rise in Bitcoin's price, declining on-chain activity led to lower revenues for miners.

Source: CF Benchmarks, Dune Analytics as of January 31, 2025

Bitcoin Network Fees



Source: CF Benchmarks, Dune Analytics, as of January 31, 2025

- As Bitcoin's block subsidy decreases, network fees make up a larger share of miners' revenue. The behavior of these fees, especially during periods of high demand for block space, can provide insights into the sustainability of fee increases.
- The data shows that during periods of high demand, the 75th percentile transaction fees surge significantly higher than the median and 25th percentile fees, indicating a subset of transactions paying much higher fees to ensure prompt inclusion in blocks.
- When the Z-score of the interquartile range exceeds 2, it signals substantial increases in the 75th percentile relative to the 25th percentile, highlighting times of significant network congestion and temporarily elevated fees.

Bitcoin Mining Matrix

Efficiency (Watts /TH)	Bitcoin Price (USD)								
	$83,003.89	$87,372.51	$91,971.07	$96,811.65	$101,907.00	$107,002.35	$112,352.47	$117,970.09	$123,868.60
34.0	$59.78	$62.93	$66.24	$69.73	$73.40	$77.07	$80.92	$84.97	$89.22
29.5	$68.90	$72.53	$76.35	$80.36	$84.59	$88.82	$93.27	$97.93	$102.82
24.0	$84.69	$89.15	$93.84	$98.78	$103.98	$109.18	$114.64	$120.37	$126.39
21.5	$94.54	$99.52	$104.75	$110.27	$116.07	$121.87	$127.97	$134.37	$141.09
18.5	$109.87	$115.65	$121.74	$128.15	$134.89	$141.64	$148.72	$156.16	$163.96
17.5	$116.15	$122.26	$128.70	$135.47	$142.60	$149.73	$157.22	$165.08	$173.33
15.0	$135.51	$142.64	$150.15	$158.05	$166.37	$174.69	$183.42	$192.59	$202.22
13.5	$150.56	$158.49	$166.83	$175.61	$184.85	$194.10	$203.80	$213.99	$224.69

- The following sensitivity table illustrates the revenue a miner will generate per megawatt hour consumed at the current difficulty, considering different levels of miner efficiency and varying Bitcoin prices, providing a comprehensive view of potential earnings under different market conditions. The table is color-coded to reflect profitability based on the 10th percentile industrial electricity rate in the United States of $62.80 per MWh, as reported by the EIA in November 2024.
- This table helps miners compare revenues under various operational conditions, aiding in evaluating the useful life of their equipment. By comparing projected revenues at different Bitcoin prices to electricity costs, miners can determine whether they can continue running their current fleet or if they need to upgrade to maintain profitability.
- As income per MWh increases, miners are more likely to fund additional capital expenditures, which can increase the overall network hashrate. However, this increase in hashrate can subsequently reduce the income each individual miner earns.

Source: CF Benchmarks, Dune Analytics, as of January 31, 2025
EIA.gov as of November 30, 2024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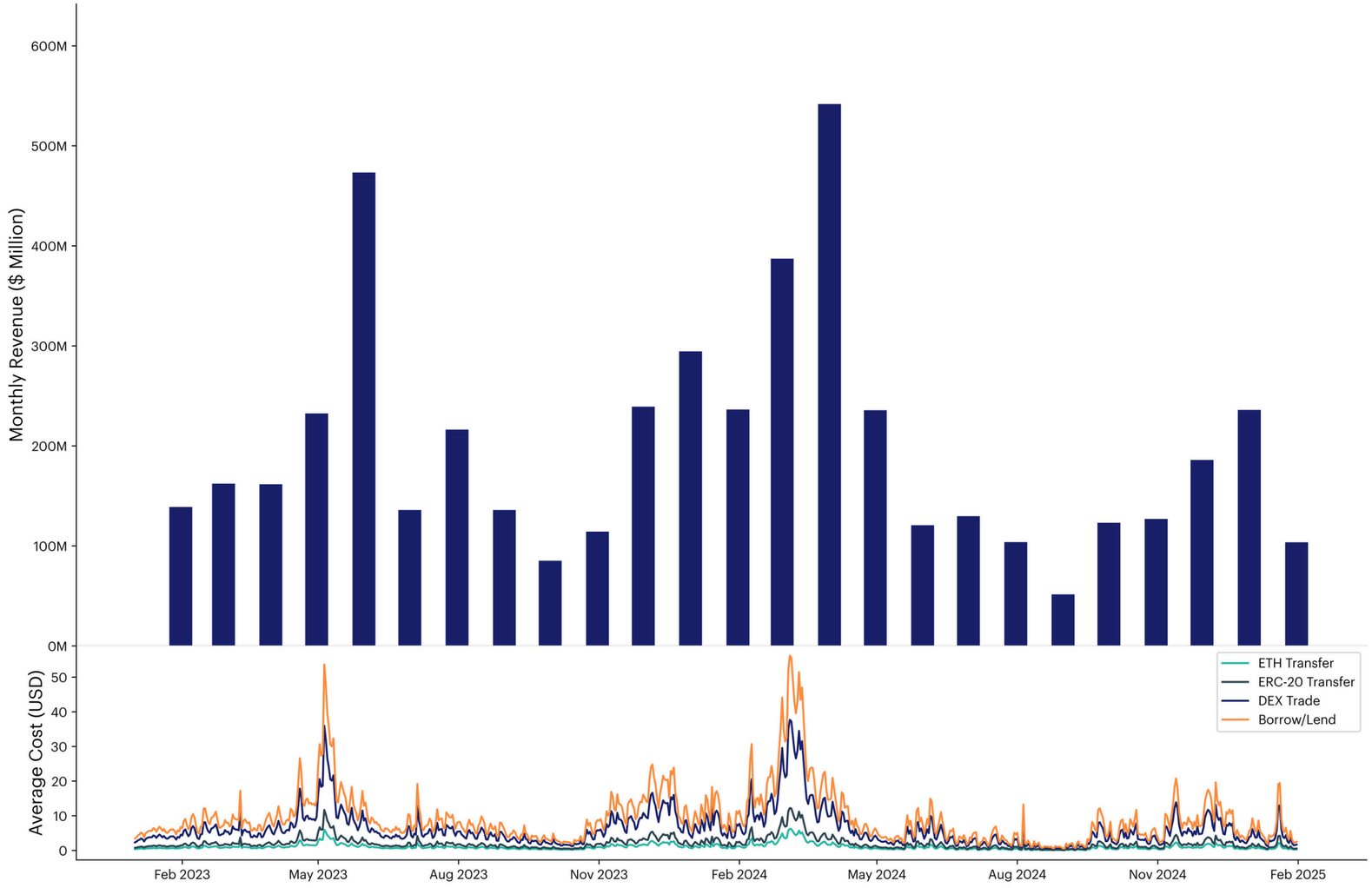
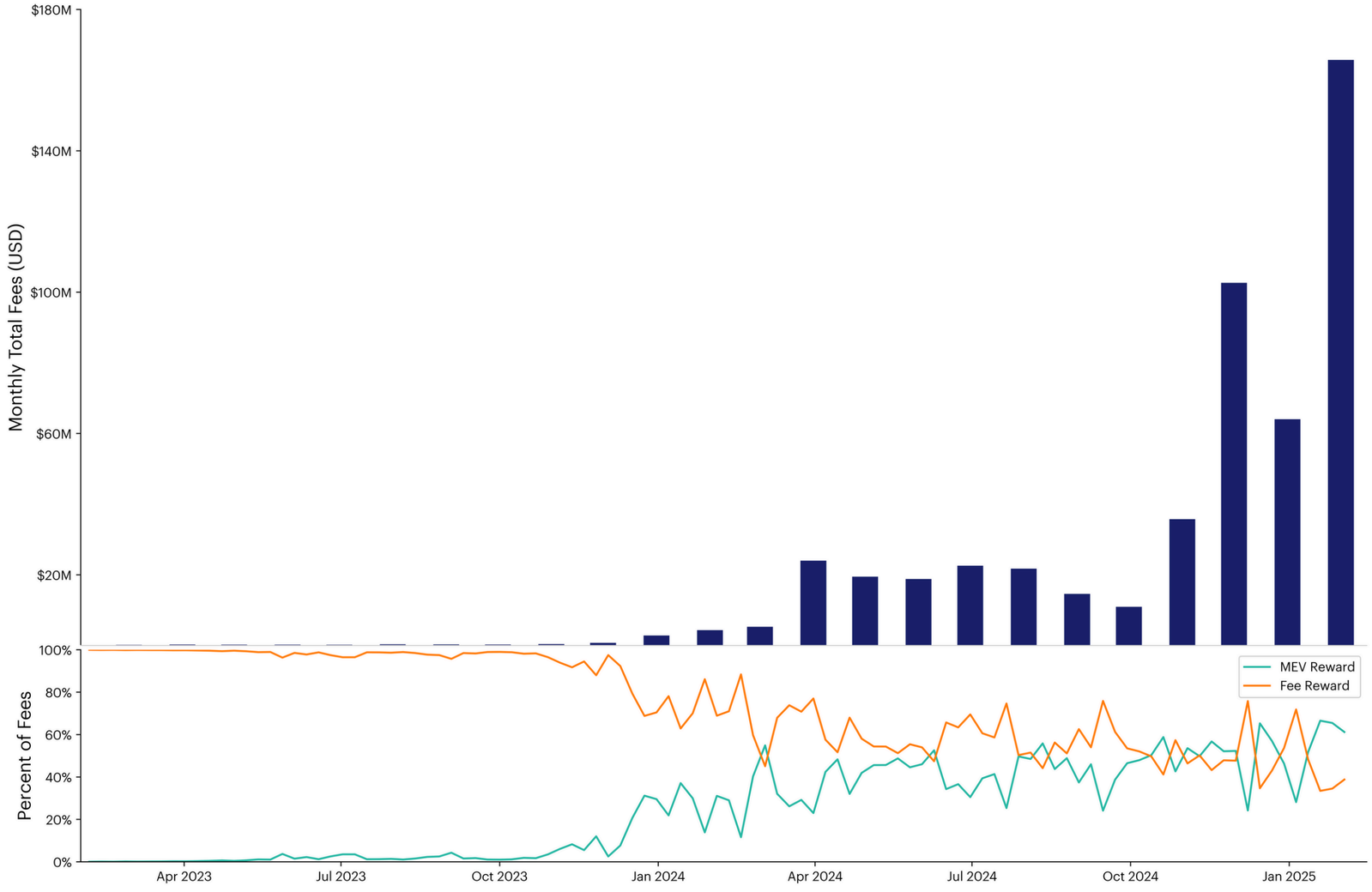
Ethereum Network Fees & Revenue



Source: CF Benchmarks, Dune Analytics as of January 31, 2025

- Ethereum’s block space is the capacity to include transactions in each block. When more transactions are posted to the blockchain than can be processed, fee rates increase as users compete to have their transactions included in the next block.
- By comparing average fee rates to total fee revenue, we can evaluate Ethereum's scalability. If fee rates remain low while total revenue remains stable or increases, it indicates effective scaling.
- In January, total fees paid on the Ethereum network fell -56.1% from the previous month, reaching $103.6 million. While total fees declined, the -44.2% drop in average fees per interaction suggests that fewer but higher-fee transactions took place on the network.

Solana Network Fees & Revenue



Source: CF Benchmarks, Dune Analytics as of January 31, 2025

- Solana’s block space is the capacity to include transactions in each block. When more transactions are posted to the blockchain than can be processed, fee rates increase as users compete to have their transactions included in the next block.
- By analyzing the percentage of fees derived from MEV (Maximum Extractable Value) versus base fees, we can gauge the health of Solana's fee market. A higher proportion of MEV fees may indicate increasing competition and demand for block space.
- In January, total fees paid on the Solana network surged 158.8% from the previous month to $165.7 million. MEV accounted for approximately 61.9% of total fees, reflecting strong demand for block space driven by competitive on-chain activity.

Staking Rewards & Inflation Rates

Network	Staking Reward Rate	Inflation Rate	Participation Rate	Real Reward Rate
Ethereum	2.77%	0.43%	27.92%	2.34%
(1-Month Change)	*-0.15%*	*0.26%*	*-0.21%*	*-0.42%*
Solana	6.91%	5.68%	65.49%	1.23%
(1-Month Change)	*0.07%*	*-0.01%*	*-0.49%*	*0.08%*
Cardano	2.66%	2.00%	60.00%	0.66%
(1-Month Change)	*-0.03%*	*-0.01%*	*-0.21%*	*-0.02%*

- The reward rate for a Proof of Stake (PoS) blockchain represents the annual return validators earn for staking their tokens, often expressed as a percentage. This rate is determined by factors such as the total number of staked tokens, the network's overall staking yield, and any additional incentives provided by the blockchain protocol.

- Inflation rate and staking participation rate significantly influence real staking rewards. A higher inflation rate typically increases the nominal reward rate but can dilute the value of staked tokens, resulting in lower real returns. The staking participation rate, which is the proportion of tokens being staked, also impacts rewards: as more tokens are staked, the rewards per validator may decrease, potentially lowering individual returns but contributing to network security and decentralization.

Source: CF Benchmarks, Dune Analytics, stakingrewards.com as of January 31, 2025

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Appendix

CF Digital Asset Classification Structure

CF Digital Asset Classification Structure

The CF Digital Asset Classification Structure (CF DACS) classifies coins and tokens based on the services that the associated software protocol delivers to end users, grouping assets by the role they play in delivering services to end users. The CF DACS powers CF Benchmarks' sector composite and category portfolio indices and allows users to perform attribution analysis to better understand the fundamental drivers of returns within their digital asset portfolios.

CF Digital Asset Classification Structure

Additional Resources

For more information about our CF Benchmark indices and our methodologies, please visit the respective web links below:

- CF Diversified Large Cap Index
- CF DeFi Composite Index
- CF Web 3.0 Smart Contract Platforms Index
- CF Digital Culture Composite Index
- CF Blockchain Infrastructure Index
- CF Cryptocurrency Ultra Cap 5 Index
- CF Broad Cap Index Market Cap Weight
- CF Broad Cap Index Diversified Weight

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Have a question or would like to chat? If so, please drop us a line to:

info@cfbenchmarks.com

Appendix

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