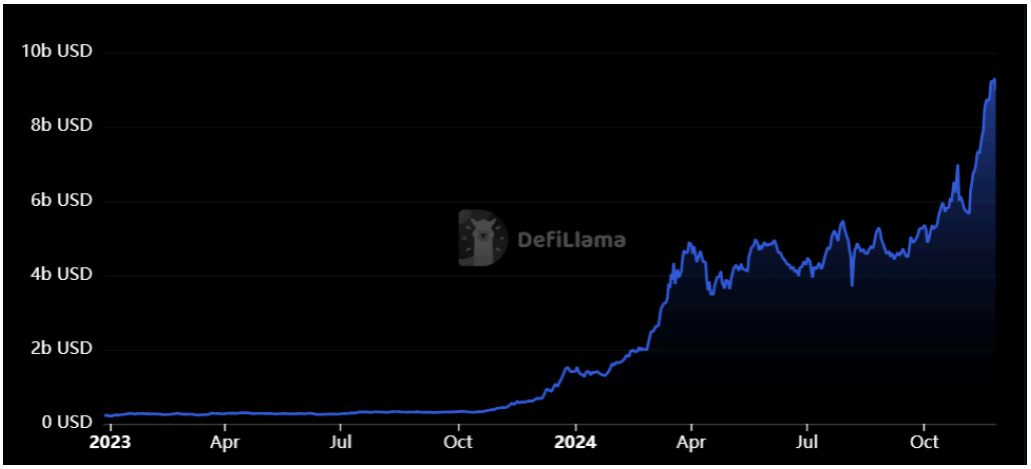
Solana Analysis & Projection

Although heavily FUD-ed in 2022 and down 95% from top, SOL has now broken its ATH and is marked as one of the strongest Layer 1 this cycle. Why has Solana shown significant strength, what is its current state, and will the price continue to rally? Let’s find out.

I. Solana Current Stats

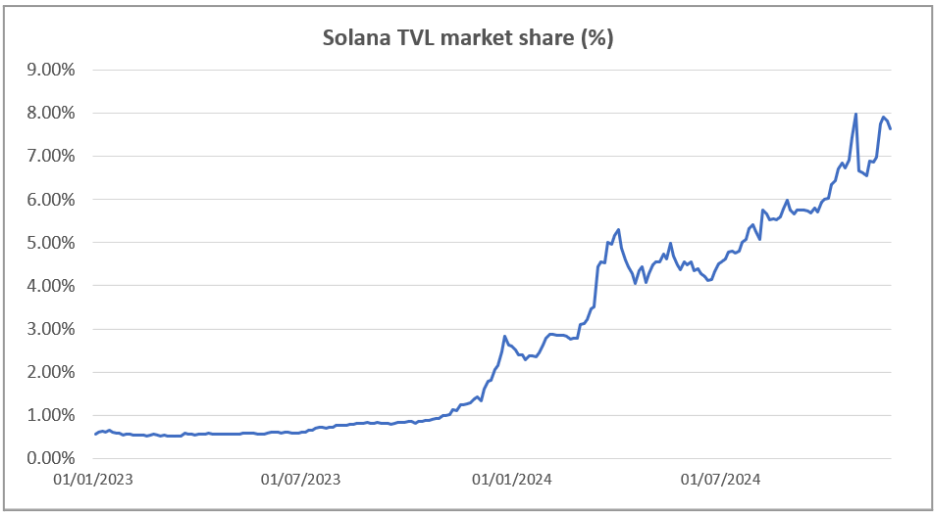
As we all know SOL price is so strong, but is the price reflect right what happens on the blockchain. We take a look at some fundamental metrics:

1. TVL



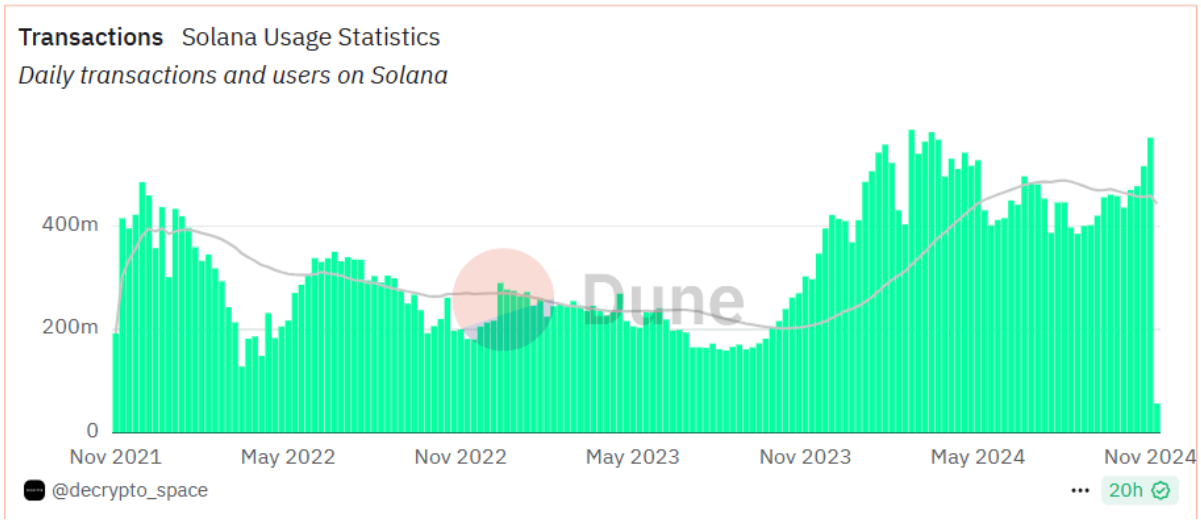
Since 2023, Solana's Total Value Locked (TVL) has surged from $200M to approximately $9.3 billion, marking a 47x increase. This significant growth in liquidity is not solely due to the general market uptrend.

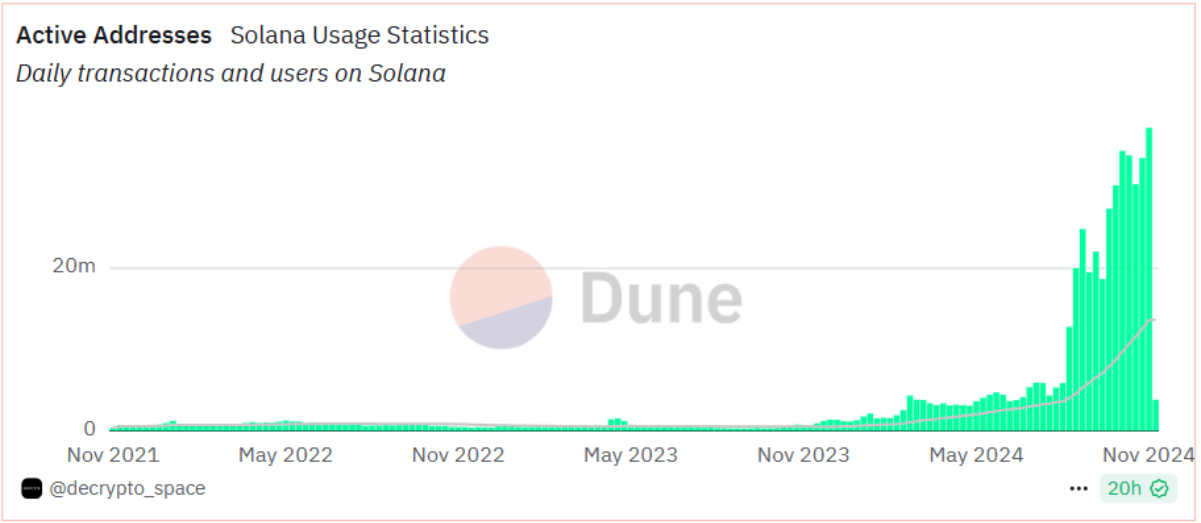
Solana's TVL market share has also gain 10x to reach 8% as of November 2024, indicating that funds from other blockchains have migrated to Solana.



(Source: DefiLlama)

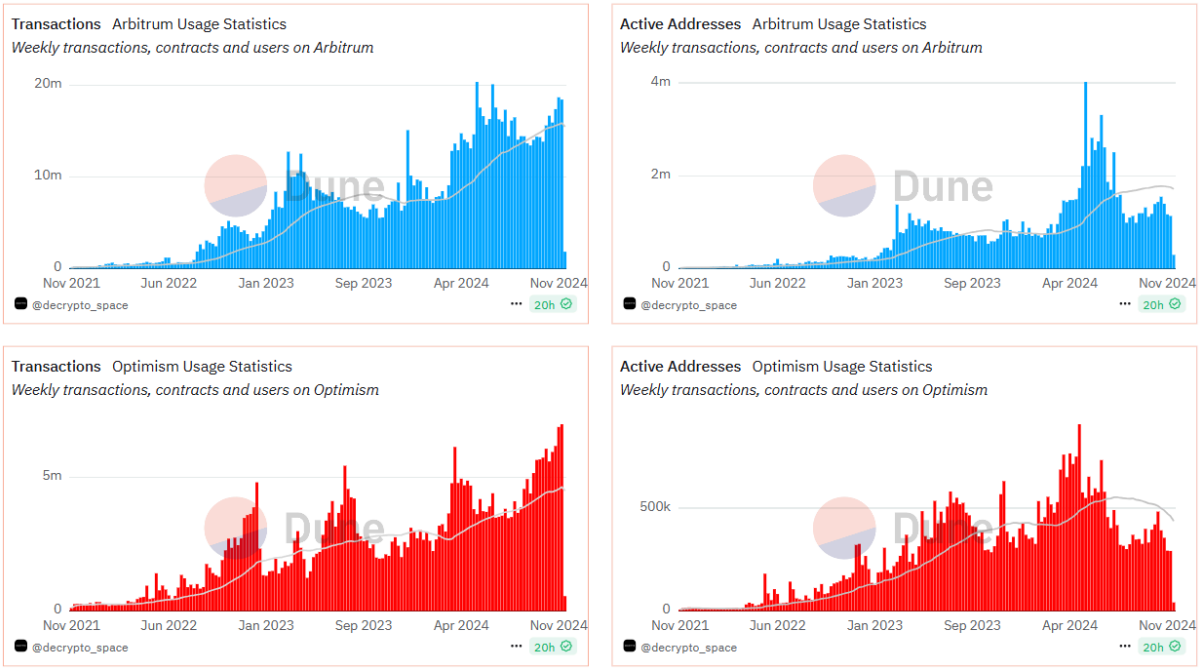
2. Daily Transactions & Users





(Source: Dune @decrypto_space)

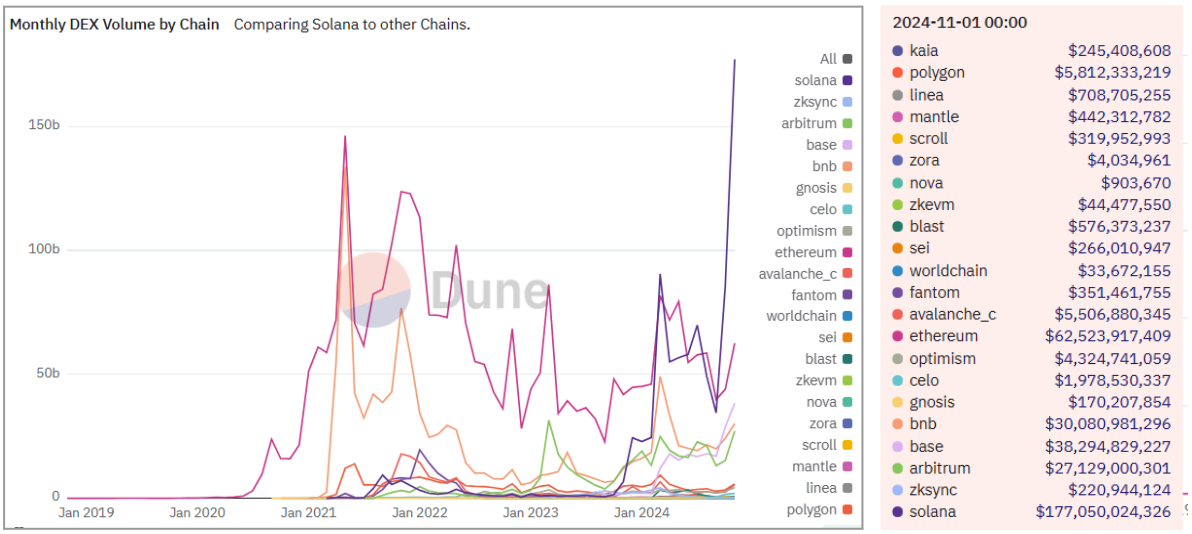
Currently, Solana processes approximately 571M daily transactions, 3x increase from its 2023 low. Daily active users have surged to 37M, marking a 40x rise over the same period. All of this shows massive activity on Solana, which has been rallying since mid-2023 and hasn't stopped.



(Source: Dune @decrypto_space)

Compared to the 2 largest Ethereum Layer 2, Optimism and Arbitrum, daily transactions on Solana are 31x and 81x higher, respectively. DAU are even more striking, at 33x and 127x higher, respectively. This highlights Solana's massive stats relative to other networks. What's even more impressive is that OP and ARB are already considered among the largest blockchains in terms of TVL and users.

3. DEX Volume (vs others)



(Source: Dune @datafi)

Since 2023, Solana's DEX volume has continually surged, surpassing Ethereum in Jan 2024 and now having reached an ATH at 3x volume on Ethereum. While metrics like daily transactions and user counts can be inflated by bots and inactive accounts, DEX volume provides a more accurate reflection of genuine network activity. This significant increase indicates that Solana is outperforming other blockchains in the current cycle.

Notably, Solana's DEX volume has exceeded Ethereum's ATH from the 2021 cycle, and with the altcoin season just beginning, this metric has the potential to rise even further, as most of DEX volume is driven by altcoins.

4. Fee generate

Name	Protocols	TVL	Stables	24h fees
1 Solana	183	$8.865b	$4.571b	$7.16m
2 Ethereum	1230	$63.891b	$100.453b	$6.01m
3 Tron	34	$7.34b	$58.867b	$2.3m
4 Bitcoin	45	$4.126b		$1.08m
5 BSC	819	$5.181b	$6.034b	$563,522
6 Avalanche	413	$1.34b	$1.965b	$92,555
7 Polygon	583	$1.054b	$1.678b	$37,442
8 Bitlayer	22	$527.37m	$6.14m	$28,438
9 Near	28	$291.45m	$677.58m	$27,011

(Source: DefiLlama)

Solana is also the leading chain in daily fee generation, surpassing Ethereum multiple times in 2024. This is wild given that Solana has only 183 protocols, with $8.8B TVL, compared to Ethereum's 1,230 protocols and $64B TVL. Even to a notable chain like Polygon, Solana generated fee is 190x higher.

Overall: It's clear that Solana is outperforming all other blockchains this cycle, whether in terms of liquidity, user activity, or volume. This makes $SOL's price surge reasonable and well-aligned with its strong fundamentals.

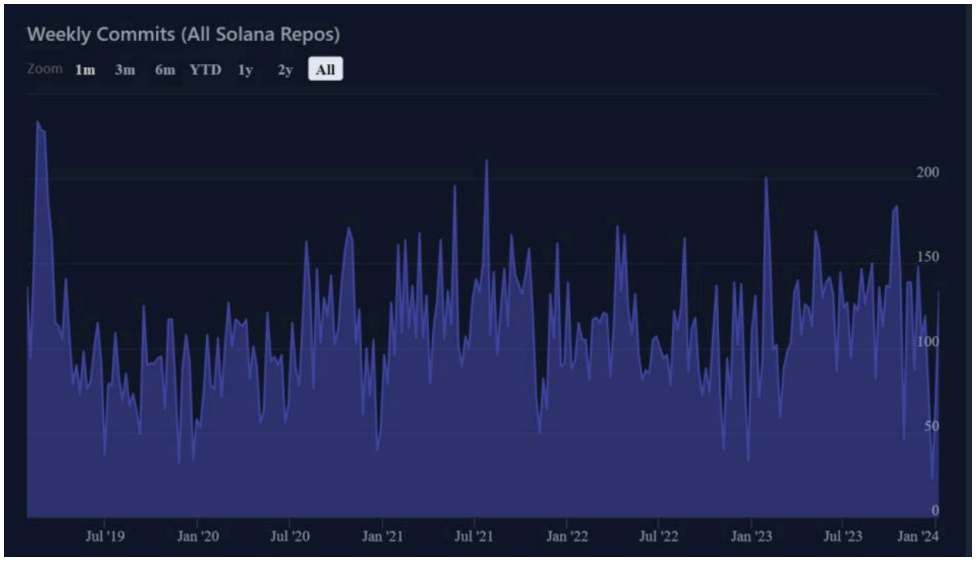
However, you might wonder why Solana has achieved such parabolic growth in these metrics. Why Solana, and not any other blockchain? Below, I'll outline the key reasons that make Solana stand out.

II. Why Solana?

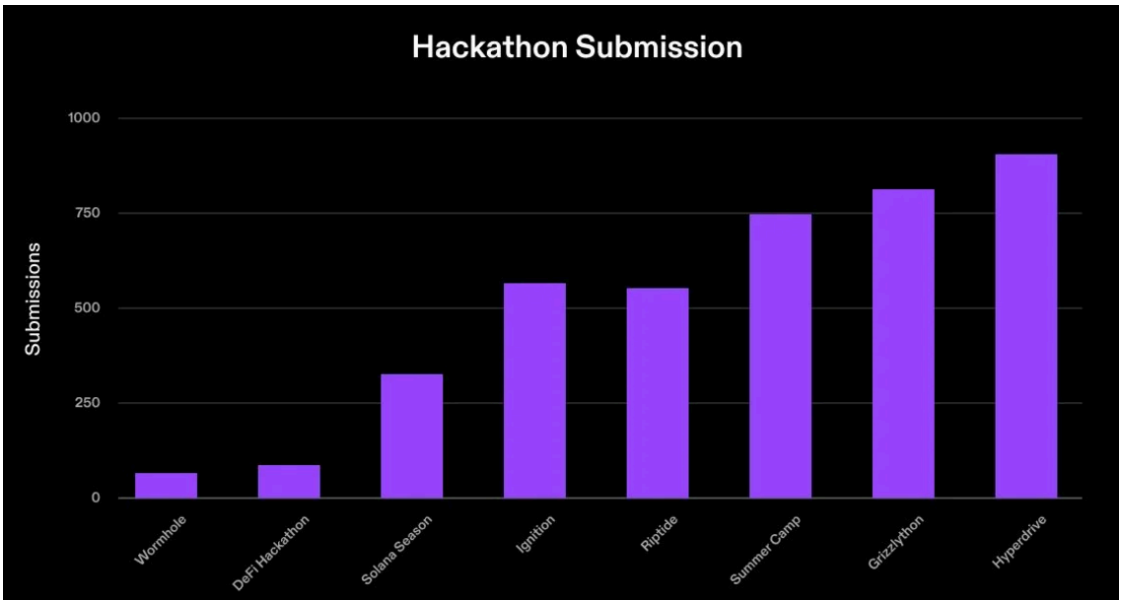
1. Solid community

The foremost reason Solana has reached this point is its community—not just retail users chasing hype, but its dedicated builders. Even after facing heavy FUD in 2022, being delisted from Robinhood, and losing backing from a major VC, many teams continued

building on Solana. A glance at Solana's GitHub repository commits shows consistent developer activity over time, underscoring this commitment.



This is largely due to the strong support from the Solana Foundation. Solana consistently organizes events like Solana Hackathons, Hacker Houses, Breakpoint, and educational bootcamps to empower builders, even during tough times of the market. These efforts have resulted in parabolic growth in project submissions and funds raised.



There are also ecosystem-led groups like SuperteamDAO, mtnDAO, Metcamp, and Gen3, which guide builders within their regions. Notably, Superteam operates across 8 countries. Such extensive and structured support for builders is rare and can only be compared to Ethereum.

2. Memecoin craze

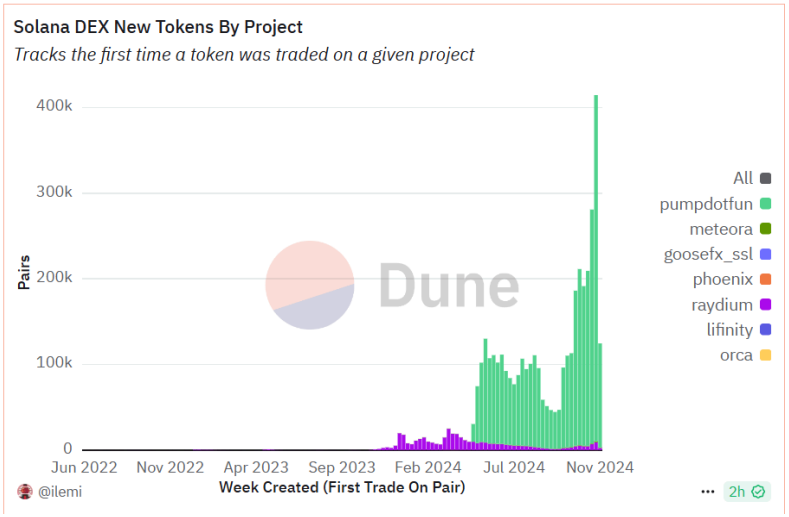
Throughout this cycle, we can all agree that the sector with the most attention and highest performance is definitely memecoin. And Solana, is the **blockchain of memecoin**, few reasons can be:

a) Blockchain of leaders:

If you ever tried to list out the biggest meme winners of this cycle, you would think of $WIF, $BONK, $POPCAT, $PEPE, $GOAT, … It's obvious that most of them come from Solana. That's why when people look for the next big thing, they go for Solana.

b) Pump.fun

The best Product Market Fit of this cycle, it has completely transformed the game of memecoin, becoming the most popular dApp service for memecoins across all blockchains. It contributed a lot in onboarding both web2 users and users from other chains to Solana. Look at this chart, you can see that since Pump.fun launched, it has created more memes than all other services ever before.



And not just activity, It also created a unique value-capture model for Solana. Given the top weekly revenue generating project, Pump.fun is the only Dapp that got in top 5, with others being giants in crypto space. Imagine 1 single Dapp on Solana generating more rev than the whole Ethereum?

Name	Category	Revenue 7d	Revenue 30d
1 Tether 1 chain	Services	$93.57m	$401.01m
2 Solana 1 chain		$37.88m	$91.73m
3 Pump 1 chain	Launchpad	$33.37m	$80.19m
4 Ethereum 1 chain	Services	$31.76m	$140.63m
5 Circle 1 chain	Services	$28.9m	$123.83m

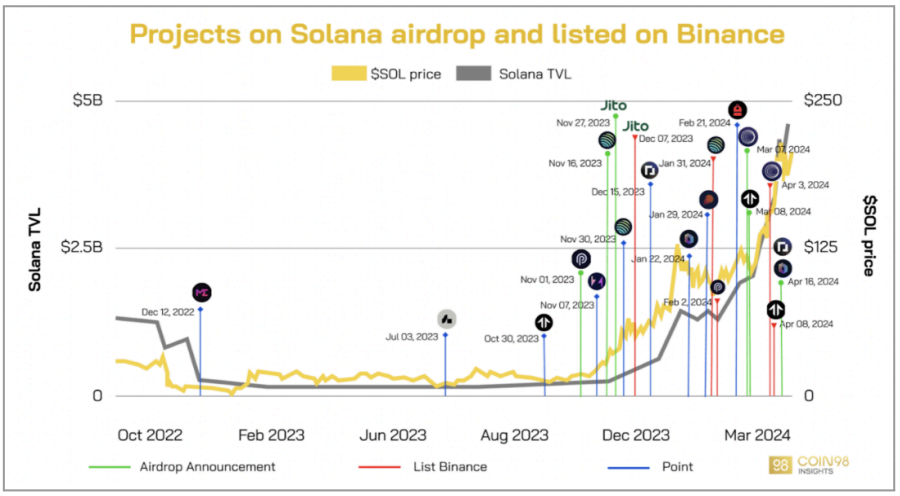
c) Culture

Culture is something that cannot be forked, and on Solana, the culture of "degens" aligns perfectly with the nature of memecoins. Think back to when people would simply post their wallet addresses on Twitter to fundraise for a memecoin - completely unreliable, yet it raised millions of dollars. This level of trust and engagement can only exist in a community with a strong culture.

We've seen multiple forks of Pump.fun on BNB, ETH, ARB, Tron, and others, but none of them succeeded. Even with support from big names like Justin Sun and hundreds of millions of dollars in funding, the meme hype on Tron only lasted a week. This highlights just how difficult it is to replicate Solana's unique culture.

3. Massive airdrop

While most other chains rely on native token airdrops to attract users, Solana takes it a step further. During the tough market conditions of late 2023 to 2024, Solana projects distributed massive airdrops and listings, with some Dapp average earnings reaching up to $15,000 - an impressive amount even in a bull market. This strategy has successfully drawn a significant number of users to Solana.



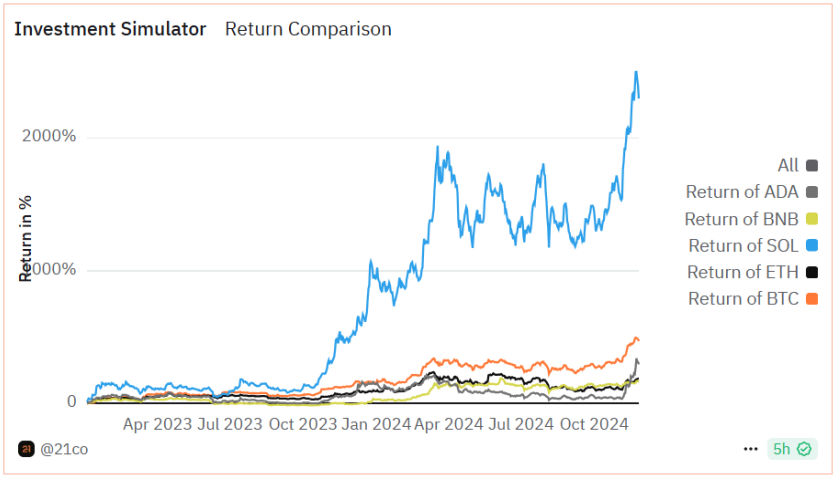
4. Institutions support

Solana has garnered significant attention from major traditional institutions, not only enhancing its reputation but also fueling speculation around $SOL. Notable events include:

- VISA choose Solana for USDC stablecoin settlement
- Solana collaborate with Google Cloud's BigQuery
- Supported by Cathie Wood, CEO of ARK Invest
- Solana Pay Integrated into Shopify
- Franklin Templeton plans to launch a money market fund on Solana.
- Securitize, backed by Blackrock, announced that it will add native support for Solana.

III. Future View

With all the analysis above, it's clear that Solana is the chosen Layer 1 of this cycle. This reflected in $SOL's price, which has consistently outperformed other assets throughout the year. At this point, $SOL has broken its 2021 ATH, leading some to feel it’s risky to buy now, as the price seems far removed from the ground.



In my view: $SOL will climb much higher. Historically, coins with the strongest relative strength from the start of a cycle tend to maintain that strength until the cycle's end. In 2021, when ETH broke its 2018 ATH, many thought it was already too high. Yet, to everyone’s surprise, $ETH went on to do a 3x in just 3 months.



Some of the core reasons:

- **Fundamental:** As BTC keeps going up, alts season comes, the metrics on Solana will keep rallying further, triggering speculation on $SOL compared to $ETH. At this point, I don’t think any other blockchain can beat Solana anymore, in terms of fundamental growth.
- **Low valuation:** Despite all the stunning metrics, Solana is still currently sitting at valuation = ¼ of Ethereum. The chance for $SOL to flip is hard, but if for example,

Solana evaluated just half of Ethereum, and ETH got to $5000 this cycle, it would make $SOL $678, 2.8x from current price. Which seems feasible.

- **Expectation:** Bitwise, 21Shares, Canary Capital, and VanEck have filed applications to launch SOL ETF. If approved, this could be a huge catalyst for Solana, similar to how the ETF did on $ETH. Even if it's not approved, it will still raise expectation across the market.

Risk: Some might be concerned about $SOL's inflation rate, with rumors suggesting a 20% annual emission. However, the actual rate is just 5%–6% per year. With the current market cap, this equates to around $6B annually, while the daily trading volume is already $7.8B (Source: Coingecko). Considering this, I don't see inflation as a significant risk.