



BOCCONI
STUDENTS
BLOCKCHAIN
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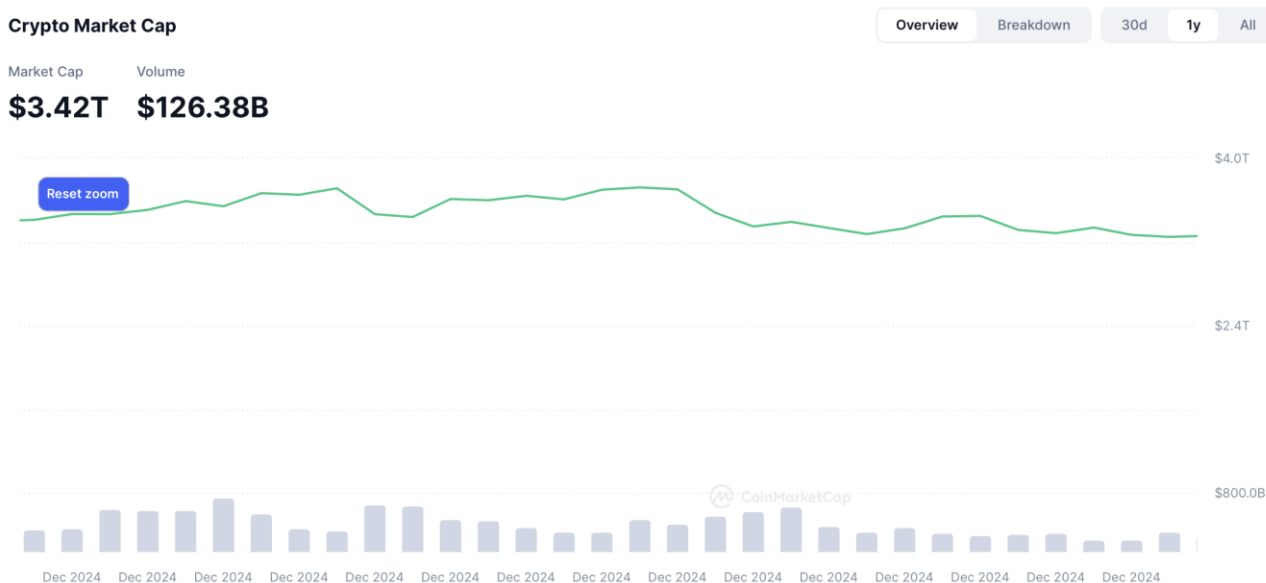


Macroeconomics outlook

December 2024 marked a significant period for the global economy and the cryptocurrency market, characterized by overall consolidation and growing interest in alternative assets. Major central banks, such as the Federal Reserve and the ECB, maintained restrictive monetary policies to combat inflation, keeping interest rates at elevated levels. This decision reinforced the perception of cryptocurrencies as a store of value, especially in an economically uncertain environment.

The interest in the crypto market was evident with the achievement of a new all-time high in market capitalization, reaching \$3.91 trillion. This milestone was primarily driven by Bitcoin’s rise, which reached its historical peak of \$108,000 on December 22, marking a 15% increase compared to November. Ethereum also experienced significant growth (+12%), stabilizing around \$3,800, while Binance Coin (BNB) consolidated its market position, growing by 7% to reach \$720. The high trading activity, with average daily volumes of \$140 billion, further highlighted investors’ interest, both institutional and retail.

Figure 1: Cryptocurrency Market Cap



Source: CoinMarketCap
As of December 31, 2024



Focus on the USA

In the United States, the labor market demonstrated remarkable resilience. In December, the unemployment rate dropped to 4.1%, which supported consumer demand during the holiday season. Meanwhile, annual inflation remained stable at 3.1%, with signs of slowing down in key sectors such as energy and consumer goods.

In the cryptocurrency sector, the United States played a pivotal role. Trading volumes on American exchanges, such as Coinbase and Kraken, accounted for approximately 22% of the global total, underscoring the country's importance in this domain.

The narrative of Bitcoin as “digital gold” continued to gain popularity, attracting significant investments into Bitcoin-based ETFs, particularly from institutional investors. Stablecoins also saw a 10% increase in adoption, proving to be reliable instruments for payments and international transactions.

These data highlight how the cryptocurrency market is maturing and becoming increasingly relevant not only for individuals but also for the entire global financial system. It is fascinating to observe how the interaction between economic policies, technological innovations, and investor sentiment is profoundly transforming the economic and financial landscape, further intertwining the stock market with cryptocurrencies and blockchain.

Market Analysis and Future Trends

The outlook for the cryptocurrency market in 2025 appears very promising. The marketcap’s expansion is fueled by growing interest from institutional investors, as evidenced by the increase in holdings of Bitcoin and Ethereum-based ETFs and the introduction of new regulated financial products. Retail investors are also increasing their participation, drawn by the promise of decentralization and financial autonomy, especially in emerging economies where cryptocurrencies represent an alternative to declining local currencies.

Bitcoin and Ethereum will continue to dominate the market: Bitcoin is increasingly regarded as a store of value, with predictions indicating its price could surpass \$120,000 in the near future, driven by growing demand from institutional investors. Ethereum, on the other hand, is solidifying its position as the leading platform for DeFi and NFT applications, thanks to ongoing technological upgrades that improve scalability and reduce transaction costs.

Figure 2: Total Value Locked



Source: DefiLlama
As of December 31, 2024

The decentralized finance (DeFi) sector is experiencing remarkable growth, with an increase in total value locked (TVL) throughout 2024. This trend is expected to continue in 2025, driven by the expansion of Layer-2 solutions like Arbitrum and Optimism, which offer faster and cheaper transactions, and the spread of DeFi in emerging economies.



Innovations in gaming and Web3 sectors are also drawing attention to altcoins like Solana, Cardano, and Avalanche, while stablecoins continue gaining popularity as tools for international transactions and integration with traditional financial institutions.

Regulatory changes could have a significant impact in 2025. In the United States, a more favorable regulatory approach could further incentivize investments and innovation, while globally, there is growing collaboration between governments and companies in the blockchain sector. Several nations are also considering adopting central bank digital currencies, strengthening the connection between traditional finance and blockchain technologies.

From a technological standpoint, the sector is poised to achieve remarkable advancements. Solutions like zk-rollups and other cutting-edge technologies are improving blockchain scalability, while protocols such as Polkadot and Cosmos are fostering interoperability, creating stronger connections between different blockchain networks and facilitating the sharing of data and resources. These developments position the blockchain sector as one of the most dynamic and promising for the future.

Figure 3: Peter Brandt Bitcoin prediction for 2025

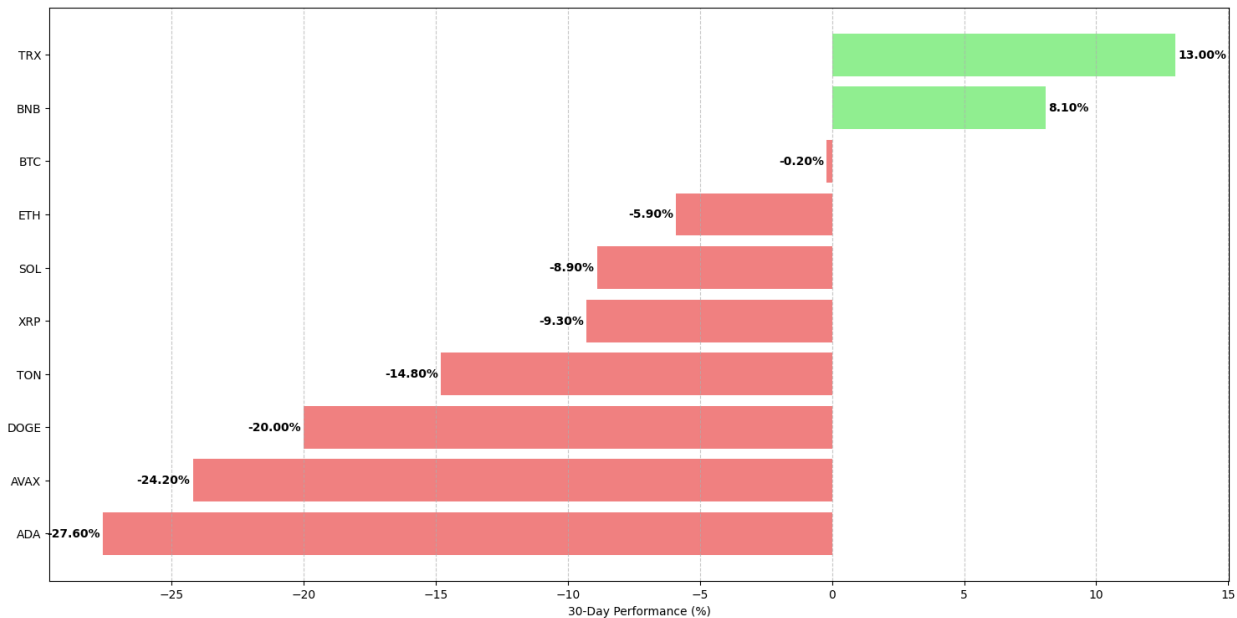


Source: TradingView
As of December 31, 2024



Top 10 Cryptocurrencies by Market Cap – 30 Day Performance

Figure 4: Monthly price performance



Source: BSBA (data from: CoinMarketCap)
As of December 31, 2024

In descending order of performance:

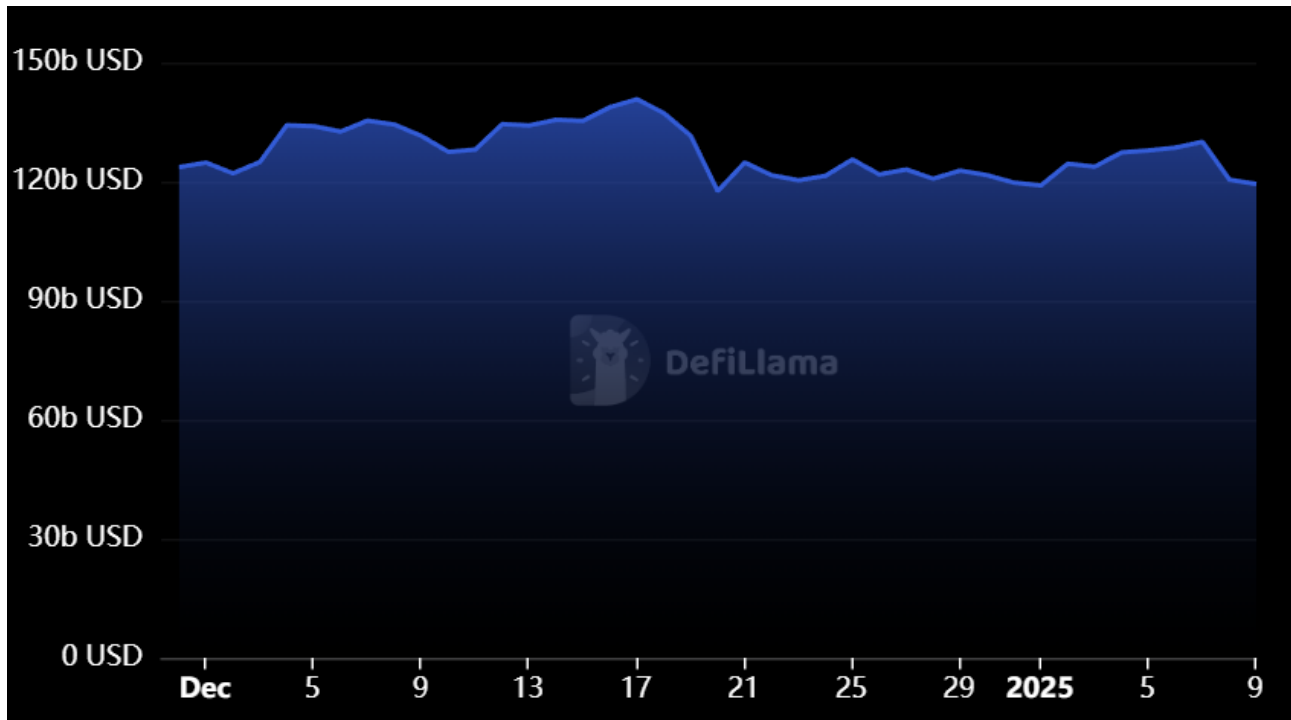
- ❖ **TRX (Tron):** In December 2024, TRX led the cryptocurrency market with a significant 13.0% gain, reflecting increased network activity and strategic decisions by its founder, Justin Sun. TRON set a record in November by generating US\$240 million in fees, signaling robust ecosystem engagement. Sun's appointment as an advisor to World Liberty Financial (WLFI), a DeFi venture, and his US\$30 million investment in WLFI tokens, bolstered investor confidence. This strategic partnership underscored TRON's growing influence in the DeFi space, helping to drive its price upward amidst a competitive market environment.
- ❖ **BNB (Binance Coin):** BNB saw an 8.1% increase in December, fueled by major innovations and increasing institutional adoption. PancakeSwap's launch of SpringBoard, a no-code platform for token creation, made token issuance more accessible, while the introduction of the Osprey BNB Chain Trust provided investors with new avenues for exposure. BNB Chain's 2024 Annual Report highlighted critical initiatives, including the 'One BNB' multichain strategy, and advancements in opBNB and Greenfield. These developments emphasized BNB's aim to integrate AI, enhancing its appeal and solidifying its position in the blockchain ecosystem.
- ❖ **BTC (Bitcoin):** Bitcoin briefly surpassed the US\$100K mark in early December (reaching a new all-time high of \$108,268.45 on December 17), driven by favorable regulatory developments and growing institutional interest. Jerome Powell's comparison of Bitcoin to gold and the appointment of Paul Atkins to the SEC contributed to optimism about US crypto regulations.

Institutional adoption, such as MicroStrategy's inclusion in the Nasdaq 100 and significant crypto acquisitions, fueled Bitcoin's momentum. However, the market faced corrections later in the month, leading to a slight decline of 0.2% as broader economic concerns influenced investor sentiment.

- ❖ **ETH (Ethereum):** Ethereum started December on a strong note, bolstered by substantial institutional investments, including BlackRock's US\$3.5 billion infusion. The launch of Franklin Templeton's Benji project further highlighted Ethereum's growing adoption. These developments initially propelled ETH's price upwards. However, as the month progressed, the market experienced adjustments, and Ethereum faced a 5.9% decline. Broader macroeconomic uncertainties and profit-taking by investors contributed to the price correction, reflecting the volatile nature of the cryptocurrency market.
- ❖ **SOL (Solana):** Solana experienced an 8.9% price drop in December, primarily due to a hawkish outlook from the Federal Reserve, which dampened market sentiment. Solana's Total Value Locked (TVL) decreased by 4.5%, indicating a reduction in DeFi activity and investor interest. Daily transactions on the Solana network nearly halved since November, and revenues plummeted from US\$12 million to just US\$1.13 million. These factors, coupled with rising competition from emerging blockchain projects, exerted significant downward pressure on SOL's market performance.
- ❖ **XRP (Ripple):** XRP's ecosystem saw positive momentum in December with the launch of the RLUSD stablecoin and a strategic partnership with Archax, aimed at enhancing real-world asset tokenization on the XRP Ledger. Institutional adoption was also evident, with Workspoint purchasing US\$5 million in XRP for its treasury, and WisdomTree filing for a spot XRP ETF. Despite these advancements, XRP's price declined by 9.3%, reflecting market caution and the broader impact of economic factors, which tempered investor enthusiasm despite the strong ecosystem developments.
- ❖ **TON (Toncoin):** TON faced a challenging month with a 14.8% decline. Market dynamics and increased competition from other blockchain projects weighed heavily on its performance, highlighting the need for further ecosystem developments to sustain investor interest.
- ❖ **DOGE (Dogecoin):** Dogecoin experienced a sharp decline of 20.0% in December, largely due to a significant network vulnerability known as "DogeReaper." The exploit severely impacted network stability, reducing node activity and undermining investor confidence.
- ❖ **AVAX (Avalanche):** AVAX suffered a 24.2% drop in December, driven by market-wide sell-offs and concerns about Avalanche's competitive position. Reduced DeFi activity and increased competition from newer blockchains contributed to its underperformance.
- ❖ **ADA (Cardano):** Cardano recorded the largest decline among the top 10 cryptocurrencies, falling by 27.6%. The downturn was influenced by broader market sell-offs and a decline in network activity, raising questions about the long-term sustainability of its growth.

Decentralized Finance (DeFi)

Figure 5: Comparison Total Value Locked



Source: DefiLlama
As of December 31, 2024

After a great November where DeFi TVL reached an impressive 125b USD, during December the Total Value Locked remained basically stable, with a little decrease spread equally during the month. The worst day was the 20th where TVL dropped the most and never recovered. As we can see in the graph the final balance is -4% (going from 125b to 120b). This is a fair result, even though it's a negative value, for several reasons:

- Profit-taking: December is usually a period of the year where investors take profits after strong market runs.
- Volatility: Bitcoin and Ethereum showed mixed performances, with the second one that finished the year experiencing a slight decline. They have a huge impact in the TVL due to their huge capitalization.
- Global financial uncertainty: central bank policies and geopolitical developments had of course an impact. One of them is for example the cut of interest rates and the announce of the FED that in 2025 only 2 rates cut will occur, not 4 as previously said.



- Regulation: during December the IRS implemented new requirements for decentralized finance platforms. For example, the introduction for popular blockchains like Ethereum of higher transaction fees or periods of congestion. This may have caused some investors to stay out of DeFi platforms.
- Competitors: new centralized finance platforms (CeFi) and new real-world assets (RWAs) might have stolen some capital. These provide potentially lower-risk returns compared to DeFi.

Despite some critics about stagnation, the long term for Decentralized Finance remains promising. Many innovations like Layer-2 solutions can carry for sure DeFi for all 2025.

Solana (SOL) began the year with 9.1b USD and suffered the same drop on the 20th, ending the year at 8.5b (-6.6%). For now, the prediction of Solana reaching 10b has not yet been fulfilled but 2025 can be the year.

Tron (TRX) finished a little lower from where it started, around 7.5b USD. A curious thing can be the increase of 75.9% in its TVL in just 2 days that immediately went down again. It can be a demonstration that cryptocurrencies are extremely volatile and you can earn and lose lots of money in a few days.

Base Protocol (BASE) went from 3.6 to again 3,6 showing great stability.

Lastly, Arbitrum (ARB) has always been one of the most volatile and this can be seen in its TVL graph of December. The first half of the month it increased a lot reaching its all-time high of 3.5b and then it immediately drop ending the year at 2.9



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About Us

BSBA fosters a community-driven approach to the adoption of Blockchain. To inspire change, we need to motivate the youngest generations to study and understand the technological advancements around us.

The market division plays a vital role in connecting students with the evolving blockchain ecosystem. Through targeted research, strategic outreach, and engaging promotional efforts, we ensure events and resources are accessible and relevant to members.



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