

Q4 2024

Kaiko Research

Quarterly Market Report

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Q4 Timeline

October

- Oct 10**
US SEC files a suit against crypto market maker Cumberland DRW
- Oct 24**
Kraken launches its own Layer 2 – Ink on Optimism’s Superchain

- Oct 20**
Payment giant Stripe acquires crypto stablecoin start-up Bridge for \$1.1bn

November

- Nov 6**
BTC hits ATH for the first time since March

- Nov 5**
Donald Trump wins US Presidential Elections

- Nov 21**
Gary Gensler to step down in January

- Nov 19**
BTC ETFs options start trading in the U.S.

- Nov 27**
Tether ends support for EURT citing MiCA regulations

December

- Dec 5**
Bitcoin hits \$100K
- Dec 11**
Coincheck goes public
- Dec 19**
SEC approves first spot BTC-ETH combo ETFs

- Dec 4**
Trump picks crypto-friendly ex-regulator Paul Atkins to lead US SEC

- Dec 10**
Ripple announces NYDFS approval for RLUSD stablecoin

- Dec 13**
MSTR secures Nasdaq 100 inclusion

- Dec 26**
Bitwise files for an ETF investing in bitcoin-holding companies

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Analyst Commentary



Dessislava Aubert

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Macro uncertainty rises

Although most global central banks entered an easing cycle this year, macroeconomic uncertainty has increased. Market expectations for Fed policy have fluctuated significantly, starting with a highly dovish outlook—anticipating up to six rate cuts—at the beginning of the year, and shifting to a more cautious stance following the December FOMC meeting.

Despite this, Bitcoin doubled in value in 2024 driven by a wave of institutional adoption after the approval of spot ETFs in the US.

This institutional interest extended to corporate treasuries, with numerous companies following MicroStrategy's lead in adding Bitcoin to their balance sheets. This rising demand could provide support amid macro volatility, as the market evaluates the impact of upcoming tariff and immigration policies under the new Trump administration.



Adam McCarthy

[@AdMcMarkets](#)

Building on success of 2024

Without a doubt 2024 was one of the most successful years ever for digital assets. From regulatory approval of spot BTC and ETH ETFs to the former hitting \$100k, it was a year of milestones. Now with regulatory changes imminent the challenge will be building on this success. Last January Gary Gensler

was the deciding vote on spot BTC ETFs, this year he's resigning. The soon-to-be former Commissioners exit has been widely celebrated among the crypto community, with Paul Atkins set to take over. Atkins has spoken positively on crypto in the past and while this is encouraging, regulation alone won't grow the industry. We still need to see innovation beyond simply increasing accessing to buying tokens. New products and bold innovations will drive growth going forward.



Anastasia Melachrinou

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A Market Resurgence

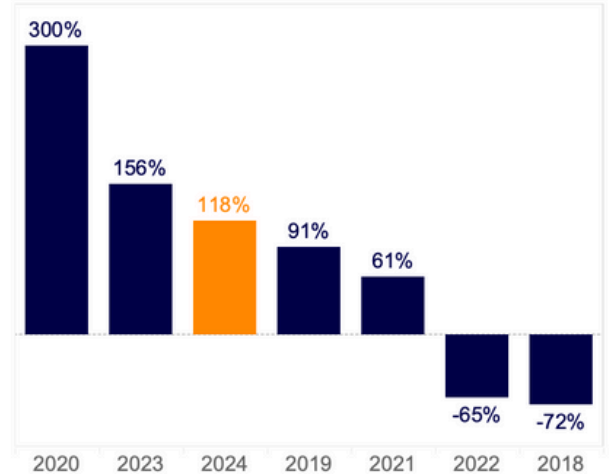
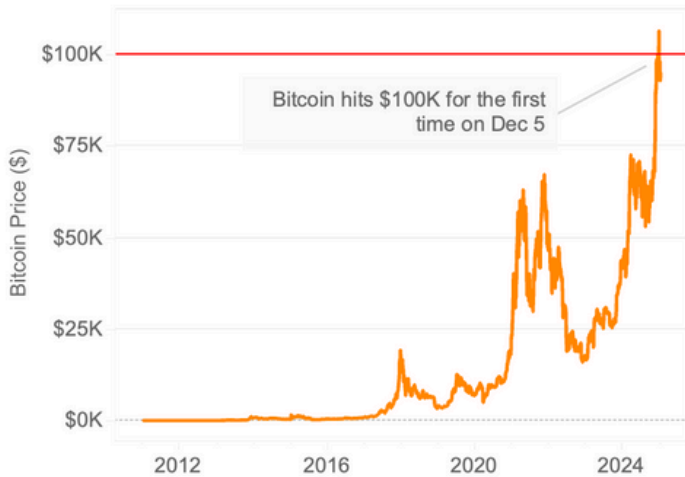
In Q4 2024, Bitcoin hit \$100K, spot ETFs were approved, and Trump's election win fueled a market rally. That's what I call a fresh start: volume is surging, liquidity has recovered, and altcoins are gaining traction. Meme tokens are even making a

comeback. The data is pointing in the right direction, with record trade volumes and significant corporate interest. The introduction of ETF options has added new dimensions to the market.

Over the next quarter, I'll be paying close attention to ETF flows and regulatory developments, which will have a growing impact on prices.

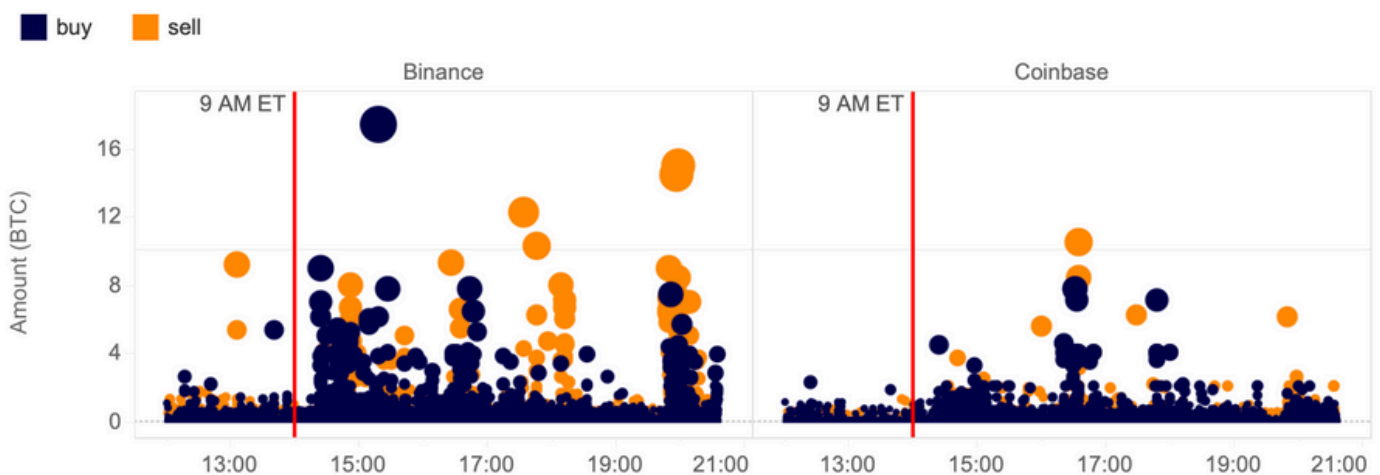
Bitcoin's Hits \$100K

Bitcoin Price and Annual Returns



Bitcoin surged past \$100K on December 5, 2024, following Donald Trump's presidential win, which sparked a crypto market rally. Trump's pro-crypto campaign promises—such as establishing a national Bitcoin reserve, eliminating crypto transaction taxes, and expanding crypto access in public markets—boosted optimism for a more favorable regulatory environment in the U.S. While the rally lost momentum by late December, BTC ended the year more than doubling in value.

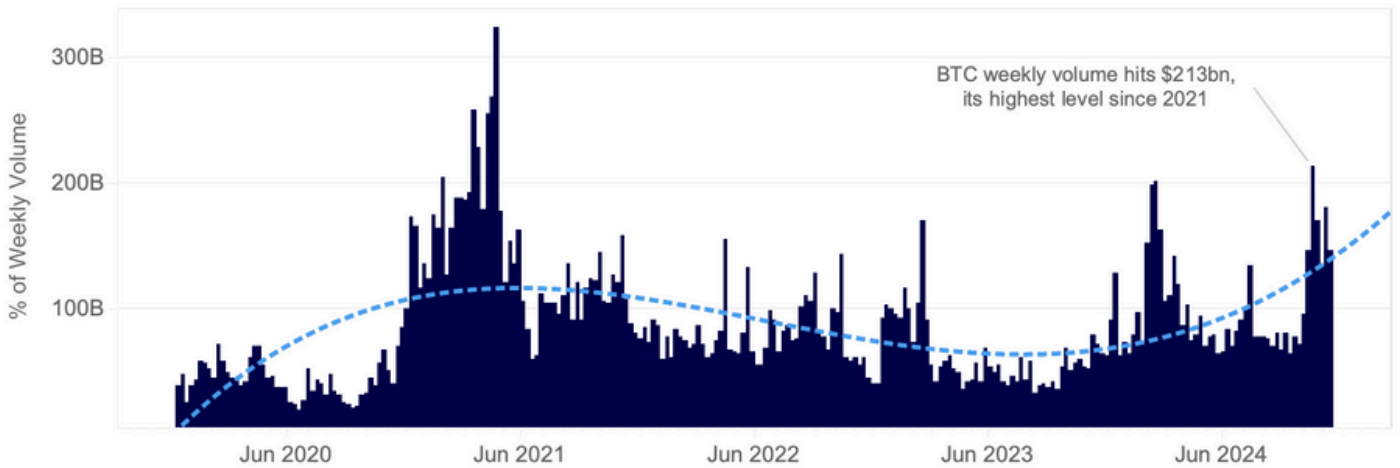
BTC Buying and Selling on US Election Day (November 5)



The U.S. elections acted as a major catalyst for the crypto markets, triggering a surge in trading volumes on Binance and Coinbase shortly after U.S. markets opened on November 5. While this initially increased volatility, growing certainty of Donald Trump's victory spurred a buying wave, propelling Bitcoin to its first all-time high since March by 6 AM UTC on November 6.

Trade Volume Rebounds

Bitcoin Weekly Volume Hits Multi-Year High



Bitcoin's surge drove weekly trade volumes across 40+ centralized exchanges to \$213 billion post-U.S. elections, the highest since May 2021. Activity on U.S. exchanges also surged, with institutional interest boosting the U.S. share of Bitcoin trading from 16% in Q3 to 18% in Q4, matching Q1 levels.

BTC Adoption as Treasury Asset Continues



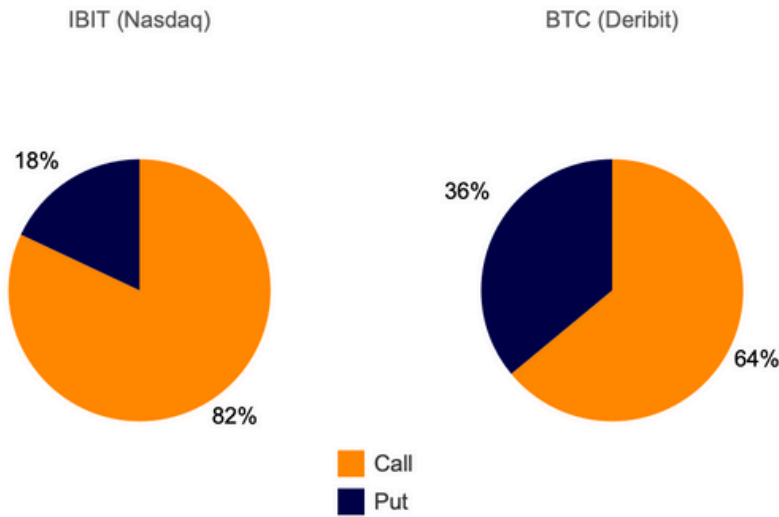
Bitcoin's rally was fueled by strong corporate buying. In Q4, companies like energy management firm KULR Technology, video-sharing platform Rumble, and AI company Genius Group began adding Bitcoin to their balance sheets. Additionally, MicroStrategy, the largest BTC holder, significantly increased its holdings to 446,400 BTC by December, up from 252,220 in September.

BTC Access Rises with Demand

Options galore for Bitcoin investors

The approval and launch of spot Bitcoin ETF options in November marked another significant development of the quarter. Much like corporations adding BTC to their balance sheets, these options signal deeper integration with the broader financial ecosystem.

On the first trading day, BlackRock's IBIT options saw nearly \$2 billion in notional volume across 354,000 contracts. Over 80% of this volume was in call options, slightly surpassing the same-day figures on Deribit.



ETF Options open access and improve long-term outlook

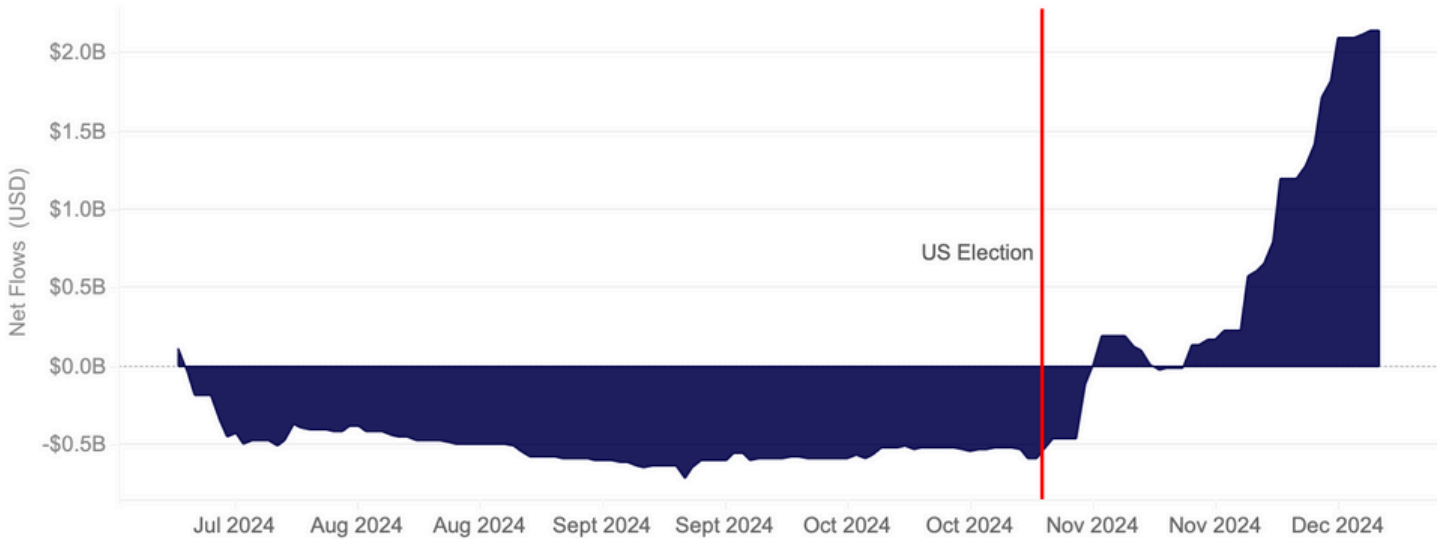
The introduction of Bitcoin ETF options provides traders with greater flexibility regarding their investment horizons, or the length of time they wish to hold the asset. IBIT options now include LEAPS (Long-Term Equity Anticipation Securities), which have expiration dates extending up to two years and eight months into the future.

Like the other Bitcoin ETF options, these are American-style options, allowing early exercise and settlement in stock before expiration. In contrast, most crypto market options to date have been European-style, exercisable only at expiration. The availability of American-style options with long-term horizons enhances trading and risk management for market participants. As shown below, traders are already utilizing IBIT options set to expire in January 2027, two years from now.



ETH ETF Market Finally Takes Off

US Listed ETH ETFs Net On-chain Flows



Net flows into spot ETH ETFs turned positive in Q4, driven by broader price gains following the U.S. election, with ETH benefiting from its own unique factors. Regulatory clarity in the U.S. could be a major boost for ETH, which has struggled amid ongoing uncertainty. The outgoing SEC commission has penalized firms offering ETH staking services and has not clarified whether ETH is a security or commodity.

BlackRock's ETH ETF attracts major flows



In the fourth quarter, for the first time, we gained insight into which firms were holding or trading ETH ETFs.

13F filings from large investment managers, released in November and detailing holdings as of September 30, revealed investors like the Michigan State pension fund, which held Grayscale's ETHE.

BlackRock's ETHA ETF attracted some of the biggest names in finance, including the \$70 billion hedge fund Millennium.

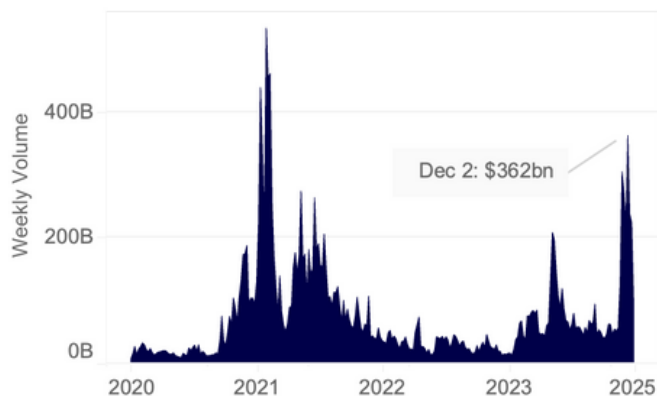
Altcoins Gain Traction in November

Sector Performance Shifts After 2024 US Election

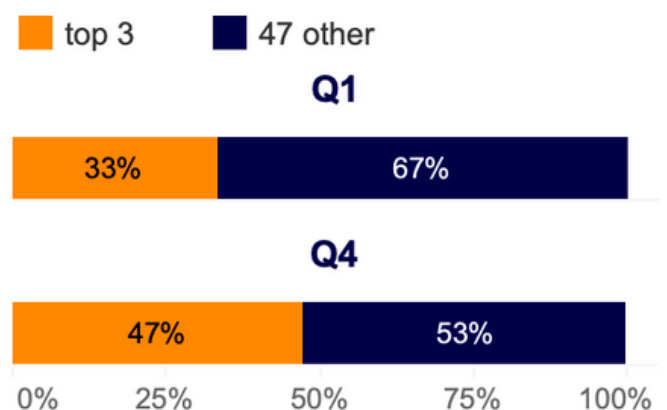


Additionally to BTC, sector performance shifted post-U.S. election as the rally expanded to altcoins, fueled by expectations of increased institutional adoption and regulatory clarity in the U.S. Despite a surge in risk sentiment at the end of December following a hawkish Fed rate cut, the Vinter Layer-1 Top 10 outperformed other indices year-to-date, rising 111.4%. This outperformance was driven by SOL, XRP, and ADA, which reached new or multi-year highs in Q4.

Altcoin Trade Volume Rises



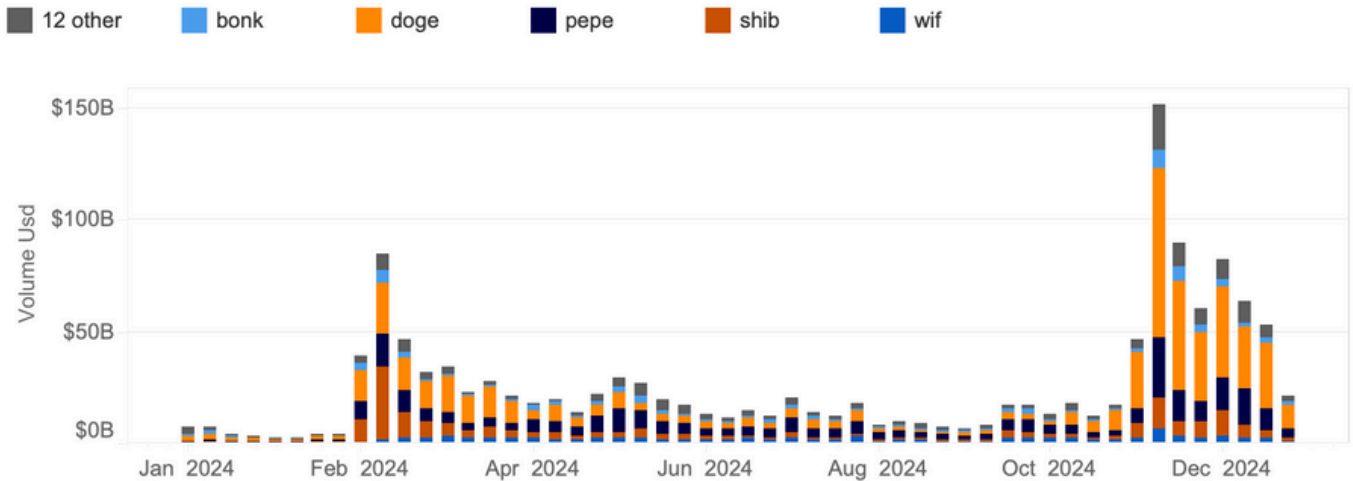
The Q4 Rally Is More Concentrated



In early December, altcoin weekly trade volume surged to a multi-year high of \$362 billion. However, the rally was highly concentrated, with the top three tokens accounting for 47% of Q4 volume, up from 33% in Q1. This trend was primarily driven by U.S. exchanges. XRP led Q4 trading with \$333 billion, followed by DOGE at \$312 billion, SOL at \$238 billion, and PEPE at \$121 billion.

Meme Tokens Craze is Back

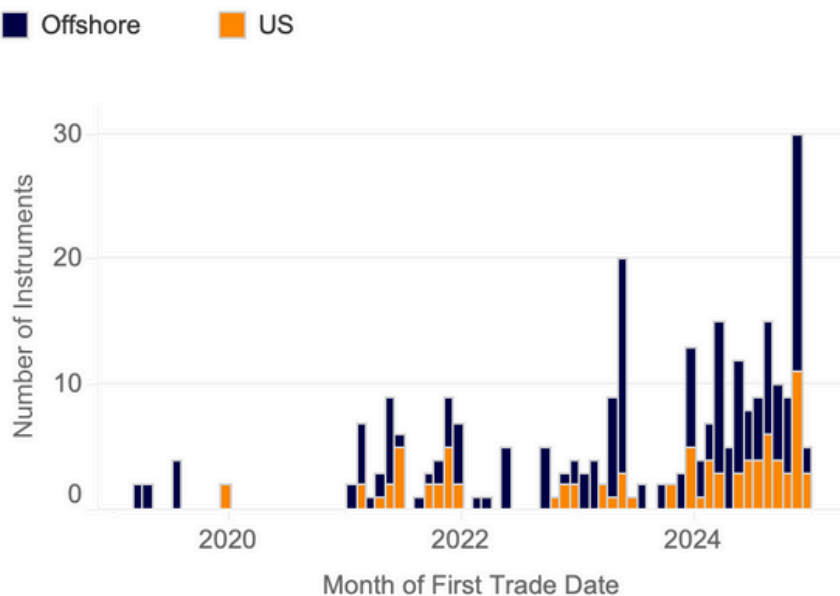
Meme Tokens Weekly Trade Volume Remain Resilient in 2024



In 2024, meme tokens showed resilience to crypto volatility, maintaining strong volume and outperforming many altcoins. Weekly trade volumes averaged \$27 billion, up from \$4 billion in 2023. Their appeal lies in strong community support and perceived fairness, unlike VC-backed tokens with large allocations to teams and investors.

Meme tokens typically have fully circulating supplies with no future unlocks, enabling more organic price discovery. Binance remained the top market for meme tokens, holding 44% of the market share as of December, while exchanges like Bybit and Upbit gained momentum.

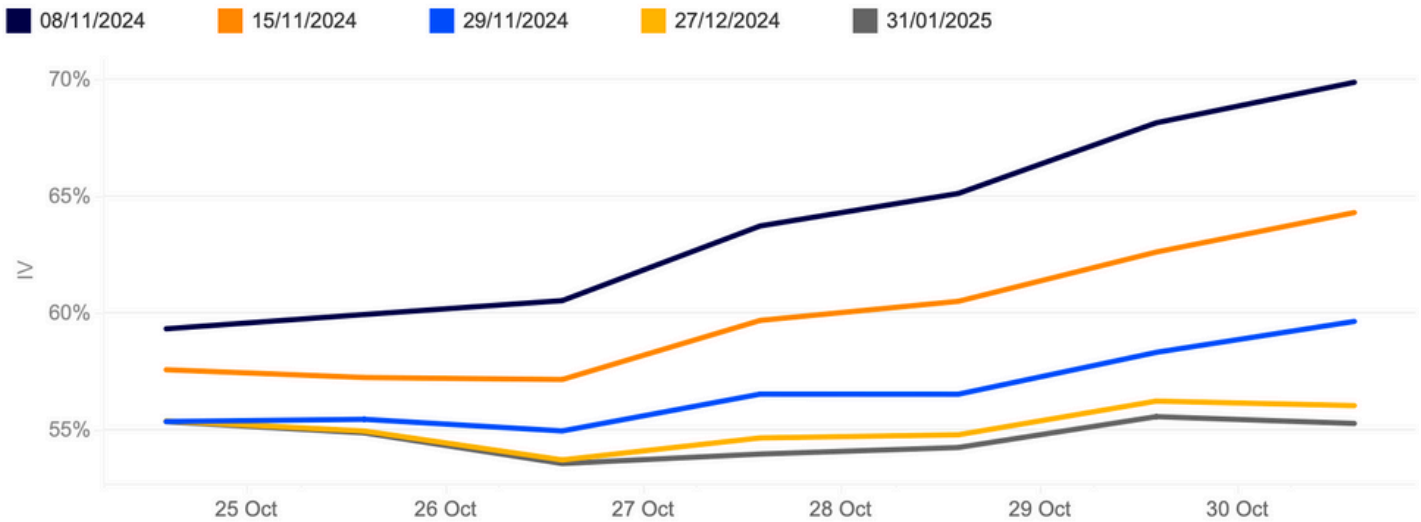
Meme Tokens New Listings



Token listings have increased amid the meme frenzy in 2024, even on traditionally more regulated U.S.-based platforms. From January to mid-December, about 36% of new meme token listings occurred on U.S. exchanges, up from 23% in 2023 and 25% in 2022. This rising share is partly due to increased regulatory scrutiny on major offshore markets, particularly Binance, leading to a more cautious approach to new listings.

Traders Use Options to Bet on Election

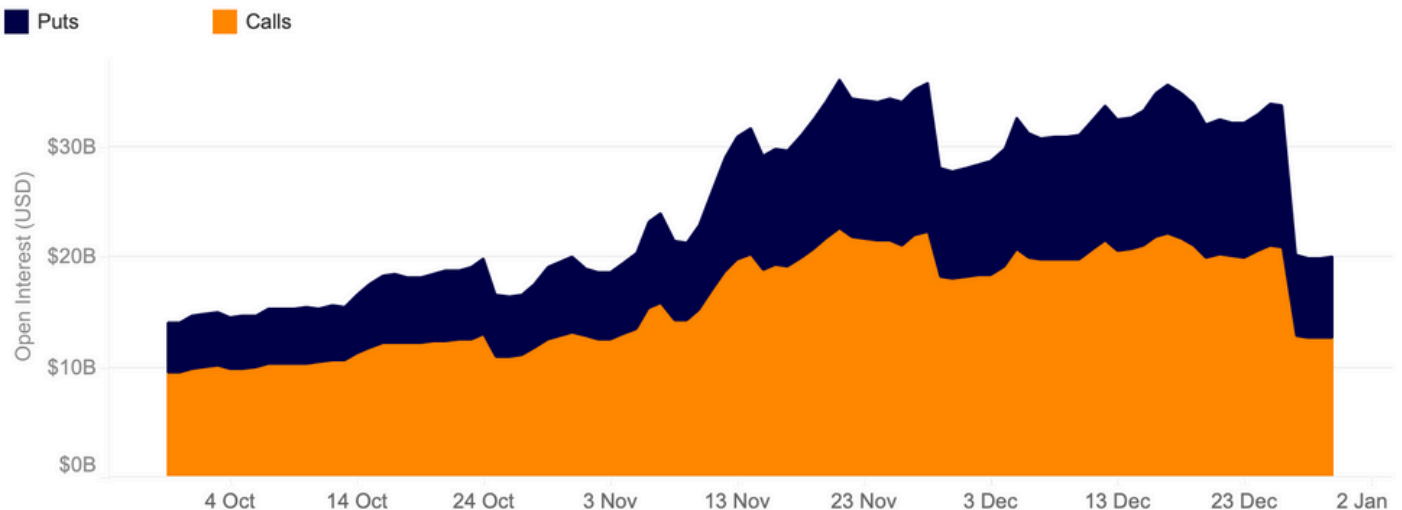
US election causes spike in implied volatility



The U.S. general election on November 5 was a key focus for crypto markets in Q4. To give traders better access to market movements, Deribit listed a special U.S. election contract ahead of its usual schedule.

The significance of the election was reflected in implied volatility (IV) metrics. In October, the IV term structure inverted, with short-term IV surpassing long-term IV. This inversion often signals a high likelihood of a near-term risk event, such as the U.S. election.

Bitcoin records on Deribit post-election



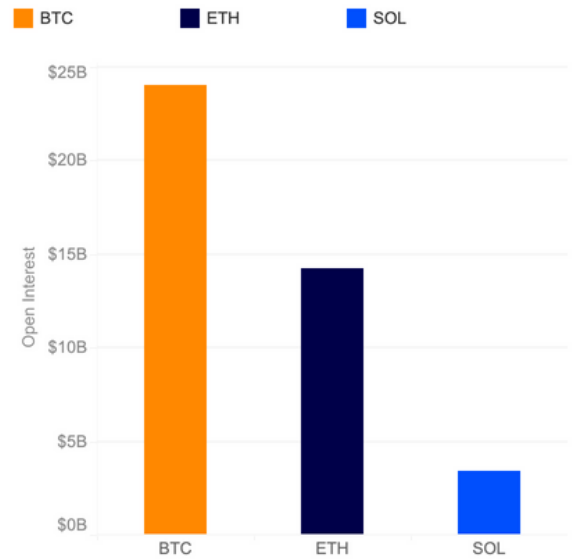
Speculation and demand for derivatives remained strong after the election. On November 25, Deribit saw Bitcoin options open interest reach a record \$36 billion. However, total contract volume stayed below the 2023 peak of 320,000 contracts, with each contract representing one BTC. Open interest dropped sharply after December 27, when \$14 billion worth of options contracts expired. Some traders had bet on BTC reaching \$120K by this date but were ultimately disappointed.

Perpetual Futures notch Record Highs

Record highs in perps markets post-election

BTC perpetual futures open interest hit an all-time high in dollar terms after the U.S. election. On November 11, open interest on Binance, Bybit, and OKX reached \$20.7 billion and continued rising, closing the quarter just under \$24 billion.

This increase was driven by BTC's rapid price rise following the election, as the market absorbed the Trump victory and its impact on the U.S. regulatory outlook. Despite the surge, the flows were not accompanied by excessive leverage or speculative bets seen earlier in the year.



BTC funding rates remain below March peak

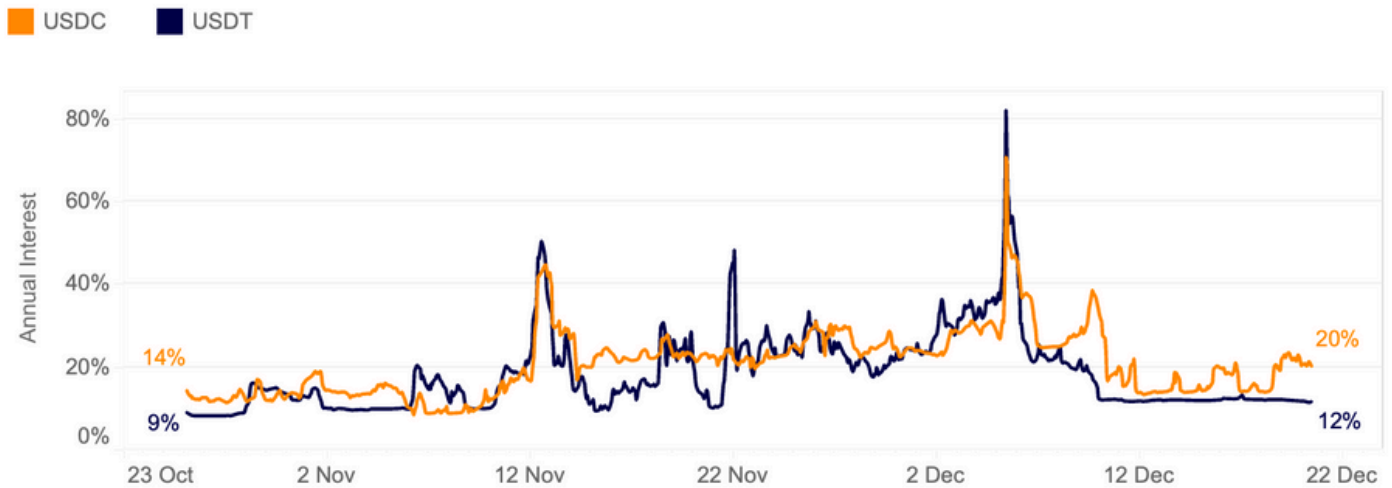


While open interest reached record highs in Q4, funding rates remained less volatile. After the election, funding rates turned positive but stayed below the March highs when BTC initially broke \$70K. A positive funding rate means traders holding long positions pay short traders a fee, typically calculated every eight hours. A rate above 0.1% often indicates traders are using leverage to bet on market direction. This rate only breached 0.1% on Binance, Bybit, and OKX after BTC surpassed \$100K on December 5.

The dominance of meme tokens during the quarter may explain the limited leverage in BTC and ETH markets, as traders opted to bet on meme tokens, which offered higher but more volatile returns.

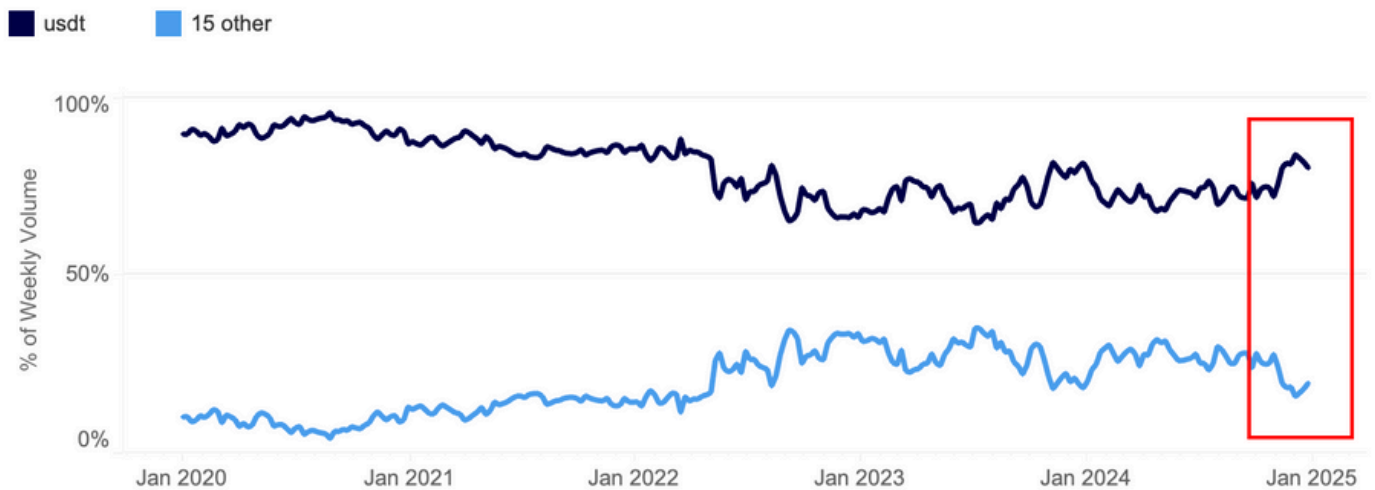
Stablecoin Demand Increases

Demand for Stablecoin Liquidity Increases



The Q4 crypto rally drove a surge in both off-chain and on-chain demand for stablecoin liquidity. Borrowing costs for USDT and USDC on Binance’s [margin trading platform](#) more than doubled in November compared to October. While these rates typically fluctuate with market conditions and supply-demand dynamics, the increase indicates heightened demand for leveraging positions in spot and futures markets. Although rates eased in December as risk sentiment cooled, they stayed above October levels.

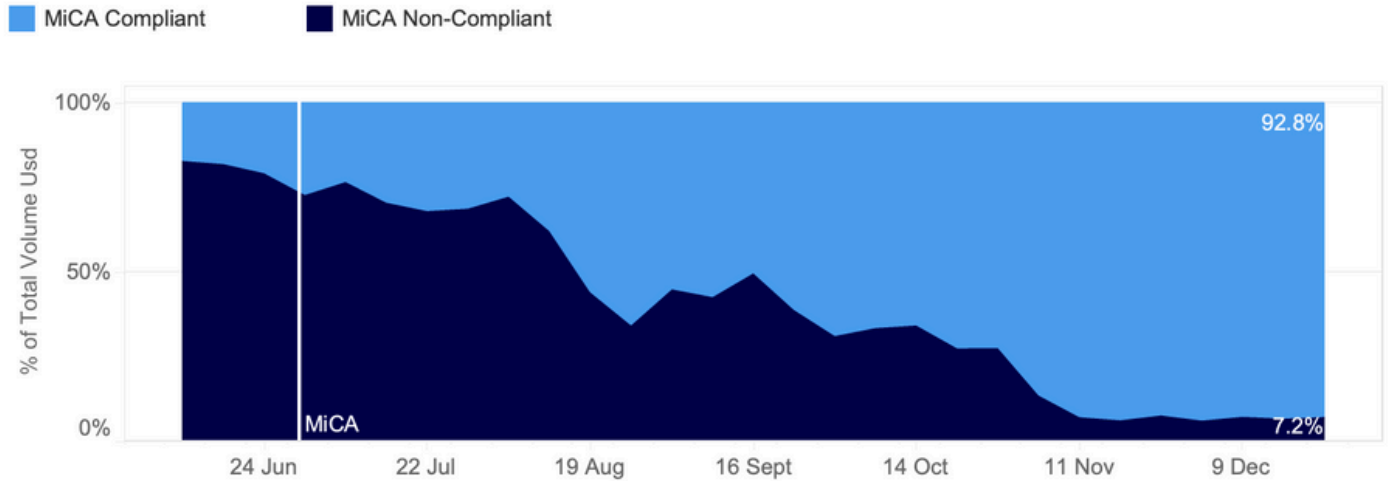
USDT Dominance Hits Highest Level Since 2022 in Q4



Since the U.S. elections, Tether’s USDT experienced strong net buying, with its dominance among stablecoins increasing from 72% in November to 84% in December. However, this trend may shift after Binance’s December announcement of a strategic partnership with Circle. Beyond zero-fee promotions, the partnership aims to boost USDC adoption, with Binance planning to use USDC for its treasury.

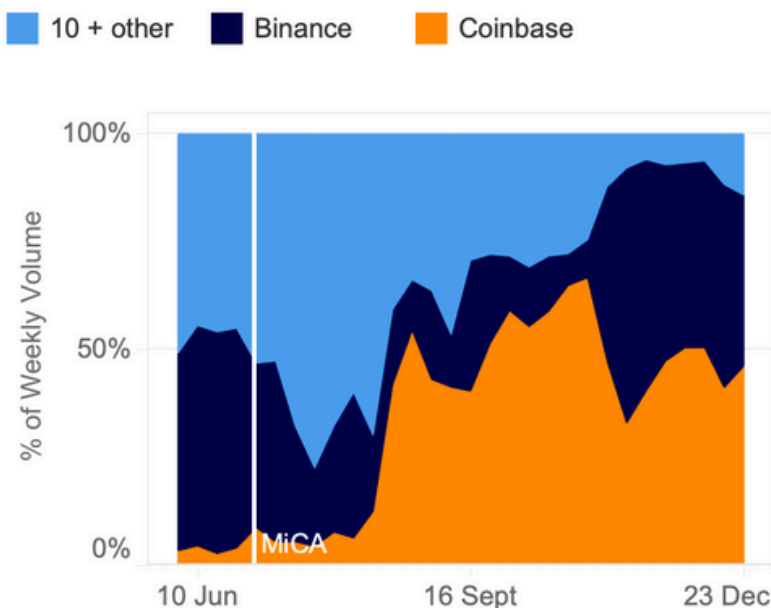
MiCA-Compliant Stablecoins Take Off

EUR Stablecoins : MiCA-Compliant Stablecoins Take Off



Since the implementation of the EU’s landmark crypto regulation, MiCA, in June, the European stablecoin market has revived. MiCA-compliant EUR-backed stablecoins, such as Circle’s EURC, Société Générale’s EURCV, and Banking Circle’s EURI, now command 93% of the euro stablecoin market, up from just 20%. Meanwhile, non-compliant EUR stablecoins have faced declining demand and delistings from major platforms. In response, Tether announced in November that it would discontinue its EUR-backed stablecoin, EURT. However, it will maintain a European presence through investments in StabIR, a Malta-licensed stablecoin provider, and Quantoz, a Netherlands-regulated payment firm.

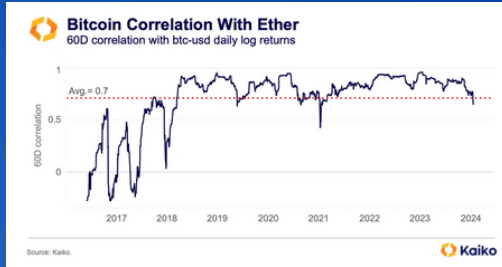
EUR Stablecoins Market Share of Volume



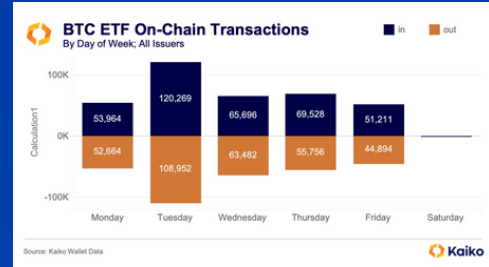
As of December, Coinbase held a 46% share of the EUR stablecoin market with Circle’s EURC. However, Binance has been gaining ground since adding Banking Circle’s EURI in August. Competition among issuers is intensifying, with new players like Quantoz Payments (EURQ), StabIR (EURR), and Schuman Financials (EURØP) joining the market alongside Banking Circle.

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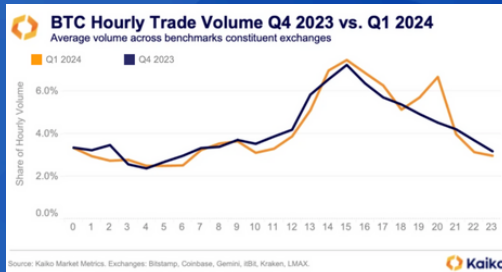
Will ETF Hype Fuel ETH's Comeback? [\(link\)](#)



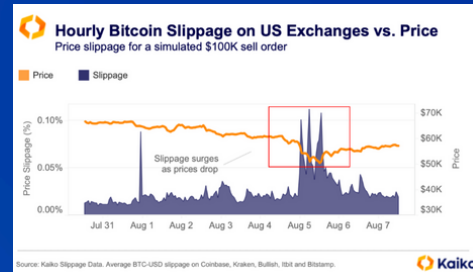
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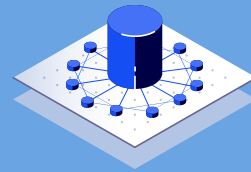
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