



4 Undervalued Cryptocurrencies With the Most Lopsided MCap/TVL Ratios

Description

Unlike stocks, it's quite difficult to value cryptocurrencies. Publicly listed companies provide products or services to consumers and enterprises that help them generate revenue, cash flows, and profits. Alternatively, blockchain networks aim to provide a platform for developers to create, execute, and run decentralized projects.

However, one ratio that can be used to analyze these digital assets is the market cap to total value locked multiple.

The total value locked (TVL) metric is the value of assets deposited in a particular DeFi (decentralized finance) protocol. It is one of the most important metrics used by investors to analyze investor interest across DeFi protocols. The TVL changes each day due to deposits and withdrawals by investors, as well as the dollar value of the [cryptocurrencies](#).

Investors can compare the TVL to market cap (MCap) ratios of several DeFi protocols to see which digital asset is trading at a premium and which one is undervalued. Let's take a look at four such tokens that have lopsided MCap/TVL ratios.

Venus

Valued at a market cap of US\$126.6 million, the total value locked on the [Venus \(CRYPTO:XVS\)](#) protocol is US\$1.7 billion, indicating a MCap/TVL ratio of 0.07. The TVL touched a record high of US\$2.9 billion last November when cryptocurrencies were trading near all-time highs.

Launched on the **BNB Chain**, Venus is a stablecoin protocol that provides asset lending and borrowing solutions to users. Venus continues to reinvent itself allowing the protocol to onboard users and expand its ecosystem at a steady pace.

Balancer

Balancer ([CRYPTO:BAL](#)) is valued at US\$90 million by market cap and its TVL has risen to over US\$3 billion, compared to just US\$30 million in June 2020. Its MCap to TVL ratio stands at 0.03 making it one of the cheapest cryptocurrencies in the world.

Balancer recently introduced the Vote Escrow (veBAL) mechanism where token holders can select a lock-in period for their assets. Basically, it implies that users with a higher lock-in period should also be rewarded with the ability to make decisions for the direction of the protocol.

An automated market maker, Balancer was launched in March 2020.

SushiSwap

One of the largest decentralized exchanges (DEXs) in the world, **SushiSwap** ([CRYPTO:SUSHI](#)) is valued at an MCap of US\$461 million while its TVL stands at US\$3.78 billion, indicating a MCap to TVL ratio of 0.12.

Basically, DEXs use smart contracts to create markets for any pair of cryptocurrency tokens. Launched in September 2020, the SUSHI token has more than tripled in the last two years.

SushiSwap enables investors with diversification in the automated market maker or AMM market while providing additional features that are not present on other DEXs.

Abracadabra Money

One of the lesser-known cryptocurrencies is **Spell Token** ([CRYPTO:SPELL](#)) run by the Abracadabra project, valued at a market cap of US\$395 million. Comparatively, the lending platform has attracted US\$2.5 billion from investors, indicating a MCap to TVL multiple of 0.16.

It uses interest-bearing tokens to borrow a stablecoin known as MIM or Magic Internet Money which is pegged to the U.S. dollar.

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Date

2025/08/24

Date Created

2022/03/29

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