



WEEKLY

Crypto Market Overview

May 6th - May 13th 2022

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Last week, all eyes were on the collapse of Terra, one of the biggest crashes in the crypto space. UST, the native stablecoin of Terra, lost its peg to the dollar;¹ LUNA, Terra's secondary token that is designed to serve as an arbitrage mechanism to help stabilize UST's peg, lost almost 100% of its value. We won't dive into details about the tokenomics of Terra, as it is covered by many articles. Instead, we offer a brief synopsis of how & why it happened, along with its impact going forward.

How It Happened?

- **Timed and “coordinated” attack:** It began on May 7th, 2022. As Terraform Labs transferred UST from 3pool to 4pool on Curve to prepare for a new liquidity pool creation, a large amount of UST was sold simultaneously on 3pool to cut liquidity, which led to an initial small depeg of UST.²
- **Network congestion and panic:** The depeg of UST propelled traders to arbitrage using LUNA,³ which theoretically should bring up UST's value by decreasing its supply. However, due to network congestion, that only \$100 million UST can be exchanged for LUNA per day, the arbitrage mechanism didn't correct UST's value as intended. This contributed to collective panic.⁴
- **Death spiral:** As UST lost its peg, investors started losing faith in LUNA. LUNA's price dropped. As LUNA's price dropped, it made the intended arbitrage trade – redeeming LUNA with UST – less appealing. The supply of UST consequently increased, unable to be balanced with demand, causing UST to further depeg, which contributed to more faith losing in LUNA. The death spiral spired.⁵

Why It Happened?

- **UST's value unsustainable:** It can be argued that the utility value of UST was not well supported. Its main use case was to be staked on the Anchor Protocol which offered a 20% annualized interest rate to attract capital.⁶ However, such a yield was difficult to sustain. In addition, UST was not fully collateralized. In fact, LFG was in the process of purchasing BTC to serve as collateral to back UST's value. The \$3 billion worth of BTC purchased one week before was too little too late to correct UST's depeg.⁷
- **Key assumption challenged:** The key to maintain UST's peg is the arbitrage mechanism between UST and LUNA.⁸ The mechanism relies on one important embedded assumption – LUNA's price is at least stable when UST's value drops below the peg, so that investors would burn UST for LUNA. This assumption further relies on an efficient market and uncongested network, which was challenged during the crash.⁹

Impact on Ecosystem?

- **Doubts on stablecoins:** The collapse of a \$16 billion stablecoin project led to more doubts on other ones, in particular algorithmic stablecoins. USDT and Lido showed signs of depegging, but so far no major distress.¹⁰
- **Projects migration:** Terra had a Total Value Locked (TVL) of \$29.17 billion on May 6th before the depegging event. It stands at \$1.01 billion as of May 13th.¹¹ The projects built upon Terra would need to seek an alternative chain to migrate to.¹²
- **Portfolios hurt:** Many funds, including hedge funds, asset managers and crypto lending businesses, have exposure in Terra. Their portfolios suffered a huge blow. Celsius, a crypto lending company, had to pull out its half billion dollars from Anchor Protocol as the event unfolded.¹³

Equity market was down, U.S. 10-year Treasury yield at 2.9185%, broad commodities were down, cryptocurrencies experienced a bloodbath.¹⁴

Crypto total market capitalization dropped 20%, standing at \$1.32 trillion.¹⁵

Top 100 coins dominate 98.22% of the crypto market.¹⁶

BTC's market dominance stands at 45.02% while ETH's stands at 19.04%.¹⁷

Sector dominance changed significantly compared to the previous weeks. Payments gained ~5% while infrastructure lost ~4% of market share.¹⁸

As of May 6th, UST had a market dominance of 1.14% and LUNA at 1.65%. As of May 13th, UST is at 0.14% and LUNA is at 0.005%.¹⁹



Tokenomics of Terra

[Answer](#)



Great chart on Terra's arbitrage mechanism

[Answer](#)



Step by step unfolding of the depegging event

[Answer](#)

General Market Movement

CRYPTO VS. TRADITIONAL MARKETS



		Returns				Annualized Volatility		
		1W	1M	3M	1Y	1M	3M	1Y
Equity								
	S&P 500 Index	-2.41%	-8.81%	-12.28%	-2.15%	26.18%	20.97%	14.28%
	NASDAQ 100 Index	-2.41%	-11.46%	-17.73%	-5.51%	35.92%	29.64%	19.98%
	Dow Jones Industrial Average	-2.14%	-6.15%	-9.23%	-5.36%	21.26%	13.08%	7.45%
Fixed Income								
	Bloomberg US Agg Total Return	0.89%	-1.53%	-6.70%	-8.45%	6.21%	6.07%	4.16%
	Bloomberg Short Treasury	0.02%	0.06%	-0.01%	-0.09%	0.15%	0.14%	0.10%
	Bloomberg US Intermediate Treasury	0.69%	-0.14%	-3.57%	-5.88%	3.94%	3.95%	2.65%
	Bloomberg US Long Treasury	1.92%	-5.20%	-15.08%	-12.86%	15.83%	15.91%	12.53%
Commodity								
	Bloomberg Commodity Index	-1.54%	1.96%	17.10%	40.21%	21.71%	24.02%	16.58%
	Energy	-1.72%	16.29%	49.16%	110.11%	42.99%	45.27%	30.81%
	Precious Metals	-4.46%	-9.36%	-3.75%	-6.83%	13.77%	16.93%	14.08%
	Industrial Metals	-4.88%	-14.28%	-4.85%	12.65%	18.99%	30.73%	21.75%
	Agriculture	2.12%	2.23%	14.88%	31.19%	13.37%	19.97%	17.70%
Crypto								
	Bitcoin	-18.76%	-27.90%	-31.55%	-42.27%	67.90%	69.27%	72.87%
	Ether	-25.63%	-35.18%	-31.81%	-51.99%	80.87%	76.74%	95.35%
	S&P Cryptocurrency Broad Digital Market Index	-23.67%	-32.07%	-40.26%	-48.95%	74.33%	60.15%	64.04%
	DeFi Pulse Index	-32.28%	-49.37%	-54.94%	-83.99%	101.06%	83.97%	96.85%
	Metaverse Index	-35.35%	-58.31%	-68.58%	-34.45%	118.96%	95.79%	121.19%

General Market Movement

CORRELATION OF ASSET CLASSES



	S&P 500 Index	Nasdaq 100 Index	Bloomberg US Agg Total Return	Bloomberg Short Treasury	Bloomberg US Intermediate Treasury	Bloomberg US Long Treasury	Bloomberg Commodity Index	Energy	Precious Metals	Industrial Metals	Agriculture	Bitcoin	Ether	S&P Crypto Broad Digital Index	DeFi Pulse Index	Metaverse Index
S&P 500 Index	1.00															
Nasdaq 100 Index	0.85	1.00														
Bloomberg US Agg Total Return	-0.05	0.07	1.00													
Bloomberg Short Treasury	-0.01	0.00	0.51	1.00												
Bloomberg US Intermediate Treasury	-0.10	0.00	0.93	0.64	1.00											
Bloomberg US Long Treasury	-0.14	-0.02	0.93	0.32	0.80	1.00										
Bloomberg Commodity Index	0.07	-0.01	-0.04	0.06	0.00	-0.11	1.00									
Energy	0.11	0.04	-0.08	0.04	-0.05	-0.15	0.88	1.00								
Precious Metals	-0.06	-0.08	0.18	0.08	0.21	0.14	0.54	0.31	1.00							
Industrial Metals	0.04	-0.01	-0.03	-0.01	-0.02	-0.04	0.60	0.34	0.39	1.00						
Agriculture	0.00	-0.06	0.00	0.09	0.05	-0.04	0.70	0.38	0.37	0.37	1.00					
Bitcoin	0.32	0.40	-0.01	-0.04	-0.03	-0.04	0.13	0.07	0.02	0.16	0.14	1.00				
Ether	0.35	0.40	-0.01	-0.03	-0.03	-0.04	0.13	0.08	0.05	0.14	0.12	0.82	1.00			
S&P Cryptocurrency Broad Digital Index	0.38	0.45	-0.02	-0.05	-0.05	-0.05	0.13	0.06	0.05	0.17	0.11	0.76	0.76	1.00		
DeFi Pulse Index	0.17	0.10	-0.05	0.00	-0.07	-0.06	0.02	0.03	-0.02	-0.01	0.02	0.02	0.04	0.06	1.00	
Metaverse Index	0.13	0.10	-0.04	0.01	-0.04	-0.06	0.02	0.01	0.00	0.01	0.04	0.06	0.06	0.10	0.72	1.00

General Market Movement

CORRELATION OF TOP 10 CRYPTOCURRENCIES



	Bitcoin	Ether	Binance Coin	Ripple	Cardano	Solana	Dogecoin	Polkadot	Avalanche	Tron	Shiba Inu
Bitcoin	1.00										
Ether	0.86	1.00									
Binance Coin	0.79	0.87	1.00								
Ripple	0.56	0.55	0.58	1.00							
Cardano	0.73	0.77	0.77	0.57	1.00						
Solana	0.62	0.73	0.71	0.47	0.68	1.00					
Dogecoin	0.71	0.74	0.75	0.55	0.68	0.60	1.00				
Polkadot	0.77	0.84	0.84	0.57	0.75	0.72	0.69	1.00			
Avalanche	0.62	0.67	0.67	0.48	0.64	0.64	0.56	0.66	1.00		
Tron	0.72	0.77	0.50	0.32	0.74	0.64	0.69	0.77	0.58	1.00	
Shiba Inu	0.51	0.51	0.78	0.57	0.41	0.34	0.50	0.46	0.35	0.43	1.00

	Market Cap (USD)	Market Dominance	Number of Coins
Payments	758,525,317,211.26	62.31%	22
Infrastructure	339,157,578,578.50	27.86%	39
Financial	71,719,255,331.30	5.89%	24
Media and Entertainment	14,792,394,400.40	1.22%	9
Others	11,539,074,801.79	0.95%	6
Sum	1,195,733,620,323	98.22%	100

Sector and Token Movement

TOP & BOTTOM PERFORMERS OF TOP 100 CRYPTOCURRENCIES BY MARKET CAP



	Symbol	Name	Market Dominance Rank	Market Dominance	Return					Annualized Volatility		
					1D	1W	1M	3M	1Y	1M	3M	1Y
Top 10	LOCUS	Locus Chain	75	0.05%	0.0%	60.3%	102.6%	0.0%	0.0%	503.6%	758.0%	0.0%
	MKR	Maker	42	0.11%	-5.4%	11.5%	-25.8%	-26.8%	-71.9%	120.9%	106.0%	118.4%
	TUSD	TrueUSD	49	0.09%	0.1%	0.0%	0.0%	0.0%	0.0%	2.7%	1.8%	2.9%
	DAI	Dai	15	0.53%	-0.5%	0.0%	-0.1%	0.0%	-0.2%	3.5%	11.0%	8.1%
	BUSD	Binance USD	7	1.4%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.9%	1.0%	6.7%
	USDC	USD Coin	4	4.07%	-0.1%	0.0%	-0.1%	0.1%	0.1%	3.2%	3.2%	5.7%
	USDT	Tether	3	6.46%	-0.2%	-0.1%	-0.1%	-0.2%	-0.2%	2.2%	1.7%	9.7%
	HUSD	HUSD	93	0.03%	0.0%	-0.3%	-0.1%	-0.1%	-0.1%	142.9%	77.4%	37.1%
	USDP	Pax Dollar	56	0.08%	0.3%	-0.3%	0.0%	0.0%	0.0%	10.6%	10.2%	8.1%
	FRAX	FRAX	37	0.14%	-0.4%	-0.4%	-0.2%	-0.4%	-1.2%	9.9%	20.4%	83.1%
Bottom 10	CAKE	PancakeSwap	48	0.1%	-13.9%	-44.8%	-49.4%	-49.9%	-87.3%	152.8%	124.4%	127.3%
	AVAX	Avalanche	13	0.66%	-18.8%	-45.7%	-61.1%	-61.7%	-19.3%	154.3%	121.8%	147.0%
	KAVA	Kava	95	0.03%	-11.1%	-46.2%	-54.2%	-39.2%	-64.9%	196.5%	136.2%	136.4%
	CVX	Convex Finance	64	0.06%	-15.4%	-48.0%	-58.3%	-53.7%	0.0%	177.3%	142.7%	199.1%
	RUNE	THORChain	54	0.08%	-16.7%	-48.8%	-63.9%	-23.1%	-83.9%	177.5%	184.4%	176.4%
	LDO	Lido DAO	90	0.03%	-19.4%	-50.1%	-52.8%	-9.7%	-67.6%	188.4%	193.9%	194.8%
	GRT	The Graph	55	0.08%	-11.3%	-50.3%	-60.1%	-64.3%	-89.4%	174.4%	145.9%	142.1%
	WAVES	Waves	65	0.06%	-17.6%	-50.8%	-69.5%	-30.9%	-80.6%	179.6%	256.7%	170.5%
	FTM	Fantom	60	0.06%	-22.3%	-55.8%	-73.8%	-84.0%	-56.4%	205.5%	159.2%	177.5%
	UST	TerraUSD	36	0.14%	36.9%	-84.3%	-84.4%	-84.4%	-84.4%	272.2%	165.4%	84.3%
This Week's Highlight	LUNA	Terra	213	0.0053%	20.6%	-100.0%	-100.0%	-100.0%	-100.0%	519.99%	341.86%	235.96%

Sector and Token Movement

TOKEN MARKET DOMINANCE & CHANGE OF TOP 100 CRYPTOCURRENCIES BY MARKET CAP



								Return				Annualized Volatility		
		Symbol	Name	Price (USD)	Market Cap Rank	Market Cap Dominance	Market Cap (USD)	1W	1M	3M	1Y	1M	3M	1Y
Payments	Currency	BTC	Bitcoin	28798.38	1	45.02%	548,087,700,320	-18.76%	-27.90%	-31.55%	-42.27%	67.90%	69.27%	72.87%
		XRP	XRP	0.40	6	1.58%	19,223,285,408	-30.99%	-44.84%	-50.31%	-71.42%	109.00%	91.60%	110.47%
		DOGE	Dogecoin	0.08	10	0.92%	11,241,892,367	-33.07%	-40.82%	-42.43%	-84.78%	135.94%	108.44%	123.68%
	Stablecoin	USDT	Tether	1.00	3	6.46%	78,609,868,144	-0.11%	-0.13%	-0.20%	-0.20%	2.18%	1.67%	9.66%
		USDC	USD Coin	1.00	4	4.07%	49,558,423,658	-0.04%	-0.06%	0.06%	0.12%	3.19%	3.16%	5.69%
		BUSD	Binance USD	1.00	7	1.4%	17,027,757,705	-0.02%	-0.01%	-0.01%	-0.01%	0.89%	1.00%	6.74%
Financials	DEX	UNI	Uniswap	4.78	24	0.27%	3,294,800,912	-33.38%	-49.62%	-53.82%	-88.19%	128.18%	104.35%	128.17%
		DFI	DeFiChain	3.04	39	0.13%	1,550,460,018	-27.66%	-13.50%	2.13%	-26.70%	103.68%	85.90%	93.97%
		CAKE	PancakeSwap	4.02	48	0.1%	1,187,373,728	-44.78%	-49.43%	-49.86%	-87.32%	152.79%	124.40%	127.33%
	Lending	MKR	Maker	1415.45	42	0.11%	1,373,161,002	11.54%	-25.80%	-26.79%	-71.85%	120.87%	106.02%	118.37%
		AAVE	Aave	78.69	51	0.09%	1,074,470,062	-40.45%	-54.29%	-50.30%	-86.80%	146.48%	144.21%	136.37%
		NEXO	Nexo	1.30	62	0.06%	723,239,522	-31.56%	-45.71%	-36.21%	-66.88%	109.99%	88.05%	119.78%
	Centralized Exchanges	BNB	BNB	273.84	5	3.67%	44,673,071,416	-24.89%	-33.85%	-31.09%	-54.52%	97.95%	77.35%	101.18%
		LEO	Unus Sed Leo	5.00	18	0.39%	4,768,469,242	-6.64%	-13.21%	-14.69%	50.67%	54.91%	53.76%	101.40%
		FTT	FTX Token	30.05	22	0.34%	4,095,976,061	-14.26%	-27.88%	-32.15%	-48.06%	86.62%	109.03%	112.30%
Infrastructure	Smart Contract Platform	ETH	Ethereum	1960.50	2	19.4%	236,241,309,517	-25.63%	-35.18%	-31.81%	-51.99%	80.87%	76.74%	95.35%
		ADA	Cardano	0.49	8	1.36%	16,583,639,734	-34.99%	-47.04%	-52.63%	-75.42%	136.17%	107.99%	113.26%
		SOL	Solana	46.94	9	1.3%	15,791,323,149	-40.24%	-53.26%	-49.30%	10.18%	136.86%	114.77%	139.27%
	Scaling	MATIC	Polygon	0.62	17	0.41%	4,944,374,537	-38.87%	-54.67%	-62.48%	-57.80%	141.95%	108.74%	158.08%
		OMG	OMG Network	2.33	99	0.03%	326,947,821	-35.07%	-48.09%	-49.57%	-77.10%	129.31%	108.85%	142.00%
	File Storage	FIL	Filecoin	8.28	38	0.14%	1,671,966,183	-37.21%	-55.49%	-59.60%	-93.12%	145.63%	121.01%	128.41%
		AR	Arweave	13.70	86	0.04%	456,323,799	-32.38%	-54.83%	-57.45%	-53.34%	126.00%	121.26%	174.09%
	Data Storage	LINK	Chainlink	6.67	26	0.26%	3,107,828,144	-34.76%	-51.19%	-57.33%	-85.71%	120.29%	100.98%	128.47%
		GRT	The Graph	0.15	55	0.08%	998,331,539	-50.32%	-60.13%	-64.30%	-89.39%	174.45%	145.91%	142.06%
	IoT	HNT	Helium	9.18	50	0.09%	1,076,400,965	-34.16%	-54.43%	-63.35%	-40.94%	147.29%	120.59%	130.83%
MIOTA		IOTA	0.32	58	0.07%	884,771,548	-33.43%	-52.24%	-62.68%	-83.78%	126.31%	102.50%	131.25%	
Media and Entertainment	Metaverse	MANA	Decentraland	1.12	32	0.17%	2,054,782,209	-18.99%	-47.63%	-60.66%	-14.22%	214.91%	148.07%	222.26%
	Gaming	SAND	The Sandbox	1.23	40	0.12%	1,509,718,727	-36.58%	-55.73%	-69.70%	179.15%	163.77%	128.41%	193.79%
		AXS	Axie Infinity	19.64	47	0.1%	1,197,070,042	-31.46%	-58.10%	-66.26%	176.80%	148.79%	127.54%	190.02%
		ENJ	Enjin Coin	0.66	74	0.05%	585,634,266	-33.59%	-56.69%	-61.90%	-68.91%	146.03%	124.34%	155.19%
	Content Creation and Distribution	THETA	Theta Network	1.33	43	0.11%	1,330,171,766	-37.15%	-56.33%	-62.95%	-86.76%	157.91%	131.50%	137.03%
	Advertisement	BAT	Basic Attention Token	0.37	80	0.05%	555,828,082	-33.00%	-48.43%	-53.82%	-69.54%	135.26%	108.50%	139.58%

Cross River is a comprehensive technology infrastructure provider offering core banking services, built with modular APIs. We are incorporating fiat and crypto seamlessly in a regulatory compliant and safe way with direct connection to traditional payment rails.

Crypto Solutions

Fiat On/Off Ramps

Move fiat funds via ACH or Wire before conversion into crypto

Crypto Collateralized Lending

Borrow dollars against digital assets for you and your customers

Custody, Buy, Sell (Under Development)

Buy, sell, or hold with support for digital assets in a turnkey and compliant solution

FOOTNOTES

- ¹ <https://www.coindesk.com/business/2022/05/09/ust-stablecoin-falls-below-dollar-peg-for-second-time-in-48-hours/>
- ² <https://www.theblockresearch.com/layer-by-layer-issue-30-terra-146660>
- ³ The trade should work as follows: If UST < \$1, one should buy UST at a “discount” and convert to LUNA. Then one could sell LUNA at \$1 to the market.
- ⁴ <https://www.cnet.com/personal-finance/crypto/luna-crypto-crash-how-ust-broke-why-it-matters-and-whats-next/>
- ⁵ <https://twitter.com/ionwu/status/1523793482850050048>
- ⁶ <https://app.anchorprotocol.com/#/earn>
- ⁷ <https://www.theblockcrypto.com/linked/147014/luna-foundation-guard-breaks-silence-on-state-of-terra-reserves-looks-to-compensate-users>
- ⁸ See Terra’s tokenomics, <https://medium.com/coinmonks/tokenomics-of-luna-4d51106c04cb>
- ⁹ <https://www.theblockresearch.com/layer-by-layer-issue-30-terra-146660>
- ¹⁰ <https://coinmarketcap.com/currencies/tether/> & <https://blockworks.co/signs-of-next-crypto-depegging/>
- ¹¹ <https://defillama.com/chain/Terra>
- ¹² <https://www.theblockcrypto.com/post/147037/polygon-juno-and-fantom-blockchains-try-to-lure-terras-projects>
- ¹³ <https://www.theblockcrypto.com/post/146752/celsius-pulled-half-a-billion-dollars-out-of-anchor-protocol-amid-terra-chaos>
- ¹⁴ See Crypto vs. Traditional Markets table. As of 5/13/2022.
- ¹⁵ <https://coinmarketcap.com/charts/>
- ¹⁶ See Sector Performance of Top 100 Cryptocurrencies by Market Cap table.
- ¹⁷ Source: Messari, as of 5/13/2022.
- ¹⁸ See Sector Performance of Top 100 Cryptocurrencies by Market Cap.
- ¹⁹ Source: Messari.

DATA TABLE SOURCES

Crypto vs. Traditional Markets

Data Source: Bloomberg, CoinGecko, Messari, 05/13/2021 to 05/13/2022. Cross River Bank and its affiliates do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

Correlation of Asset Classes

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Correlation of Top 10 Cryptocurrencies (Ex-Stablecoins)

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Sector Performance of Top 100 Cryptocurrencies by Market Cap

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Top & Bottom Performers of Top 100 Cryptocurrencies by Market Cap

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Sector Analysis of Top 100 Cryptocurrencies by Market Cap

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