



31 December 2024

WisdomTree Crypto Monthly



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December 2024 Overview

WisdomTree published four crypto blogs in December 2024.

+ [November 2024 crypto basket rebalance](#)

The November 2024 crypto basket rebalances illustrate the dynamic and adaptive nature of cryptocurrency investments. XRP replaced Polygon in WisdomTree's two crypto baskets.

Year-to-date, all three of WisdomTree's crypto baskets are showing strong performance. While November 2024 rebalances resulted in relatively significant turnovers, slippage costs were contained.

Published on 12 December 2024.

+ [Bitcoin vs XRP: understanding two giants of the crypto world](#)

Bitcoin and XRP each play vital roles in the cryptocurrency ecosystem. Bitcoin's appeal as a decentralised store of value continues to attract investors, while XRP's utility in transforming cross-border payments positions it as a leader in blockchain-based finance.

Though surpassing bitcoin's market cap remains an ambitious goal, XRP's deflationary supply, institutional focus, and scalability ensure it will remain a crucial player in the evolving crypto space.

Published on 09 December 2024.

+ [Cryptocurrencies are here to stay](#)

The data highlights a disconnect between the market reality of cryptocurrencies and the perceptions of some investors. With a market capitalisation rivaling traditional asset classes and a proven history, cryptocurrencies are no longer a niche investment but a formidable player in the global financial ecosystem.

For investors dismissing the sector as a passing trend, it may be worth reevaluating their stance in light of the evidence.

Published on 03 December 2024.

+ [Understanding bitcoin price performance](#)

The first step to valuing bitcoin is understanding what drives its price performance. For this, we have started building a robust Bitcoin Model that currently uses two key explanatory variables: receiving addresses (+) and VIX index (-).

Over the coming months, we will continue working on this model. As we do, we will publish progress updates summarising our key findings.

Published on 02 December 2024.

Source: WisdomTree. 31 December 2024. Please click on a title to read the full blog.

Flows and AUM

Crypto ETPs domiciled in Europe

In USDm		AUM	1M Flows	YTD Flows
Bitcoin	Physical	5,957	-128	-695
Bitcoin	Synthetic	2,859	-130	-661
Ethereum	Physical	1,504	145	328
Ethereum	Synthetic	1,071	-19	-197
Solana	Physical	1,616	-31	81
Other Single Coin	Physical	1,477	49	409
XRP	Physical	1,066	375	648
Crypto Basket	Physical	1,042	-188	176
Cardano	Physical	128	7	24
Polkadot	Physical	63	11	42
Total		16,783	91	156

Crypto ETFs domiciled in the U.S.

In USDm		AUM	1M Flows	YTD Flows
Bitcoin	Physical	105,400	4,657	35,356
Bitcoin	Synthetic	6,783	162	3,261
Ethereum	Physical	12,116	2,084	2,659
Ethereum	Synthetic	1,167	512	1,319
Total		125,466	7,416	42,595

Crypto ETPs domiciled in Rest of the World

In USDm		AUM	1M Flows	YTD Flows
Bitcoin	Physical	3,638	-179	79
Bitcoin	Synthetic	186	-2	54
Ethereum	Physical	939	43	-13
Ethereum	Synthetic	68	6	12
Crypto Basket	Physical	756	10	-5
Total		5,587	-122	127

Source: Bloomberg, WisdomTree. 31 December 2024. Actively managed crypto ETPs and ETFs are excluded. 1M = One month. YTD = Year to Date. **Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.**

Bitcoin Tactical: Fundamental View


Price to Number of Unique Addresses Ratio

Bitcoin is a network, and the value of any network is very much linked to the number of unique accounts (here: unique addresses) that it connects. This ratio is bearish when \$1 invested into bitcoin buys fewer unique addresses and bullish when it buys more unique addresses. For example, if the whole bitcoin network consisted of 10 unique addresses and if bitcoin price was \$1, the ratio would be 0.10. Then if bitcoin network grew to 20 unique addresses but its price remained \$1, ratio would be 0.05. This lower ratio would be a bullish signal as it would indicate that the same \$1 is buying a more valuable network.

Now: Bearish neutral at 0.12  Change since last month: →	Most Bearish		Most Bullish	
	Date	25/12/2024	25/01/2024	
	Value	0.14	0.04	
	Bitcoin return over the next month	--	29.6%	

Per Cent of Entities in Profit

Per cent of entities in profit shows what per cent of entities on average bought bitcoin at lower prices than the current price. When there are more entities in profit, it is more likely that a portion of them will sell bitcoin to lock in profits. As such, high per cent of entities in profit is a bearish signal as it hints to supply increasing. On the other side, low per cent of entities in profit is a bullish signal as it implies bitcoin price correction which may be a good entry point.


Now: Neutral at 94%  Change since last month: ↑	Most Bearish		Most Bullish	
	Date	15/12/2024	22/01/2024	
	Value	100%	80%	
	Bitcoin return over the next month	--	26.9%	

Source: Glassnode, WisdomTree. From 31 December 2023 to 31 December 2024. Daily data. ↑ = More bullish. ↓ = More bearish. → = No change.

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Hash Rate, in Quintillion

Hash rate is the estimated computational power used for mining. The higher the hash rate, the more miners there are. When bitcoin price significantly exceeds the marginal cost of production, the number of miners increases as they can make money. It usually indicates that bitcoin is close to hitting its price ceiling which is a bearish signal. On the other side, when miners’ marginal cost of production is higher than bitcoin price, miners capitulate (i.e. stop mining). This tends to be a clear signal that bitcoin price is hitting its bottom and that it is a good time to buy it.

Now: Neutral at 703  Change since last month: ↑	Most Bearish		Most Bullish	
	Date	19/11/2024	15/01/2024	
	Value	897	413	
	Bitcoin return over the next month	5.8%	23.3%	

Illiquid Supply

Here illiquid supply shows the per cent of bitcoin that was last active more than one year ago. When this percent increases, it indicates reduced supply as there are fewer bitcoins in circulation. And when this percent decreases, it indicates increased supply as there are more bitcoins in circulation. Assuming demand remains the same, lower supply is bullish for bitcoin price and higher supply is bearish for bitcoin price.

Now: Bearish at 62%  Change since last month: →	Most Bearish		Most Bullish	
	Date	31/12/2024	07/01/2024	
	Value	62%	70%	
	Bitcoin return over the next month	--	-2.7%	

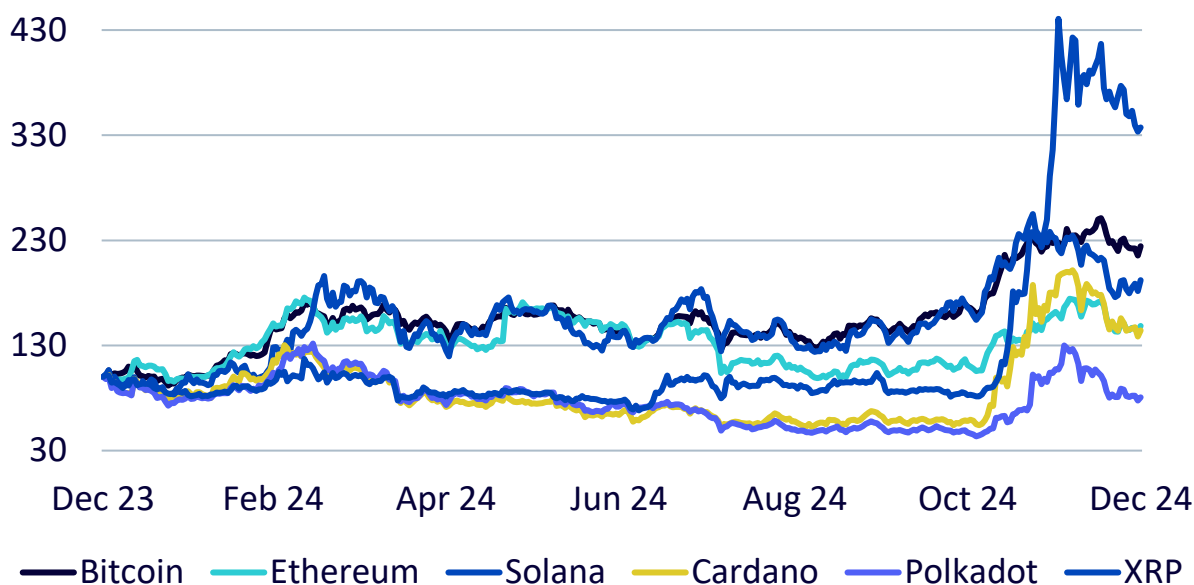
Source: Glassnode, WisdomTree. From 31 December 2023 to 31 December 2024. Daily data. ↑ = More bullish. ↓ = More bearish. → = No change.

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Performance: Single Coins

- + During 2024, XRP led performance.
- + Out of crypto large caps, bitcoin had the lowest volatility.

YTD Single Coin Performance



	Market Cap	1M	3M	YTD	1Y	Volatility
Bitcoin	\$1,852bn	-1%	49%	124%	124%	45%
Ethereum	\$402bn	-7%	31%	48%	48%	61%
XRP	\$119bn	7%	241%	237%	237%	121%
Solana	\$91bn	-18%	26%	92%	92%	71%
Cardano	\$30bn	-20%	127%	44%	44%	143%
Polkadot	\$10bn	-22%	50%	-19%	-19%	125%

Source: WisdomTree, Artemis Terminal, Glassnode. 31 December 2024. Volatility is calculated using 3-month daily USD returns and is annualised. YTD = Year to date. 1M = One month. 3M = Three months. 1Y = One year.

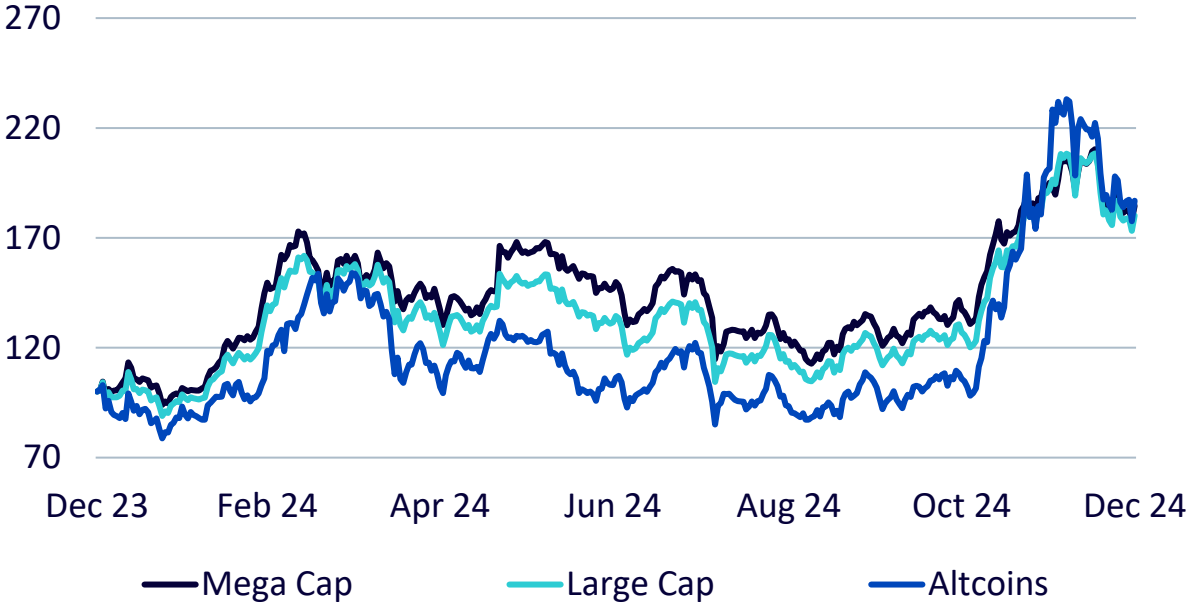
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Performance: Crypto Baskets

- + During 2024, altcoins led performance.
- + Altcoins also had higher volatility than mega cap or large cap crypto baskets.

YTD Crypto Basket Performance



	1M	3M	YTD	1Y	Volatility
Mega Cap	-4%	41%	85%	85%	49%
Large Cap	-5%	48%	80%	80%	55%
Altcoins	-7%	79%	87%	87%	88%

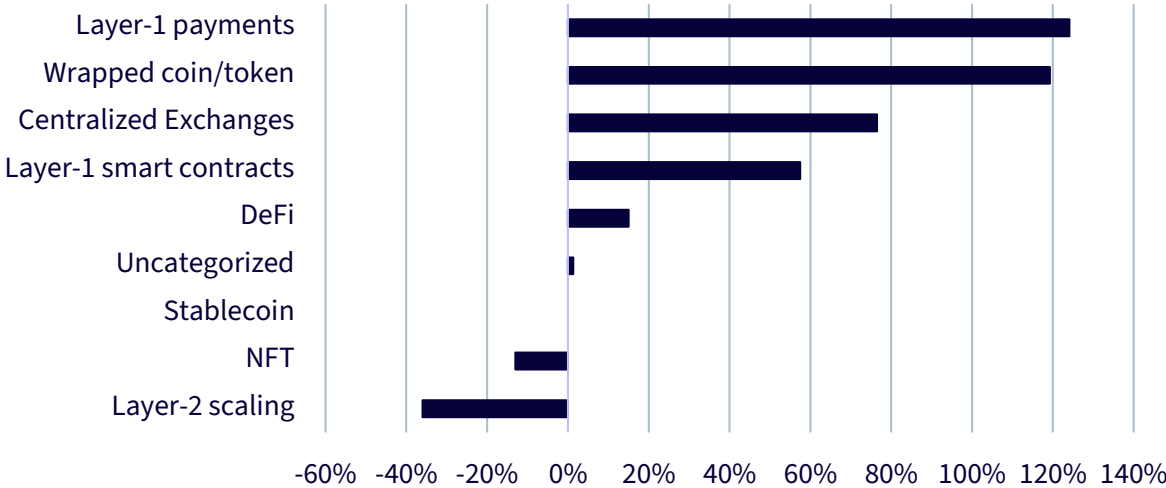
Source: WisdomTree. 31 December 2024. Volatility is calculated using 3-month daily USD returns and is annualised. YTD = Year to date. 1M = One month. 3M = Three months. 1Y = One year. Mega Cap = WisdomTree CF Crypto Mega Cap Equal Weight Index. Large Cap = WisdomTree CF Crypto Market Index. Altcoins = WisdomTree CF Crypto Altcoins Index.

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Performance: Sectors

- + During 2024, 2 sectors – layer-1 payments and wrapped coin/token – led performance.
- + Layer-2 scaling remained key underperformer.

YTD Sector Performance



Sector	1M	3M	YTD	1Y
Layer-2 scaling	-6%	28%	-36%	-35%
NFT	-21%	17%	-13%	-14%
Stablecoin	0%	0%	0%	0%
Uncategorized	-11%	19%	1%	0%
DeFi	2%	43%	15%	14%
Layer-1 smart contracts	-9%	29%	58%	57%
Centralized Exchanges	3%	62%	77%	78%
Wrapped coin/token	-5%	41%	119%	119%
Layer-1 payments	-5%	47%	124%	125%

Source: WisdomTree. 31 December 2024.

YTD = Year to date. 1M = One month. 3M = Three months. 1Y = One year.

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Correlations

- + XRP has the lowest correlations with other cryptos shown in the table below.
- + Correlations between bitcoin and most traditional assets are around or below 20%.

Crypto vs. Crypto

	Bitcoin	Ethereum	Solana	Cardano	Polkadot	XRP	Mega Cap	Large Cap	Altcoins
Bitcoin	1.00								
Ethereum	0.71	1.00							
Solana	0.71	0.73	1.00						
Cardano	0.49	0.58	0.51	1.00					
Polkadot	0.47	0.66	0.57	0.77	1.00				
XRP	0.23	0.22	0.15	0.37	0.21	1.00			
Mega Cap	0.90	0.94	0.78	0.58	0.63	0.25	1.00		
Large Cap	0.86	0.91	0.81	0.73	0.74	0.32	0.96	1.00	
Altcoins	0.63	0.72	0.76	0.84	0.74	0.47	0.74	0.88	1.00

Crypto vs. Traditional Assets

	Bitcoin	Equities	Small Caps	Treasuries	Corporates	High Yield	Commodities	Gold
Bitcoin	1.00							
Equities	0.19	1.00						
Small Caps	0.22	0.95	1.00					
Treasuries	0.09	0.22	0.24	1.00				
Corporates	0.11	0.48	0.50	0.87	1.00			
High Yield	0.17	0.79	0.81	0.45	0.75	1.00		
Commodities	0.13	0.42	0.44	0.10	0.19	0.40	1.00	
Gold	0.07	0.18	0.20	0.56	0.48	0.31	0.33	1.00

Source: WisdomTree, Bloomberg. 31 December 2024. Crypto vs. Crypto correlation is calculated using 3-month daily USD returns and is annualised. Crypto vs. Traditional Assets correlation is calculated for 31 December 2013 to 31 December 2024 period using weekly USD returns.

Mega Cap = WisdomTree CF Crypto Mega Cap Equal Weight Index. Large Cap = WisdomTree CF Crypto Market Index. Altcoins = WisdomTree CF Crypto Altcoins Index.

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Bitcoin in Multi-Asset Portfolio

- + Even small bitcoin allocations, regularly rebalanced, improve risk return profile.
- + Hypothetical portfolio characteristics:
 - + Weighting scheme: constant mix
 - + Start date: 31 December 2013
 - + Rebalance frequency: monthly
 - + Currency: USD
 - + Bitcoin allocation: the table below summarizes 4 example portfolios, for which 1 to 10% have been switched from 60/40 to bitcoin

	60/40 Global Portfolio	1% Bitcoin Portfolio	3% Bitcoin Portfolio	5% Bitcoin Portfolio	10% Bitcoin Portfolio	MSCI AC World	Bloomberg Multiverse	Bitcoin
Annualised Return	5.51%	6.19%	7.54%	8.89%	12.22%	8.76%	0.36%	55.16%
Volatility	8.78%	8.85%	9.14%	9.61%	11.41%	13.92%	5.04%	67.14%
Sharpe Ratio	0.44	0.52	0.65	0.76	0.93	0.51	-0.25	0.80
Information Ratio		1.00	1.00	1.00	0.99			
Beta	70%	71%	73%	75%	81%	100%	24%	181%

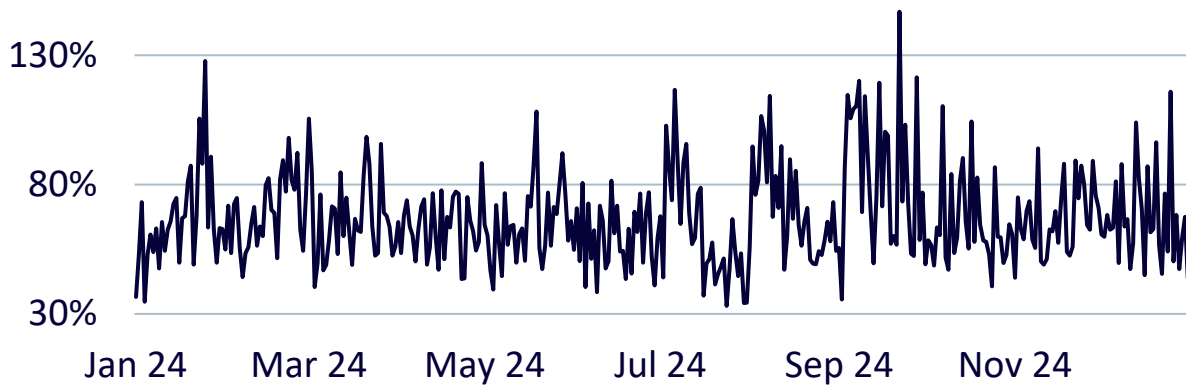
Source: Bloomberg, WisdomTree. From 31 December 2013 to 31 December 2024. In USD. Based on daily returns. The 60/40 Global Portfolio is composed of 60% MSCI All Country World and 40% Bloomberg Multiverse.

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Bitcoin Options

- + Bullish signal as bitcoin options volume put/call ratio reduced from 71% to 44% during December.

Options Volume Put/Call Ratio, in %



Options Open Interest Put/Call Ratio, in %

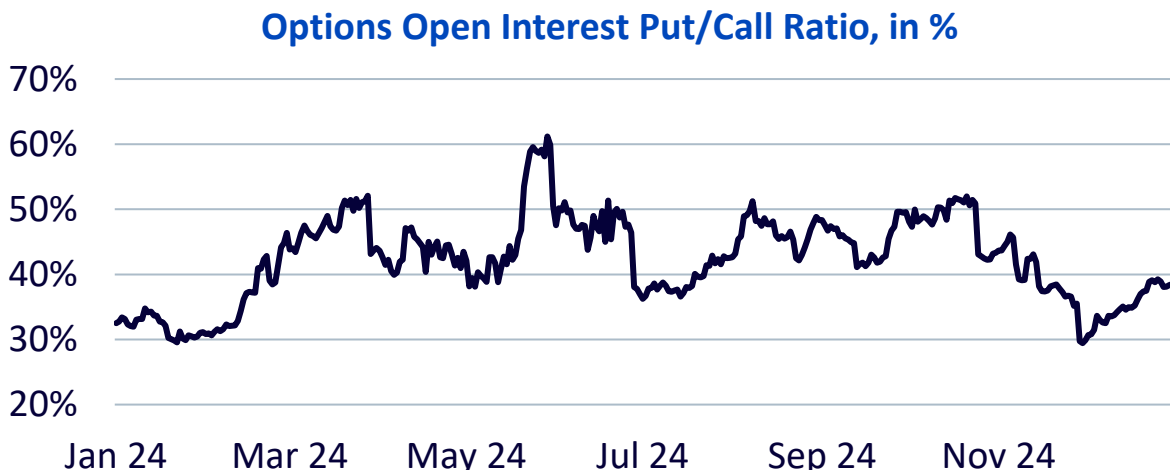
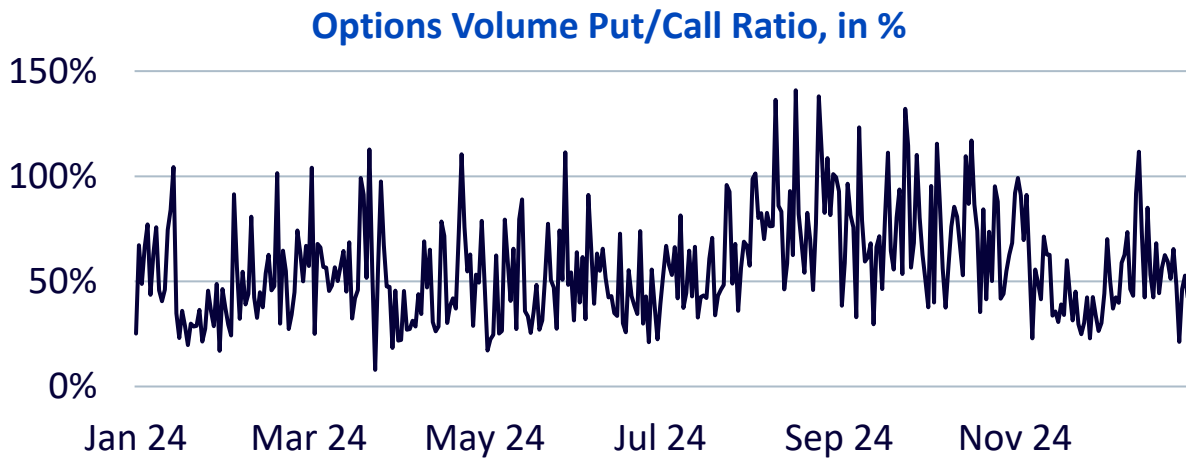


Source: Glassnode. 31 December 2024.

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Ether Options

- + Slightly less bullish signal as both Ethereum options volume put/call ratio and open interest put/call ratio increased (from 26% to 42% and from 29% to 39%, respectively) during December.



Source: Glassnode. 31 December 2024.

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