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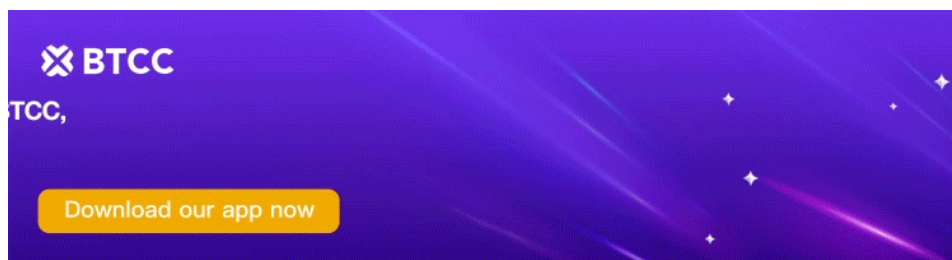
The NFT Foam May Have Leaked

At Christie's auction house, an unforgeable token sold \$69.3 million of cryptocurrency. The buyer's money is recorded as the owner of a digital file on the blockchain. Anyone can see it online for free. A year later, this strange and crazy market is showing some signs of slowing down.

Sales on Opensea, the largest [NFT](#) market, reached nearly \$5 billion in January, a huge leap from \$8 million a year ago, but fell to about \$2.5 billion last month. According to the market tracker CryptoSlam, about 635000 people bought NFT last month, with an average price of \$427, down from about 948000 people bought \$659 in January.

Nevertheless, enterprises continue to pour into the fashionable "metaverse", where digital assets such as virtual land and avatar clothing can be purchased as NFT in cryptocurrency. JPMorgan Chase and HSBC are among the companies that opened virtual venues in the NFT based world this year, while youtube and instagram also have NFT plans.

"Obviously, our enthusiasm and interest in some parts of last year are gone," said Pablo Rodriguez Fraile, a digital art collector in Miami. "I think what we have achieved is unsustainable." He added that although sales have rebounded in recent weeks.



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Consolidation Period of NFTs

Modesta Masoit, director of Finance and analysis at NFT research firm DappRadar, said the market did not decline as a whole, but integrated after its rapid growth, adding that investor caution may

have suppressed sales after Russia invaded Ukraine at the end of February.

“Everyone is looking forward to a consolidation period,” she added. “It’s not disappearing, it’s just consolidating.”

According to the data of DappRadar, the total sales of NFT so far in 2022 is about US \$11.8 billion, excluding the sales of the platform worth US \$19.3 billion. The platform is suspected to be dominated by abnormal transactions, and a few accounts trade items back and forth at falsely high prices.

Volatility of NFTs

NFTs can be exotic and dangerous beasts. In a highly volatile market, the value of assets depends on their social status, and prices will fall sharply after the initial surge. Nima Sagharchi, head of digital assets at Bonhams auction house, said that compared with the traditional art world, the NFT market can swing between bull and bear markets in just a week.

According to CryptoSlam, NFT, which represents a computer-generated abstract image, sold for an average of about \$15000 at its peak in September 2021, but sold for less than \$4200 last month. Meanwhile, the Bored Ape Yacht Club NFTs — a set of 10000 cartoon primates — still sells for an average of about \$300000.

Buying bored ape — celebrities including Madonna and Paris Hilton have done it — can be said to be joining a cross between a membership club and an investment plan. Buyers often promote their membership by setting their NFT as their personal photos on social media.

Last month, a cryptocurrency called apecoin was launched and initially provided to the holders of bored ape NFT and the founders of the project. According to coinbase, its market value has reached \$3.4 billion. Raoul pal, a former Goldman Sachs executive, wrote in a blog post that expectations for this token encouraged him to spend about \$400000 worth of cryptocurrency Ethereum on the bored ape NFT. “Social tokens are the trend,” he wrote.